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 2019

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.*

The board of Directors (the "**Board**") of the Company is pleased to present the results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019, together with comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Notes	**2019** *RMB'000*	2018 *RMB'000*
REVENUE	*5*	**72,709**	72,556
Cost of sales		**(40,792)**	(47,124)
Gross profit		**31,917**	25,432
Other income and gains, net	*5*	**1,951**	6,841
Selling and distribution expenses		**(4,797)**	(4,245)
Administrative expenses		**(24,467)**	(24,123)
Other expenses and losses		**(99)**	(194)
Finance cost		**(92)**	–
PROFIT BEFORE TAX	*6*	**4,413**	3,711
Income tax credit/(expense)	*7*	**(4,383)**	2,454
PROFIT FOR THE YEAR AND PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY		**30**	6,165
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted (RMB cents)	*9*	**0.004**	0.88

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	2019	2018
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**30**	6,165
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial information	**731**	2,425
Release of reserve upon disposal of subsidiaries	**–**	(65)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**731**	2,360
TOTAL COMPREHENSIVE INCOME FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY	**761**	8,525

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	**2019** **RMB'000**	2018 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**76,137**	81,513
Right-of-use assets		**22,642**	–
Prepaid land lease payments		**–**	12,867
Prepayments for acquisition of plant and equipment		**4,128**	–
Goodwill		**4,087**	1,361
Total non-current assets		**106,994**	95,741
CURRENT ASSETS			
Inventories		**66,608**	65,051
Biological assets		**–**	–
Trade receivables	*10*	**2,173**	18,124
Prepayments and other receivables		**5,633**	3,458
Cash and cash equivalents		**93,719**	82,099
Total current assets		**168,133**	168,732
CURRENT LIABILITIES			
Trade payables	*11*	**5,631**	142
Other payables and accruals		**7,782**	8,676
Tax payable		**3,087**	2,064
Lease liabilities		**612**	–
Total current liabilities		**17,112**	10,882
NET CURRENT ASSETS		**151,021**	157,850
TOTAL ASSETS LESS CURRENT LIABILITIES		**258,015**	253,591
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**2,095**	2,601
Deferred income		**326**	348
Lease liabilities		**1,519**	–
Total non-current liabilities		**3,940**	2,949
Net assets		**254,075**	250,642
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*12*	**674**	674
Reserves		**253,401**	249,968
Total equity		**254,075**	250,642

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to owners of the Company						
	Issued capital *RMB'000*	**Share premium** *RMB'000*	**Capital reserve** *RMB'000*	**Statutory reserve funds** *RMB'000*	**Exchange fluctuation reserve** *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*
At 1 January 2018	–	104,194	93	13,544	(7,922)	94,149	204,058
Profit for the year	–	–	–	–	–	6,165	6,165
Other comprehensive income for the year:							
Exchange differences on translation of financial information	–	–	–	–	2,425	–	2,425
Release of reserve upon disposal of subsidiaries	–	–	–	–	(65)	–	(65)
Total comprehensive income for the year	–	–	–	–	2,360	6,165	8,525
Transfer from retained profits	–	–	–	202	–	(202)	–
Share Offer *(Note 12(i))*	169	58,847	–	–	–	–	59,016
Capitalisation Issue *(Note 12(iii))*	505	(505)	–	–	–	–	–
Expenses incurred in connection with the issue of new shares *(Note 12(ii))*	–	(10,957)	–	–	–	–	(10,957)
2018 special dividend *(Note 8)*	–	(10,000)	–	–	–	–	(10,000)
At 31 December 2018 and 1 January 2019	**674**	**141,579***	**93***	**13,746***	**(5,562)***	**100,112***	**250,642**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**30**	**30**
Other comprehensive income for the year:							
Exchange differences on translation of financial information	**–**	**–**	**–**	**–**	**731**	**–**	**731**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**731**	**30**	**761**
Transfer from retained profits	**–**	**–**	**–**	**451**	**–**	**(451)**	**–**
Capital contribution from shareholders	**–**	**–**	**2,672**	**–**	**–**	**–**	**2,672**
At 31 December 2019	**674**	**141,579***	**2,765***	**14,197***	**(4,831)***	**99,691***	**254,075**

* These reserve accounts comprise the consolidated reserves of RMB253,401,000 (2018: RMB249,968,000) in the consolidated statement of financial position.

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 had its listing (the "Listing") on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 June 2018.

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

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for biological assets, 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 applied the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9, HKAS 19 and HKAS 28, and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of land and buildings. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for the following elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. There was no lease asset recognised previously under finance leases that were reclassified from property, plant and equipment.

The Group has used the following elective practical expedients when applying HKFRS 16 in 2019:

- Using a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relying on its assessment of whether leases are onerous immediately before the date of initial application.
- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application.
- Excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease.

As a lessee – Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the carrying amounts of the right-of-use assets and the lease liabilities at 1 January 2019 were the carrying amounts of the recognised assets and liabilities (i.e., finance lease payables) measured under HKAS 17.

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of RMB15,540,000 were recognised and presented separately in the statement of financial position.

- Additional lease liabilities of RMB1,827,000 were recognised.

- Prepaid land lease payments of RMB13,713,000 were derecognised.

For the year ended 31 December 2019:

- Depreciation expense (as included in cost of sales and administrative expenses) increased by RMB1,353,000 relating to the depreciation of additional assets recognised (i.e., increase in right-of-use assets).

- Rental expense (as included in administrative expenses) decreased by RMB430,000 relating to previous operating leases.

- Amortisation of prepaid land lease expenses (as included in costs of sales and administrative expenses) decreased by RMB885,000 relating to the prepaid land leases.

- Finance costs increased by RMB92,000 relating to the interest expense on additional lease liabilities recognised.

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	**3,006**
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(766)
	2,240
Weighted average incremental borrowing rate as at 1 January 2019	4.75%
Discounted operating lease commitments as at 1 January 2019	1,827

The Group recognised rental expenses from short-term leases of RMB719,000 for the year ended 31 December 2019.

(b) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The Group determined that the interpretation did not have any impact on the financial position or performance of the Group.

4. SEGMENT INFORMATION

Operating segments

No operating segment information for the Group is presented as over 90% of the Group's revenue, expenses, assets, liabilities and capital expenditure are attributable to the production and distribution of wine products during the year.

Geographical information

No geographical information for the Group is presented as over 90% of the Group's revenue and assets are derived from customers and operations based in the PRC during the year.

Information about a major customer

Revenue amounting to 10 percent or more of the Group's revenue derived from sales to a single customer was RMB35,328,000 (2018: RMB46,003,000).

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of goods	**72,709**	72,556

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

	2019	2018
	RMB'000	*RMB'000*
Geographical market		
Mainland China	**71,558**	70,985
Hong Kong	**1,000**	1,233
Other jurisdictions	**151**	338
Total revenue from contracts with customers	**72,709**	72,556

For the years ended 31 December 2018 and 2019, there was no revenue recognised that was included in contract liabilities at the beginning of the reporting period.

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

Other income and gains

	2019	2018
	RMB'000	*RMB'000*
Other income		
Bank interest income	**890**	528
Government grants*	**543**	504
Others	**267**	122
	1,700	1,154
Gains		
Gains on disposal of items of property, plant and equipment, net	**191**	27
Gain on disposal of subsidiaries	**–**	5,660
Foreign exchange difference, net	**60**	–
	251	5,687
Other income and gains, net	**1,951**	6,841

* The Group received various government grants for the promotion of the wine industry, support of agricultural development and stabilisation of employment in Mainland China. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There were no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2019	2018
	RMB'000	*RMB'000*
Cost of inventories sold	**24,754**	28,935
Depreciation of property, plant and equipment	**10,356**	10,802
Less: government grants released	**(46)**	(22)
Less: amount capitalised into inventories	**(262)**	(285)
	10,048	10,495
Depreciation of right-of-use assets (2018: amortisation of prepaid land lease payments)	**1,353**	868
Less: amount capitalised into biological assets	**(316)**	(334)
	1,037	534
Minimum lease payments under operating leases		
– offices	**–**	1,108
– farmland	**–**	4
	–	1,112
Lease payments not included in the measurement of lease liabilities	**719**	–
Auditor's remuneration	**1,226**	1,636
Listing expenses	**–**	4,321
Write-off of inventories*	**55**	–
Losses arising from changes in fair value of agricultural produce at the date of harvest*	**1,016**	418
Foreign exchange differences, net	**–**	585

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

7. INCOME TAX

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.

Under the Law of the PRC on Enterprises Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate for the PRC subsidiaries is 25%.

According to relevant EIT Law and Implementation Regulation of the EIT Law, a wholly-owned subsidiary in agricultural operation in the PRC was exempted from Enterprise Income Tax ("EIT") on profits derived from fruit cultivation for the years ended 31 December 2019 and 2018, subject to annual review by the local PRC tax authority of the subsidiary and any future changes in the relevant tax exemption policies or regulations.

	2019	2018
	RMB'000	*RMB'000*
Current – Mainland China		
Charge for the year	**4,902**	4,263
Underprovision in prior years	**15**	–
Deferred tax	**(534)**	(6,717)
Total tax charge/(credit) for the year	**4,383**	(2,454)

8. DIVIDENDS

	2019	2018
	RMB'000	*RMB'000*
2018 special interim dividend at RMB10,000 per ordinary share *(note (i))*	**–**	10,000

Note:

(i) On 4 June 2018, the Company declared and approved a special dividend of RMB10,000,000 to its then shareholders.

The board of directors does not recommend any payment of final dividend for the year ended 31 December 2019 (2018: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of RMB30,000 (2018: RMB6,165,000), and the weighted average number of ordinary shares of 800,000,000 (2018: 703,013,699) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 December 2018 represented 1,000 ordinary shares of the Company as at 1 January 2018, 599,999,000 ordinary shares of the Company issued under the Capitalisation Issue (as defined in note 12) as if these additional shares issued under the Capitalisation Issue had been in issue throughout the year ended 31 December 2018, and the weighted average number of 103,013,699 ordinary shares of the Company issued upon the Listing on GEM of the Stock Exchange on 27 June 2018.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2019 and 2018 as the Group had no potentially dilutive ordinary shares in issue during these years.

10. TRADE RECEIVABLES

	Note	**2019** **RMB'000**	2018 *RMB'000*
Trade receivables from third parties		**2,129**	18,089
Due from related companies		**44**	37
Impairment		**–***	(2)
Trade receivables	*(i)*	**2,173**	18,124

* *Less than RMB1,000.*

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period from one to three months. The Group seeks to apply 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:

	2019 **RMB'000**	2018 *RMB'000*
Within 60 days	**2,173**	17,404
61 to 90 days	**–**	720
	2,173	18,124

11. 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:

	2019 **RMB'000**	2018 *RMB'000*
Within 30 days	**1,628**	94
31 to 90 days	**3,934**	48
91 days to 1 year	**69**	–
	5,631	142

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

12. SHARE CAPITAL

	2019			2018		
	Number of shares	**HK$'000**	***RMB'000* equivalent**	Number of shares	HK$'000	*RMB'000* equivalent
Authorised:						
Ordinary shares of HK$0.001 each	**8,000,000,000**	**8,000**		8,000,000,000	8,000	
Issued and fully paid:						
Ordinary shares of HK$0.001 each	**800,000,000**	**800**	**674**	800,000,000	800	674

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Issued capital *RMB'000***
At 1 January 2018	1,000	–
Share Offer *(note (i))*	200,000,000	169
Capitalisation Issue *(note (iii))*	599,999,000	505
At 31 December 2018, 1 January 2019 and 31 December 2019	800,000,000	674

Notes:

(i) In connection with the Listing of the share of the Company on the Stock Exchange, 200,000,000 new ordinary shares of HK$0.001 each of the Company were issued at a price of HK$0.35 per ordinary share for a total cash consideration, before expenses, of HK$70.0 million (equivalent to approximately RMB59.0 million) (the "Share Offer") and the amount of share capital issued was HK$200,000 (equivalent to approximately RMB169,000). Dealings in the shares of the Company on the Stock Exchange commenced on 27 June 2018.

(ii) Upon the Listing of the Company on 27 June 2018, the expense related to the issuance of new shares of HK$13.0 million (equivalent to approximately RMB11.0 million) was debited and deducted from the Company's share premium account.

(iii) Upon the creation of the Company's share premium account as a result of the Share Offer, an amount of HK$600,000 (equivalent to approximately RMB505,000) standing to the credit of the share premium account of the Company has been capitalised on 27 June 2018 by applying such sum towards paying up in full at par a total of 599,999,000 ordinary shares for allotment and issue to the then existing shareholders (the "Capitalisation Issue"). Immediately following the completion of the Share Offer and the Capitalisation Issue, the total outstanding ordinary shares of the Company was 800,000,000 ordinary shares including 200,000,000 ordinary shares issued upon the Share Offer.

13. BUSINESS COMBINATION

On 11 October 2019, the Group acquired a 100% interest in Maxco Asia Limited, a wholly-owned immediate holding company of Fujian Dexi Wine Company Limited ("Fujian Dexi") from Judy Chan. Maxco Asia Limited is an investment holding company and Fujian Dexi is engaged in the production of spirits. The acquisition was made as part of the Group's strategy to achieve diversified and sustainable development into the Group. The purchase consideration for the acquisition of HK$15.0 million (equivalent to RMB13.6 million) was in the form of cash paid on the same date.

The fair values of the consolidated identifiable assets and liabilities of Maxco Asia Limited and Fujian Dexi as at the date of acquisition were as follows:

	Fair value recognised on acquisition *RMB'000*
Property, plant and equipment	44
Right-of-use assets	7,770
Cash and bank balances	661
Prepayments, deposits and other receivables	2,430
Other payables and accruals	(47)
Deferred tax liabilities	(28)
Total identifiable net assets at fair value	10,830
Goodwill on acquisition	2,726
Satisfied by cash	13,556

The fair value of the other receivables as at the date of acquisition amounted to RMB25,000. The gross contractual amount of other receivables was RMB25,000, of which no other receivables are expected to be uncollectible.

The Group incurred no material transaction costs for this acquisition.

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	RMB'000
Cash consideration	(13,556)
Cash and bank balances acquired	661
Net outflow of cash and cash equivalents included in cash flows from investing activities	(12,895)
Transaction costs of the acquisition included in cash flows from operating activities	–
	(12,895)

Since the acquisition, Fujian Dexi has not contributed any revenue to the Group and has caused a loss of the Group of RMB316,000 to the consolidated loss for the year ended 31 December 2019.

Had the combination taken place at the beginning of the period, the revenue of the Group and the loss of the Group for the year ended 31 December 2019 would have been RMB72,709,000 and RMB598,000, respectively.

14. DISPOSAL OF SUBSIDIARIES

On 1 June 2018, the Group and Judy Chan entered into a share transfer agreement, pursuant to which the Company transferred its 100% equity interest in Interfusion Limited and its subsidiaries Corpwealth Asia Limited and Ningxia Ganlin Agricultural Development Co., Limited (collectively the "Disposal Group") at a consideration of RMB1 to Judy Chan to rectify certain defects to the land use rights and non-compliant land usage of a parcel of land in Ningxia.

	Note	*RMB'000*
Net liabilities disposed of:		
Property, plant and equipment		3,192
Prepaid land lease payments		101
Inventories		59
Biological assets		796
Prepayments and other receivables		67
Cash and bank balances		59
Trade payables		(15)
Other payables and accruals		(9,984)
		(5,725)
Release of exchange fluctuation reserve upon disposal of subsidiaries		65
Gain on disposal of subsidiaries	*5*	(5,660)
Satisfied by:		
Cash		–

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

	RMB'000
Cash consideration	–
Cash and bank balances disposed of	(59)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(59)

15. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no significant contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

According to data released by the National Bureau of Statistics of China, China's gross domestic product ("**GDP**") reached RMB99.1 trillion[1] in 2019, representing an increase of 6.1% as compared with the same period of the previous year. The overall national economy growth continues to remain stable. With the continuous growth of the macroeconomy and ongoing urbanization in the People's Republic of China (the "**PRC**" or "**China**"), the average income of urban households has been rising in recent years. Per capita disposable income increased from RMB24,565[2] in 2012 to RMB42,359[3] in 2019, representing a compound annual growth rate ("**CAGR**") of 8.09%. As per capita disposable income rises, it means that consumers are more capable than ever to pursue goods with higher quality, which will have a positive effect on the development of the mid to high-end wine market in the long run.

2019 was a year of difficulty for China's wine industry. According to data of national wine output released by the National Bureau of Statistics and China Report Data Center (中國報告大廳數據中心), the national wine output was 451 thousand kiloliters in 2019, with a cumulative decrease of 10.2%[4]. According to the statistics of the National Bureau of Statistics, from January to August 2019, the cumulative sales income of wine production enterprises of nation-scale was RMB9.789 billion[5], with a year-on-year decrease of 41.83%. Although the wine market experienced decrease in the output in a short term affected by factors such as the macro environment, there is still room for the wine industry to grow in the long term. China is still the fifth largest wine consumer, and according to the prediction of the International Wine & Spirit Research, China will become the second largest wine consumer in 2021. With the demand for diversification of wine, the change of consumption mode and the improvement of health awareness, consumers' demand for wine is no longer limited to business and other formal occasions, but is also becoming prevalent in catering and leisure entertainment occasions. As the culture of wine tasting is still developing domestically, the consumption of wine will maintain its stable growth in the medium to long term.

Entering into the fourth year of the "13th Five-Year Plan of Wine Industry" (《葡萄酒行業十三五規劃》), the PRC government plans to foster the construction of wine grape cultivation bases to cultivate wine grapes that can better satisfy the tastes of local residents. Those policies and measures are expected to have positive effects on the wine-making industry. For instance, both Shanxi and Ningxia governments have provided subsidies to vineyard farmers. The China Alcoholic Drinks Association issued the "13th Five-Year Guidance of China Alcohol Beverage Industry" (《中國酒業「十三五」發展指導意見》), which suggested developing the wine industry and integrating the industrial chain from cultivating wine grapes to grape production as well as wine distribution and sales, and encouraging the development of small and medium-sized wineries. The Shanxi government has also published the "13th Five-Year Plan of Modern Agriculture in Shanxi Province" (《山西省「十三五」現代農業發展規劃》), which was aimed at promoting the planting of fruits, such as grapes and apples, and facilitating the development of processed wine-making for fruit wines such as grape wine. In addition, with the promulgation and implementation of a series of policies and regulations, such as the "12th Five-Year Development Plan of Wine Industry" (《葡萄酒行業

1 http://www.stats.gov.cn/tjsj/zxfb/202001/t20200117_1723591.html
2 http://www.stats.gov.cn/tjsj/tjgb/ndtjgb/qgndtjgb/201302/t20130221_30027.html
3 http://www.stats.gov.cn/tjsj/zxfb/202001/t20200117_1723396.html
4 http://www.winesinfo.com/html/2020/1/12-81881.html
5 https://d.qianzhan.com/xnews/detail/541/191030-2c3d083a.html

十二五發展規劃》) and “Wine Manufacturing Industry Access Conditions” (《葡萄酒製造業准入條件》), a considerable number of small and medium-sized enterprises have been forced to exit the market as they no longer meet the corresponding standards. Large enterprises, especially those with the ability of wine grape cultivation and integrating high quality wine production, logistics and sales, are likely to benefit from these policies which will bring more opportunities to the Group.

The Group continues to explore different ways to expand its market and distribution channels in order to increase its sales. One of the key changes of sales strategy in our Shanxi market is to diversify our distribution channels by market segments through the cooperation with various local distributors, as compared to the sole distributorship in the past. The management believes that such a change will allow the Group to have a better market coverage in the region, and is confident that it will bring along a further growth in sales.

The Group had completed the acquisition of 100% equity interests in Maxco Asia Limited (“**Maxco Asia**”) on 11 October 2019. Maxco Asia held equity interests in Fujian Dexi Wine Company Limited* (福建德熙酒業有限公司), which was established in the PRC and is principally engaged in the production of whisky and gin in Fujian Province of the PRC. The Group is now actively preparing for the construction of the production plant, which is expected to be completed by early 2021. The Group is considering various sources of funding and will update the investors as and when appropriate. We expect that the new products of the Group will be benefited by the Group’s existing distribution network and years of expertise in alcoholic beverage production. The acquisition played a complementary role in the Group’s wine business, laying the foundation for entering the spirits industry, which enables the Group’s business to grow in a diversified and sustainable manner.

The impact of the COVID-19 coronavirus epidemic to the Group

The recent outbreak of COVID-19 coronavirus has directly impacted the economy of China. Many different industries are affected, especially the retail and food & beverage industry. With no exception to the situation, consumption of wine has slowed down rapidly. It has a negative impact on the Group’s short-term performance, and we expect the financial results in the first quarter of 2020 to be undesirable. Nonetheless, we believe that the Group will maintain a healthy financial position amidst this adverse market condition with our cost control measures and prudent liquidity management strategy. In particular, we have sufficient amount of cash to maintain our daily operation, while we do not have any burden from loans or bank borrowings at the moment. Our policy on cash sales also allows us to avoid the credit risk exposures from trade receivables. Last but not least, we trust that our persistence in emphasizing on quality, focusing on customer satisfaction and aiming for brand sustainability will allow us to weather the storm and deliver a satisfactory return to our shareholders and our clients.

Revenue

Our revenue increased slightly by RMB0.2 million or 0.2% from RMB72.6 million for the financial year ended 31 December 2018 (“**FY2018**”) to RMB72.7 million for the financial year ended 31 December 2019 (“**FY2019**”). We sold 1,097,000 bottles in FY2019 as compared to 1,221,000 bottles in FY2018. The average selling price increased from RMB59.4 in FY2018 to RMB66.3 in FY2019 due to the increase in selling prices to certain distributors during the year.

* *for identification purpose only*

The table below sets out the sales analysis by distribution channels:

	FY2019 ***RMB'M***	FY2018 *RMB'M*
Distributors	**62.2**	64.1
Online	**5.0**	4.3
Retail	**5.5**	4.2
Total	**72.7**	72.6

The table below sets out the sales analysis by categories of products:

	FY2019 ***RMB'M***	FY2018 *RMB'M*
High-end level	**46.9**	46.1
Entry level	**25.8**	26.5
Total	**72.7**	72.6

Cost of sales

Our cost of sales decreased by RMB6.3 million or 13.4% from RMB47.1 million for FY2018 to RMB40.8 million for FY2019, primarily due to the decrease in unit costs of production of the inventory sold during the year which was produced in years of higher production level and thus experienced a lower absorption of the fixed costs per unit.

Gross profit and gross profit margin

Our overall gross profit increased by RMB6.5 million or 25.5% from RMB25.4 million for FY2018 to RMB31.9 million for FY2019 due to the decrease in cost of sales as aforementioned. Our overall gross profit margin increased from 35.1% for FY2018 to 43.9% for FY2019, mainly due to the decrease in the unit cost of wine sold as aforementioned.

Other income and gains, net

Other net income and gains decreased by RMB4.9 million or 71.5% from RMB6.8 million for FY2018 to RMB2.0 million for FY2019, mainly due to the absence of the gain on disposal of subsidiaries amounting to RMB5.7 million for FY2018.

Selling and distribution expenses

Selling and distribution expenses increased slight by RMB0.6 million or 13.0% from RMB4.2 million for FY2018 to RMB4.8 million for FY2019, mainly due to the increase in promotion and marketing expenses.

Administrative expenses

Administrative expenses increased by at RMB0.3 million or 1.4% from RMB24.1 million for FY2018 to RMB24.5 million for FY2019 due to (i) the absence of listing expenses of RMB4.3 million for FY2018, offset by (ii) the increase in staff costs due to the shared-based payments made as remuneration to certain management personnel amounting to RMB2.7 million for FY2019. 11,000,000 shares of the Company were transferred from Macmillan Equity Limited and Palgrave Enterprises Limited to the transferees (2018: Nil). Such transfer of shares was intended to be made as a reward to the personnel contributed to the listing of the Company and is expected to be non-recurring.

Finance costs, net

No finance cost was incurred for FY2019 and FY2018 in relation to borrowings of the Group. RMB92,000 was recorded as our finance costs arising from the unwinding of the discount of the right-of-use assets.

Income tax credit/(expense)

Income tax expense amounting to RMB4.4 million was recorded for FY2019 as compared to income tax credit of RMB2.5 million for FY2018, which was mainly attributable to the absence of the reversal of the deferred taxation provision amounting to RMB6.7 million made in FY2018. Deferred tax provision was mainly made for the withholding tax payable upon the dividend payment from the PRC subsidiaries to offshore subsidiaries.

Profit for the year

As a result of the foregoing, our profit for the year decreased by RMB5.9 million from RMB6.2 million for FY2018 to RMB0.03 million for FY2019, and our net profit margin decreased from 8.5% in FY2018 to 0.04% in FY2019.

Liquidity, financial and capital resources

Our principal liquidity and capital requirements primarily relate to our capital investment in the acquisition of raw materials for wine production, other costs and expenses related to our business operation and the capital investment in our new whisky and gin production business. As at 31 December 2019, the carrying amount of the Group's bank and cash balances was RMB93.7 million, representing an increase of 14.2% as compared with that of RMB82.1 million as at 31 December 2018. As at 31 December 2019, the Group's bank and cash balances include RMB72.0 million and USD$3.1 million, some insignificant amounts of HKD and EUR (31 December 2018: RMB25.4 million and HK$16.4 million, and some insignificant amounts of USD and EUR).

Gearing ratio

The Group's gearing ratio is measured by total external borrowings divided by total equity. The gearing ratio of the Group as at 31 December 2019 was nil (31 December 2018: nil) as the Group does not have any external borrowings.

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 may 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 Mainland China where most of the transactions are denominated in RMB, therefore the individual companies within the Group have minimal exposures of foreign exchange risk to its functional currency. Given that the presentation currency of the Group's consolidated financial positions is also RMB, the exchange realignment in reserves arising from currency translation is also insignificant. For the Group's subsidiaries outside Mainland China, transactions, including the Group's financing activities, may be denominated in Hong Kong Dollars or United States Dollars, 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 2019, the Group had no contingent liabilities (31 December 2018: Nil).

Pledge of assets

As at 31 December 2019, the Group did not have any assets pledged for credit facilities (31 December 2018: Nil).

Employee and remuneration policies

As at 31 December 2019, the Group had, including Directors, 148 employees (31 December 2018: 136 employees). Staff costs, including Directors' emoluments, amounted to RMB13.8 million for FY2019 (FY2018: RMB11.3 million). The remuneration policies for our Directors and employees are based on their experience, level of responsibility and general market conditions, and is reviewed and adjusted on an annual basis. The Company has adopted a share option scheme (the "**Share Option Scheme**") on 1 June 2018 for the purpose of providing incentives and rewards to eligible members of the scheme.

Comparison of Business Objectives with Actual Business Progress

The following is a comparison of the Group's business objectives as set out in the prospectus of the Company dated 12 June 2018 (the "**Prospectus**") with the Group's actual business progress up to 31 December 2019:

Business objectives from 1 January 2019 to 31 December 2019 as set out in the Prospectus	Actual business progress up to 31 December 2019
(1) To increase our brand awareness and sales by collaborating with selected distributors	
• We intend to use approximately 4.5% of the net proceeds, or approximately RMB1.5 million, to increase marketing and promotion efforts in, among others, (i) marketing events conducted with media, such as wine pairing dinners; (ii) web and mobile social media blogs and marketing campaigns; (iii) internet marketing campaigns; and (iv) marketing department administrative fees.	We have been constantly investing in brand building and marketing as planned in our business objectives. We have successfully organized various promotion events during FY2019, e.g. Shanxi winery visiting tour, as well as other exhibitions and wine appreciation events. We have spent more effort on the development of online sales and the sales via online channel have increased during FY2019 as compared to FY2018. The negotiation with the "online-to-offline" wine and spirit retailer in the PRC, "1919" was successful and we started our collaboration during FY2019.
(2) To increase wine-making capacity	
• We intend to use approximately 47.7% of the net proceeds, or approximately RMB15.8 million, to construct the second phase of our winery facility in Qingtongxia, Ningxia, the PRC of approximately 72,800 square metres ("**Ningxia Winery**"), namely, (i) construction of the winery, such as constructing the outdoor area which includes road pavements, street furniture and lighting, installation of the drainage pipe system, furnishing and decoration of the visitors' centre, construction of the storage with cooling system equipment; and (ii) purchase of plants and equipment, including the cross flow filter, vacuum drum filter, filling equipment and forklift, and a bottling production line.	With the consideration of factors including the potential slowdown of the expected economy growth of the PRC, the consumption growth of wine products for the geographical locations of our key distribution channels and hence the sales growth trend of our Group, it is expected that the potential risk in increasing the investment is elevated. As a result, the construction of the second phase of our Ningxia Winery has been decided to be put on hold for the time being. The Group will continue to monitor the business environment and the market situation, and update the investors as and when appropriate.

Business objectives from 1 January 2019 to 31 December 2019 as set out in the Prospectus	Actual business progress up to 31 December 2019
• We intend to use approximately 9.0% of the net proceeds, or approximately RMB3.0 million for the initial production costs of the first phase of our Ningxia Winery, including the purchase of raw materials and utility expenses.	We have invested in the initial production costs of the first phase of our Ningxia Winery as planned in our business objectives. We have acquired raw materials (mainly grapes) for the wine production from our new Ningxia Winery.

Issue of Shares and use of proceeds from initial public offering

The shares of the Company were listed on the GEM of the Stock Exchange (the "**Listing**") on 27 June 2018 (the "**Listing Date**") with a total of 200,000,000 Shares issued at HK$0.35 each by way of public offer and placing (the "**Share Offer**"), raising net proceeds of an estimated amount of approximately HK$40.6 million (equivalent to RMB33.1 million) after deducting underwriting commissions and all related expenses. The net proceeds received from the Share Offer are intended to be used in the manner consistent with that mentioned in the paragraph headed "Future Plans and Use of Proceeds" of the Prospectus.

For FY2019, the Group has focused on marketing and brand building activities to promote sales. Through various sales campaigns and promotion events, the Group has been expanding its market coverage and building connections with potential new distributors. The Group has also been spending the effort in sales growth through online sales platforms.

An analysis of the planned usage of net proceeds as stated in the Prospectus and the actual utilization of the net proceeds from the Listing Date up to 31 December 2019 and the intended use of the proceeds and the expected timeline are set out as below:

	Total planned use of proceeds as stated in the Prospectus as at 31 December 2020 *RMB'000*	**Planned use of net proceeds during the period from the Listing Date to 31 December 2019** *RMB'000*	**Actual use of net proceeds during the period from the Listing Date to 31 December 2019** *RMB'000*	**Unutilized Proceeds** *RMB'000*	**Expected timeline for the unutilized proceeds**
To construct the second phase of our Ningxia Winery					
(i) Construction of the winery	15,000	10,000	–	15,000	By 31 December 2021 Note (a)
(ii) Purchase of plants and equipment	6,800	6,800	–	6,800	By 31 December 2021
Initial production costs of the first phase of our Ningxia Winery	6,700	4,000	4,000	2,700	The unutilized use of proceeds will be used as per the Prospectus
Sales and marketing expenses	3,000	1,500	1,500	1,500	The unutilized use of proceeds will be used as per the Prospectus Note (b)
General working capital	1,598	798	798	800	The unutilized use of proceeds will be used as per the Prospectus Note (c)

Notes:

(a) As mentioned in the above section headed "Comparison of Business Objectives with Actual Business Progress", the construction of the second phase of our Ningxia Winery has been decided to be put on hold for the time being. The Group will continue to monitor the business environment and the market situation, and update the investors as and when appropriate.

(b) As per the Prospectus, the Company intends to use RMB1,500,000 for the year ending 31 December 2020.

(c) As per the Prospectus, the Company intends to use RMB800,000 for the year ending 31 December 2020.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions and industry development made by the Company at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry and the Directors are not aware of any material change to the planned use of proceeds as of the date of this announcement.

Final dividend

Pursuant to its meeting held on 20 March 2020, the Board has resolved not to declare the payment of any final dividend for FY2019 (FY2018: nil).

Future plans for material investments and capital assets

Save as disclosed in the Prospectus and the potential investments in the whisky and gin production business as aforementioned, the Group does not have other plans for material investments and capital assets.

Significant investments, material acquisition and disposals

Save for the acquisition of Maxco Asia for the whisky and gin production business as aforementioned, the Group did not have any significant investments, material acquisitions or disposal of assets, subsidiaries, associates or joint ventures during FY2019.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During FY2019, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by 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, having made specific enquiry of all Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout FY2019.

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 throughout FY2019.

Under code provision A.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 A.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.

Under code provision A.5.1 of the CG Code, the nomination committee of an issuer should comprise a majority of independent non-executive Directors. During FY2019, the nomination committee of the Company (the "**Nomination Committee**") comprised Ms. Judy Chan (chairlady), an executive Director, Mr. Chow Christer Ho, a non-executive Director and Mr. Ho Kent Ching-tak, an independent non-executive Director. As a result, the Nomination Committee did not comprise a majority of independent non-executive Directors. As at the date of this announcement, the Company has re-complied with code provision A.5.1 of the CG Code following the appointment of Mr. Lim Leung Yau Edwin and Mr. Alec Peter Tracy as members of the Nomination Committee effective on 20 March 2020.

EVENT AFTER THE REPORTING PERIOD

The outbreak of COVID-19 since late 2019 has brought challenge and uncertainty to the industry. The Group has assessed the impact of the status on its operations and details in relation to the outbreak of COVID-19 as set out in the announcement dated 25 February 2020.

Save as disclosed above and in this announcement, the Group does not have other significant events after the reporting period.

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 C.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 annual results of the Group for FY2019 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 FY2019 as set out in this announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's 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
Judy Chan
Chairlady, Chief Executive Officer and Executive Director

Hong Kong, 20 March 2020

As at the date of this announcement, the Board comprises Ms. Judy Chan and Mr. Fan Chi Chiu as executive Directors, Ms. Hou Tan Tan Danielle and Mr. Chow Christer Ho as non-executive Directors and Mr. Ho Kent Ching-tak, Mr. Lim Leung Yau Edwin and Mr. Alec Peter Tracy as independent non-executive Directors.

This announcement will remain on the "Latest Listed Company Information" page on the GEM website at https://www.hkgem.com for at least 7 days from the day of its posting. This announcement will also be published on the Company's website at http://www.gracewine.com.hk.