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GRACE  
VINEYARD

怡園酒莊

**Grace Wine Holdings Limited**

**怡園酒業控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8146)**

**FIRST QUARTERLY RESULTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2023**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “**Directors**”) of Grace Wine Holdings Limited (“**Grace Wine**” or the “**Company**”, and together with its subsidiaries, the “**Group**”, “**we**” or “**our**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## UNAUDITED FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) of Grace Wine Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 March 2023, together with the comparative unaudited figures of the corresponding period in 2022. Where appropriate, numerical figures or percentages presented herein shall be approximate figures and percentages (as the case may be).

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the three months ended 31 March 2023*

	<i>Notes</i>	<b>Three months ended 31 March</b>	
		<b>2023</b>	2022
		<b>(Unaudited)</b>	(Unaudited)
		<b>RMB’000</b>	RMB’000
REVENUE	3	<b>25,369</b>	15,736
Cost of sales		<u>(7,579)</u>	<u>(6,487)</u>
Gross profit		<b>17,790</b>	9,249
Other income and gains, net	3	<b>335</b>	463
Selling and distribution expenses		<b>(2,889)</b>	(2,289)
Administrative expenses		<b>(5,474)</b>	(4,934)
Other expenses		<b>(29)</b>	(14)
Finance costs		<u>(294)</u>	<u>(12)</u>
PROFIT BEFORE TAX		<b>9,439</b>	2,463
Income tax expense	4	<u>(2,676)</u>	<u>(674)</u>
PROFIT FOR THE PERIOD AND PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u><b>6,763</b></u>	<u>1,789</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted ( <i>RMB cent</i> )	5	<u><b>0.84</b></u>	<u>0.22</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2023

	Three months ended 31 March	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	<u>6,763</u>	<u>1,789</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	883	(676)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements	<u>(923)</u>	<u>547</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	<u>(40)</u>	<u>(129)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>6,723</u>	<u>1,660</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Statutory funds reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2023	675	137,720	2,765	605	16,799	(5,962)	103,669	256,271
Profit for the period	-	-	-	-	-	-	6,763	6,763
Other comprehensive income/ (loss) for the period:								
Exchange differences on translation of foreign operations	-	-	-	-	-	883	-	883
Exchange differences on translation of the Company's financial statements	-	-	-	-	-	(923)	-	(923)
Total comprehensive income for the period	-	-	-	-	-	(40)	6,763	6,723
Equity-settled share option arrangements	-	-	-	88	-	-	-	88
At 31 March 2023 (unaudited)	<u>675</u>	<u>137,720</u>	<u>2,765</u>	<u>693</u>	<u>16,799</u>	<u>(6,002)</u>	<u>110,432</u>	<u>263,082</u>
At 1 January 2022	674	141,579	2,765	269	15,703	(6,249)	105,363	260,104
Profit for the period	-	-	-	-	-	-	1,789	1,789
Other comprehensive income/ (loss) for the period:								
Exchange differences on translation of foreign operations	-	-	-	-	-	(676)	-	(676)
Exchange differences on translation of the Company's financial statements	-	-	-	-	-	547	-	547
Total comprehensive income for the period	-	-	-	-	-	(129)	1,789	1,660
Equity-settled share option arrangements	-	-	-	80	-	-	-	80
At 31 March 2022 (unaudited)	<u>674</u>	<u>141,579</u>	<u>2,765</u>	<u>349</u>	<u>15,703</u>	<u>(6,378)</u>	<u>107,152</u>	<u>261,844</u>

# NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2023

## 1. GENERAL

The Company is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company's principal subsidiaries were engaged in the production and distribution of wine and other alcoholic products.

The immediate and ultimate holding company of the Company is Macmillan Equity Limited ("**Macmillan Equity**"), a company incorporated in the British Virgin Islands ("**BVI**"). The entire issued capital of Macmillan Equity is held by Ms. Judy Chan.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial information of the Group has been prepared to comply with the applicable disclosure requirements of the GEM Listing Rules.

This unaudited condensed consolidated financial information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated. This unaudited condensed consolidated financial information has not been audited or reviewed by the Company's external auditors, but has been reviewed by the Company's Audit Committee.

The unaudited condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

The unaudited condensed consolidated financial information of the Group has been prepared in accordance with the same accounting policies adopted in Group's annual financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) that affect the Group and are adopted for the first time for the current period's financial information:

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

These new and revised HKFRSs had no impact on the condensed consolidated financial information of the Group.

### 3. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Three months ended 31 March	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Revenue from contract with customers</i>		
Sales of goods	<u>25,369</u>	<u>15,736</u>

All of the Group's revenue was recognised at a point in time during the period.

	Three months ended 31 March	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Geographical market</i>		
Mainland China	25,312	15,340
Other jurisdictions	<u>57</u>	<u>396</u>
Total revenue from contracts with customers	<u>25,369</u>	<u>15,736</u>

An analysis of other income and gains, net is as follows:

	Three months ended 31 March	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Bank interest income	161	126
Government grants*	95	331
Gains on disposal of items of property, plant and equipment, net	40	–
Others	<u>39</u>	<u>6</u>
	<u>335</u>	<u>463</u>

\* The Group received various government grants for promoting the wine industry, and supporting agricultural and business development. There are no unfulfilled conditions or contingencies relating to these grants.

#### 4. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong profits tax had been made as the Group did not generate any assessable profits arising in Hong Kong during the reporting period. The provision for the PRC income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in Mainland China as determined in accordance with the relevant income tax rules and regulations of the PRC.

	<b>Three months ended 31 March</b>	
	<b>2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	<b>2022</b> <b>(Unaudited)</b> <b>RMB'000</b>
Current – Mainland China		
Charge for the period	2,443	693
Over-provision in prior periods	–	(130)
Deferred	<u>233</u>	<u>111</u>
Total tax charge for the period	<u><u>2,676</u></u>	<u><u>674</u></u>

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

##### For the three months ended 31 March 2023

	<b>Mainland China</b>		<b>Hong Kong</b>		<b>Total</b>	
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>
Profit/(loss) before tax	<u>10,269</u>		<u>(830)</u>		<u>9,439</u>	
Tax at the weighted average applicable tax rate	2,567	25.0	(137)	16.5	2,430	25.7
Lower tax rate for specific provinces or enacted by local authority	(2)		–		(2)	
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	72		–		72	
Income not subject to tax	(2)		–		(2)	
Expenses not deductible for tax	41		–		41	
Tax losses not recognised	<u>–</u>		<u>137</u>		<u>137</u>	
Tax charge for the period	<u><u>2,676</u></u>	26.1	<u><u>–</u></u>	–	<u><u>2,676</u></u>	28.4

For the three months ended 31 March 2022

	Mainland China		Hong Kong		Total	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Profit/(loss) before tax	<u>3,230</u>		<u>(767)</u>		<u>2,463</u>	
Tax at the weighted average applicable tax rate	808	25.0	(127)	16.5	681	27.6
Lower tax rate for specific provinces or enacted by local authority	(44)		–		(44)	
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	2		–		2	
Adjustments in respect of current tax of previous periods	(130)		–		(130)	
Income not subject to tax	(4)		–		(4)	
Expenses not deductible for tax	42		–		42	
Tax losses not recognised	<u>–</u>		<u>127</u>		<u>127</u>	
Tax charge for the period	<u>674</u>	20.9	<u>–</u>	–	<u>674</u>	27.4

## 5. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share for the three months ended 31 March 2023 is based on the profit for the period attributable to owners of the Company of RMB6,763,000 (three months ended 31 March 2022: RMB1,789,000), and the weighted average number of ordinary shares of 800,600,000 (three months ended 31 March 2022: 800,000,000) in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for the three months ended 31 March 2023 and 2022 in respect of a dilution as the impact of the share options outstanding had no dilutive effect on the basic earnings per share amount presented.

## 6. DIVIDEND

The Directors do not recommend the payment of any dividend for the three months ended 31 March 2023 (three months ended 31 March 2022: Nil).



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group engages in the wine production business and wine distribution business in Ningxia and Shanxi Provinces. As the prevention and control measures against the novel coronavirus were relaxed at the end of last year, economic activities have gradually regained their vitality, driving overall domestic wine sales. Accordingly, the three months ended 31 March 2023 (“1Q2023”) saw further improvement in sales as compared to the results of the three months ended 31 March 2022 (“1Q2022”).

### OUTLOOK

With the relaxation of the lockdown and control policy by the government, consumption of food and beverages began its recovery while the wine industry in China also began to recover from the impact of the COVID-19 pandemic. However, it will take time for the food and beverages market to recover to pre-pandemic level, and downstream manufacturers are still relatively conservative in purchasing. Currently, the industry generally does not expect a significant rebound in wine sales, and the extent of recovery remains to be confirmed<sup>1</sup>. Therefore, we expect the overall performance of the Group in the first half of the year to show a slight improvement, and expect growth and expansion during the peak sales season in the second half of the year.

On the other hand, the construction of the production plant of Fujian Dexi Wine Company Limited (“**Fujian Dexi**”) is proceeding at present according to the original plan. Currently, the gin and whiskey distillery has entered the final adjustment stage and is expected to be put into operation in the latter half of 2023. With the commencement of production of the distillery, the Group will lay the foundation for penetrating the liquor business to expand our liquor production business actively in an orderly manner. It is expected that the liquor business will bring synergy to the wine business of the Group, steering our alcohol business towards diversified and sustainable development.

### FINANCIAL REVIEW

#### Revenue

Our revenue increased by RMB9.6 million or 61.2% from RMB15.7 million for 1Q2022 to RMB25.4 million for 1Q2023 as a result of the increase in total sales volume and selling price.

We sold 226,000 bottles in 1Q2023 as compared to 222,000 bottles in 1Q2022, the average selling price increased from RMB71.0 per bottle in 1Q2022 to RMB112.3 per bottle in 1Q2023, due to the increase in the proportion of sales from our high-end wine portfolio, which consists of wine with higher selling prices.

<sup>1</sup> <https://www.yicai.com/news/101660084.html>

### **Cost of sales**

Our cost of sales increased by RMB1.1 million or 16.8% from RMB6.5 million for 1Q2022 to RMB7.6 million for 1Q2023 primarily due to the increase in the proportion of sales from our high-end wine portfolio. Our average cost of sales per bottle increased from RMB29.2 for 1Q2022 to RMB33.5 for 1Q2023.

### **Gross profit and gross profit margin**

Our overall gross profit increased by RMB8.5 million or 92.3% from RMB9.2 million for 1Q2022 to RMB17.8 million for 1Q2023, due to the increase in the proportion of sales from our high-end wine portfolio. Our overall gross profit margin increased from 58.8% for 1Q2022 to 70.1% for 1Q2023.

### **Other income and gains, net**

Other net income and gains decreased slightly by RMB128,000 or 27.6% from RMB463,000 for 1Q2022 to RMB335,000 for 1Q2023, which mainly comprised income from government grants and bank interest income.

### **Selling and distribution expenses**

Selling and distribution expenses increased slightly by RMB0.6 million or 26.2% from RMB2.3 million for 1Q2022 to RMB2.9 million for 1Q2023, which mainly comprised marketing event and promotion fee, packaging fee and salary.

### **Administrative expenses**

Administrative expenses increased slightly by RMB0.6 million or 10.9% from RMB4.9 million for 1Q2022 to RMB5.5 million for 1Q2023, which was mainly due to the increase in general administrative expenses.

### **Finance costs**

Our finance costs was RMB0.3 million, which represented the interest on bank loans of RMB0.3 million (1Q2022: Nil) and unwinding of the discounted lease liabilities recognized under HKFRS 16 Leases of RMB10,000 (1Q2022: RMB12,000).

### **Income tax expense**

Our income tax expenses increased by RMB2.0 million or 297.0% from RMB0.7 million for 1Q2022 to RMB2.7 million for 1Q2023 due to the increase in profit before tax in our PRC subsidiaries.

### **Profit for the period**

As a result of the foregoing, a profit for the period of RMB6.8 million was recognized for 1Q2023 (1Q2022: RMB1.8 million).

### **Dividend**

The Board does not recommend the payment of any dividend for 1Q2023 (1Q2022: Nil).

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 March 2023, the interests and short positions of the Directors and chief executive of the Company in the shares (the “**Shares**”) and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under section 352 of the SFO, or which were notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### (i) Interests in the Company

Name of Director	Capacity/ Nature of interest	Number of ordinary Share(s) held <sup>(1)</sup>	Approximate shareholding percentage
Ms. Judy Chan <sup>(2)</sup>	Interest in controlled corporation <sup>(2)</sup>	411,350,000 (L)	51.38%
	Beneficial owner <sup>(3)</sup>	8,000,000 (L)	1.00%

*Notes:*

1. The letter “L” denotes the person’s long position in the Shares.
2. Macmillan Equity Limited (“**Macmillan Equity**”) is wholly-owned by Ms. Judy Chan, and therefore Ms. Judy Chan is deemed to be interested in 411,350,000 Shares held by Macmillan Equity pursuant to the SFO.
3. The share options granted by the Company under its share option scheme to Ms. Judy Chan on 17 May 2021.

#### (ii) Interests in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of ordinary Share(s) held <sup>(1)</sup>	Approximate shareholding percentage
Ms. Judy Chan <sup>(2)</sup>	Macmillan Equity	Beneficial owner	100 (L)	100%

*Notes:*

1. The letter “L” denotes the person’s long position in the Shares.
2. Macmillan Equity is wholly-owned by Ms. Judy Chan.

Save as disclosed above, as at 31 March 2023, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under the SFO), or pursuant to section 352 of the SFO, which were required to be recorded in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, which were to be notified to the Company and the Stock Exchange.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

So far as the Directors and the chief executive of the Company are aware, as at 31 March 2023, other than the Directors and chief executive of the Company, the following persons had or were deemed or taken to have an interest and/or short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO, or which would be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

<b>Name</b>	<b>Capacity/ Nature of interest</b>	<b>Number of ordinary Shares held<sup>(1)</sup></b>	<b>Approximate shareholding percentage</b>
Macmillan Equity <sup>(2)</sup>	Beneficial owner	411,350,000 (L)	51.38%
Palgrave Enterprises Limited (“ <b>Palgrave Enterprises</b> ”) <sup>(3)</sup>	Beneficial owner	173,180,000 (L)	21.63%
Ms. Wong Shu Ying	Beneficial owner	4,460,000 (L)	0.56%
	Interest in controlled corporation <sup>(3)</sup>	173,180,000 (L)	21.63%
Mr. Chan Chun Keung <sup>(4)</sup>	Interest of spouse	177,640,000 (L)	22.19%
Mr. Ting Tan Ming	Beneficial owner	48,030,000 (L)	6.00%

*Notes:*

1. The letter “L” denotes the person’s long position in the Shares.
2. Macmillan Equity is wholly-owned by Ms. Judy Chan.
3. Palgrave Enterprises is wholly-owned by Ms. Wong Shu Ying, and therefore Ms. Wong Shu Ying is deemed to be interested in 173,180,000 Shares held by Palgrave Enterprises pursuant to the SFO.
4. Mr. Chan Chun Keung, the spouse of Ms. Wong Shu Ying, is deemed to be interested in 4,460,000 Shares held by Ms. Wong Shu Ying and 173,180,000 Shares held by Ms. Wong Shu Ying through her controlled corporation, Palgrave Enterprises, pursuant to the SFO.

Save as disclosed above, as at 31 March 2023, the Directors were not aware of any person or corporation (other than the Directors and the Chief Executives) who had any interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein.

## **SHARE OPTION SCHEME**

A share option scheme was adopted by the Company on 1 June 2018 (the “**Share Option Scheme**”). The purpose of the Share Option Scheme is to enable the Company to grant options to Eligible Participants (as defined below) as incentives or rewards for their contribution or potential contribution to the Group. Details of the Share Option Scheme have been disclosed in the prospectus of the Company dated 12 June 2018 (the “**Prospectus**”) under section “Appendix V – Statutory and General Information – F. Share Option Scheme”.

Unless otherwise cancelled or amended, the Board is entitled at any time within the period of 10 years from the date of adoption of the Share Option Scheme to make an offer to the below eligible participants (the “**Eligible Participants**”) of the Share Option Scheme:

- (i) any full-time or part-time employees, or potential employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any Directors (including executive, non-executive and independent non-executive Directors) of the Company or any of its subsidiaries; and
- (iii) any suppliers, customers, agents and advisers who, in the sole opinion of the Board, will contribute or have contributed to our Company and/or any of its subsidiaries.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at 27 June 2018 (the “**Listing Date**”), being 80,000,000 Shares. Subject to Shareholders’ approval in general meeting, the Board may (i) refresh this limit at any time to 10% of the Shares in issue as at the date of the approval by the Shareholders in general meeting; and/or (ii) grant options beyond the 10% limit to Eligible Participants specially approved by the Shareholders in general meeting and the Eligible Participants are specifically identified by the Company before such approval is sought.

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue. Any further grant of options to an Eligible Participant in excess of the 1% limit shall be subject to approval by Shareholders in general meeting with such Eligible Participant and his or her close associates (or his or her associates if such Eligible Participant is a connected person) abstaining from voting.

Each of the grantees to whom an option has been granted under the Share Option Scheme shall be entitled to exercise his/her option in the manner set out in his/her offer document, provided that such period of time shall not exceed a period of ten years commencing on the date on which the option is granted. The exercise of any option shall be subject to the approval from the Shareholders in general meeting for any necessary increase in the authorised share capital of the Company.

Upon acceptance of an option to subscribe for Shares granted pursuant to the Share Option Scheme, the Eligible Participant shall pay HK\$1.00 to the Company as consideration for the grant. The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Board at its sole discretion and no less than the highest of:

- (a) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant, which must be a day on which the Stock Exchange is open for business of dealing in securities;
- (b) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days (as defined under the GEM Listing Rules) immediately preceding the date of grant; and
- (c) the nominal value of a Share.

As at 31 March 2023, the number of shares in respect of which options under the Share Option Scheme had been granted and remained outstanding was 13,000,000 Shares and 12,400,000 Shares respectively, representing approximately 1.62% and 1.55%, respectively, of the Shares in issue as at 31 March 2023.

Total number of Shares available for issue under the Share Option Scheme was 67,000,000 Shares, representing approximately 8.37% of the Shares in issue as at 31 March 2023.

Details of the share options movement during the three months ended 31 March 2023 under the Share Option Scheme are set out in the table below.

Grantee	Date of grant of share options	Number of share options					As at 31 March 2023	Exercise price of share options HK\$	Validity period of share options (both dates inclusive)	Vesting period
		As at 1 January 2023	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Employees	17 May 2021	1,400,000	-	-	-	-	1,400,000	0.186	17/5/2021 to 16/5/2031	Note 1
(in aggregate)	17 May 2022	3,000,000	-	-	-	-	3,000,000	0.17	17/5/2022 to 16/5/2032	Note 2
<b>Director</b>										
Judy Chan	17 May 2021	8,000,000	-	-	-	-	8,000,000	0.186	17/5/2021 to 16/5/2031	Note 1

Notes:

- Grantees may only exercise their share options in the following manner:

Maximum percentage of share options exercisable	Period for vesting of the relevant percentage of the share option
30% of the total number of share options	From 17 May 2022 to 16 May 2031
30% of the total number of share options	From 17 May 2023 to 16 May 2031
40% of the total number of share options	From 17 May 2024 to 16 May 2031

- Grantees may only exercise their share options in the following manner:

Maximum percentage of share options exercisable	Period for vesting of the relevant percentage of the share option
30% of the total number of share options	From 17 May 2023 to 16 May 2032
30% of the total number of share options	From 17 May 2024 to 16 May 2032
40% of the total number of share options	From 17 May 2025 to 16 May 2032

The closing price of the Shares immediately before the date of grant of share options under the Share Option Scheme on 17 May 2021 and 17 May 2022 were HK\$0.185 and HK\$0.164 respectively.

## RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed above, at no time during the three months ended 31 March 2023, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for Shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).



Save as disclosed above in the section “Share Option Scheme”, at no time during the three months ended 31 March 2023 was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the Shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

## **COMPETING INTERESTS**

As at 31 March 2023, none of the Directors, the controlling shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had any interests (other than their interest in the Company or its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

Mr. Ho Kent Ching-tak (“**Mr. Ho**”), an independent non-executive Director, is a director of BP Wines (AU) Pty Ltd, an entity which owns Bass Phillip, a winery based in Australia which produces and sells wine globally with the PRC being one of its target markets. Mr. Ho is also the general partner of Spectrum 28 X Fund, LP which, through BP Wines (SG) Pte. Ltd., an investment holding entity of which he is a director, has shareholding interests in BP Wines (AU) Pty Ltd.

Dr. Cheung Chai Hong, a non-executive Director, is a director and leading founder of The Wine Company, a fine wine retail and trading company in Hong Kong established in 2010. The Wine Company’s principal business is based in Hong Kong, and it only generates a minimal portion of its sales in the PRC.

## **DEED OF NON-COMPETITION**

The Deed of Non-Competition dated 1 June 2018 (as defined in the Prospectus) was entered into by Ms. Judy Chan and Macmillan Equity in favour of the Company (for the Company and for the benefit of its subsidiaries) in regard to non-competition undertakings. The details of the Deed of Non-competition have been disclosed in the Prospectus under the section headed “Relationship with our Controlling Shareholders – Deed of Non-competition” and the non-competition undertaking has become effective since the Shares were listed on GEM of the Stock Exchange on the Listing Date.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions (the “**Model Code**”) by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has confirmed that, having made specific enquiry of all the Directors, all Directors have complied with the Model Code during the three months ended 31 March 2023.



Pursuant to Rule 5.66 of the GEM Listing Rules, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she was a Director.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During the three months ended 31 March 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company has adopted with all the applicable provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules.

Except as expressly described below, the Company complied with all applicable code provisions set out in the CG Code during the three months ended 31 March 2023.

### **Chairman and Chief Executive**

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Ms. Judy Chan holds both positions in the Company. Ms. Judy Chan has been primarily responsible for overseeing the Group's general management and business development and for formulating business strategies and policies for our business management and operations since she joined the Group in 2002. Taking into account the continuation of management and the implementation of the Group's business strategies, the Directors (including our independent non-executive Directors) consider that it is most suitable for Ms. Judy Chan to hold both the positions of Chief Executive Officer and the Chairlady of the Board.

Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances and the existing arrangements are beneficial and in the interests of the Company and its shareholders as a whole.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) was established with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph D.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises two independent non-executive Directors and one non-executive Director, namely Mr. Lim Leung Yau Edwin, Mr. Ho Kent Ching-tak and Mr. Chow Christer Ho. Mr. Lim Leung Yau Edwin is the chairman of the Audit Committee.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information, provide advice in respect of financial reporting and oversee the risk management and internal control procedures of the Company.

The Audit Committee has reviewed the unaudited condensed consolidated financial results of the Group for the three months ended 31 March 2023 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board  
**Grace Wine Holdings Limited**  
**Judy Chan**

*Chairlady, Chief Executive Officer and Executive Director*

Hong Kong, 4 May 2023

*As at the date of this announcement, the Board comprises Ms. Judy Chan and Mr. Lam Wai Kit Ricky as the executive Directors, Mr. Chow Christer Ho and Dr. Cheung Chai Hong as the non-executive Directors and Mr. Ho Kent Ching-tak, Mr. Lim Leung Yau Edwin and Mr. Alec Peter Tracy as the independent non-executive Directors.*

*This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at [www.hkex.com.hk](http://www.hkex.com.hk) for at least 7 days from the day of its posting. This announcement will also be published on the Company’s website at [www.gracewine.com.hk](http://www.gracewine.com.hk).*