



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)

Executive Directors:

Ms. Wang Lijun (*Chairlady*)
Mr. Zhang Hebin
Mr. Wang Junyao

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Mr. Li Jerry Y.
Mr. Zhu Minghui

*Head office and principal place of
business in Hong Kong:*

Unit No. 2910-11, 29/F
Prosperity Millennia Plaza
663 King's Road
Quarry Bay Hong Kong

Independent non-executive Directors:

Dr. Cheng Vincent
Mr. Yang Qiang
Ms. Zhang Shiqing

12 July 2024

To the Qualifying Shareholders

Dear Sir/Madam,

**VOLUNTARY CONDITIONAL CASH PARTIAL
OFFER BY GAOYU SECURITIES LIMITED FOR
AND ON BEHALF OF MR. WANG HE
TO ACQUIRE 30,160,000 SHARES IN
CHINA TONTINE WINES GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED BY MR. WANG HE AND
PARTIES ACTING IN CONCERT WITH HIM)**

INTRODUCTION

On 12 June 2024, the Offeror announced that Gaoyu Securities would for and on behalf of the Offeror make the Partial Offer to acquire 30,160,000 Offer Shares (representing approximately 10.00% of the Company's issued share capital as at the date of the Rule 3.5 Announcement) not already owned by the Offeror and parties acting in concert with him at the Offer Price of HK\$0.6 per Offer Share.

In accordance with Rule 2.1 of the Takeovers Code, the Company is required to establish an independent board committee of the Board to advise the Qualifying Shareholders in respect of the Partial Offer. The Independent Board Committee comprising Mr. Li Jerry Y., Mr. Zhu Minghui, Dr. Cheng Vincent, Mr. Yang Qiang and Ms. Zhang Shiqing, being all non-executive Directors, has been formed to advise the Qualifying Shareholders in respect of the Partial Offer.

China Harbour has been appointed by the Company with the approval of the Independent Board Committee as the independent financial adviser to advise the Independent Board Committee in respect of the Partial Offer. The letter of advice from the Independent Financial Adviser to Independent Board Committee is set out on pages 14 to 37 of this Response Document.

The purpose of this Response Document is to provide you with, among other things, information relating to the Group and the Partial Offer, the recommendation of the Board and the Independent Board Committee to the Independent Shareholders in respect of the Partial Offer, and the advice of from the Independent Financial Adviser to the Independent Board Committee on the Partial Offer.

You are advised to read this Response Document, the recommendation of the Board, the recommendation of the Independent Board Committee and the advice from the Independent Financial Adviser carefully before taking any action in respect of the Partial Offer.

THE PARTIAL OFFER

The terms of the Partial Offer are set out in the Offer Document and the Form of Acceptance and Transfer. You are recommended to refer to the Offer Document and the Form of Acceptance and Transfer for further details.

The Partial Offer is being made by Gaoyu Securities, for and on behalf of the Offeror, on the basis set out below:

For each Offer Share HK\$0.6 in cash

As at the Latest Practicable Date, the Company had 301,561,800 Shares in issue.

The Partial Offer is extended to all Qualifying Shareholders in accordance with the requirements of the Takeovers Code.

The making of the Partial Offer is subject to the obtaining of consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. According to the announcement made by the Offeror on 21 June 2024, the consent from the Executive in respect of the Partial Offer has been obtained and the Pre-Condition has been fulfilled on 21 June 2024.

The Partial Offer is subject to the condition that valid acceptances being received (and not, where permitted, withdrawn) in respect of a minimum of 30,160,000 Offer Shares at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (as defined in the Offer Document) which shall be at least 28 days following the despatch date of the Offer Document issued by the Offeror in respect of the Partial Offer, or such later date as may be extended by the Offeror in accordance with the requirements of the Takeovers Code.

As at the Latest Practicable Date, the Company did not have outstanding dividends which had been declared but not yet paid and the Company did not have any intention to declare or pay any future dividend or make other distribution on the Shares prior to the close of the Partial Offer.

Further details of the Partial Offer including, among others, the expected timetable and the terms and procedures of acceptance of the Partial Offer, are set out in the Offer Document and the Form of Acceptance and Transfer.

Shareholders are reminded of the right to withdraw their acceptance of the Partial Offer under Rule 17 of the Takeovers Code which provides that:

“An acceptor shall be entitled to withdraw his acceptance after 21 days from the first closing date of the offer, if the offer has not by then become unconditional as to acceptances. This entitlement to withdraw shall be exercisable until such time as the offer becomes or is declared unconditional as to acceptances. However, on the 60th day (or any date beyond which the offeror has stated that its offer will not be extended) the final time for the withdrawal must coincide with the final time for the lodgement of acceptances set out in Rule 15.5, and this time must not be later than 4.00 p.m.”

INFORMATION ON THE OFFEROR

Please refer to the Offer Document for the information on the Offeror.

INTENTION OF THE OFFEROR AND THE BOARD REGARDING THE GROUP

Your attention is drawn to the paragraph headed “Reason for the Partial Offer” in the section headed “Letter from Gaoyu Securities” in the Offer Document.

The Directors (excluding the non-executive Directors) are of the view that as regards the intention of the Offeror to consider exploring new liquor business opportunities for the Group and refer business and sales to the Group, the Company will consider and assess such potential new opportunities and referrals in the context of the overall direction and strategy of the Group’s business development. However, the Directors (excluding the non-executive Directors) have reservations regarding the intention of the Offeror to introduce and refer employees and management to the board and management of the Company. The existing employees and management of the Group already consist of those who are well-experienced in the wine industry

and familiar with the development, strategy, operation and management of the Group's business and appreciate the values and culture of the Group. Employing new employees and management may not be suitable in the circumstances and may cause interruption to the running of the Group's business, which may not be in the best interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The Group is principally engaged in the business of manufacturing and sales of wine products.

The financial information of the Group is set out in Appendix I to this Response Document. Please also refer to the section headed "Material Change" in Appendix I to this Response Document for further details in relation to the material change of the Company since 31 December 2023.

PUBLIC FLOAT OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Partial Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

As at the Latest Practicable Date, the Company had a public float of approximately 61.05% of the Shares in issue. Assuming (i) full acceptances of the number of Offer Shares under the Partial Offer by the Qualifying Shareholders; and (ii) that there are no changes to the issued share capital of the Company between the Latest Practicable Date and up to the Final Closing Date (as defined in the Offer Document), the Company will have a public float of above 25% of the Shares in issue immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 8.08 of the Listing Rules.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Partial Offer (assuming that there will be no change to the issued share capital of the Company and no other change to the shareholding between the Latest Practicable Date and the Final Closing Date (as defined in the Offer Document)):

Shareholders	Notes	As at the Latest Practicable Date		Immediately upon completion of the Partial Offer assuming all Qualifying Shareholders tender 100% of their Shares for acceptance under the Partial Offer	
		No. of Shares	%	No. of Shares	%
Up Mount International Limited	1	49,517,872	16.42%	44,565,458	14.78%
Sky Source International Investments Limited	2	20,000,000	6.63%	17,999,746	5.96%
Bon Voyage Development Limited		40,000,000	13.27%	35,999,493	11.94%
Ms. Wang Lijun	3	2,000,000	0.66%	1,799,975	0.60%
Mr. Zhang Hebin	3	2,000,000	0.66%	1,799,975	0.60%
Mr. Wang Junyao	3	3,940,000	1.31%	3,545,950	1.17%
The Offeror and parties acting in concert with him		—	—	30,160,000	10.00%
		117,457,872	38.95%	135,870,598	45.05%
Public Shareholders					
Mr. Yan Shaohua		23,758,200	7.88%	21,382,079	7.09%
Mr. Yu Xinxin		25,760,000	8.54%	23,183,674	7.69%
Other shareholders		134,585,728	44.63%	121,125,449	40.17%
		184,103,928	61.05%	165,691,202	54.95%
Total		301,561,800	100.00%	301,561,800	100.00%

Notes:

1. Up Mount International Limited is a company incorporated in the British Virgin Islands and is owned as to 51% by Mr. Wang Guangyuan and 49% by Sky Source International Investments Limited. Accordingly, Mr. Wang Guangyuan and Sky Source International Investments Limited are deemed to be interested in 49,517,872 Shares held by Up Mount International Limited by virtue of Part XV of the SFO. Ms. Zhang Min is the spouse of Mr. Wang Guangyuan and is deemed to be interested in all the Shares held by Mr. Wang Guangyuan by virtue of Part XV 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, who are non-executive Directors, 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 Part XV of the SFO.
2. Sky Source International Investments Limited, as beneficial owner, holds 20,000,000 Shares, representing 6.63% of total number of issued Shares. Mr. Li Jerry Y. and Mr. Zhu Minghui are deemed to be interested in the Shares held by Sky Source International Investments Limited under Part XV of the SFO.
3. Ms. Wang Lijun, Mr. Zhang Hebin and Mr. Wang Junyao are executive Directors.

RECOMMENDATION

Based on the circumstances of the Company as at the Latest Practicable Date and having considered the terms of the Partial Offer and the advice from the Independent Financial Adviser to the Independent Board Committee, the Directors (excluding the non-executive Directors whose view is set out in the “Letter from the Independent Board Committee” in this Response Document) consider that the terms of the Partial Offer are not fair and reasonable so far as the Qualifying Shareholders are concerned and recommend that the Qualifying Shareholders should not accept the Partial Offer.

Your attention is drawn to the section headed “Letter from the Independent Board Committee” set out on pages 12 to 13 of this Response Document and the section headed “Letter from the Independent Financial Adviser” set out on pages 14 to 37 of this Response Document, which contain, among other things, their respective recommendations and advice in relation to the Partial Offer and the principal factors considered by them in arriving at their recommendation.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the Appendices to this Response Document.

You are also recommended to read carefully further details in respect of the Partial Offer as set out in the Offer Document and the Form of Acceptance and Transfer which contain details of the Partial Offer before deciding whether or not to accept the Partial Offer.

Yours faithfully,

On behalf of the Board

China Tontine Wines Group Limited

A handwritten signature in black ink, appearing to read 'Wang Lijun' with a stylized flourish at the end.

WANG Lijun

Chairlady and Executive Director