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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

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 of Hong Kong Limited (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.*

The board of Directors (the “**Board**”) is pleased to present the results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (“**FY2025**”), together with comparative figures for the preceding financial year (“**FY2024**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	<i>Notes</i>	2025 RMB’000	2024 <i>RMB’000</i>
CONTINUING OPERATIONS			
REVENUE	5	34,881	31,881
Cost of sales		(9,789)	(8,210)
Gross profit		25,092	23,671
Other income and gain, net	5	667	3,095
Selling and distribution expenses		(9,565)	(11,956)
Administrative expenses		(17,691)	(18,641)
Other expenses, net		(474)	(64)
Finance costs		(35)	(56)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	(2,006)	(3,951)
Income tax expense	7	(1,181)	(5,682)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(3,187)	(9,633)
DISCONTINUED OPERATION			
Profit/(loss) for the year from a discontinued operation	8	569	(31,385)
LOSS FOR THE YEAR		(2,618)	(41,018)
Loss for the year attributable to:			
Owners of the Company		(2,163)	(41,018)
Non-controlling interests		(455)	–
		(2,618)	(41,018)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	10		
Basic and diluted (<i>RMB cents</i>)			
– For loss for the year		(0.33)	(5.12)
– For loss for continuing operations		(0.40)	(1.20)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
LOSS FOR THE YEAR	<u>(2,618)</u>	<u>(41,018)</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	<u>947</u>	<u>(3,222)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investment designated at fair value through other comprehensive income:		
Change in fair value	(375)	62
Income tax effect	<u>94</u>	<u>(16)</u>
	<u>(281)</u>	<u>46</u>
Exchange differences on translation of the Company's financial statements	<u>(1,948)</u>	<u>3,420</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>(2,229)</u>	<u>3,466</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>(1,282)</u>	<u>244</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(3,900)</u>	<u>(40,774)</u>
Total comprehensive loss for the year attributable to:		
Owners of the Company	(3,708)	(40,774)
Non-controlling interests	<u>(192)</u>	<u>–</u>
	<u>(3,900)</u>	<u>(40,774)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

		2025	2024
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		44,109	144,745
Right-of-use assets		13,088	19,211
Goodwill		1,361	1,361
Equity investment designated at fair value through other comprehensive income		687	1,062
Deferred tax assets		3,323	3,802
Total non-current assets		62,568	170,181
CURRENT ASSETS			
Inventories		99,681	99,240
Biological assets		–	–
Trade receivables	11	795	777
Prepayments, deposits and other receivables		4,318	13,875
Cash and cash equivalents		21,747	34,488
Total current assets		126,541	148,380
CURRENT LIABILITIES			
Trade payables	12	933	1,258
Other payables and accruals		6,762	16,300
Interest-bearing bank borrowings		–	3,343
Lease liabilities		297	233
Tax payable		5,120	5,724
Total current liabilities		13,112	26,858
NET CURRENT ASSETS		113,429	121,522
TOTAL ASSETS LESS CURRENT LIABILITIES		175,997	291,703

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	–	59,043
Lease liabilities	2,580	2,435
Deferred tax liabilities	4,616	4,093
	<hr/>	<hr/>
Total non-current liabilities	7,196	65,571
	<hr/>	<hr/>
Net assets	168,801	226,132
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Share capital	675	675
Reserves	87,837	225,457
Non-controlling interest	80,289	–
	<hr/>	<hr/>
Total equity	168,801	226,132
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

		Attributable to owners of the Company										
		Share capital	Share premium	Capital reserve	Investment revaluation reserve	Share option reserve	Statutory reserve funds	Exchange fluctuation reserve	Retained profits/(accumulated loss)	Total	Non-controlling interests	Total equity
Notes		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	At 1 January 2024	675	137,720	2,765	-	848	16,950	(5,876)	113,738	266,820	-	266,820
	Loss for the year	-	-	-	-	-	-	-	(41,018)	(41,018)	-	(41,018)
	Other comprehensive income/(loss) for the year:											
	Exchange differences on translation of foreign operations	-	-	-	-	-	-	(3,222)	-	(3,222)	-	(3,222)
	Exchange differences on translation of the Company's financial statements	-	-	-	-	-	-	3,420	-	3,420	-	3,420
	Equity investment designated at fair value through other comprehensive income:											
	Change in fair value	-	-	-	62	-	-	-	-	62	-	62
	Income tax effect	-	-	-	(16)	-	-	-	-	(16)	-	(16)
	Total comprehensive income/(loss) for the year	-	-	-	46	-	-	198	(41,018)	(40,774)	-	(40,774)
	Equity-settled share option arrangements	-	-	-	-	86	-	-	-	86	-	86
	Transfer from retained profits	-	-	-	-	-	181	-	(181)	-	-	-
	At 31 December 2024 and 1 January 2025	675	137,720*	2,765*	46*	934*	17,131*	(5,678)*	72,539*	226,132	-	226,132
	Loss for the year	-	-	-	-	-	-	-	(2,163)	(2,163)	(455)	(2,618)
	Other comprehensive income/(loss) for the year:											
	Exchange differences on translation of foreign operations	-	-	-	-	-	-	684	-	684	263	947
	Exchange differences on translation of the Company's financial statements	-	-	-	-	-	-	(1,948)	-	(1,948)	-	(1,948)
	Equity investment designated at fair value through other comprehensive income:											
	Change in fair value	-	-	-	(375)	-	-	-	-	(375)	-	(375)
	Income tax effect	-	-	-	94	-	-	-	-	94	-	94
	Total comprehensive loss for the year	-	-	-	(281)	-	-	(1,264)	(2,163)	(3,708)	(192)	(3,900)
	Equity-settled share option arrangements	-	-	-	-	11	-	-	-	11	-	11
	Disposal of subsidiaries	13	-	-	-	-	-	528	-	528	-	528
	Disposal of partial interests of subsidiaries	14	-	(45,158)	-	-	-	-	-	(45,158)	80,481	35,323
	2025 special dividends	9	(89,293)	-	-	-	-	-	-	(89,293)	-	(89,293)
	At 31 December 2025	675	48,427*	(42,393)*	(235)*	945*	17,131*	(6,414)*	70,376*	88,512	80,289	168,801

* These reserve accounts comprise the consolidated reserves of RMB87,837,000 (2024: RMB225,457,000) in the consolidated statement of financial position.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

1. CORPORATE INFORMATION

Grace Wine Holdings Limited (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, spirits and other alcoholic products.

On 10 December 2025, the former immediate and ultimate holding company of the Company, Macmillan Equity Limited, which is a company incorporated in the British Virgin Islands (“**BVI**”) and its entire share capital being held by Ms. Judy Chan, entered into the a sales and purchase agreement (the “**SPA**”) with Hill Valley Investment Co Ltd (“**Hill Valley**”), an independent third party company with entire share capital held by Mr. Yang Lingjiang (“**Mr. Yang**”). Pursuant to the SPA, Hill Valley conditionally agreed to acquire 411,350,000 shares, approximately 51.38%, of the total issued share capital of the Company from Macmillan Equity Limited. The transaction was completed on 12 December 2025 and Hill Valley became the immediate and ultimate holding company of the Company and Mr. Yang became the ultimate controlling shareholder of the Company.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for biological assets and equity investment which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year’s financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the Group’s financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

4. SEGMENT INFORMATION

Operating segments

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. For management purposes, the resources are allocated to two reporting segments, namely (i) production of wines, and (ii) production of spirits (disposed of during the year and classified as a discontinued operation, notes 8 and 13).

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income and corporate income/(expenses) are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents, equity investment designated at fair value through other comprehensive income and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, amounts due to related parties, interest-bearing bank borrowings, deferred tax liabilities, and other unallocated corporate liabilities as these liabilities are managed on a group basis.

	Continuing operations		Discontinued operation		Inter-segment		Total	
	Production of wines		Production of spirits		elimination			
	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:								
Sales to external customers	34,881	31,881	159	5,516	-	(2,844)	35,040	34,553
Other revenue	425	2,899	25	60	-	-	450	2,959
Total segment revenue	<u>35,306</u>	<u>34,780</u>	<u>184</u>	<u>5,576</u>	<u>-</u>	<u>(2,844)</u>	<u>35,490</u>	<u>37,512</u>
Segment results	<u>2,682</u>	<u>2,966</u>	<u>(1,912)</u>	<u>(32,904)</u>			770	(29,938)
Reconciliation:								
Other unallocated income							2,458	-
Interest income							254	219
Corporate and other unallocated expenses							(4,841)	(4,503)
Finance costs (other than interest on lease liabilities)							(78)	(1,114)
Loss before tax							<u>(1,437)</u>	<u>(35,336)</u>

	Continuing operations		Discontinued operation		Total	
	Production of wines		Production of spirits			
	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	159,606	166,764	–	109,919	159,606	276,683
Reconciliation:						
Corporate and other unallocated assets					29,503	41,878
Total assets					189,109	318,561
Segment liabilities	(6,475)	(8,024)	–	(64,175)	(6,475)	(72,199)
Reconciliation:						
Corporate and other unallocated liabilities					(13,833)	(20,230)
Total liabilities					(20,308)	(92,429)
Other segment information						
Depreciation of property, plant and equipment	(6,584)	(6,454)	(1,131)	(4,549)	(7,715)	(11,003)
Depreciation of right-of-use assets	(204)	(1,431)	(49)	(402)	(253)	(1,833)
Impairment of property, plant and equipment	–	–	–	(21,741)	–	(21,741)
Impairment of right-of-use assets	–	–	–	(1,281)	–	(1,281)
Impairment of goodwill	–	–	–	(2,726)	–	(2,726)
Impairment losses of trade receivables, net	(1)	(3)	–	–	(1)	(3)
Corporate and other unallocated depreciation					–	(141)
					(7,969)	(38,728)
Gains arising from changes in fair value of agricultural produce at the point of harvest	1,206	1,517	–	–	1,206	1,517
Write-off inventories	–	(217)	–	–	–	(217)
Write-off of property, plant and equipment	(602)	(60)	–	–	(602)	(60)
Capital expenditures [#]	4,878	2,617	1,100	15,942	5,978	18,559

[#] Capital expenditure consists of additions to property, plant and equipment.

Geographical information

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<i>Revenue from external customers from continuing operations</i>		
Chinese mainland	33,962	30,819
Other jurisdictions	919	1,062
	<u>34,881</u>	<u>31,881</u>
Total revenue from continuing operations	<u>34,881</u>	<u>31,881</u>

Over 90% of the Group's non-current assets were based in the Chinese mainland.

Information about major customers

Revenue from major customers of the Group which individually accounted for 10% or more of the Group's revenue was derived from the production of wines segment. The respective revenue generated from the customers for each reporting period is set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer 1	5,379	N/A

During the prior year, there was no customer from which revenue accounted for 10% or more of the total revenue of the Group.

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue from continuing operations is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers		
Sales of goods	34,881	31,881

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

The performance obligation for sales of goods is satisfied within one year upon delivery of wine products.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Sales of goods	664	1,432

An analysis of other income and gain, net from continuing operations is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other income		
Bank interest income	242	195
Government grants*	69	1,114
Consultation servicing income	–	1,540
Foreign exchange difference, net	113	–
Others	151	208
Total other income	575	3,057
Gain		
Gain on disposal of items of property, plant and equipment, net	92	38
Total gain	92	38
Total other income and gain, net	667	3,095

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

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of inventories sold	3,205	2,886
Employee benefit expense (including directors' remuneration):		
Wages and salaries	10,841	13,567
Pension scheme contributions (defined contribution schemes)*	2,266	2,566
Equity-settled share option expense	11	86
	<hr/>	<hr/>
Total	13,118	16,219
	<hr/>	<hr/>
Depreciation of property, plant and equipment	6,608	6,556
Less: amount capitalised into inventories	(24)	(102)
	<hr/>	<hr/>
Total	6,584	6,454
	<hr/>	<hr/>
Depreciation of right-of-use assets	867	1,764
Less: amount capitalised into biological assets	(663)	(333)
	<hr/>	<hr/>
Total	204	1,431
	<hr/>	<hr/>
Impairment losses of trade receivables, net	1	3
Lease payments not included in the measurement of lease liabilities	239	904
Auditor's remuneration	11,165	1,200
Write-off of inventories**	–	217
Write-off of property, plant and equipment	602	60
Gains arising from changes in fair value of agricultural produce at the point of harvest**	(1,206)	(1,517)
Foreign exchange difference, net	(113)	149
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* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** The above items are included in "Cost of sales" in the consolidated statement of profit or loss.

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. No provision for Hong Kong profits tax has been made for the year as the Group did not generate any assessable profits arising in Hong Kong during the year (2024: Nil).

Under the Law of the PRC on Corporate Income Tax (the “**CIT Law**”) and Implementation Regulation of the CIT Law, the tax rate for the PRC subsidiaries is 25% (2024: 25%).

According to relevant CIT Law and Implementation Regulation of the CIT Law, a wholly-owned subsidiary in agricultural operation in the PRC was exempted from CIT on profits derived from fruit cultivation for the years ended 31 December 2025 and 2024, subject to annual review by the local PRC tax authority and any future changes in the relevant tax exemption policies or regulations.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current – Chinese mainland		
Charge for the year	22	4,095
Under provision in prior years	37	30
Deferred	<u>1,122</u>	<u>1,557</u>
Total tax charge for the year from continuing operations	1,181	5,682
Total tax charge for the year from a discontinued operation	<u>–</u>	<u>–</u>
Total	<u><u>1,181</u></u>	<u><u>5,682</u></u>

8. DISCONTINUED OPERATION

On 5 December 2024 and 21 January 2025, the Company (as seller) entered into a sale and purchase agreement and its supplemental agreement, respectively, with Ms. Judy Chan (“**Ms. Chan**”), the former chairlady, executive director and former controlling shareholder of the Company (as purchaser), pursuant to which the Company has conditionally agreed to sell, and Ms. Chan has conditionally agreed to acquire, the entire issued share capital of Pacific Surplus Limited and its subsidiaries together with a shareholder’s loan (the “**Pacific Surplus Disposal**”), being proposed disposal of the distillery business, for a total consideration of HK\$71.28 million.

The transaction was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 19 February 2025 and was completed on 28 March 2025 (the “**Completion Date**”). Therefore, the Company ceased its control over Pacific Surplus Limited and its subsidiaries (the “**Pacific Surplus Group**”) on the Completion Date, and the production of the spirits segment operated by Pacific Surplus Group was classified as a discontinued operation during the year.

The results of a discontinued operation dealt with in the audited consolidated financial statements for the years ended 31 December 2025 and 2024 are summarised as follows:

	For the period ended 28 March 2025 RMB'000	For the year ended 31 December 2024 RMB'000
Revenue	159	5,516
Cost of sales	(61)	(2,885)
Other income and gains, net	37	83
Selling and distribution expenses	(22)	(92)
Administrative expenses	(1,924)	(7,158)
Impairment losses of non-current non-financial assets	–	(25,748)
Other expenses, net	–	(5)
Finance cost	(78)	(1,096)
	<hr/>	<hr/>
Loss before tax	(1,889)	(31,385)
Income tax	–	–
	<hr/>	<hr/>
Loss for the period/year	(1,889)	(31,385)
Gain on disposal of a discontinued operation	2,458	–
	<hr/>	<hr/>
Profit/(loss) for the period/year from a discontinued operation	569	(31,385)
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Owners of the Company	569	(31,385)
Non-controlling interests	–	–
	<hr/>	<hr/>
	569	(31,385)
	<hr/> <hr/>	<hr/> <hr/>
Earnings/(loss) per share from a discontinued operation		
	2025	2024
	RMB cents	RMB cents
Basic and diluted	0.07	(3.92)
	<hr/> <hr/>	<hr/> <hr/>

The calculation of the basic earnings/(loss) per share amount from a discontinued operation is based on the profit for the year from a discontinued operation attributable to owners of the Company of RMB569,000 (2024: loss for the year of RMB31,385,000), and the weighted average number of ordinary shares in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amount from a discontinued operation presented for each of the years ended 31 December 2025 and 2024 in respect of a dilution as the impact of the share options outstanding during the years ended 31 December 2025 and 2024 had no diluting effect on the basic earnings/(loss) per share amount presented.

9. DIVIDENDS

Save as disclosed in notes 8, 13 and 14, in addition to the Pacific Surplus Disposal, on 5 December 2024 and 21 January 2025, the Company (as seller) entered into a sale and purchase agreement and its supplemental agreement, respectively, with Ms. Chan, the former chairlady, executive director and former controlling shareholder of the Company (as purchaser), pursuant to which the Company has conditionally agreed to sell, and Ms. Chan has conditionally agreed to acquire, the 30% of the entire issued share capital of Epic Wealth Holdings Limited and its subsidiaries (the “**Epic Wealth Group**”) for a total consideration HK\$38.88 million (the “**Epic Wealth Disposal**”).

Upon completion of each of the Pacific Surplus Disposal and the Epic Wealth Disposal, special dividends of HK7.802 cents per share (“**Pacific Surplus Special Dividend**”) and HK4.256 cents per share (“**Epic Wealth Special Dividend**”) shall be declared, distributed and paid to the shareholders.

The transactions were approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 19 February 2025 and was completed on 28 March 2025. As a result, a total of RMB89,293,000 special dividends was then declared, distributed and paid to the shareholders accordingly during the year.

The board of directors does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company and loss for the year from continuing operations attributable to owners of the Company of RMB2,618,000 and RMB3,187,000, respectively (2024: loss of RMB41,018,000 and RMB9,633,000), and the weighted average number of ordinary shares of 800,600,000 (2024: 800,600,000) in issue during the year.

No adjustment has been made to the basic loss per share amount presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the impact of the share options outstanding during the years ended 31 December 2025 and 2024 had no diluting effect on the basic loss per share amounts presented.

11. TRADE RECEIVABLES

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Trade receivables from third parties		801	782
Impairment		(6)	(5)
Net carrying amount	(i)	<u>795</u>	<u>777</u>

The Group's trading terms with its customers are normally payment in advance, except for the online sales customers and customers with long trading history, which are on credit. The credit period is generally for a period from one to six months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Notes:

(i) Trade receivables

An ageing analysis of the trade receivables, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 <i>RMB'000</i>
Within 60 days	795	777
61 to 90 days	–	–
Total	<u>795</u>	<u>777</u>

12. TRADE PAYABLES

As at the end of the reporting period, an ageing analysis of the trade payables, based on the invoice date, is as follows:

	2025 RMB'000	2024 <i>RMB'000</i>
Within 30 days	185	478
31 to 90 days	748	780
Total	<u>933</u>	<u>1,258</u>

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

13. DISPOSAL OF SUBSIDIARIES

As detailed in note 8 to the financial statements, the Group has disposed the Pacific Surplus Group during the year. The assets and liabilities of Pacific Surplus Group as at the Completion date were as follows:

	Completion Date RMB'000
Net assets disposed of:	
Property, plant and equipment	98,297
Right-of-use assets	5,775
Prepayments, deposits and other receivables	994
Inventories	9,445
Trade receivables	11
Other tax recoverable	11,248
Cash and bank balances	2,751
Other payables and accruals	(3,069)
Interest-bearing bank borrowings	(62,386)
Deferred tax liabilities	(26)
	<hr/>
	63,040
Exchange fluctuation reserve realised	(528)
Expenses incurred for the disposal	1,671
Gain on disposal of subsidiaries, included in a discontinued operation	2,458
	<hr/>
Total consideration	66,641
	<hr/> <hr/>
Satisfied by cash	
Cash	66,641
	<hr/> <hr/>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2025 RMB'000
Cash consideration	66,641
Cash and bank balances disposed of	(2,751)
Expenses incurred for the disposal	(1,671)
	<hr/>
Net inflow of cash and cash equivalents in respects of the disposal of subsidiaries	62,219
	<hr/> <hr/>

14. DISPOSAL OF PARTIAL INTERESTS OF SUBSIDIARIES

On 5 December 2024 and 21 January 2025, the Company (as seller) entered into a sale and purchase agreement and its supplemental agreement with Ms. Chan, the former chairlady, executive director and former controlling shareholder of the Company (as purchaser), pursuant to which the Company has conditionally agreed to sell, and Ms. Chan has conditionally agreed to acquire, 30% of the issued share capital of Epic Wealth Group for a total consideration of HK\$38.88 million.

The transaction was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 19 February 2025 and was completed on 28 March 2025.

Upon completion of the transaction, a loss of RMB45,158,000 was recognised under the reserve of the Group, which represented the difference between the consideration received and 30% of the net assets value of Epic Wealth Group that attributable to the Group as at disposal date.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

During the year under review, the wine industry in China continued to face structural challenges. Overall wine consumption has experienced several consecutive years of decline as consumer preferences gradually shift towards other alcoholic beverages and more casual drinking occasions. Economic uncertainty, together with changes in traditional consumption channels such as business banquets and corporate gifting, has also affected demand for wine.

Despite the decline in overall market volume, the industry has shown signs of structural transformation. Premiumisation trends remain evident, with consumers increasingly seeking higher-quality products. At the same time, digital platforms and direct-to-consumer channels have become increasingly important for reaching younger consumers and strengthening brand engagement.

Following the disposal of its entire interest in the distillery business in Longyan, China and the disposal of its 30% interest in the wine business, the Group has eliminated its gearing and strengthened its financial capacity to pursue future opportunities.

For the year ended 31 December 2025, the Group recorded revenue from continuing operations of approximately RMB34.9 million, representing an increase of RMB3.0 million or 9.4% as compared with RMB31.9 million for the year ended 31 December 2024. The Group has restructured its operations to better align with the current scale of sales and implemented cost-saving measures. As a result, selling and distribution expenses and administrative expenses decreased from 12.0 million and 18.6 million to 9.6 million and 17.7 million, representing decreases of 20.0% and 4.8% respectively, by 20.0% and 4.8%, respectively, compared with the previous year.

Looking ahead, the Board expects the operating environment for the wine industry in China to remain competitive as consumer preferences continue to evolve. Nevertheless, the Board believes that opportunities remain for domestic wineries that are able to strengthen brand recognition, enhance consumer engagement and develop diversified sales channels.

During the year, there was a change in the Company's controlling shareholder and Board composition. The Board considers that such changes may provide additional support to the Group's future strategic development and business planning.

The Group will continue to reinforce its positioning in the premium wine segment by enhancing product quality and brand image, while advancing its omni-channel sales strategy to improve market reach and customer engagement. The Group will also seek to enhance operational efficiency and remain attentive to potential collaboration and business development opportunities, with a view to supporting its long-term growth.

FINANCIAL REVIEW

Revenue

Our revenue from continuing operations increased by RMB3.0 million or 9.4% from RMB31.9 million for FY2024 to RMB34.9 million for FY2025, attributable to the launch of multiple online sales channels during the year.

We sold approximately 407,000 bottles in FY2025 as compared to 365,000 bottles in FY2024 and the average selling price decreased from RMB87.4 per bottle in FY2024 to RMB85.7 per bottle in FY2025. The table below sets out the analysis of revenue and sales volume by product mix:

	FY2025		FY2024	
	Revenue	Sales volume	Revenue	Sales volume
High-end	65.1%	32.1%	58.9%	25.5%
Low-end	34.9%	67.9%	41.1%	74.5%

Cost of sales

Our cost of sales from continuing operations increased by RMB1.6 million or 19.5% from RMB8.2 million for FY2024 to RMB9.8 million for FY2025. The increase in the cost of sales is partly aligned with the increase in revenue and partly due to the increase in China consumption tax and surcharge. Our average cost of sales per bottle increased from RMB22.5 per bottle for FY2024 to RMB24.1 per bottle for FY2025.

Gross profit and gross profit margin

Our overall gross profit from continuing operations increased by RMB1.4 million or 5.9% from RMB23.7 million for FY2024 to RMB25.1 million for FY2025, primarily due to the increase in total sales. Our overall gross profit margin decreased from 74.2% for FY2024 to 71.9% for FY2025.

Other income and gains, net

Other income and gains, net from continuing operations decreased by RMB2.4 million or 77.4% from RMB3.1 million for FY2024 to RMB0.7 million for FY2025. Other income and gains, net mainly consisting of government grants and bank interest income.

Selling and distribution expenses

Selling and distribution expenses from continuing operations decreased by RMB2.4 million or 20.0% from RMB12.0 million for FY2024 to RMB9.6 million for FY2025, which primarily comprised of expenses for marketing and promotion events.

Administrative expenses

Administrative expenses from continuing operations decreased by RMB0.9 million or 4.8% from RMB18.6 million for FY2024 to RMB17.7 million for FY2025, which mainly comprised of general administrative expenses.

Income tax expense

Our income tax expense from continuing operations decreased by RMB4.5 million or 78.9% from RMB5.7 million for FY2024 to RMB1.2 million for FY2025. The decrease was due to the decrease in deferred tax expenses for the year, the significant deferred was recognised for FY2024 resulting from the reorganisation of the subsidiaries in the PRC.

Loss for the year from continuing operations

As a result of the above factors, a loss for the year from continuing operations of RMB3.2 million was recognised for FY2025 (FY2024: loss of RMB9.6 million).

Profit/(loss) for the year from a discontinued operation

The profit for the year from a discontinued operation was attributable to the disposed distillery business. A profit of RMB0.6 million from the discontinued operation was recognised for FY2025 (FY2024: loss of RMB31.4 million).

Liquidity, financial and capital resources

Our principal liquidity and capital requirements primarily relate to acquisition of raw materials for wine production as well as other costs and expenses related to our business operation, and capital investment in new projects. As at 31 December 2025, the carrying amount of the Group's cash and cash equivalents was RMB21.7 million, representing a decrease of 37.1% as compared with that of RMB34.5 million as at 31 December 2024.

As at 31 December 2025, the Group's cash and cash equivalents include RMB20.5 million, HK\$0.8 million, and some insignificant amounts of USD and EUR (31 December 2024: RMB30.8 million, HK\$3.4 million, as well as some insignificant amounts of USD and EUR).

Gearing ratio

The Group's gearing ratio is measured by total external borrowings divided by total equity. Our gearing ratio is nil as at 31 December 2025 (31 December 2024: 27.6%).

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies to ensure the liquidity requirements from daily operation as well as capital expenditures are met. The Board closely monitors the Group's liquidity positions, while surplus cash will be invested appropriately with the consideration of the credit risks, liquidity risks and market risks of the financial instruments.

Foreign exchange risk

The business of the Group is primarily in Chinese Mainland where most of the transactions are denominated in RMB. Therefore, the individual companies within the Group have minimal exposures of foreign exchange risk to their functional currency. Given that the presentation currency of the Group's consolidated financial positions is also RMB, the exchange gain or loss arising from currency translation is insignificant.

For the Group's subsidiaries outside of Chinese Mainland, transactions, including the Group's financing activities, may be denominated in Hong Kong dollars or United States dollars or Euros, and therefore are exposed to foreign exchange risks. The Group does not have a foreign currency hedging policy and does not use any financial instruments for hedging purposes. The Board monitors the Group's foreign currency exposures closely and may take appropriate measures to minimise the foreign currency risk exposures accordingly.

Contingent liabilities

As at 31 December 2025, the Group had no contingent liabilities (31 December 2024: Nil).

Pledge of assets

As at 31 December 2025, the Group did not have any assets pledged for credit facilities (31 December 2024: RMB52.0 million).

Employee and remuneration policies

As at 31 December 2025, the Group had, including the Directors, 118 employees (31 December 2024: 174 employees). Staff costs, including Directors' emoluments, amounted to RMB15.5 million for FY2025 (FY2024: RMB16.8 million). The remuneration policies for our Directors and employees are based on their experience, level of responsibility and general market conditions, and are reviewed and adjusted on an annual basis.

The Company has adopted a share option scheme on 1 June 2019 for the purpose of providing incentives and rewards to eligible members of the scheme.

Events after the reporting period

There were no significant events after 31 December 2025 up to the date of this announcement.

Significant investments, material acquisition and disposals

The Company (as seller) entered into two sale and purchase agreements and their respective supplemental agreements with Ms. Chan, our former chairlady, executive Director and former controlling shareholder of the Company, (as purchaser) on 5 December 2024 and 21 January 2025, respectively, pursuant to which the Company has conditionally agreed to sell to Ms. Chan the entire issued share capital of Pacific Surplus Group together with a shareholder's loan, as well as 30% of the issued share capital of Epic Wealth Group, for a total consideration of HK\$71.28 million and HK\$38.88 million, respectively.

On 19 February 2025, the independent shareholders of the Company approved the Pacific Surplus Disposal and the Epic Wealth Disposal and the disposals were completed on 28 March 2025. Therefore, Pacific Surplus Limited and its subsidiaries ceased to be the subsidiaries of the Company.

For the details, please refer to the Company's announcements dated 5 December 2024, 27 December 2024, 21 January 2025, 19 February 2025, 24 March 2025 and 28 March 2025, as well as the circular of the Company dated 24 January 2025.

Save as disclosed in this announcement, the Group did not have any significant investments, material acquisitions or disposal of assets, subsidiaries, associates or joint ventures during FY2025.

Final dividend

The Board did not recommend the payment of any final dividend for FY2025 (FY2024: Nil).

Future plans for material investments and capital assets

Save as disclosed in this announcement, the Group does not have other plans for material investments and capital assets.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During FY2025, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities. As at 31 December 2025, the Company had no treasury share (as defined in the GEM Listing Rules).

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 throughout FY2025.

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.

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 Part 2 of Appendix C1 of the GEM Listing Rules.

Except as expressly described below, the Company complied with all applicable code provisions set out in the CG Code throughout FY2025.

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. Chan held both positions in the Company throughout FY2025. Ms. Chan had 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 it is most suitable for Ms. Chan to hold both the positions of Chief Executive Officer and the Chairlady of the Board throughout FY2025.

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 on 1 June 2018 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 Part 2 of Appendix C1 to the GEM Listing Rules. As at 31 December 2025, the Audit Committee comprises one non-executive Director, Mr. Chow Christer Ho, and two independent non-executive Directors, namely Mr. James Douglas Richard Field and Mr. Chan Tsz King Vincent. Mr. Chan Tsz King Vincent was the chairman of the Audit Committee. Following the appointment of Directors and resignation of Directors on 3 February 2026 and 24 February 2026 respectively (for the details, please refer to the Company's joint announcements dated 3 February 2026 and 24 February 2026), the Audit Committee currently comprises one non-executive Director, Mr. Zhao Guodong, and two independent non-executive Directors, namely Mr. Leung Ming Shu and Dr. Wang Renrong as at the date of this announcement. Mr. Leung Ming Shu 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 annual results of the Group for FY2025 and was satisfied 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 have been made.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes thereto for FY2025 as set out in this announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

By order of the Board
Grace Wine Holdings Limited
Liu Yunqiang
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 20 March 2026

As at the date of this announcement, the executive Directors are Mr. LIU Yunqiang, Ms. Judy CHAN, Ms. XIONG Xia and Mr. ZHAO Mingjun, the non-executive Directors are Dr. CHEUNG Chai Hong and Mr. ZHAO Guodong, and the independent non-executive Directors are Mr. LEUNG Ming Shu, Dr. WANG Renrong and Dr. XU Yan.

This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at www.hkexnews.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.