

**TONTINE**

**Tontine Wines Announces Possible Deal Regarding  
Acquisition/Investment of Approximately 60% Interest in A Top 10  
China Grape Wines Producer - Yantai Baiyanghe**

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**Joining Forces Create Synergies to Achieve Industry Leadership through  
Complementary Strengths and Shared Resources**

(Hong Kong, 7 November 2011) – China Tontine Wines Group Limited (“Tontine Wines” or the “Group”, Stock code: 0389), one of the largest grape wine producers in the PRC, announced to enter into a memorandum of understanding (the “MOU”) for a possible transaction (at the consideration to be mutually agreed) which, if materialized, may lead to the acquisition or investment of approximately 60% equity interest (the “Proposed Transaction”) of 煙台白洋河釀酒有限責任公司 (Yantai Baiyanghe Winery Co., Inc) (“Yantai Baiyanghe”). A formal agreement governing the Proposed Transaction is endeavored to sign within 180 days from the date of the MOU.

Yantai Baiyanghe was founded in 1958 and is located in Qixia City along Baiyang River in Jiaodong Peninsula, Shandong Province. Qixia City is under the jurisdiction of Yantai, which is at the same latitude as the world-renowned Bordeaux wine-producing region in France, and is the golden area for wine production in the PRC, and the only international vine and wine city in Asia. Yantai Baiyanghe is principally engaged in the production and sale of alcoholic beverages. Its wine portfolio contains over 80 types of wine products and stretches across, among others, grape wine, brandy and rice wine in many varieties (including premium imported wines from countries overseas, like France, Australia and Chile). The proportion of sales of grape wine is approximately 90%, dry and sweet grape wines account for around 70% and 30% respectively, while domestic and imported wines are approximately 80% and 20% of the total revenue respectively.

Yantai Baiyanghe has built an extensive sales network covering all provinces and cities in the PRC. It mainly sells its products through supermarkets, cigarette and wine shops, franchise shops, group purchase and entertainment venues. It has opened over 100 franchise shops. Its main markets include Guangxi, Shandong, Fujian, Zhejiang and Jiangsu, with sales in these areas accounting for approximately 60% of total sales.

Yantai Baiyanghe is one of the top ten enterprises in China's grape wine industry. To further enhance product quality and wine making technology, it invited Mr. Maxime Jacaues Marie Charles Godet (馬克西高帝先生), a French winemaker, to join the company in 2006. Yantai Baiyanghe was awarded the “中國葡萄酒製造業十強企業” (Top 10 Grape Wines Producers of the PRC) by 中國食品工業協會 (The China Food Industry Association) in 2010. It currently owns five patents and has been awarded various honours including the “中國馳名商標” (Famous Trademark in China), “綠色食品 A 級標準” (Green Food-Class A) and “原產地保護產品” (Country of Origin Protected Product of the PRC).

**Mr. Wang Guangyuan, Chairman and Chief Executive Officer of the Group**, said, “The Proposed Transaction, if materialized, would offer a good opportunity for the Group to expand its sales and distribution network in the PRC, enhance its wine products portfolio and strengthen its competitive position in the PRC.”

The proposed acquisition of or investment in Yantai Baiyanghe, if successfully implemented, would (i) enlarge both the Group's own premium high-end grape wine and imported wine portfolios, enrich the Group's wine products portfolio and broaden its fine wine offering to its customers on the one hand and (ii) upgrade the Group's wine making technology, enhance the level of product quality, increase production capacity, achieve economies of scale and lower production costs through integration of the production lines of the two enterprises on the other hand. It is also one of the plans of the Group to integrate the sales and distribution channels of the two enterprises so as to expand the sales and distribution network of the Group and effectively reduce marketing and promotion expenses which, in turn, is expected to enhance the Group's profitability in the long run. All the above factors are expected to offer synergy effects and complementary benefits realization, allow resources-sharing, provide incentive for long-term collaboration and ultimately achieve a win-win situation for the Group and Yantai Baiyanghe, which are instrumental to the future business development of the Group.

In light of the above, the Proposed Transaction, if consummated, is in the interests of the Company and its shareholders as a whole.

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**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, 2009 and 2010 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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