



TONTINE

## TONTINE WINES' NET PROFIT INCREASED BY 19.3% TO RMB 90M IN 2010 1H

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### DEDICATED TO DEVELOPING DIVERSIFIED PRODUCT MIX AND ENHANCING COMPETITIVENESS IN THE MARKET

#### Financial Highlights

(RMB'000)	For the Six Months Ended 30 June		
	2010	2009	Change
Revenue	288,908	242,715	19.0%
Gross Profit	168,673	137,387	22.8%
Profit Attributable to owners of the Company	89,890	75,355	19.3%
Gross Profit Margin	58.4%	56.6%	1.8%
Net Profit Margin	31.1%	31.0%	0.1%
Earnings per Share (RMB cents)	5.2	5.7	

(Hong Kong, 30 August 2010) – China Tontine Wines Group Limited (“Tontine Wines” or the “Group”, Stock code: 0389), one of the largest sweet grape wine producers in the PRC, today announced its unaudited interim results for the six months ended 30 June 2010 (the “Period”).

Benefiting from the increase in the overall demand of consumers for grape wine products, sales volume recorded a satisfactory growth. During the Period, Tontine Wines’ revenue increased by 19% to RMB 289 million. Profit attributable to owners of the Company increased by 19.3% to RMB 90 million. The Group adjusted its product mix, increasing the proportion of wine products with higher profit margins during the Period. As a result, gross profit margin increased to 58.4% and net profit margin was 31.1%. Basic earnings per share were RMB 5.2 cents.

**Mr. Wang Guangyuan, Chairman and Chief Executive Officer of Tontine Wines**, said, “Being benefited from the vibrant economic development and the policy of encouraging with a view of expanding domestic demand introduced by the Chinese Government, the PRC domestic market maintained strong growth momentum. Leveraging upon the Group’s strong customer base in China and flexible marketing strategies, the Group maintained stable average selling prices of its products in the highly competitive red wine market, so as to enhance the steady development of our overall business. Meanwhile, we are dedicated to developing more products to further diversify our product portfolio and meeting the needs of

our various targeted customer segments. In the first quarter of this year, we continually launched a new product, 'Tontine Premium Blueberry Wine', which was well received by our customers."

The Group's products are sold through over 70 distributors in 19 provinces and 3 municipal cities in the PRC. By working closely with our distributors, the Group has enhanced the marketing and sales strategies towards the target markets as well as expanded and optimised its distribution network in the PRC. During the Period, the eastern region of China was the Group's largest market, accounting for 35.1% of the Group's sales, reaching RMB 101 million, followed by the northern and the southwest regions of China which accounted for 20.4% and 18.7% of the Group's sales respectively. The northeast and south-central regions accounted for 13.1% and 12.7% respectively.

The Group's capacity expansion plan progressed as scheduled during the Period. The new wine production facilities are expected to commence production by the end of this year, with annual production capacity to be increased from the existing 19,000 tonnes to 39,000 tonnes. The bolstered production should enable the Group to achieve better market penetration and attract a broader customer base.

The Group also plans to develop Tontine Wine Estate and Tontine Wine Cellar, striving to develop high-end market and enhance the brand image. The Group plans to develop a wine estate in Ji'An City, Jilin Province, the PRC, to produce a premium range of Tontine estate bottled wines from high quality grapes. Wines produced by Tontine Wine Estate, which will be labeled as "Estate Bottled", will be produced from high quality grapes grown in the Group's self-operated vineyards within the wine estate. Tontine Wine Estate, with vineyards covering a total area of approximately 2,000 mu, will be installed with wine production and wine cellaring facilities and is expected to have an annual yield of around 500 tonnes.

In addition, the Group is developing wine cellaring capabilities to complement its production facilities in Tonghua County, Jilin Province, the PRC. A wine cellar is a place where a stock of wine is properly stored under a controlled environment to undergo an ageing for a capacity that process to produce a range of winery products. The storage capacity of Tontine Wine Cellar is designed up to approximately 600,000 bottles (750 ml) could be processed.

**Mr. Wang** concluded, "Along with the increasing spending power and the pursue of higher living standard of Chinese consumers, we see ample opportunities in the PRC grape wine market. We are confident in the prospects of the market and our business development. We plan to establish not less than 20 Tontine retail outlets within the next 4 years, and plan to open five in Beijing, Chengdu, Shanghai, Shenyang and Wuhan in the second half of this year. Also, the Group will strive to realise the market potential by expanding its sales network, especially in the second and third-tier cities, through stronger channel management and by

stepping up our efforts in advertising, marketing and promotion. While employing competitive pricing strategy, we are dedicated to develop diversified product mix to remain competitive in the market, and further consolidate our position in the China sweet wine market.”

~ End ~

**About China Tontine Wines Group Limited**

Tontine Wines sells over ten different wine products in two main categories – sweet wine and dry wine under the “Tongtian” and “Tongtian Hong” labels. The Group has grown quickly since its inception in 2001. It ranked first in the PRC in terms of manufacturing volume of sweet wines in 2008 and is also one of the “Top 10 PRC Grape Wine Industry Brands”. The Group gets its grape supply from Tonghua Ji’An region, which is a major mountain grapes producing region in the PRC and one of the few regions worldwide where mountain grapes can be cultivated. Through a sales network comprising over 70 distributors, the Group sells its products in 19 provinces and 3 municipal cities in the PRC. The Group places a lot of emphasis to the quality of its products. It has implemented a strict quality assurance system, and obtained ISO 9001:2000 certification in 2005. In 2006, the Group was also awarded the Geographic Indication Protected Products of the PRC. Under the auspices of the senior management team that are well-experienced in the industry, Tontine Wines is dedicated to achieve the corporate mission of the Group: to become a sweet wine expert in the PRC.

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