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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

PLACING AGENT



Yuet Sheung International Securities Limited

The Placing

On 15 June 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis of not less than six Placees, who and whose ultimate beneficial owners will be Independent Third Parties, to subscribe for up to a maximum of 528,100,000 Placing Shares at the Placing Price of HK\$0.108 per Placing Share.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the date of the Completion, the 528,100,000 Placing Shares represent 18.59% of the existing issued share capital of the Company as at the date of this announcement and approximately 15.68% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The gross proceeds from the Placing, assuming all the Placing Shares are fully placed, will be HK\$57,034,800. The net proceeds from the Placing, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$54,658,000, representing a net issue price of approximately HK\$0.104 per Placing Share. The Company intends to apply the net proceeds from the Placing for financing the working capital for the operation and development of the Group's existing business. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable, and the Placing will strengthen the Group's financial position, widen the Company's Shareholder base and is in the interests of the Company and the Shareholders as a whole.

Shareholders and potential investors of the Company shall be aware that Completion is subject to fulfillment of the condition set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

THE PLACING

On 15 June 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 528,100,000 Placing Shares at the Placing Price of HK\$0.108 per Placing Share to the Placees who and whose beneficial owners shall be Independent Third Parties. Details of the Placing Agreement are set out as follow:

Date

15 June 2022 (after trading hours)

Parties

Issuer: The Company

Placing Agent: Yuet Sheung International Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placing commission

Pursuant to the terms of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 528,100,000 Placing Shares to the Placees. In consideration of the Placing, the Placing Agent will receive a placing commission of 4% out of the gross proceeds of the Placing upon the Completion. The Directors are of the view that the placing commission accords with the prevailing market rate and is fair and reasonable.

Placees

The Placing Shares will be placed on a best effort basis to not less than six Placees who and whose ultimate beneficial owners will be Independent Third Parties. It is expected that none of the Placees will become a substantial Shareholder (as defined in the Listing Rules) immediately after Completion.

Placing Shares

As at the date of this announcement, the Company has 2,840,548,000 Shares in issue. Assuming that there will be no change in the number of issued Shares between the date of this announcement and the date of Completion, the maximum number of 528,100,000 Placing Shares represent (i) 18.59% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 15.68% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. Assuming all 528,100,000 Placing Shares are successfully placed by the Placing Agent, the aggregate nominal value of the maximum number of Placing Shares is HK\$5,281,000.

Placing Price

The Placing Price of HK\$0.108 represents:

- (i) a discount of approximately 3.57% to the closing price of HK\$0.112 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 0.92% to the average closing price per Share of approximately HK\$0.109 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 13 May 2022 pursuant to which the Directors are allowed to allot and issue up to 528,109,600 Shares.

As at the date of this announcement, no Share has been issued and allotted pursuant to the General Mandate and accordingly the issue of the Placing Shares is not subject to approval by the Shareholders.

Placing Condition

The Placing is conditional upon the Listing Committee granting the Company the approval for the listing of, and permission to deal in, the Placing Shares on or before 8 July 2022 (or such later date as may be agreed between the parties to the Placing Agreement in writing). In the event the above condition is not fulfilled, all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and neither of the parties thereto shall have any claim against one another for costs, damages, compensation or otherwise arising under the Placing Agreement, save for any antecedent breach under the Placing Agreement.

Completion

The Completion shall take place on a date falling within seven Business Day after the fulfillment of the condition set out above is satisfied (or such later date as may be agreed between the parties to the Placing Agreement in writing).

Force Majeure

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time up to 8:00 a.m. on the date of the Completion upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions, affairs or prospects of the Company or the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (a) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (b) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (d) any statement contained in the Previous Announcements has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the date of the Completion if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

If notice is given from either party to the Placing Agreement pursuant to the above, all obligations and liabilities of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation and outstanding liabilities under the Placing Agreement.

Application for Listing

The Company will apply to the Listing Committee for the approval for the listing of, and permission to deal in, the Placing Shares.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

During the past twelve months immediately preceding the date of this announcement, the Company has not conducted any equity fund raising activity.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The principal activity of the Company is investment holding. The Group is principally engaged in production and sales of grape wine in the mainland China.

The gross proceeds from the Placing, assuming all the Placing Shares are fully placed, will be HK\$57,034,800. The net proceeds from the Placing, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$54,658,000, representing a net issue price of approximately HK\$0.104 per Placing Share.

The Company intends to apply the net proceeds from the Placing for financing the working capital for the operation and development of the Group's existing business.

The Directors are of the view that the terms of the Placing Agreement are fair and reasonable, and the Placing will strengthen the Group's financial position, widen the Company's Shareholder base and is in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion (assuming the maximum number of Placing Shares are placed and there is no change in the share capital of the Company from the date of this announcement up to the date of the Completion) are as follows:

Shareholders	As at the date of this announcement		Immediately after Completion	
	No. of Shares	Approximate%	No. of Shares	Approximate%
Up Mount International Limited (<i>Note 1</i>)	495,178,720	17.43%	495,178,720	14.70%
Bon Voyage Development Limited	400,000,000	14.08%	400,000,000	11.88%
Mr. Yan Shaohua	237,582,000	8.36%	237,582,000	7.05%
Mr. Yu Xinxin	187,530,000	6.60%	187,530,000	5.57%
Ms. Wang Lijun (<i>Note 2</i>)	20,000,000	0.71%	20,000,000	0.59%
Mr. Zhang Hebin (<i>Note 3</i>)	20,000,000	0.71%	20,000,000	0.59%
Places	–	–	528,100,000	15.68%
Other public Shareholders	1,480,257,280	52.11%	1,480,257,280	43.94%
Total	<u>2,840,548,000</u>	<u>100%</u>	<u>3,368,648,000</u>	<u>100%</u>

Notes:

- Up Mount International Limited is a company incorporated in the BVI and is owned as to 51% by Mr. Wang Guangyuan (“**Mr. Wang**”), the chairman of the Company, an executive Director, and the chief executive officer of the Company, and 49% by Sky Source International Investments Limited. Accordingly, Mr. Wang and Sky Source International Investments Limited are deemed to be interested in 495,178,720 Shares held by Up Mount International Limited by virtue of the SFO. Ms. Zhang Min is the spouse of Mr. Wang and is deemed to be interested in all the Shares held by Mr. Wang by virtue of the SFO. Sky Source International Investments Limited is a company incorporated in Samoa and is owned as to 50% by Mr. Li Jerry Y. and 50% by Mr. Zhu Minghui, accordingly, they are deemed to be interested in all the Shares held by Up Mount International Limited through Sky Source International Investments Limited by virtue of the SFO.

Another 40,000,000 Shares of the Company are held directly by Sky Source International Investments Limited.

- Ms. Wang Lijun is an executive Director of the Company.
- Mr. Zhang Hebin is an executive Director of the Company

Shareholders and potential investors of the Company shall be aware that the Placing is on a best effort basis and Completion is subject to fulfillment of the condition set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business
“Company”	China Tontine Wines Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Placing in accordance with the terms and condition set out in the Placing Agreement
“connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors by the shareholders pursuant to a resolution passed at the annual general meeting of the Company held on 13 May 2022 pursuant to which the Directors are allowed to issue, allot and deal with up to 528,109,600 Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owners (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Last Trading Day”	14 June 2022, being the last trading day for the prior to the date of the Placing Agreement

“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporate, institutional investors or other investors who are Independent Third Parties, procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares
“Placing”	the placing of the Placing Shares, on a best effort basis, procured by the Placing Agent to the Placees, on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	Yuet Sheung International Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 15 June 2022 entered into between the Company and the Placing Agent in relation to the Placing under the General Mandate
“Placing Price”	HK\$0.108 per Placing Share
“Placing Share(s)”	a maximum of up to 528,100,000 new Shares to be placed pursuant to the Placing Agreement
“Previous Announcements”	with respect to all announcements, circulars, interim and annual reports issued by the Company to the Stock Exchange and/or the shareholders of the Company since the publication of the annual report of the Company relating to the annual results of the Company for the year ended 31 December 2021
“Shareholders”	holders of the issued Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

By Order of the Board
China Tontine Wines Group Limited
Wang Guangyuan
Chairman and Executive Director

Hong Kong, 15 June 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.