



TONTINE

TONTINE WINES 1H2011 REVENUE INCREASED BY 22.1% TO RMB 353M

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REDUCE COST AND ENHANCE PRODUCT MIX
MAXIMISE OVERALL GROSS PROFIT MARGIN
TO INCREASE MARKET COMPETITIVENESS

Financial Highlights

<i>(RMB'000)</i>	For the Six Months Ended 30 June		
	2011	2010	Change
Revenue	352,579	288,908	22.1%
Gross Profit	201,311	168,673	19.3%
Profit Attributable to Owners of the Company	70,347	89,890	-21.7%
Gross Profit Margin	57.1%	58.4%	-1.3%
Net Profit Margin	20.0%	31.1%	-11.1%
Earnings per Share <i>(RMB cents)</i>	3.5	5.2	

(Hong Kong, 24 August 2011) – 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 2011.

During the period under review, the Group remained abreast of the robust growth in China's domestic demand market, resulting in a revenue growth of 22.1% to RMB353 million. Profit attributable to owners of the Company for the period decreased by 21.7% to RMB 70 million mainly due to the share option expense for the share options granted during the year ended 31 December 2010 and exchange loss due to Renminbi exchange rate fluctuation. Gross profit margin dropped by 1.3% as the Group's subsidiaries in mainland China were required to pay the newly imposed city construction tax and education surcharge. The Group will be dedicated to reducing costs through better coordination and exploration of opportunities for synergies, implementing effective measures to reduce the impact of raw materials volatilities and shifting its sales mix towards products with higher gross profit margin in the second half of 2011, in order to further consolidate its leading position in sweet grape wine market in the PRC.

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Mr. Wang Guangyuan, Chairman and Chief Executive Officer of Tontine Wines, said, “Despite the global economy remains weak, emerging markets worldwide has experienced fairly healthy economic growth. Benefitting from the prosperous economic development and the policy boosting domestic demand, the PRC domestic market maintained strong growth, leading to the increasing domestic consumption of grape wine products. Leveraging upon the Group’s strategic production expansion plans, strong distribution network and flexible marketing activities, the Group remains abreast with the market trend and has laid solid foundation for the healthy development of its overall business.”

During the period under review, the Group was developing a wine estate in Ji’An City, Jilin Province, the PRC, to produce premium range of wines from high quality grapes grown in its self-operated vineyards within the wine estate. In order to promote the brand image and expand the market coverage, wines produced by the wine estate will be labelled as “Estate Bottled”. The Group is also developing wine cellaring capabilities to complement its production facilities in Tonghua County, Jilin Province. To meet the increasing sophisticated consumer tastes and cater for a wider range of customers, the Group plans to launch three new products (two sweet wine products and one dry wine product) in the second half of 2011.

The Group plans to enhance its current sales and distribution network throughout the PRC by establishing not less than 20 Tontine retail shops in selected markets within the next 3 years, which serve as a direct sales and marketing platform for Tontine products, and provide marketing support to its distributors. As at the date of this release, retail shops were successfully launched in Beijing, Chengdu, Shanghai, Shenyang and Wuhan. The Group plans to establish 3 retail shops in the second half of 2011.

Mr. Wang concluded, “Looking ahead, the Group remains optimistic about the prospects of the PRC’s economy and is confident of ample opportunities in the PRC grape wine market. The Group will continue to expand sales networks, especially in the second and third-tier cities, by stepping up its investments in advertising, marketing and promotion to explore the market potential further. The Group will proactively identify merger and acquisition opportunities so as to solidify its business foundation and bring better return to the shareholders of the Group.”

About China Tontine Wines Group Limited

Tontine Wines sells over 20 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 2009 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 on 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 becoming a sweet wine expert in the PRC.

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