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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)

(1) SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO RESIGNATION OF DIRECTORS; AND
(2) CONTINUED SUSPENSION OF TRADING

Reference is made to the announcement of the Company dated 27 November 2024 in relation to, among others, the Resignations (the “**Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO RESIGNATION OF DIRECTORS

This announcement is made to provide supplemental information to the Announcement regarding the disagreements stated in resignation letters of the Resigned Officers and the Board’s responses to the alleged basis for the disagreements of the Resigned Officers.

The disagreements of the Resigned Officers

Set out below are the disagreements stated by each of the Resigned Officers in his/her respective Resignation Letters.

Disagreements stated in Ms. Wang’s Resignation Letter

Ms. Wang stated that (a) she had disagreement with the current Board who do not understand the core business nor the operation of the Company; (b) she was removed as chairlady of the Board without having a chance to present herself in an open and transparent Board meeting; (c) the Board is lack of knowledge or eagerness to involve in the production and sale of wines; (d) Directors were frequently abstained to discuss or to vote before passing any resolutions or issuing any announcement; and (e) there was serious lack of open communications.

Disagreements stated in Mr. Zhang Xuexin's ("Mr. Zhang") Resignation Letter

Mr. Zhang stated that (a) he had disagreement with the current Board who do not understand the core business nor the operation of the Company; (b) the Board is lack of knowledge or eagerness to involve in the production and sale of wines; (c) there were frequent conflicts and disagreements within the Board that hinder the decision-making; and (d) there was also overly dominant Board leadership which suppressed the opposing viewpoints.

Disagreements stated in Mr. Shen Chengbo's ("Mr. Shen") Resignation Letter

Mr. Shen alleged that (a) he had disagreement with the current Board who do not understand the core business nor the operation of the Company; (b) the Board is lack of knowledge or eagerness to involve in the production and sale of wines; (c) there were frequent conflicts and disagreements within the Board that hinder the decision-making; and (d) there was also overly dominant board leadership which suppressed the opposing viewpoints.

Disagreements stated in Mr. Pei Zhaolun's ("Mr. Pei") Resignation Letter

Mr. Pei stated that (a) he had disagreement with the current Board who do not understand the core business nor the operation of the Company; (b) the Board is lack of knowledge or eagerness to involve in the production and sale of wines; (c) there were frequent conflicts and disagreements within the Board that hinder the decision-making; (d) there was also overly dominant Board leadership which suppressed the opposing viewpoints; and (e) Directors were frequently abstained to discuss or to vote before passing any resolutions or issuing any announcements.

Disagreements stated in Mr. Chong Lok Man's ("Mr. Chong") Resignation Letter

Mr. Chong stated that (a) he had disagreement with the current Board who do not understand the core business nor the operation of the Company; (b) the Board is lack of knowledge or eagerness to involve in the production and sale of wines; (c) there were frequent conflicts and disagreements within the Board that hinder the decision-making; (d) there was also overly dominant Board leadership which suppressed the opposing viewpoints; (e) there were incidences that a Director claimed supportive third-party opinion was obtained and suppressed others to pass resolutions, it was then found out the third-party opinion was interpreted with bias and was obtained after the dates of requests; and (f) Directors were frequently abstained to discuss or to vote before passing any resolutions or issuing any announcements.

Disagreements stated in Mr. Ge Hongguang's ("Mr. Ge") Resignation Letter

Mr. Ge stated that (a) he had disagreement with the current Board who do not understand the core business nor the operation of the Company; (b) the Board is lack of knowledge or eagerness to involve in the production and sale of wines; (c) there were frequent conflicts and disagreements within the Board that hinder the decision-making; (d) there was also overly dominant Board leadership which suppressed the opposing viewpoints; (e) Directors were frequently abstained to discuss or to vote before passing any resolutions or issuing any announcements; and (f) there were attempts to falsely accuse Directors' creditability and aiming to remove Directors.

Disagreements stated in Mr. Zhu Xiaoxiang's ("Mr. Zhu") Resignation Letter

Mr. Zhu stated that (a) he had disagreement with the Board who do not understand the core business nor the operation of the Company; (b) the Board is lack of knowledge or eagerness to involve in the production and sale of wines; (c) there were frequent conflicts and disagreements within the Board that hinder the decision-making; (d) there was also overly dominant Board leadership which suppressed the opposing viewpoints; (e) Directors were frequently abstained to discuss or to vote before passing any resolutions or issuing any announcements; and (f) there were attempts to falsely accuse Directors' creditability and aiming to remove Directors.

The Company's responses to the disagreements

As stated in the Announcement, the Board considered that the disagreements stated in the Resignation Letters are groundless with an ulterior purpose. The Board wishes to provide to the Shareholders of the Company's further responses to each of the disagreements stated by the Resigned Officers as follows:—

Responses to the allegations of "lack of understanding of the core business and operation of the Company, and knowledge or eagerness to involve in the production and sale of wines"

The Board considers such disagreement stated by the Resigned Officers is not a valid disagreement at all. It is merely a subjective comment or accusation of the Resigned Officers against the Board without basis. The current Board members possess the necessary skills and experiences to lead the management of the Company and make contributions to the Group's businesses. The current Board composition comprise of members with decades of experiences in business management, finance, and accounting, which are all necessary board level skillsets and experiences commensurable to Rule 3.08 of the Listing Rules. The Board would like to further emphasize that the role of the Board is to maintain an overarching supervision role and to provide guidance or direction on matters that are brought to the attention of the Directors at Board level rather than being involved in the day-to-day business operations of the Group. It is also an irony that majority of the Resigned Officers making such allegation did not have the purported specific knowledge in the production and sale of wines, this all but shows that the allegation was made with the sole purpose of smearing the reputation of the current Board and undermining its governance.

It is absurd and ridiculous for Mr. Pei, Mr. Chong and Mr. Zhu to state this basis for disagreement in their Resignation Letters. The biographies of Mr. Pei, Mr. Chong and Mr. Zhu show that all of them have no knowledge about production and sale of wines. Adopting their ill-founded logic, Mr. Pei, Mr. Chong and Mr. Zhu should not be appointed as directors of the Company at all.

The Board is also perplexed by the allegation of lack of eagerness to involve in the business of the Group. Ever since the present Board were appointed on 30 September 2024 and prior to mid-November 2024, the Resigned Officers had deterred the present Board from participating in the operation of the Company and/or its subsidiaries. The Board has exhausted every means to reach out to the Resigned Officers and the management of the Group’s operating subsidiaries with a view to conduct a detailed due diligence exercise in order to obtain a thorough understanding of the Group’s state of business operation and financial situation. The current Board has made numerous requests to the Resigned Officers for a comprehensive list of documents and information of the Group, including but not limited to all corporate documents, financial information, complete list of assets, properties, and material business and employment contracts etc. All such requests were ignored and/or denied by the Resigned Officers.

As such, the present Board considers that it has been constantly acting in the best interests of the Company and have been demonstrating great eagerness to understand the business of the Group, meanwhile the Resigned Officers have refused to cooperate throughout with the ulterior motive to sabotage the governance of the Board.

Responses to the allegations of “Directors frequently abstained to discuss or to vote before passing any resolutions or issuing any announcement”

The Board would like to state that during the period from 30 September 2024 and up to the Board meeting held on 13 November 2024 (the “**13 November Meeting**”), the Resigned Officers were in control of the Board. During such period, the Resigned Officers frequently abstained to discuss or to vote the business to be transacted in the board meeting before passing any resolutions or issuing any announcement. As advised by some Directors who were appointed before 30 September 2024, the Resigned Officers were used to such practice when they controlled the Board.

On the other hand, in the 13 November Meeting, there had been discussions and voting before the Board passed the resolutions. The chairman of the Board meeting requested Ms. Chan to record the voting results, i.e. 8:7, which indicated majority votes had passed the resolutions in the meeting, but Ms. Chan refused to record the voting results and the Resigned Officers unilaterally asserted that voting was invalid. As disclosed in the Announcement, the Board has also obtained Bermuda legal advice from its legal advisers who has confirmed that the 13 November Meeting was proper and valid. The disagreement alleged is completely unfounded.

Responses to the allegations of “lack of open communications”

The Board is astonished that the Resigned Officers have completely distorted the facts. As stated in the Announcement and above, the current Board has been using its best endeavors to reach out to the Resigned Officers via various means in multiple occasions, that included among others, through formal channels of Board meetings, informal meetings, visiting of the registered office of the Company, emails, telephone calls and messages etc., but all were in vain. Hence, the lack of open communications was completely self-induced by the Resigned Officers and is again a groundless allegation against the current Board.

Responses to the allegation of “frequent conflicts and disagreements within the Board that hinder the decision-making”

Since the appointment of the present Board members on 30 September 2024, the Resigned Officers were very hostile to them. The Resigned Officers always deterred the present Board from participating the business and management of the Company. In the premises, there were frequent conflicts and disagreements within the Board that hinder the decision-making. Such conflicts were invoked by the Resigned Officers. The allegation made in the Resignation Letters is a blatant attempt of the Resigned Officers to distort and confuse the facts and to mislead shareholders of the Company. The Board believes that the Resigned Officers were responsible for any conflicts and disagreements or delay in decision-making due to their refusal in cooperation.

Responses to the allegation of “overly dominant Board leadership which suppressed the opposing viewpoints”

The Board would like to clarify that at the material times when Ms. Wang was the chairlady of the Board, she constantly displayed dominant Board leadership and suppressed opposing viewpoints. Apart from the former executive Directors who could speak out in the board meeting, Ms. Wang Lijun did not respect the opinion of other non-executive Directors. On some occasions, Ms. Chan, at the permission of Ms. Wang, refused to maintain a proper record of opposing viewpoints in the minutes of the Board meetings held and chaired by Ms. Wang.

However, the present Board confirmed that this was not the case in the 13 November Meeting, wherein the Resigned Officers have vigorously expressed the view and demanded for adjournment without any ground. The majority of the directors present in the 13 November Meeting did not agree with the adjournment, the directors therefore passed the resolutions by voting. As far as the present Board is concerned, procedural fairness has all along been upheld at the Board meetings since the present Board took control and the Board shall not be accused of suppressing opposing viewpoints when (i) the Resigned Officers were given ample of opportunities to express their viewpoints at various opportunity; and (ii) it was the Resigned Officers who failed to vote and/or secure sufficient votes at Board meetings to put through their own agendas.

Responses to the allegation of “falsely accusing Directors’ creditability and aiming to remove Directors”

The allegation is groundless. The present Board unequivocally denies making any false accusations against the Resigned Officers. Any purported removal of the Resigned Officers was previously initiated by shareholders of the Company, the present Board has not proposed for the removal of the Resigned Officers at any Board meetings and the Resigned Officers have tendered their respective resignations at their own accord.

Responses to the allegation of “removing Ms. Wang as chairlady of the Board without having a chance to present herself in an open and transparent Board meeting”

According to Bye-law 132 of the Bye-law of the Company (the “**Bye-Laws**”), “*The Directors may from time to time elect or otherwise appoint one of them to the office of Chairman of the Company and another to be the Deputy Chairman (or two or more Deputy Chairmen).....*” . In 13 November Meeting, all Directors and/or their proxy attended the meeting in person or by telephone conference. All the Directors, including their proxy, present in the meeting casted their votes in relation to the resolution for election of new chairman to replace Ms. Wang as chairperson of the Board. The resolutions was passed in the said meeting by majority vote. Ms. Wang’s proxy also voted in the said meeting. Given that Bye-law 132 allows the Directors from time to time to elect chairman but there is no provision in the Bye-laws stating that the step-down chairman/chairlady must be present himself/herself in the meeting for election of new chairman in place of the existing chairman, Ms. Wang’s accusation is not justified.

Responses to the allegations in relation to “supportive third-party opinion was obtained and suppressed others to pass resolutions, it was then found out the third-party opinion was interpreted with bias and was obtained after the dates of requests”

The present Board fails to contemplate the logic of this allegation.

To set the facts straight, the Board has only obtained third-party legal opinion from its Bermuda legal advisors on one occasion in respect of the validity of meetings and the resolutions passed at the 13 November Meeting in relation to, among others, the change of chairman of the Board, change of composition of the Board committees and authorized representatives of the Company.

The Board consulted Bermuda legal advisers about the procedures for convening and passing resolutions in the 13 November 2024 Meeting. On 17 November 2024, a written opinion was issued by the Bermuda legal advisers confirming that the 13 November Meeting had a duly constituted quorum present and each resolution proposed at the meetings have been duly passed by a majority of votes of those present and voting. Hence, the Resigned Officers’ allegation is again ill-founded and unwarranted.

The Board would like to supplement that on 22 November 2024, the Board set out the notice to all then directors to convene a board meeting to be held on 25 November 2024 to follow up with Ms. Wang and other Resigned Officers about the progress of the interim results as well as other affairs of the Company. Out of the blue, the Resigned Officers tendered their resignations on 25 November 2024 with immediate effect and without giving sufficient notices for their resignation and/or payment in-lieu of notice. The present Board believes that the Resignations were made deliberately by the Resigned Officers in order to evade the present Board’s investigations against their misconducts during their office terms.

Further to above, the Board hereby reiterates that it will continue to conduct thorough investigations against the potential wrongdoings of all Resigned Officers, among others, the outstanding payment in lieu of notice and potential breaches of their respective contractual and fiduciary duties as directors of the Company, and will take all necessary actions, including but not limited to legal recourses against the Resigned Officers to protect the interests of the Company. The Company will make further announcement(s) as and when appropriate.

Past appointment of additional Directors not in compliance with Bye-laws

References are made to the announcement of the Company dated 25 September 2024 and 18 November 2024 in relation to, among others, the appointment of additional new Directors.

According to Bye-law 112, *“The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the Members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the shareholders in general meeting.....”* Due to the oversight of the Board, the appointment of the two additional new Directors in 13 November Meeting did not comply with Bye-law 112. Such oversight was misled by the practice of the former board of directors (the **“Resigned Directors”**) led by Ms. Wang Lijun. On 25 September 2024, the former board of directors of the Company appointed seven (7) new directors making the total number of board of directors increased to thirteen (13) members while the maximum number of board of directors in the past was eight (8) members, i.e., five (5) of directors appointed on 25 September 2024 were additional directors. Since the existing Board joined the Company, the existing Board was oppressed by the Resigned Directors, who have used their every means to disallow the existing Board to access the information of the Company. Hence, the existing Board did not aware of and nor being informed by the Resigned Directors about the receipt of any comment email from the Stock Exchange enquiring about the compliance with Bye-law 112. The existing Board was caused to believe that the board of directors has power to appoint Directors, whether to fulfill the causal vacancy or as additional Directors. The existing Board also believes that the appointment of new Directors on 25 September 2024 by the former board led by Ms. Wang Lijun constituted a non-compliance with Bye-law 112. As at the date of this announcement, all the additional Directors appointed by the board of directors (or the formerly board of directors, as the case may be) had resigned and the appointments of all existing Directors are in compliance with the Bye-laws.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m., 2 September 2024 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the board of
China Tontine Wines Group Limited
Sun Jialiang

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 3 December 2024

As at the date of this announcement, the executive Directors are Mr. Sun Jialiang and Mr. Huang Chuwu, the non-executive Directors are Mr. Li Jerry Y. and Mr. Zhu Minghui, and the independent non-executive Directors are Mr. Li Liang, Ms. Lui Mei Ka and Mr. Chan Wai Kit.