TONTINE

CHINA TONTINE WINES GROUP LIMITED

中國通天酒業集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 389)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 93.1% to approximately RMB208,371,000 (2020: approximately RMB107,881,000).
- Gross profit of approximately RMB67,395,000 (2020: gross loss of approximately RMB62,491,000).
- Total comprehensive income for the year attributable to owners of the Company and non-controlling interests amounted to approximately RMB17,216,000 (2020: total comprehensive expense for the year attributable to owners of the Company and non-controlling interests of approximately RMB168,385,000).
- Basic and diluted earnings per share were RMB0.55 cents and RMB0.47 cents respectively (2020: basic and diluted loss per share were RMB8.06 cents).

The board of directors (the "Board" or the "Directors") of China Tontine Wines Group Limited (the "Company") is pleased to announce the consolidated results and financial position of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2021 (the "Year"), prepared on the basis set out in Note 3, together with the comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	4	**208,371**	107,881
Cost of sales		**(140,976)**	(170,372)
Gross profit/(loss)		**67,395**	(62,491)
Other income, gains and losses	6	**3,707**	1,145
Selling and distribution expenses		**(15,812)**	(32,220)
Administrative and other operating expenses		**(39,159)**	(39,354)
Impairment loss on property, plant and equipment		**–**	(29,847)
Impairment loss on right-of-use assets		**–**	(8,866)
Change in fair value of biological assets		**4,299**	4,293
Change in fair value of convertible bonds		**(724)**	–
Share-based payments		**(2,334)**	–
Finance costs	7	**(156)**	(1,045)
Profit/(loss) before tax		**17,216**	(168,385)
Income tax expense	8	**–**	–
Total comprehensive income/(expense) for the year	9	**17,216**	(168,385)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**11,336**	(162,160)
Non-controlling interests		**5,880**	(6,225)
		17,216	(168,385)
Earnings/(loss) per share	11		
Basic *(RMB cents)*		**0.55**	(8.06)
Diluted *(RMB cents)*		**0.47**	(8.06)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment		**137,039**	138,175
Right-of-use assets		**41,974**	41,045
Biological assets		**33,461**	2,642
Prepayments		**4,450**	9,058
		216,924	190,920
Current assets			
Inventories		**210,314**	143,775
Trade receivables	*13*	**118,741**	65,726
Deposits and prepayments		**8,443**	96,784
Current tax recoverable		**5,551**	5,551
Bank and cash balances		**85,866**	37,447
		428,915	349,283
Current liabilities			
Trade payables	*14*	**17,985**	5,343
Other payables and accruals		**30,552**	23,069
Amount due to ultimate holding company		**5,929**	3,769
Amount due to non-controlling shareholder		**1,089**	–
Lease liabilities		**794**	788
Current tax liabilities		**9,961**	9,961
		66,310	42,930
Net current assets		**362,605**	306,353
Total assets less current liabilities		**579,529**	497,273

	Notes	**2021** *RMB'000*	2020 *RMB'000*
Non-current liabilities			
Lease liabilities		**786**	2,380
NET ASSETS		**578,743**	494,893
Capital and reserves			
Share capital	*16*	**22,748**	17,624
Reserves		**470,772**	399,724
Equity attributable to owners of the Company		**493,520**	417,348
Non-controlling interests		**85,223**	77,545
TOTAL EQUITY		**578,743**	494,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

China Tontine Wines Group Limited (the "Company") is a public limited Company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is an investment holding company. The Company and its subsidiaries collectively referred to as the Group.

The directors consider that the Company's ultimate holding company is Up Mount International Limited, a limited company incorporated in the British Virgin Islands.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise stated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of biological assets which are carried at their fair values less costs to sell and financial assets at fair value through profit or loss which are carried at their fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise the judgements in the process of applying the accounting policies.

4. REVENUE

The Group manufactures and sells wine products to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 180 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. SEGMENT INFORMATION

The Group determines its reportable and operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the executive directors) of the Company in order to allocate the resources to the segment and to assess its performance. No operating segments identified by chief operating decision maker have been aggregated in arising at the reportable segments of the Group.

The Group is principally engaged in the business of manufacturing and sales of wine products. The Group is organised based on the region of wine products delivered.

The Group's reportable and operating segments under HKFRS 8 Operating Segments are identified based on different geographical zones of wine products delivered in the PRC: North-East Region, Northern Region, Eastern Region, South-Central Region and South-West Region.

– North-East Region includes the provinces of Jilin, Heilongjiang and Liaoning.

– Northern Region includes provinces of Hebei, Shaanxi, Shanxi, Inner Mongolia Autonomous Region, Ningxia Hui Autonomous Region, city of Beijing and city of Tianjin.

– Eastern Region includes provinces of Anhui, Fujian, Jiangsu, Jiangxi, Shandong, Zhejiang, and city of Shanghai.

– South-Central Region includes provinces of Guangdong, Hainan, Henan, Hubei and Hunan.

– South-West Region includes provinces of Qinghai, Sichuan, Yunnan, Guangxi Zhuang Autonomous Region and city of Chongqing.

The accounting policies of the reportable and operating segments are the same as those described in the summary of significant accounting policies.

No revenue from transactions with a single external customer amounted to 10 per cent or more of the Group's total revenue.

The Group's operations are located in the PRC and all revenue from external customers and non-current assets are attributed to and located in the PRC.

Information about reportable segment profit or loss, assets and liabilities:

	North-East Region *RMB'000*	Northern Region *RMB'000*	Eastern Region *RMB'000*	South-Central Region *RMB'000*	South-West Region *RMB'000*	Total *RMB'000*
For the year ended 31 December 2021						
Segment revenue from external customer	40,262	25,693	55,800	57,280	29,336	208,371
Segment profit	8,901	8,891	13,344	15,866	4,579	51,581
For the year ended 31 December 2020						
Segment revenue from external customer	25,088	14,204	34,005	17,805	16,779	107,881
Segment loss	(10,477)	(3,443)	(6,871)	(3,897)	(4,574)	(29,262)
As at 31 December 2021						
Segment assets	20,437	13,182	49,199	25,925	16,453	125,196
Segment liabilities	3,009	1,920	4,170	4,281	2,193	15,573
As at 31 December 2020						
Segment assets	14,829	5,334	27,555	9,729	8,279	65,726
Segment liabilities	938	531	1,271	666	627	4,033

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

Revenue

No reconciliation of reportable and operating segment revenue is provided as the total revenue for reportable and operating segments is the same as Group's revenue.

	2021	2020
	RMB'000	*RMB'000*
Profit or loss		
Total profit/(loss) of reportable segments	**51,581**	(29,262)
Unallocated amounts:		
Change in fair value of biological assets	**4,299**	4,293
Change in fair value of convertible bonds	**(724)**	–
Share-based payments	**(2,334)**	–
Other corporate income	**4,168**	568
Depreciation of property, plant and equipment	**(14,937)**	(12,886)
Depreciation of right-of-use assets	**(2,072)**	(2,271)
Impairment loss on property, plant and equipment	**–**	(29,847)
Impairment loss on right-of-use assets	**–**	(8,866)
Loss allowances for trade receivables	**(975)**	(2,324)
Write off of inventories	**–**	(65,447)
Other corporate expenses	**(21,790)**	(22,343)
Consolidated profit/(loss) for the year	**17,216**	(168,385)

Reportable and operating segment profit/(loss) represented the profit/(loss) incurred by each segment without allocation of depreciation, loss allowances for trade receivables, write off of inventories, impairment on property, plant and equipment, impairment on right-of-use assets, change in fair value of biological assets, change in fair value of convertible bonds, finance costs, share-based payments, other corporate expenses and other corporate income.

	2021	2020
	RMB'000	*RMB'000*
Assets		
Total assets of reportable segments	**125,196**	65,726
Unallocated amounts:		
Property, plant and equipment	**137,039**	138,175
Right-of-use assets	**41,974**	41,045
Biological assets	**33,461**	2,642
Inventories	**210,314**	143,775
Other receivables, deposits and prepayments	**6,438**	105,842
Current tax recoverable	**5,551**	5,551
Bank and cash balances	**85,866**	37,447
Consolidated total assets	**645,839**	540,203

Reportable and operating segment assets represent trade receivables and prepaid other taxes.

	2021	2020
	RMB'000	*RMB'000*
Liabilities		
Total liabilities of reportable segments	**15,573**	4,033
Unallocated amounts:		
Trade payables	**17,985**	5,343
Other payables and accruals	**14,979**	19,036
Amount due to ultimate holding company	**5,929**	3,769
Amount due to non-controlling shareholder	**1,089**	–
Lease liabilities	**1,580**	3,168
Current tax liabilities	**9,961**	9,961
Consolidated total liabilities	**67,096**	45,310

Reportable and operating segment liabilities comprise certain other payables and accruals.

Revenue from major products:

The following is an analysis of the Group's revenue from its major products.

	2021	2020
	RMB'000	*RMB'000*
Sweet wines	**85,833**	49,605
Dry wines	**71,086**	41,754
Brandy	**7,277**	5,115
Others	**44,175**	11,407
	208,371	107,881

Timing of revenue recognition

	2021	2020
	RMB'000	*RMB'000*
At a point in time	**208,371**	107,881

6. OTHER INCOME, GAINS AND LOSSES

	2021	2020
	RMB'000	*RMB'000*
Bank interest income	**213**	568
Net foreign exchange (loss)/gain	**(461)**	577
Gain on bargain purchase *(note 12)*	**3,932**	–
Gain on disposal of property, plant and equipment	**23**	–
	3,707	1,145

7. FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Lease interests	**156**	82
Interests on bank borrowing	**–**	963
	156	1,045

8. INCOME TAX EXPENSE

No provision for taxation in Hong Kong has been made as the Group did not have any assessable profit arising from Hong Kong for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Provision for the PRC Enterprise Income Tax was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws applicable to the subsidiaries operated in the PRC for the year ended 31 December 2021. No provision for PRC Enterprise Income Tax has been made as the Group did not have assessable profit subject to PRC Enterprise Income Tax for the year ended 31 December 2020.

9. PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is stated after charging the following:

	2021	2020
	RMB'000	*RMB'000*
Auditor's remuneration	**1,680**	1,680
Cost of inventories sold	**116,803**	89,009
Depreciation of property, plant and equipment	**14,937**	12,886
Depreciation of right-of-use assets	**3,514**	4,057
Less: amounts included in property, plant and equipment	**(1,442)**	(1,786)
	2,072	2,271
Impairment loss on property, plant and equipment	**–**	29,847
Impairment loss on right-of-use assets	**–**	8,866
Write off of inventories (included in cost of sales)	**–**	65,447
Loss allowances for trade receivables	**975**	2,324
Staff costs (including directors' remuneration):		
Salaries, allowance and benefits in kind	**13,167**	12,649
Sales commission	**4,159**	2,529
Retirement benefit scheme contributions	**3,763**	1,765
Equity-settled share-based payments	**2,334**	–
	23,423	16,943

10. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

11. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately RMB11,336,000 (2020: loss for the year attributable to owners of the Company of approximately RMB162,160,000) and the weighted average number of ordinary shares of 2,072,424,000 (2020: 2,013,018,000) in issue during the year.

Diluted earnings/(loss) per share

The calculation of diluted earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately RMB11,336,000 and the weighted average number of ordinary shares of 2,404,073,000, being the weighted average number of ordinary shares of 2,072,424,000 in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 330,959,000 assumed to have been converted the convertible bonds at issue date and the weighted average number of ordinary shares of 690,000 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding at the end of the reporting period.

	2021 *RMB'000*	2020 *RMB'000*
Earnings/(loss)		
Earnings/(loss) for the purpose of calculating basic earnings/(loss) per share	**11,336**	(162,160)
Expenses saving on conversion of convertible bonds	**81**	–
Earnings/(loss) for the purpose of calculating diluted earnings/(loss) per share	**11,417**	(162,160)

	2021 Number of shares *'000*	2020 Number of shares *'000*
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**2,072,424**	2,013,018
Effect of dilutive potential ordinary shares		
– Convertible bonds	**330,959**	–
– Share options	**690**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**2,404,073**	2,013,018

For the year ended 31 December 2020, the computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in a decrease in loss per share.

12. ACQUISITION OF SUBSIDIARIES

On 3 November 2021, the Company entered into a sales and purchase agreement (the "Agreement") with an independent third party (the "Vendor") to acquire 100% equity interest in Sino Trend International Limited (the "Target Company") at a consideration of HK$40,260,000 which shall be settled by the allotment and issue of 402,600,000 new ordinary shares (the "Consideration Shares") to the Vendor. The Target Company owns 100% equity interest in Tonghua Zhongbao Industrial Company Limited (the "Zhongbao Industrial") and Tonghua Hongshuo Industrial Company Limited owned as to 95% by Zhongbao Industrial and 5% by the Vendor, collectively referred to as the "Target Group". The principal activities of Target Group are ginseng planting in leased farm land in Tonghua City which commenced in 2020 and primary processing services of agricultural products. The management considers that the Target Group will act as the supplier of ginseng to the Group for the production of ginseng wine products so that the Group can have a secured source of ginseng as core raw materials after the acquisition which will facilitate the Group's production of ginseng wine products and hence enhance the Group's overall profitability. The acquisition was completed on 30 November 2021 (the "Completion Date"). The transaction costs attributable to this acquisition were approximately RMB274,000.

Pursuant to the Agreement, the total of 402,600,000 Consideration Shares shall be allotted and issued in three batch. First batch of 227,530,000 Consideration Shares, second batch of 100,000,000 Consideration Shares and third batch of 75,070,000 Consideration Shares shall be allotted and issued on the Completion Date, first anniversary of the Completion Date and second anniversary of the Completion Date, respectively. The fair value of total Consideration Shares as at Completion Date is approximately RMB30,224,000 (equivalent to approximately HK$37,039,000), with reference to the valuation performed by Savills Valuation and Professional Services Limited. The Vendor guarantees that the actual market value of ginseng planted at the time of October 2024 shall not be less than RMB60,000,000. If there is any shortfall, the consideration shall be deemed to be reduced by the same amount but subject to a cap of HK$7,500,000, which shall be paid in cash by the Vendor to the Company as compensation (the "Contingent receivables"). The directors of the Company estimated the fair value of Contingent receivables is minimal. First batch of 227,530,000 Consideration Shares were allotted and issued to the Vendor on the Completion Date.

Target Group did not contribute revenue to the Group's revenue and incurred approximately RMB165,000 to the Group's profit for the year respectively for the period between the date of acquisition and 31 December 2021.

If the acquisition of Target Group had been completed on 1 January 2021, the Group's total revenue and profit after tax for the year would have been RMB208,371,000 and RMB16,253,000 respectively. The proforma information is for illustrative purposes only and is not necessarily an indication of the total revenue and income and loss after tax of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021, nor is intended to be a projection of future results.

The following summarises the fair value of total consideration and the fair value of assets acquired and liabilities assumed and goodwill arising from the acquisition of Target Group at the acquisition date:

	RMB'000
Net assets acquired:	
Property, plant and equipment	2,442
Right-of-use assets	4,443
Biological assets	30,840
Bank and cash balances	1
Other payables and accruals	(699)
Amount due to non-controlling shareholder	(1,073)
Total identifiable net assets at fair value	35,954
Non-controlling interest	(1,798)
Gain on bargain purchase on acquisition* *(note 6)*	(3,932)
Total consideration	30,224

* *The Group recognised a gain on bargain purchase of approximately RMB3,932,000 in the business combination. The gain is included in other income, gains and losses (note 6).*

13. TRADE RECEIVABLES

The Group allows a credit period of 30 to 180 days to its trade customers except for the new customers which payment is made when wine products are delivered. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**122,976**	68,986
Less: loss allowances	**(4,235)**	(3,260)
	118,741	65,726

The aging analysis of trade receivables, based on the invoice date, and net of allowances, is as follows:

	2021	2020
	RMB'000	*RMB'000*
0 – 90 days	**90,428**	37,653
91 – 180 days	**20,202**	10,053
181 – 365 days	**1,442**	9,948
Over 365 days	**6,669**	8,072
	118,741	65,726

Reconciliation of loss allowances for trade receivables:

	2021	2020
	RMB'000	*RMB'000*
At the beginning of the year	**3,260**	936
Net increase in loss allowances for the year	**975**	2,324
At the end of the year	**4,235**	3,260

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the invoice date aging. The expected credit losses also incorporate forward looking information.

	Within 90 days	**91 – 180 days**	**181 – 365 days**	**Over 365 days**	**Total**
At 31 December 2021					
Weighted average expected loss rate	**1.50%**	**7.00%**	**10.00%**	**15.00%**	
Receivable amount *(RMB'000)*	**91,805**	**21,723**	**1,602**	**7,846**	**122,976**
Loss allowances *(RMB'000)*	**1,377**	**1,521**	**160**	**1,177**	**4,235**
At 31 December 2020					
Weighted average expected loss rate	0.85%	5.00%	9.00%	15.00%	
Receivable amount *(RMB'000)*	37,976	10,582	10,932	9,496	68,986
Loss allowances *(RMB'000)*	323	529	984	1,424	3,260

14. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2021 *RMB'000*	2020 *RMB'000*
0 – 30 days	**12,896**	2,213
31 – 60 days	**5,089**	3,130
	17,985	5,343

The average credit period on purchase of raw materials ranges from two to three months.

The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

15. CONVERTIBLE BONDS

On 11 February 2021 (the "Issue Date"), the convertible bonds with the nominal value of HK$40,000,000 (the "Convertible Bonds") were issued to two placees namely Mr. Koo Yuen Kim（古潤金先生）and Mr. Sim Tsz Shiong（沈士雄先生）who are independent third parties. The Convertible Bonds will due on the second anniversary of the Issue Date or (if not a business day) the business day immediately before the date of the second anniversary of the Issue Date (the "Maturity Date")

The Convertible Bonds is convertible in whole amount or multiple of the minimum denomination of HK$1,000,000 into ordinary shares of the Company at any time between the Issue Date and the Maturity Date. The Convertible Bonds, if exercised in full, will be convertible to a maximum 400,000,000 ordinary shares of HK$0.01 each in the Company at the conversion price of HK$0.10 per share. If the Convertible Bonds have not been converted, they will be redeemed at par on the Maturity Date. Interest of 15 per cent per annum will be paid half-yearly up until the Maturity Date.

The Company may at any time from the fourth month of the Issue Date to the Maturity Date redeem the Convertible Bonds at 100% of the outstanding principal amount (in whole amount or multiple of the minimum denomination of HK$1,000,000) in cash by serving at least 30 business days' prior written notice on the bondholders with the total amount proposed to be redeemed from the bondholders specified therein.

The bondholders may at any time from (i) the sixth month of the Issue Date to the Maturity Date and (ii) the first anniversary of the Issue Date to the Maturity Date, request the Company to redeem the Convertible Bonds at (i) 50% and (ii) 100% of the outstanding principal amount in cash by serving at least 30 business days' prior written notice on the Company with the total amount proposed to be redeemed by the bondholders specified therein, respectively.

On 25 August 2021, Mr. Koo Yuen Kim and Mr. Sim Tze Shiong entered into a sale and purchase agreement with Bon Voyage Development Limited (the "Transferee") who are independent third parties, in relation to transfer the Convertible Bonds and related interest receivable to the Transferee. The transaction was completed on 13 September 2021 and the Transferee agreed to waive the Convertible Bonds interest for the period from the Issue Date to 10 December 2021. On 10 December 2021 (the "Conversion Date"), Transferee converted the full amount of HK$40,000,000 convertible bonds into 400,000,000 ordinary shares.

The Group has engaged an independent valuer, Hong Kong Appraisal Advisory Limited, to determine the fair values of the Convertible Bonds as at the Issue Date and Conversion Date.

The movements of the Convertible Bonds during the year ended 31 December 2021 are as follows:

	RMB'000
Net proceeds from issue of convertible bonds (Being the gross proceed of approximately RMB33,323,000 (HK$40,000,000) net with direct cost of approximately RMB1,126,000 (approximately HK$1,352,000))	32,197
Foreign exchange gain	(643)
Fair value loss	724
Converted	(32,278)
At 31 December 2021	–

16. SHARE CAPITAL

	2021	2020
	HK$'000	*HK$'000*
Authorised:		
10,000,000,000 (2020: 10,000,000,000) ordinary shares of HK$0.01 each	**100,000**	100,000
Issued and fully paid:		
2,640,548,000 (2020: 2,013,018,000) ordinary shares of HK$0.01 each	**26,406**	20,131

	2021	2020
	RMB'000	*RMB'000*
Shown in the consolidated financial statements		
At 31 December	**22,748**	17,624

Movement of the number of shares issued and the share capital during the current period is as follows:

	Number of shares	**Amount**
	'000	*HK$'000*
At 1 January 2020, 31 December 2020 and 1 January 2021	2,013,018	20,131
Allotment and issue of Consideration Shares *(note 12)*	227,530	2,275
Convertible bonds converted *(note 15)*	400,000	4,000
At 31 December 2021	2,640,548	26,406

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

According to the national output data of winemaking industry from January to December 2021 of China Alcoholic Drinks Association (中國酒業協會), the total winemaking output of above-set-scale enterprises in national winemaking industry was 54,068,500 kiloliters, representing a year-on-year increase of 3.95%. Specifically, the output of wine was 268,000 kiloliters, representing a year-on-year decrease of 29.08%.[1] As pandemic containment is becoming a norm of daily life, China's economy maintained its growth momentum and the consumer market continued to recover. We also saw gradual recovery of the domestic wine industry as the market size rebounded slightly to RMB51.08 billion in 2021 after declining to RMB49.82 billion in 2020.[2]

During the year, Europe suffered from series of natural disasters including frost, hail, drought, vine disease and wildfires, major wine producing countries in the continent, such as France, Italy and Spain, had seen a decline in production. Meanwhile, the prolonged global pandemic had led to continued blockage of the shipping system, which in turn pushed up the shipping costs of imported wine. The pandemic also triggered a tight supply of raw materials for wine production, thus posing multiple pressures on imported wines. There was a "reduction in both sales and volume" in 2021, as imported wine was no longer highly sought after on the market in recent years. According to data released by the General Administration of Customs, China's wine import volume from January to December 2021 was 427 million tonnes, representing a year-on-year decrease of 1.4%; and the import amount was RMB10.974 billion, representing a year-on-year decrease of 13.1%.[3]

Following the decision by the Ministry of Commerce to impose anti-dumping duties on wines originating in Australia from 28 March 2021, wine export from Australia to China suffered a hard hit and recorded a sharp decline. According to the 2021 Australian Wine Export Report released by Wine Australia, the export amount of Australian wine to China (including Hong Kong and Macau) in 2021 fell by 81%.[4] Products from France, Chile and Spain seized a portion of the market share originally taken by Australian wine and became the top three source countries of imported wine.

[1] https://mp.weixin.qq.com/s/zhWr0FmRQO7F7SGmgjAbDA

[2] https://www.askci.com/news/chanye/20220221/1605561745288.shtml

[3] https://www.chinabaogao.com/data/202201/568948.html

[4] https://www.sohu.com/a/523698417_374874

The abrupt shift in the imported wine landscape provided growth opportunities for domestic wines, allowing domestic wines to expand their share in the domestic market. With the building-up of people's self-confidence in domestic cultural, the popularity of China-made products continues to enhance, leading to intensified replacement of imported wine by domestic wine. The mainstream consumption is shifting to young consumer group with more open-minded consumption concepts. Meanwhile, the growth of the emerging middle class has fueled strong purchases of wine, created room for further growth of high-end wine products and led to higher brand concentration.

FINANCIAL REVIEW

In 2021, with the COVID-19 pandemic in Mainland China being effectively under control, the economic environment gradually recovered. Driven by the recovery of the consumer market, the Group's performance improved significantly during the year under review. Riding on the recovery momentum of operating performance in the first half of the year, the Group's business performance in the second half further improved. As a result of a sharp increase in sales revenue and continuous improvement in operating efficiency, the Group resumed its profitability for the full year.

For the year ended 31 December 2021, the Group recorded a total revenue of RMB208,371,000, representing an increase of approximately 93.1% over that of the previous year. Among which, sweet wine and dry wine remained the major sources of sales revenue, accounting for 75.3% of the total revenue of the Group. The sales revenue of other wine products (including ice wine, white wine and ginseng wine) increased by approximately 287.3% year-on-year, and their share of revenue increased from 10.6% in 2020 to 21.2%.

During the year under review, the gross profit of the Group amounted to RMB67,395,000 (2020: gross loss of RMB62,491,000). During the year, the Group achieved an overall gross profit margin of 32.3% (2020: gross loss margin of 57.9%).

The following table shows the Group's gross profit/(loss), gross profit/(loss) margin and comparison during the Year:

	Twelve months ended 31 December		**Year-on-year**
	2021	2020	**change**
Overall gross profit/(loss) *(RMB'000)*	**67,395**	(62,491)	**N/A**
Overall gross profit/(loss) margin	**32.3%**	(57.9%)	**N/A**

During the year under review, the total cost of sales of the Group was RMB140,976,000, representing a year-on-year decrease of 17.3%, primarily because the Group had not made any provision for impairment of inventories during the year under review, as opposed to an amount of approximately RMB65,447,000 in 2020. The major raw materials required for production of wine products of the Group consist of grape, grape juice, yeast, additives and packaging materials (which include bottles, bottle caps, labels, corks and packaging boxes). During the Year, the cost of raw materials of the Group was RMB111,742,000, representing a year-on-year decrease of approximately 25.4%, which accounted for approximately 79.3% of the total cost of sales of the Group.

The following table sets forth the breakdown of the costs required for production by the Group for the twelve months ended 31 December 2021:

	Twelve months ended 31 December		**Percentage of Change**
	2021	2020	
	(RMB'000)	*(RMB'000)*	
Total cost of raw materials	**111,742**	149,870	**–25.4%**
Production overheads	**5,062**	7,354	**–31.2%**
Consumption tax and other taxes	**24,172**	13,148	**83.8%**
Total cost of sales	**140,976**	170,372	**–17.3%**

During the year under review, selling and distribution expenses amounted to RMB15,812,000, representing a year-on-year decrease of 50.9%. To cope with the market trends and the habits of consumer groups, the Group refined its marketing strategies by actively broadening its online marketing channels. In particular, the Group enhanced its marketing efforts in a number of popular new media platforms. On the other hand, the Group reduced its advertising and marketing commitments in traditional media significantly. During the year under review, advertising and promotion expenses amounted to RMB2,058,000, representing a year-on-year decrease of 88.2%.

With an increased revenue and resumption of gross profit, along with decline in selling and distribution expenses and no need for write-off on obsolete and slow moving inventories, the Group delivered a total comprehensive income for the year attributable to owners of the Company and non-controlling interests of RMB17,216,000 during the year under review, representing a turnaround from a loss in the previous year.

OPERATION REVIEW

The Group's business managed to seize the opportunity of recovery amid resumption of economic activities, gradual recovering of consumption power, and market gap generated from the sustained decline in wine imports to Mainland China in 2021. As a leading brand in the wine industry, during the year under review, the Group adopted a marketing approach tailored to the new generation consumers. The Group launched marketing videos on various mobile platforms and engaged in live broadcast distribution, in an effort to enhance market awareness of its products and brands in a more cost-effective manner. The Group's marketing approach of focusing on combination of online and offline initiatives resulted in a deepened market penetration.

The abovementioned adjustment in strategy contributed to significant reduction in the Group's marketing costs and effective enhancement of its profitability. In addition, the Group's gross profit margin returned to normal, and the Group realized a turnaround from loss to profit as a result of recovery of wine consumption, growth in its wine sales and decrease in production costs.

Subsequent to its "digitization" in marketing, the Group has been active in seeking strategic partners. During the year under review, the Group entered into a strategic cooperation agreement with Ji Yao Fang Zhou. Pursuant to the agreement, a joint venture has been established to develop herbal wine, and to utilize the platform of Ji Yao Fang Zhou for digital marketing.

During the year under review, the Group began to see the effectiveness of its strategic cooperation with AntChain and 58 Youpin (58優品). The Group endeavored to provide more and better experience for consumers by leveraging on technologies. In addition, the Group continued to build a diversified retail promotion system to rejuvenate the marketing of its wine products.

Amidst the extraordinary situation caused by the pandemic, the Group persistently explored and developed new products by capturing opportunities brought along by the crisis. As consumers became more concerned about their health, the Group developed the ginseng wine with healthcare benefits catering to the market demand for healthcare products, which was well received by consumers and delivered buoyant sales performance.

In addition to the ginseng wine that went into mass production in the first half of the year, the Group launched a total of 8 new products throughout the Year, adding the total number of products of the Group to 123 during the year under review.

As one of the "Top 10 Brands of Chinese Wine Industry", the Group is committed to producing high quality wine and maintaining its market recognition. It had been awarded numerous honors in international authoritative wine competitions. In May 2021, Tontine Wines's "Minus Nine Degrees • Tongtian White Ice Wine 2016 (Vidal)" (零下九度 • 通天白冰葡萄酒2016 (威代爾)) won the silver medal in the internationally renowned wine competition – IWSC (International Wine and Spirit Competition) with a high score of 90 points. In June 2021, the Group's "Snow Aromatic Organic Mountain Wine" (看雪尋梅 • 有機山葡萄酒) won a gold award at the Spring Edition of the 13th International PAR Organic Wine Award with a score of 93 points, the highest score in the Gold Award Category in the China region, demonstrating the strength of Chinese organic wine to the world. 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 Award of Excellence 2021" hosted by HKEJ, a Hong Kong-based Chinese financial newspaper. The award was a recognition of the comprehensive strength of the Group. In December 2021, Tontine Wines's "Yalu River Valley No. 1 • White Ice Wine" won the gold medal, Premium Wine of 2021 China Fine Wine Challenge, CFWC. Meanwhile, "Yalu River Valley No. 1 • Red Ice Wine" won the silver medal.

OUTPUT VOLUME AND SALES

For the year ended 31 December 2021, the output of all categories of products manufactured by the two production bases of the Group located in Tonghua, Jilin Province and Baiyanghe, Shandong, reached a total of 6,922 tonnes. Among the total, 62.5% of the wine products came from Tonghua production base, and the output volume increased significantly by 50.3% year-on-year. The output of the Baiyanghe base also recorded a moderate year-on-year increase.

The Group mainly distributes its grape wine products to third-party retailers through distributors, including supermarkets, cigarette and liquor specialty stores, food and beverage outlets such as restaurants and hotel restaurants. These distributors may also sell and distribute products directly to end consumers and other distributors. In 2021, the Group applied online and offline global marketing, combining with traditional offline promotion methods such as China Food and Drinks Fair (糖酒會) and China International Consumer Products Expo. While strengthening new marketing scenarios built on new media platforms, the Group also extensively apply social platforms to enhance product exposure. Such measures contributed to the steady improvement in the Group's revenue.

For the year ended 31 December 2021, the Group's products were sold through 90 distributors located in 19 provinces, one autonomous region, and three direct-controlled municipalities in China.

REGIONAL MARKET PERFORMANCE

During the year under review, driven by intensified development of the market, the South-Central Region rose to become the Group's largest market. During the year under review, the South-Central Region recorded a revenue of RMB57,280,000, accounting for 27.5% of the total revenue, representing an increase of 11 percentage points over that of the previous year.

The Eastern Region became the second largest market and a mature wine market of the Group given that the economy and culture are relatively well developed in the region, and its per capita income and consumption power were among the top of the country. During the year under review, the Group recorded a total revenue of RMB55,800,000 in the Eastern Region market, accounting for 26.8% of the total revenue.

The North-East Region, where the production base of Tonghua, Jilin is located, benefited from the geographical advantage of steady product supply. During the year under review, the region recorded a revenue of RMB40,262,000, accounting for 19.3% of the total revenue.

Sales revenue from the South-West Region was RMB29,336,000, accounting for 14.1% of the total revenue. During the year under review, the Northern Region market achieved a sales revenue of RMB25,693,000, accounting for 12.3% of the total revenue.

BUSINESS INDICATOR REVIEW

Inventory Turnover Days

The inventory turnover days of the Group as at the end of the year stood at 553 days, a significant improvement as compared to 829 days at the end of the interim period, reflecting the Group's accelerated de-stocking of inventory in the second half of the year. The Company had taken corresponding measures to optimise its internal procedures to continuously reduce the inventory turnover days.

Trade Receivables Turnover Days

As at 31 December 2021, the trade receivables turnover days of the Group stood at 162 days, and the trade receivables was RMB118,741,000.

OPERATION ANALYSIS BY PRODUCT

Sweet Wines

Sweet wine products accounted for the highest proportion of the Group's output and sales. For the year ended 31 December 2021, the Group's sales revenue from sweet wine products amounted to RMB85,833,000, accounting for 41.2% of its total revenue. The gross profit of the product was RMB23,992,000 (2020: gross loss of RMB34,892,000), and the product's gross profit margin was 28.0%.

Dry Wines

For the year ended 31 December 2021, the Group's sales revenue from dry wine products amounted to RMB71,086,000, accounting for 34.1% of the Group's total revenue. The gross profit of the product was RMB27,896,000 (2020: gross loss of RMB15,290,000), and the product's gross profit margin reached 39.2%.

Brandy

For the year ended 31 December 2021, the Group's sales revenue from brandy amounted to RMB7,277,000, accounting for 3.5% of the Group's total revenue. The gross profit of the product was RMB2,884,000 (2020: gross loss of RMB1,149,000), and the product's gross profit margin was 39.6%. The Group's "Apple-type" brandy was well received by the market after its launch.

Other Products

The Group's other wine products include high-end ice wines and white wines (Yaaru Wine (雅羅白)) and the newly launched ginseng wine products with healthcare benefits developed by the Company. During the year under review, the sales revenue of other products amounted to RMB44,175,000, accounting for 21.2% of the Group's total revenue, representing an increase of 10.6 percentage points over that of the previous year. The gross profit of other products was RMB12,623,000 (2020: gross loss of RMB11,161,000), with a gross profit margin of 28.6%. The Group's newly launched ginseng wine products recorded a sales volume of 68.4 tonnes during the Year, with a sales revenue of RMB15,495,929, ranking the first in terms of sales revenue among products under the "other products" category.

BUSINESS PROSPECTS

In 2021, Mainland China managed to put the pandemic under control, and the country's economy continued to grow and outperformed other economies of the world. In 2021, China's gross domestic product (GDP) grew by 8.1% over that of the previous year, and the economic growth rate ranked among the best in the world's major economies.[5] However, the growth rate of GDP in 2021 was characterized by a quarter-by-quarter decline, implying downward pressure on the economy. In addition, the COVID-19 pandemic continued to rage in most parts of the world, disrupting global economic activities. There are still occasional small scale outbreaks in China. The above constitute uncertainties for the economic outlook of 2022.

According to data released by AskCI, wine production in China had been declining over the past few years, from 1.137 million kiloliters in 2016 to 268,000 kiloliters in 2021, the lowest level in recent years. In 2021, the market size of domestic wine industry was RMB51.08 billion, and the market size is expected to surge to RMB58.72 billion in 2022.[6]

As a product originally introduced from foreign countries, imported wine products have long been enjoying a market advantage, but have been under certain pressure in recent years. In particular, Australian wine products have been hit hard by the anti-dumping duty policy and experienced a sharp decrease in its market share. This brought opportunities for domestic wine products to capture greater share of the market. Domestic wine products have won numerous international awards, proofing that their quality is comparable to international standards. With the popularity of domestic wine brands further enhanced and a stronger recognition of the Chinese culture, domestic products have been attracting more Chinese consumers, and we witness a notable trend of "domestic products" replacing "imported products". More domestic wine brands have begun to focus on creating wine products with Chinese cultural characteristics.

5 http://www.stats.gov.cn/tjsj/sjjd/202201/t20220117_1826479.html

6 https://www.askci.com/news/chanye/20220221/1605561745288.shtml

The pandemic has brought both challenges as well as opportunities to the wine industry. Low-end brands are under greater pressure of being eliminated, while the top players are growing stronger, as consolidation of the industry accelerated. With accurate assessment of the current situations and an understanding of consumer behavior, the Group taps the market potential of emerging products, and strives to maintain a leading position in the industry amidst intense competition. The pandemic has drawn attention to the "healthcare-oriented lifestyle economy", while the State strongly supports the construction and development of the comprehensive healthcare industry. With improved health consciousness among the general public in China, healthcare-oriented wine may become a new trend in the industry. The Group has taken an early move to launch ginseng wine products, taking advantage of Tonghua's ginseng producing capacity. The new product has received positive feedback from the market.

The Group has acquired a ginseng farmland in Tonghua with an area of 203,200 sq.m. through the issuance of consideration shares in November last year. The ginseng in the farmland has been grown for two years. The farmland provides a stable and reliable supply of raw materials for the Group's continued expansion in production capacity of ginseng wine products. In addition, through the acquisition through share issuance, the original owner of the ginseng farmland who has rich experience in ginseng planting, has become a substantial shareholder of the Company, and will participate in the future development of the Group.

The Group is optimistic about the long-term development potential of the healthcare wine market. Last year, the Group entered into a strategic cooperation agreement with Ji Yao Fang Zhou. The two parties will jointly develop herbal wine and promote the healthy concept of "Happy Life and Nourish Health". The Group has multi-dimensional planning in the field of herbal wine and is ready for further expansion.

The market is becoming increasingly mature given a growing middle class, stronger consumption power and more popular wine consumption culture. The Group has promptly captured the changes in consumption scenarios brought about by the pandemic, actively constructed "online+ offline" three-dimensional consumption scenarios in responding to the trend of rising proportion of household consumption and self-drinking consumption, making wine drinking more popular and family-oriented. With a thorough understanding of the consumption characteristics of the younger consumer groups, the Group fully explored the nature of new cultures and new social platforms, to secure a "new consumer group" that emphasizes self-expression, diversified aesthetics, and diverse needs for customized wine brands under the new era and new consumption pattern.

The Group will continue to deepen its digitization transformation and strengthen the synergies generated by interaction with new retail channels with the aid of technologies. In response to the demand for quality and search for customised products from the consumer groups in the wine market, the Group will further leverage on the resource advantage of Tonghua production base to enhance the development and marketing of its differentiated products.

In light of the overall market environment and the operating conditions of the Group, the business in the current year is expected to achieve positive development. However, the domestic economic development is still subject to the momentum of the pandemic. The recent turbulent international political situations have poised significant uncertainty for the global economy, international trade and energy supply. The Group still needs to maintain a prudent operating strategy and a healthy cash flow to ensure its agile response to market changes.

In the post-pandemic era, with accelerated reshuffle of the wine industry, it demands a player to focus on branding and increasing brand value to attract mainstream consumer groups and to survive severe competition. The Group will seize the opportunities in the market, apply innovative approach in operation, continue to optimize its management system, and enhance the value of a premium brand, in order to maintain its leading position in the industry.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The Group's revenues, expenses, assets and liabilities were substantially denominated in RMB. Also, the Group's cash and cash equivalents were mostly denominated in RMB. Accordingly, there has been no significant exposure to foreign exchange fluctuation. In view of the minimal foreign currency exchange risk, the Directors will closely monitor the foreign currency movement instead of entering into any foreign exchange hedge arrangement. The Group will continue to pursue a prudent treasury management policy to cope with daily operations and future development demands for capital. The Group is in a net cash position and is thus exposed to minimal financial risk on interest rate fluctuation.

LIQUIDITY AND FINANCIAL RESOURCES

The management closely monitors the Group's financial performance and liquidity position. The Group generally finances its operation with internal cash flows generated from its operations and bank borrowing.

During the Year, the Group's working capital was healthy and positive. As at 31 December 2021, the Group's net working capital (calculated as current assets less current liabilities) amounted to approximately RMB362,605,000 (2020: RMB306,353,000). The Group has sufficient financial resources available to meet its future working capital and financing requirements.

CAPITAL COMMITMENTS

As at 31 December 2021, the Group made capital expenditure commitments of approximately RMB5,350,000 (2020: RMB6,190,000) contracted but not provided in the consolidated financial statements. These capital commitments were provided by cash generated from operations.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2021 (2020: Nil).

DIVIDEND

The Directors do not recommend the payment of any final dividend to shareholders of the Company for the year ended 31 December 2021 (2020: Nil).

REMUNERATION POLICY, EMPLOYMENT BENEFITS AND SHARE OPTION SCHEME

Quality and dedicated staff are our most important assets and are indispensable to our success in the competitive market. As part of our corporate culture, we strive to ensure a strong team spirit among our employees for them to contribute towards our corporate objectives. In achieving the goal, we offer competitive remuneration packages commensurate with the industry level and provide various fringe benefits, including trainings, medical, insurance coverage as well as retirement benefits to the employees in Hong Kong and in China. The Company has also adopted share option scheme with the primary purpose of motivating employees of the Group to optimize their contributions to the Group and to reward them for their performance and dedications. Employees are encouraged to enroll in external professional and technical seminars, and other training programs and courses to update their technical knowledge and skills, enhance their market awareness and improve their business acumen. The Group reviews its human resources and remuneration policies periodically with reference to local legislation, market conditions, industry practice and assessment of the performance of the Group and individual employees (including Directors).

As at 31 December 2021, the Group employed a work force of 318 (including Directors) in Hong Kong and in China (2020: a work force of 339). The total salaries and related costs (including the Directors' fee) for the Year amounted to approximately RMB23,423,000 (2020: RMB16,943,000).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code for securities transactions by Directors and relevant employees of the Group who, because of office or employment, are likely to be in possession of unpublished inside information in relation to the Group's securities. The Directors and such relevant employees are required to strictly follow the Model Code when dealing in the securities of the Company. The Directors and such relevant employees, after specific enquiries by the Company, confirmed their compliance with the required standards set out in the Model Code throughout the Year.

CORPORATE GOVERNANCE

Throughout the Year, the Company had applied the principles in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules and complied with the code provisions and certain recommended best practices set out in the CG Code, save for the deviation from code provision A.2.1 of the CG Code, which states that the roles of chairman and the chief executive officer ("CEO") should be segregated and should not be performed by the same individual. Mr. Wang Guangyuan ("Mr. Wang") is responsible for the overall business strategy and development and management of the Group. The Board considers Mr. Wang, the chairman of the Board and the CEO of the Company, is able to lead the Board in major business decision making for the Group and enables the Board's decision to be effectively made, which is beneficial to the management and the development of the Group's business. Therefore, Mr. Wang assumes the dual roles of being the chairman of the Board and the CEO of the Company notwithstanding the deviation.

AUDIT COMMITTEE

The audit committee of the Company, which comprises all the independent non-executive Directors (namely, Dr. Cheng Vincent (Chairman), Mr. Lai Chi Keung, Albert and Mr. Yang Qiang), had reviewed the accounting principles, accounting standards and methods adopted by the Company together with the management, discussed the matters concerning the Group's risk management and internal controls systems, as well as reviewed the Group's audited annual results for the Year.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by ZHONGHUI ANDA CPA Limited, the Group's auditor, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by the Group's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Group's auditor on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on the date of holding the annual general meeting (the "AGM") and three business days before holding the AGM (both days inclusive) for the purpose of determining shareholders who are entitled to attend and vote at the AGM of the Company. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, by 4:30 p.m. on the fourth business day before the AGM.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE COMPANY AND OF THE STOCK EXCHANGE

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.tontine-wines.com.hk). The annual report for the year ended 31 December 2021 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to our management and all our staff for their continuous efforts and whole-hearted devotion. We are also truly grateful to our shareholders, investors, business partners and customers for their enormous support and trust.

By order of the Board
Wang Guangyuan
Chairman and Executive Director

Hong Kong, 22 March 2022

As at the date of this announcement, the Executive Directors are Mr. Wang Guangyuan, Mr. Zhang Hebin and Ms. Wang Lijun and the Independent Non-executive Directors are Dr. Cheng Vincent, Mr. Lai Chi Keung, Albert and Mr. Yang Qiang.

This document is prepared in both English and Chinese. In the event of inconsistency, the English text of this document shall prevail over the Chinese text.