
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Forms of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Grace Wine Holdings Limited, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Forms of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Forms of Acceptance.

This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms and conditions of the Offers.

Hill Valley Investment Co Ltd

(Incorporated in the British Virgin Islands with limited liability)



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)

COMPOSITE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH OFFERS BY SOMERLEY CAPITAL LIMITED AND EDDID CAPITAL LIMITED FOR AND ON BEHALF OF HILL VALLEY INVESTMENT CO LTD TO ACQUIRE ALL THE ISSUED SHARES OF GRACE WINE HOLDINGS LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY HILL VALLEY INVESTMENT CO LTD) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF GRACE WINE HOLDINGS LIMITED

Joint Financial Advisers to the Offeror



SOMERLEY CAPITAL LIMITED



Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



紅日資本有限公司

RED SUN CAPITAL LIMITED

Capitalised terms used on this cover page shall have the same meanings as those defined in this Composite Document unless the context requires otherwise.

A letter from the Joint Financial Advisers containing, among other things, the details of the terms and conditions of the Offers, is set out on pages 10 to 28 of this Composite Document.

A letter from the Board is set out on pages 29 to 37 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offers to the Independent Shareholders is set out on pages 38 to 40 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offers is set out on pages 41 to 63 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. Acceptances of the Offers must be received by the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. on Tuesday, 24 February 2026 (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code).

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Forms of Acceptance to any jurisdiction outside Hong Kong should read the section headed "IMPORTANT NOTICE" contained in this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offers.

This Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at www.gracewine.com.hk as long as the Offers remain open.

3 February 2026

CHARACTERISTICS OF GEM

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.

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all time and date references contained in this Composite Document and the accompanying Forms of Acceptance refer to Hong Kong time and dates.

Event	Time & Date
Despatch date of this Composite Document and the accompanying Forms of Acceptance and commencement date of the Offers ^(Note 1)	Tuesday, 3 February 2026
Latest time and date for acceptance of the Offers ^(Note 2)	by 4:00 p.m. on Tuesday, 24 February 2026
Closing Date ^(Note 2)	Tuesday, 24 February 2026
Announcement of the results of the Offers (or its extension or revision, if any) to be posted on the website of the Stock Exchange ^(Note 2)	no later than 7:00 p.m. on Tuesday, 24 February 2026
Latest date for posting of remittances in respect of valid acceptances received under the Offers ^(Note 3)	Thursday, 5 March 2026

Notes:

1. The Offers, which are unconditional in all respects, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph headed “6. Right of Withdrawal” in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offers is 4:00 p.m. on Tuesday, 24 February 2026 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be issued jointly by the Offeror and the Company through the website of the Stock Exchange by no later than 7:00 p.m. on Tuesday, 24 February 2026 stating whether the Offers have been extended, revised or expired. In the event that the Offeror decides to extend the Offers, and the announcement regarding the extension of the Offers does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offers is closed to those Independent Shareholders who have not accepted the Offers.

Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

EXPECTED TIMETABLE

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offers will be despatched to the Independent Shareholders accepting the Offers by ordinary post at their own risk as soon as possible, but in any event no later than seven (7) Business Days after the date of receipt of all relevant documents required to render such acceptance complete and valid in accordance with the Takeovers Code.

4. The latest time and date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances will not take effect if there is a tropical cyclone warning signal number 8 or above, or a "black rainstorm warning signal", or "extreme condition" caused by super typhoon, in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances. In such cases, the latest time for acceptance of the Offers and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings or condition in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve.

The Offeror and the Company will jointly notify the Independent Shareholders and Optionholders by way of announcement(s) in the event of any change to the expected timetable as and when appropriate.

IMPORTANT NOTICE

NOTICE TO THE OVERSEAS SHAREHOLDERS

The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements and, where necessary, seek legal advice in respect of the Offers.

It is the responsibility of the Overseas Shareholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction.

The Offeror and the parties acting in concert with it, the Company, Somerley Capital, Eddid Capital, Red Sun Capital, the Registrar, the company secretary of the Company or (as the case may be) any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes as such persons may be required to pay. Please see the paragraph headed “Overseas Shareholders” in the “Letter from the Joint Financial Advisers” and the paragraph headed “8. Availability of the Offers” in Appendix I to this Composite Document for further details.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the GEM Listing Rules and/or the Takeovers Code.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meaning:

“acting in concert” or “concert parties”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by the HKSCC
“Charged Shares”	the aggregate of 287,945,000 Shares, 121,226,000 Shares and 3,465,000 Shares charged by the Offeror in favour of the First Vendor, the Second Vendor and the Third Vendor, respectively, pursuant to the Share Charge Agreements
“Closing Date”	24 February 2026, the closing date of the Offers, which is no less than 21 days following the date on which this Composite Document is posted, or if the Offers are extended, any subsequent closing date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code
“Company”	Grace Wine Holdings Limited (stock code: 8146), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Shareholders in connection with the Offers in compliance with the Takeovers Code containing, among other things, details of the Offers (accompanied by the Forms of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser

DEFINITIONS

“Consideration”	the aggregate consideration of HK\$73,629,777 paid by the Offeror to the Vendors for the acquisition of the Sale Shares under the Sale and Purchase Agreement
“Deed of Undertaking”	the deed of undertaking dated 15 December 2025 entered into by the Offeror, Mr. Yang and the First Vendor
“Deeds of Share Charge”	the deeds of share charge dated 10 December 2025 executed by the Offeror in favour of each of the Vendors
“Director(s)”	the director(s) of the Company from time to time
“Eddid Capital”	Eddid Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance under the licensing condition that in the capacity as an adviser to a client on matters/transactions falling within the ambit of the Takeovers Code, act together with another adviser (to the client) not subject to this condition) regulated activities under the SFO, as one of the joint financial advisers to the Offeror in respect of the Offers
“Encumbrances”	any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third party claim, debenture, option, right of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or other security interests of any kind, including retention arrangements or other encumbrances and any agreement to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Facility Agreement”	the facility agreement dated 9 December 2025 entered into by Eddid Securities and Futures Limited as the lender, the Offeror as the borrower and Mr. Yang as the guarantor in relation to a loan facility of up to HK\$28,000,000 for financing the consideration payable by the Offeror pursuant to the Offers
“First Vendor”	Macmillan Equity Limited, a company incorporated in the British Virgin Islands with limited liability, which is beneficially owned as to 100% by Ms. Judy Chan

DEFINITIONS

“Form(s) of Acceptance”	collectively, the PINK Form(s) of Option Offer Acceptance and the WHITE Form(s) of Share Offer Acceptance
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM as amended by the Stock Exchange from time to time
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the non-executive Directors who have no direct or indirect interest in the Offers, being, Mr. Chow Christer Ho, Dr. Cheung Chai Hong, Mr. James Douglas Richard Field, Mr. Chan Tsz King Vincent and Mr. Kong Chi Hang Maurice, which has been established for the purpose of advising and giving a recommendation to the Independent Shareholders in respect of the Offers
“Independent Financial Adviser” or “Red Sun Capital”	Red Sun Capital Limited, a licensed corporation authorised to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed by the Company as the independent financial adviser, with the approval of the Independent Board Committee, to advise the Independent Board Committee in respect of the Offers
“Independent Shareholders”	the Shareholders, other than the Offeror and parties acting in concert with it
“Joint Announcement”	the announcement jointly issued by the Offeror and the Company dated 30 December 2025 in relation to, among other things, the Sale and Purchase Agreement and the Offers
“Joint Financial Advisers”	Somerley Capital and Eddid Capital

DEFINITIONS

“Last Trading Day”	9 December 2025, being the last trading day of the Shares before the publication of the Joint Announcement
“Latest Practicable Date”	30 January 2026, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Mr. Yang”	Mr. Yang Lingjiang
“Offer Period”	has the same meaning ascribed to it under the Takeovers Code and commencing from 30 December 2025, being the date of the Joint Announcement, and ending on the date when the Offers close
“Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned and/or agreed to be acquired by the Offeror
“Offeror”	Hill Valley Investment Co Ltd, a company incorporated in the British Virgin Islands with limited liability, which is beneficially and wholly-owned by Mr. Yang
“Offers”	collectively, the Share Offer and the Option Offer
“Option Offer”	the mandatory unconditional cash offer to cancel the outstanding Share Options to be made by Somerley Capital and Eddid Capital on behalf of the Offeror at the Option Offer Price in accordance with the Takeovers Code
“Option Offer Price”	HK\$0.0001 for each Share Option in respect of the Option Offer
“Optionholder(s)”	the holder(s) of the Share Option(s)
“Overseas Shareholder(s)”	Independent Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“ PINK Form(s) of Option Offer Acceptance”	the PINK form(s) of acceptance and cancellation of the Share Options in respect of the Option Offer accompanying this Composite Document
“PRC”	the People’s Republic of China and for the purpose of this Composite Document, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC

DEFINITIONS

“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Relevant Period”	the period commencing from 30 June 2025, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 10 December 2025 entered into by and among the Vendors and the Offeror in relation to the sale and purchase of the Sale Shares
“Sale Shares”	589,480,000 Shares, representing 73.63% of the total issued share capital of the Company as at the Latest Practicable Date, sold by the Vendors to the Offeror pursuant to the Sale and Purchase Agreement, and each a Sale Share
“Second Vendor”	Palgraves Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability, which is beneficially owned as to 100% by Ms. Wong Shu Ying
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.001 each in the issued share capital of the Company
“Share Charges”	the charges over the Charged Shares pursuant to the Deeds of Share Charge as security for the Offeror’s payment obligations in respect of the Second Instalment Consideration under the Sale and Purchase Agreement
“Share Offer”	the mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror) to be made by Somerley Capital and Eddid Capital on behalf of the Offeror at the Offer Price in accordance with the Takeovers Code for the Offer Shares

DEFINITIONS

“Share Offer Price”	HK\$0.12491 per Offer Share in respect of the Share Offer
“Share Option(s)”	the outstanding share option(s) granted by the Company under the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company conditionally adopted on 1 June 2018
“Shareholder(s)”	holder(s) of the Share(s)
“Somerville Capital”	Somerville Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, as one of the joint financial advisers to the Offeror in respect of the Offers
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Third Vendor”	Ms. Wong Shu Ying
“Vendors”	collectively, the First Vendor, the Second Vendor and the Third Vendor
“ WHITE Form(s) of Share Offer Acceptance”	the WHITE form(s) of acceptance in respect of the Share Offer accompanying this Composite Document
“%”	per cent.

Note: The English transliteration of the Chinese name(s) in this Composite Document, where indicated by an asterisk (*), is included for identification purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).

In this Composite Document, the amounts denominated in RMB have been translated into Hong Kong dollars at the rate of RMB1 = HK\$1.1017 (being the exchange rate as quoted by Bloomberg on the Last Trading Day). Such conversion rate is for illustration purpose only and should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

LETTER FROM THE JOINT FINANCIAL ADVISERS



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong



EDDID CAPITAL LIMITED
21/F., CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

3 February 2026

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
SOMERLEY CAPITAL LIMITED AND EDDID CAPITAL LIMITED
FOR AND ON BEHALF OF HILL VALLEY INVESTMENT CO LTD
TO ACQUIRE ALL THE ISSUED SHARES OF
GRACE WINE HOLDINGS LIMITED (OTHER THOSE SHARES
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY
HILL VALLEY INVESTMENT CO LTD) AND TO CANCEL
ALL THE OUTSTANDING SHARE OPTIONS OF
GRACE WINE HOLDINGS LIMITED**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among others, the Sale and Purchase Agreement and the Offers.

As disclosed in the Joint Announcement, on 10 December 2025, the Offeror as purchaser entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Offeror conditionally agreed to acquire an aggregate of 589,480,000 Shares (equivalent to approximately 73.63% of the total issued share capital of the Company as at the Latest Practicable Date) for an aggregate consideration of HK\$73,629,777, equivalent to approximately HK\$0.12491 per Sale Share.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Completion took place on 12 December 2025. Pursuant to the terms of the Sale and Purchase Agreement, the Offeror conditionally agreed to:

- (i) acquire 411,350,000 Shares (representing approximately 51.38% of the total issued share capital of the Company as at the Latest Practicable Date) from the First Vendor at the cash consideration of HK\$51,380,215;
- (ii) acquire 173,180,000 Shares (representing approximately 21.63% of the total issued share capital of the Company as at the date of Latest Practicable Date) from the Second Vendor at the cash consideration of HK\$21,631,276; and
- (iii) acquire 4,950,000 Shares (representing approximately 0.62% of the total issued share capital of the Company as at the Latest Practicable Date) from the Third Vendor at the cash consideration of HK\$618,286.

Pursuant to the Sale and Purchase Agreement, 30% of the Consideration (the “**First Instalment Consideration**”) were paid by the Offeror to the Vendors on the Completion Date and the balances, being 70% of the Consideration (the “**Second Instalment Consideration**”), shall be payable by the Offeror to the Vendors on the date falling on nine months after the Completion Date (which is subject to further extension of not more than three months if requested by the Offeror). On 12 December 2025, the First Instalment Consideration was paid by the Offeror to the Vendors.

On 10 December 2025, the Offeror executed the Share Charges in favour of the First Vendor in respect of 287,945,000 Shares, the Second Vendor in respect of 121,226,000 Shares and the Third Vendor in respect of 3,465,000 Shares as continuing security for payment of the secured obligations of the Offeror with respect to the deferred payment of the Second Instalment Consideration. The Offeror undertakes that the Charged Shares shall represent no less than 51% of the total issued shares of the Company at all times.

On 15 December 2025, the Offeror, Mr. Yang and the First Vendor entered into a deed of undertaking, pursuant to which both the Offeror and Mr. Yang undertake to the First Vendor that they would not sell, transfer, dispose of or encumber any of the Charged Shares without the prior written consent of the First Vendor.

Immediately before Completion, save for the Sale Shares owned by the Vendors and the 8,000,000 Share Options held by Ms. Judy Chan, the Offeror, Mr. Yang and the parties acting in concert with them did not own, control or have direction over any Shares or any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which are convertible and exchangeable into Shares. Upon Completion, the Offeror and the parties acting in concert with it are interested in 589,480,000 Shares in aggregate, representing approximately 73.63% of the total issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 and Rule 13.5 of the Takeovers Code, the Offeror is required to make mandatory unconditional cash offers to acquire

LETTER FROM THE JOINT FINANCIAL ADVISERS

(i) the Offer Shares (being all issued Shares other than those already owned and/or agreed to be acquired by the Offeror) and (ii) to cancel all the outstanding Share Options.

As at the Latest Practicable Date, the Company has (i) 800,600,000 Shares in issue; and (ii) 12,400,000 outstanding Share Options conferring rights to subscribe for 12,400,000 new Shares with an exercise price of HK\$0.170 to HK\$0.186 per Share Option, all of which have been granted pursuant to the Share Option Scheme. Save for the Share Options mentioned above, the Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into the Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into the Shares or which confer rights to require the issue of Shares. The Company has no intention to grant any new share options under Share Option Scheme during the Offer Period.

This letter forms part of this Composite Document and sets out, among others, the principal terms of the Offers, the information on the Offeror and the intentions of the Offeror in relation to the Company. Further details of the Offers and the procedures for accepting the Offers are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance and the additional information set out in the appendices to, and which forms part of, this Composite Document.

Your attention is also drawn to information contained in the letter from the Board, the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the appendices set out in this Composite Document. You are advised to read and consider all the information contained in this Composite Document before reaching a decision as to whether or not to accept the Offers.

Terms defined in this Composite Document have the same meanings in this letter unless the context otherwise requires.

THE OFFERS

The Offers are made by Somerley Capital and Eddid Capital, on behalf of the Offeror and in compliance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share HK\$0.12491 in cash

The Share Offer Price of HK\$0.12491 is equal to the purchase price per Sale Share paid and payable by the Offeror pursuant to the Sale and Purchase Agreement.

The Share Offer is extended to all Shareholders other than the Offeror in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer will be fully paid and free from all encumbrances together with all rights attached thereto,

LETTER FROM THE JOINT FINANCIAL ADVISERS

including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made (i.e. the date of this Composite Document).

As at the Latest Practicable Date, the Company has not declared any dividend which remains unpaid, and the Company has no intention to declare, make or pay any dividend or other distributions prior to the close of the Share Offer. If, after the date of the Joint Announcement, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror will reduce the Share Offer Price by an amount equal to that of the dividend or other distribution pursuant to Note 11 to Rule 23.1 of the Takeovers Code.

The Option Offer

For cancellation of each Share Option HK\$0.0001 in cash

Pursuant to Rule 13 of the Takeovers Code, the Offeror makes an appropriate cash offer to the Optionholders for the cancellation of the Share Options. The Option Offer Price would normally be the see-through price which represents the amount by which the Share Offer Price per Offer Share exceeds the exercise price of each Share Option. Under the Option Offer, as the exercise price of all outstanding Share Options exceeds the Share Offer Price, the “see-through” price is negative and the Option Offer Price is at the nominal amount of HK\$0.0001 per Share Option.

The Option Offer is extended to all Optionholders (whether their respective Share Options are vested or not) in accordance with the Takeovers Code. Following acceptance of the Option Offer, the Share Options together with all rights attaching thereto will be entirely cancelled and renounced.

The Offers are unconditional in all respects and are not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

The Share Offer Price

The Share Offer Price of HK\$0.12491 is equal to the purchase price per Sale Share paid and payable by the Offeror under the Sale and Purchase Agreement and represents:

- (i) a discount of approximately 85.13% to the closing price of HK\$0.8400 per Share as quoted on the GEM of the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 52.86% to the closing price of HK\$0.2650 per Share as quoted on GEM of the Stock Exchange on 9 December 2025, being the Last Trading Day;

LETTER FROM THE JOINT FINANCIAL ADVISERS

- (iii) a discount of approximately 46.85% to the average closing price of HK\$0.2350 per Share based on the daily closing prices as quoted on GEM of the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 44.56% to the average closing price of approximately HK\$0.2253 per Share based on the daily closing prices as quoted on GEM of the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 15.47% to the average closing price of approximately HK\$0.1478 per Share based on the daily closing prices as quoted on GEM of the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 59.86% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.3112 per Share as at 31 December 2024, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately RMB226,132,000 (equivalent to approximately HK\$249,129,624) as at 31 December 2024 by 800,600,000 Shares in issue as at the Latest Practicable Date;
- (vii) a premium of approximately 1.17% to the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.1235 per Share as at 30 June 2025, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately RMB89,721,000 (equivalent to approximately HK\$98,845,626) as at 30 June 2025 by 800,600,000 Shares in issue as at the Latest Practicable Date; and
- (viii) a discount of approximately 0.07% to the adjusted unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.1250 per Share as at 30 June 2025, as set out in Appendix II to this Composite Document, which has taken into account the valuation of the properties of the Group as at 31 December 2025 as set out in Appendix III to this Composite Document.

Highest and lowest share prices of Shares

The highest and lowest closing prices of the Shares as quoted on GEM of the Stock Exchange during the Relevant Period were HK\$0.970 per Share on 14 January 2026 and HK\$0.103 per Share on 22, 23 and 24 October 2025, respectively.

Total value of the Offers

As at the Latest Practicable Date, the total number of issued shares of the Company is 800,600,000 Shares and the total number of outstanding Share Options is 12,400,000.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Assuming no Share Options have been exercised prior to the close of the Offers, there are 800,600,000 issued Shares. Excluding 589,480,000 Shares, representing approximately 73.63% of the total issued share capital of the Company as at the Latest Practicable Date, held by the Offeror upon Completion, and assuming the Offers are accepted in full and on the basis that there is no change in the issued share capital of the Company up to the close of the Offers, (i) a total of 211,120,000 issued Shares (representing approximately 26.37% of the total issued share capital of the Company as at the Latest Practicable Date) are subject to the Share Offer and the value of the Share Offer is HK\$26,370,999.20; and (ii) the total consideration required to satisfy the cancellation of all the outstanding Share Options is HK\$1,240.00. Accordingly, on the basis of full acceptance of the Offers, the maximum cash consideration payable by the Offeror under the Offers is HK\$26,372,239.20.

Assuming all Share Options have been exercised prior to the close of the Offers, there are 813,000,000 issued Shares. Excluding 589,480,000 Shares held by the Offeror, and assuming the Share Offer is accepted in full and on the basis that there is no other change in the issued share capital of the Company up to the close of the Offers, (i) a total of 223,520,000 issued Shares (representing approximately 27.49% of the total issued share capital of the Company as at the Latest Practicable Date as enlarged by the exercise of the Share Options in full) are subject to the Share Offer and the value of the Share Offer is HK\$27,919,883.20; and (ii) the total consideration required to satisfy the cancellation of all the outstanding Share Options is nil. Accordingly, on the basis of full acceptance of the Offers, the maximum cash consideration payable by the Offeror under the Offers is HK\$27,919,883.20.

Financial resources available to the Offeror

The Offeror intends to finance and satisfy the consideration payable under the Offers by the loan facility provided by Eddid Securities and Futures Limited under the Facility Agreement. Pursuant to the Facility Agreement, (i) Shares representing approximately 22.09% of the total issued Shares acquired by the Offeror under the Sale and Purchase Agreement and the Offer Shares that may be acquired by the Offeror pursuant to the Offers have been or will be deposited into the Offeror's securities account maintained with Eddid Securities and Futures Limited, the lender under the Facility Agreement; (ii) the Offeror shall not withdraw any amounts or Shares from its securities account without the prior written consent of Eddid Securities and Futures Limited, the lender under the Facility Agreement; and (iii) the Shares deposited into such securities account will be treated as collateral under the Facility Agreement if any amount of the facility is utilised.

The Offeror confirms that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the Facility Agreement does not depend to any significant extent on the business of the Group. Somerley Capital and Eddid Capital, being the joint financial advisers to the Offeror, are satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration payable by the Offeror upon full acceptance of the Offers.

LETTER FROM THE JOINT FINANCIAL ADVISERS

PROCEDURES FOR ACCEPTANCE OF THE OFFERS

To accept the Offers, you should complete and sign the accompanying Form(s) of Acceptance in accordance with the instructions printed thereon, which form part of the terms and conditions of the Offers.

The duly completed and signed Form(s) of Acceptance, should be sent by post or by hand, together with the relevant share certificate(s) and/or transfer receipt(s) and/or relevant certificate(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to, in case of the Share Offer, the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, marked “**Grace Wine Holdings Limited – Share Offer**”, or in case of the Option Offer, to the Company at Unit 2304, 23/F Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong “**Grace Wine Holdings Limited – Option Offer**”, on the envelope, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code.

No acknowledgment of receipt of any Form(s) of Acceptance, share certificate(s) and/or transfer receipt(s) and/or relevant certificate(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Your attention is drawn to “Further terms and procedures for acceptance of the Offers” as set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

Effect of accepting the Offers

By accepting the Share Offer, the Independent Shareholders will sell their tendered Shares to the Offeror which shall be fully paid and free and clear of any lien and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document. As at the Latest Practicable Date, no outstanding dividend declared by the Company remains unpaid, and it is advised by the Board that the Company has no intention to make, declare or pay any future dividend or make other distributions until after the close of the Share Offer.

By accepting the Option Offer, the Optionholders will agree to the cancellation of their tendered Share Options and all rights attached thereto with effect from the date on which the Option Offer is made, being the date of despatch of the Composite Document.

Acceptances of the Offers will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Validity of Share Options upon close of the Offers

Pursuant to the Share Option Scheme, in the event that a general offer is made to all Shareholders, excluding the Offeror and any persons associated with them, the Company shall endeavor to extend such offer to all grantees. Grantees (or their representatives) shall have the right to exercise their Share Options (not already exercised, whether vested or not vested) in full within 14 days following the date on which the Option Offer becomes unconditional (i.e. the date of this Composite Document).

Hong Kong stamp duty

Seller's ad valorem stamp duty on acceptances of the Share Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable in respect of the relevant acceptances of the Share Offer by the Offeror, whichever is higher, and will be deducted from the cash amount payable by the Offeror to such Independent Shareholder on acceptance of the Share Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar).

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders who accept the Share Offer and pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the Option Offer.

Payment

Payment in cash in respect of the Offers will be made as soon as possible but in any event no later than seven (7) business days as defined in the Takeovers Code (each being a day on which the Stock Exchange is open for the transaction of business) after the date of receipt of a duly completed acceptance of the Offers.

No fractions of a cent will be payable and the amount of cash consideration payable to any person who accept the Offers will be rounded up to the nearest cent.

Overseas Shareholders

The Offeror is making the Offers available to all the Independent Shareholders and Optionholders, including those with registered addresses in a jurisdiction outside Hong Kong. The availability of the Offers to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offers to persons with registered addresses in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibility, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other taxes due in respect of such jurisdiction.

Based on the register of members of the Company, there were no Overseas Shareholders as at the Latest Practicable Date.

Any acceptance by the Independent Shareholders and/or Optionholders with a registered address in a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such overseas Independent Shareholders and/or Optionholders to the Offeror that the local laws and requirements have been complied with and such acceptance shall be valid and binding in accordance with all applicable laws. Such overseas Independent Shareholders and Optionholders should consult their respective professional advisers if in doubt.

Taxation advice

Independent Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror and/or the parties acting in concert with it, the Company, the financial advisers to the Offeror and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

INFORMATION ON THE OFFEROR AND MR. YANG

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. As at the Latest Practicable Date, the Offeror is ultimately, beneficially and wholly-owned by Mr. Yang. Mr. Yang is the sole director of the Offeror.

Mr. Yang, aged 52, is the founder of 1919 Group Co., Ltd* (壹玖壹玖集團有限公司) (the “1919 Group”) and the chairman and general manager of 1919 Wines & Spirits Platform Technology Co., Ltd* (壹玖壹玖酒類平台科技股份有限公司). Headquartered in Chengdu, Sichuan Province, the 1919 Group is principally engaged in liquor retail and supply chain management services and provision of both online and offline instant liquor purchase services with delivery. It owns the 1919 Quick Drink APP, third-party e-commerce flagship stores and offline stores in the PRC. The 1919 Group was appointed as an executive member of the 8th Council of the China Alcohol Circulation Association* (中國酒類流通協會第八屆理事會).

LETTER FROM THE JOINT FINANCIAL ADVISERS

Mr. Yang was appointed as a member of the 16th Chengdu Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十六屆成都市委員會) and the Ambassador for Attracting Investment and Intelligence (武侯區建圈強鏈招商引智大使) in February 2023. Mr. Yang was accredited as Top 10 Leading Figures of Small and medium-sized Enterprises in the Western Region (十大西部中小企業領軍人物) in May 2023.

As at the Latest Practicable Date, Mr. Yang does not hold any directorship in any listed company in Hong Kong and is not a substantial shareholder (as defined in the GEM Listing Rules) of any listed company in Hong Kong.

INFORMATION ON THE GROUP

As disclosed in the letter from the Board in this Composite Document, the Company was incorporated in the Cayman Islands with limited liability. The Shares are listed on GEM. The principal activity of the Company is investment holding. The Group is an award-winning, established wine maker based in Shanxi Province, the PRC. Since commencing operations in 1997, the Group has been committed to making quality, value for money wine, catering to a wide range of customer taste and pricing preferences. The Group's portfolio of wine products targets at various consumers, from executive clientele and corporate customers with higher spending power to the more price-conscious mass market. Financial information of the Group and general information of the Group are set out in the Appendix II and Appendix V to this Composite Document, respectively.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

It is the intention of the Offeror to continue the Group's existing principal business following close of the Offers. The Offeror will conduct a detailed review of the existing principal business operations and financial position of the Group. Based on the review results, the Offeror will formulate business strategies for the Group's future development, and may explore other business opportunities from time to time and consider whether any acquisition or disposal of assets, fund-raising activity or business restructuring plan should be pursued with a view to achieving business diversification and/or long-term business growth of the Group. Notwithstanding the above, as at the Latest Practicable Date, the Offeror has no specific proposal for any acquisition or disposal of assets, fund-raising activity or business restructuring in relation to the Group and has not entered into any specific agreement or arrangement with the Group in connection therewith. In the event that any suitable opportunity for such corporate actions arises, further announcement(s) will be made by the Company in accordance with the GEM Listing Rules and the Takeovers Code as and when appropriate.

Save as set out above and the potential changes to the members of the Board as described below, as at the Latest Practicable Date, the Offeror had no intention to (i) discontinue the employment of any employees of the Group; or (ii) dispose of or re-deploy the fixed assets of the Company other than those in its ordinary and usual course of business.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Proposed changes to the composition of the Board

As at the Latest Practicable Date, the Board consists of six Directors, comprising one executive Director, namely Ms. Judy Chan, two non-executive Directors, namely Mr. Chow Christer Ho and Dr. Cheung Chai Hong and three independent non-executive Directors, namely Mr. James Douglas Richard Field, Mr. Chan Tsz King Vincent and Mr. Kong Chi Hang Maurice.

Pursuant to the Sale and Purchase Agreement, following the Completion, the Offeror shall procure that during the period from the date of Completion and ending on the date on which the Consideration is settled in full, (i) Ms. Judy Chan and/or her designated persons remain as the executive Director and a director of the relevant subsidiaries which she serve as a director as at the date of the Sale and Purchase Agreement and (ii) Dr. Cheung Chai Hong remains the non-executive Director.

Save and except for Ms. Judy Chan and Dr. Cheung Chai Hong, all other existing Directors will resign with effect from after the publication of the closing announcement on the Closing Date (being the earliest date as permitted under the Takeovers Code).

The Offeror intends to nominate Mr. Liu Yunqiang, Ms. Xiong Xia and Mr. Zhao Mingjun as executive Directors, Mr. Zhao Guodong as a non-executive Director and Mr. Leung Ming Shu, Dr. Wang Renrong and Dr. Xu Yan as independent non-executive Directors with effect from after the Composite Document is posted (being the earliest date as permitted under the Takeovers Code). None of the above proposed Directors was a Shareholder or otherwise held any interest in the Shares as at the Latest Practicable Date. Further announcement(s) and/or disclosure(s) will be made upon any changes to the composition to the Board in accordance with the requirements of the GEM Listing Rules and the Takeovers Code as and when appropriate.

As an executive Director and the Chief Executive Officer of the Company since the listing of the Company in 2018, Ms. Judy Chan has been primarily responsible for the Group's overall operation. Given that the Offeror intends to continue the Group's existing principal business following the close of the Offer, the Offeror would like to enlist the services of Ms. Judy Chan and take advantage of her rich industry knowledge and familiarity with the Group's operations to ensure a smooth transition and stability in operation as control over the Company changes hands, with a view to achieving continuous development and growth in the business of the Group. Save for being the sole shareholder of the First Vendor, who will receive deferred payment of part of the Consideration from the Offeror subsequent to Completion, being treated as providing financing or financial assistance to Offeror in connection with the acquisition of the Sale Shares, Ms. Judy Chan and the parties acting in concert with her have no relationship with the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them.

LETTER FROM THE JOINT FINANCIAL ADVISERS

The biographical information of the proposed Directors nominated by the Offeror is set out below:

Proposed executive Directors

Mr. Liu Yunqiang (劉運強) (“Mr. Liu”)

Mr. Liu, aged 58, has over 26 years of experience in financial management, retail operations, and corporate comprehensive management.

Mr. Liu joined 1919 Wines & Spirits Platform Technology Co., Ltd. (“1919”, together with its subsidiaries, “1919 Group”) in October 2017, serving in various senior management positions. 1919 is an online wine and spirits retail platform company that was listed on the National Equities Exchange and Quotations (stock code: 830993) in the PRC from August 2014 to April 2023. Mr. Liu also served as a director of 1919 from April 2020 to December 2021. Following his resignation in December 2024, Mr. Liu rejoined 1919 in August 2025 and currently serves as general manager of South China regional division.

Prior to his tenure at 1919, Mr. Liu worked at Guangzhou Zhengda Makro (Jiajing) Co., Ltd.* (廣州正大萬客隆(佳景)有限公司) (currently known as “Guangzhou Lotus Supermarket Chain Store Co., Ltd.” (廣州易初蓮花連鎖超市有限公司)), from July 1999 to March 2007. He subsequently worked at Suning.com Group Co., Ltd. (蘇寧易購集團有限公司) from April 2007 to September 2017.

Mr. Liu obtained a Degree of Bachelor of Economics in Accounting from Jinan University in Guangzhou in June 1990 and a Master of Business Administration from Murdoch University in Australia in March 2000.

Save as disclosed above, Mr. Liu (i) has not served as director in any public companies the securities of which are listed on any securities market in Hong Kong, the PRC or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder (as respectively defined under the GEM Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Liu did not hold any interest in the Shares within the meaning of Part XV of the SFO.

Ms. Xiong Xia (熊霞) (“Ms. Xiong”)

Ms. Xiong, aged 44, has over 17 years of experience in the liquor industry in the PRC.

Ms. Xiong joined 1919 in March 2008 and has since held various senior management positions within 1919 Group. She has served as a director of 1919 since July 2022 and is currently the chief executive officer of 1919.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Ms. Xiong attended (i) the Advanced Executive Seminar on Retail and E-commerce (零售與電子商務高級總裁研修班) from July 2013 to November 2014 at School of Continuing Education of Tsinghua University and (ii) the Tsinghua-Alibaba New Commerce School Program (清華－阿里新商業學堂項目) from July 2019 to March 2021 at the School of Economics and Management of Tsinghua University. She was awarded the title of “2021–2022 Most Contributory Female Leader of China’s Wine & Spirits Industry”* (2021–2022年度中國酒業最具貢獻力女性領導者) by the Women Entrepreneurs Branch of the China Non-staple Food Circulation Association* (中國副食流通協會女企業家分會) and The Graceful Collective* (芳樽薈) in February 2023, and was awarded “Outstanding Manager in the Liquor Retail Chain Industry for 2021–2023”* (2021–2023年度酒類零售連鎖行業優秀經理人) by the China National Association for Liquor and Spirits Circulation in May 2024.

Save as disclosed above, Ms. Xiong (i) has not served as director in any public companies the securities of which are listed on any securities market in Hong Kong, the PRC or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder (as respectively defined under the GEM Listing Rules) of the Company. As at the Latest Practicable Date, Ms. Xiong did not hold any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Zhao Mingjun (趙明君)

Mr. Zhao Mingjun, aged 53, has over 16 years of experience in liquor industry in the PRC.

Mr. Zhao Mingjun joined 1919 in October 2016 and has since held various senior management positions within 1919 Group. Mr. Zhao Mingjun currently serves as the general manager of Northern China, Northern-west regional divisions and is responsible for the Qingxiang Baijiu business. From August 2011 to July 2014, Mr. Zhao Mingjun served as general manager of Inner Mongolia Aochun Winery Co., Ltd.* (內蒙古奧淳酒業有限責任公司), where he was responsible for overall operations and management. From March 2009 to August 2011, Mr. Zhao Mingjun served as the national sales management director at Heilongjiang Shuangcheng Suntory Liquor Co., Ltd.* (黑龍江省雙城市三得利酒業有限責任公司) (currently known as “Heilongjiang Longjiang Jiayuan Liquor Industry Co., Ltd.”* (黑龍江省龍江家園酒業有限公司)). From September 1995 to March 2009, Mr. Zhao Mingjun worked in Inner Mongolia Yili Industrial Group.

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Mr. Zhao Mingjun completed the full curriculum in Mathematics Education and Computer Applications in the Department of Mathematics at Baotou Teachers College* (包頭師範專科學校) (currently known as “Baotou Normal College, Inner Mongolia University of Science & Technology” (內蒙古科技大學包頭師範學院)) in July 1995. Mr. Zhao Mingjun obtained an Executive Master of Business Administration from Inner Mongolia University in March 2013.

Save as disclosed above, Mr. Zhao Mingjun (i) has not served as director in any public companies the securities of which are listed on any securities market in Hong Kong, the PRC or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder (as respectively defined under the GEM Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Zhao Mingjun did not hold any interest in the Shares within the meaning of Part XV of the SFO.

Non-executive Director

Mr. Zhao Guodong (趙國東)

Mr. Zhao Guodong, aged 49, has over 20 years of experience in corporate financial management, integrated operations and strategy execution.

Mr. Zhao Guodong joined 1919 in 2018 and has since held several senior management positions, including chief financial officer, executive general manager, and chief executive officer. Mr. Zhao Guodong is currently serving as a director since April 2020. Prior to joining 1919, Mr. Zhao Guodong served in Jiuhe Co., Ltd. (九禾股份有限公司) from April 2004 to April 2014, and served as deputy general manager and chief financial officer in Tibet Qinyuan Industrial Co., Ltd.* (西藏沁園實業有限公司) from April 2014 to April 2018.

Mr. Zhao Guodong obtained a bachelor’s degree in Management in Accounting from Lanzhou Railway Institute in July 2000. He obtained the Certified Public Accountant qualification in April 2009 and the legal profession qualification in March 2018.

Save as disclosed above, Mr. Zhao Guodong (i) has not served as director in any public companies the securities of which are listed on any securities market in Hong Kong, the PRC or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder (as respectively defined under the GEM Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Zhao Guodong did not hold any interest in the Shares within the meaning of Part XV of the SFO.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Independent non-executive Directors

Mr. Leung Ming Shu (梁銘樞) (“Mr. Leung”)

Mr. Leung, aged 50, has over 28 years of experience in the areas of corporate finance and accounting.

Mr. Leung is the founder of the Harmony Capital Management Company Limited and has served as the founding director since June 2017. Mr. Leung joined 58.com Group in April 2021 and is currently the chief financial officer and the corporate venture fund managing partner. Mr. Leung has been serving as an independent non-executive director of (i) Sun.King Technology Group Limited, a listed company on the Stock Exchange (stock code: 580), since March 2017; (ii) Renrui Human Resources Technology Holdings Limited, a listed company on the Stock Exchange (stock code: 6919), since November 2019; (iii) Cabbeen Fashion Limited, a listed company on the Stock Exchange (stock code: 2030), since February 2013; (iv) Infinities Technology International (Cayman) Holding Limited, a listed company on the Stock Exchange (stock code: 1961), since May 2022; and (v) non-executive director of GOGOX HOLDINGS LIMITED, a listed company on the Stock Exchange (stock code: 2246), since July 2021. Prior to that, Mr. Leung served as an independent non-executive director at Comtec Solar Systems Group Limited, a listed company on the Stock Exchange (stock code: 712), from June 2008 to February 2021; Shengli Oil & Gas Pipe Holdings Limited, a listed company on the Stock Exchange (stock code: 1080), from January 2011 to April 2013; and Gala Technology Holding Limited, a listed company on the Stock Exchange (stock code: 2458), from December 2022 to June 2025.

Mr. Leung obtained his Bachelor of Arts Degree in Accountancy from the City University of Hong Kong with First Class Honours in June 1998 and a Master’s Degree in Accountancy from the Chinese University of Hong Kong in November 2001. He is a fellow member of the Association of Chartered Certified Accountants since March 2007 and a fellow member of The Hong Kong Institute of Certified Public Accountants since June 2010.

Save as disclosed above, Mr. Leung (i) has not served as director in any public companies the securities of which are listed on any securities market in Hong Kong, the PRC or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder (as respectively defined under the GEM Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Leung did not hold any interest in the Shares within the meaning of Part XV of the SFO.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Dr. Wang Renrong (王仁榮) (“Dr. Wang”)

Dr. Wang, aged 58, has over 28 years of experience in the fast-moving consumer goods industry and has extensive experience in legal, corporate affairs, investment and mergers and acquisitions.

Dr. Wang is an independent non-executive director of Helens International Holdings Company Limited, a company listed on the Stock Exchange (stock code: 6536) and the Singapore Stock Exchange (stock code: HLS). He was appointed as the chairman of Beijing Zhongjiu Huicui Exhibition Co., Ltd.* (北京中酒薈萃展覽有限公司) in August 2021. Prior to his resignation in February 2021, Dr. Wang was the chairman of Anheuser-Busch InBev (China) Co., Ltd. (百威投資(中國)有限公司) from February 2019 to December 2020 and was the executive director and general counsel of Budweiser APAC Brewing Company Limited, a company listed on the Stock Exchange (stock code: 1876), from May 2019 to May 2020. Dr. Wang served as a director of Guangzhou Zhujiang Brewery Co., Ltd. (廣州珠江啤酒股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002461) from June 2009 to June 2020. Between March 2001 and October 2003, Dr. Wang worked in Colgate-Palmolive (China) Co., Ltd (高露潔棕欖(中國)有限公司). From August 2000 to March 2001, he worked in Swire Guangdong Coca-Cola Limited (廣東太古可口可樂有限公司). From July 1997 to July 2000, he worked in Avon Products (China) Co., Ltd. (雅芳(中國)有限公司).

Dr. Wang obtained a bachelor’s degree in Philosophy from Nanjing University (南京大學) in the PRC in July 1989 and a master’s degree in Law from KU Leuven in Belgium in July 2008. He also obtained a PhD in Law from Fudan University (復旦大學) in the PRC in June 2012. He obtained the legal profession qualification in September 1995.

Save as disclosed above, Dr. Wang (i) has not served as director in any public companies the securities of which are listed on any securities market in Hong Kong, the PRC or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder (as respectively defined under the GEM Listing Rules) of the Company. As at the Latest Practicable Date, Dr. Wang did not hold any interest in the Shares within the meaning of Part XV of the SFO.

Dr. Xu Yan (徐岩) (“Dr. Xu”)

Dr. Xu, aged 63, is an academic and industry expert with over 23 years of experience in fermentation engineering, bioengineering, and beverage industry development.

Dr. Xu served as a professor at Jiangnan University in August 2002 and was appointed as the vice president of Jiangnan University since November 2010. Dr. Xu is currently serving as an independent director of (i) CIMC Liquid Process Technology Co., Ltd. (中集安瑞醇科技股份有限公司), a company listed on the National Equities Exchange and

LETTER FROM THE JOINT FINANCIAL ADVISERS

Quotations (stock code: 872914) since October 2022; (ii) Anhui Kouzi Distillery Co., Ltd. (安徽口子酒業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603589) since May 2023; and (iii) Yantai Changyu Pioneer Wine Company Limited (煙台張裕葡萄酒釀酒股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 603589) since April 2025. Dr. Xu served as an independent director of Wayzim Technology Co., Ltd (中科微至科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688211) from May 2023 to April 2025.

Dr. Xu obtained a PhD in Fermentation Engineering from Wuxi University of Light Industry (無錫輕工大學) (currently known as “Jiangnan University” (江南大學)) in January 1998. In December 2013, Dr. Xu received the National Technology Invention Second Prize for “New Technology and Application of Solid-State Fermentation Baijiu Production Based on Flavor Orientation”* (基於風味導向的固態發酵白酒生產新技術及應用). Dr. Xu is elected fellow in the Agricultural & Food Chemistry Division of the American Chemical Society in 2019. In December 2018, Xu Yan, as one of the co-inventors, was awarded the China Patent Silver Prize by the National Intellectual Property Administration, the PRC.

Save as disclosed above, Dr. Xu (i) has not served as director in any public companies the securities of which are listed on any securities market in Hong Kong, the PRC or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder (as respectively defined under the GEM Listing Rules) of the Company. As at the Latest Practicable Date, Dr. Xu did not hold any interest in the Shares within the meaning of Part XV of the SFO.

Public float and maintaining the listing status of the Company

The Stock Exchange has stated that:

- (a) if, at the close of the Offers, the Stock Exchange believes that:
 - (i) a false market exists or may exist in the trading of the Shares; or
 - (ii) an orderly market does not exist or may not exist;it will consider exercising its discretion to suspend dealings in the Shares; and
- (b) if, at the close of the Offers, the Company has a Significant Public Float Shortfall (as defined in Rule 17.37F of the GEM Listing Rules), then:
 - (i) the Stock Exchange will add a designated marker to the stock name of the Shares; and

LETTER FROM THE JOINT FINANCIAL ADVISERS

- (ii) the Stock Exchange will cancel the listing of the Shares if the Company fails to re-comply with Rule 17.37B of the GEM Listing Rules for a continuous period of 12 months from the commencement of the Significant Public Float Shortfall.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange that if, at the close of the Offers, the Company fails to comply with the requirement of Rule 17.37B of the GEM Listing Rules, they will take appropriate steps to ensure the Company's compliance with Rule 17.37B of the GEM Listing Rules at the earliest possible moment.

Compulsory Acquisition

The Offeror does not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Offer Shares not acquired pursuant to the Share Offer after the close of the Offers.

GENERAL

All documents, communications, notices, Form(s) of Acceptance, Share certificate(s), relevant certificate(s) transfer receipt(s), other document(s) of title and remittances in respect of cash consideration payable for the Offer Shares and the Share Options tendered under the Offers will be sent to the accepting Shareholders or accepting Optionholders by ordinary post at such Shareholder's or Optionholder's own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the registers of the Company as at the Latest Practicable Date, or in the case of joint Shareholders, to the Shareholder whose name appears first in the said register of members, unless otherwise specified in the accompanying Form(s) of Acceptance completed, returned and received by the Registrar. None of the Offeror, parties acting in concert with it (including the Vendors), the Company, Somerley Capital, Eddid Capital, the Independent Financial Adviser, the Registrar, the company secretary of the Company and any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offers will be responsible for any loss in postage or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

LETTER FROM THE JOINT FINANCIAL ADVISERS

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offers set out in the appendices to this Composite Document and the accompanying Form(s) of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” contained in this Composite Document and to consult your professional advisers, before deciding whether or not to accept the Offers.

Yours faithfully,

For and on behalf of
Somerley Capital Limited
M. N. Sabine
Chairman

For and on behalf of
Eddid Capital Limited
Thomas Yu
Managing Director

LETTER FROM THE BOARD

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)

Executive Director:

Ms. Judy CHAN (*Chairlady and
Chief Executive Officer*)

Non-executive Directors:

Mr. CHOW Christer Ho
Dr. CHEUNG Chai Hong

Independent non-executive Directors:

Mr. James Douglas Richard FIELD
Mr. CHAN Tsz King Vincent
Mr. KONG Chi Hang Maurice

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in

Hong Kong:
Unit 2304, 23/F
Westlands Centre
20 Westlands Road
Quarry Bay
Hong Kong

3 February 2026

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
SOMERLEY CAPITAL LIMITED AND EDDID CAPITAL LIMITED
FOR AND ON BEHALF OF HILL VALLEY INVESTMENT CO LTD
TO ACQUIRE ALL THE ISSUED SHARES OF
GRACE WINE HOLDINGS LIMITED (OTHER THAN THOSE SHARES
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY
HILL VALLEY INVESTMENT CO LTD) AND TO CANCEL
ALL THE OUTSTANDING SHARE OPTIONS OF
GRACE WINE HOLDINGS LIMITED**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Joint Announcement. On 10 December 2025, the Offeror as purchaser entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Offeror conditionally agreed to acquire (i) 411,350,000 Shares, representing approximately 51.38% of the total issued share capital of the Company as at the Latest Practicable Date, from the First Vendor; (ii) 173,180,000 Shares, representing approximately 21.63% of the total issued share capital of the Company as at the Latest Practicable Date, from the Second Vendor; and (iii) 4,950,000 Shares, representing approximately 0.62% of the total issued share capital of the Company as at the Latest Practicable Date, from the Third Vendor; altogether a total of 589,480,000 Shares, representing approximately 73.63% of the total issued share capital of the Company as at the Latest Practicable Date, for the aggregate Consideration of HK\$73,629,777, equivalent to approximately HK\$0.12491 per Sale Share.

The Consideration is HK\$73,629,777, which is equivalent to approximately HK\$0.12491 per Sale Share, and has been agreed between the Offeror and the Vendors after arm's length negotiations and having taken into account of, among others, the Company's historical share price performance, liquidity of the Shares and financial performance of the Group.

The first instalment consideration (the "**First Instalment Consideration**") were paid by the Offeror upon Completion in the following manner:

- (i) as to HK\$15,414,809 payable by the Offeror to the First Vendor;
- (ii) as to HK\$6,489,696 payable by the Offeror to the Second Vendor; and
- (iii) as to HK\$185,495 payable by the Offeror to the Third Vendor.

The second instalment consideration (the "**Second Instalment Consideration**") shall be payable by the Offeror on the date falling on nine months after the Completion Date (which is subject to further extension of not more than three months if requested by the Offeror) in the following manner:

- (i) as to HK\$35,965,406 payable by the Offeror to the First Vendor;
- (ii) as to HK\$15,141,580 payable by the Offeror to the Second Vendor; and
- (iii) as to HK\$432,791 payable by the Offeror to the Third Vendor.

As each of the Vendors will receive deferred payment of part of the Consideration from the Offeror subsequent to Completion, each of the Vendors is treated as providing financing or financial assistance to the Offeror in connection with the acquisition of the Sale Shares and is therefore presumed to be acting in concert with the Offeror under Class (9) of the definition of "acting in concert" under the Takeovers Code.

LETTER FROM THE BOARD

Completion took place on 12 December 2025.

On 10 December 2025, the Offeror executed the Share Charges in favour of the First Vendor in respect of 287,945,000 Shares, the Second Vendor in respect of 121,226,000 Shares and the Third Vendor in respect of 3,465,000 Shares (in aggregate, the “**Charged Shares**”) as continuing security for payment of the secured obligations of the Offeror with respect to the deferred payment of the Second Instalment Consideration. The Offeror undertakes that the Charged Shares shall represent no less than 51% of the total issued shares of the Company at all times.

On 15 December 2025, the Offeror, Mr. Yang and the First Vendor entered into the Deed of Undertaking, pursuant to which both the Offeror and Mr. Yang undertake to the First Vendor that they would not sell, transfer, dispose of or encumber any of the Charged Shares without the prior written consent of the First Vendor.

Immediately before Completion, save for the Sale Shares owned by the Vendors and the 8,000,000 Share Options held by Ms. Judy Chan, the Offeror, Mr. Yang or the parties acting in concert with them did not own, control or have direction over any Shares or any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which are convertible and exchangeable into Shares.

Upon Completion, the Offeror and the parties acting in concert with it are interested in 589,480,000 Shares, representing approximately 73.63% of the total issued share capital of the Company. Pursuant to Rule 26.1 and Rule 13.5 of the Takeovers Code, the Offeror is required to make mandatory unconditional cash offers to acquire (i) the Offer Shares, being all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror) and (ii) to cancel all the outstanding Share Options.

As at the Latest Practicable Date, the Company has (i) a total of 800,600,000 Shares in issue; and (ii) 12,400,000 outstanding Share Options conferring rights to subscribe for 12,400,000 new Shares with an exercise price of HK\$0.170 to HK\$0.186 per Share Option, all of which have been granted pursuant to the Share Option Scheme. Save for the Share Options mentioned above, the Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into the Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into the Shares or which confer rights to require the issue of Shares.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offers; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the terms of the Offers and as to acceptance of the Offers; and (iii) the letter from Red Sun Capital, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee in relation to the Offers.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Chow Christer Ho, Dr. Cheung Chai Hong, Mr. James Douglas Richard Field, Mr. Chan Tsz King Vincent and Mr. Kong Chi Hang Maurice has been established by the Company, to advise the Independent Shareholders in relation to the terms and conditions of the Offers, in particular as to whether the Offers are fair and reasonable and as to the acceptance of the Offers. The above-named non-executive and independent non-executive Directors have no direct or indirect interest in the Offers. It is considered appropriate for them to be members of the Independent Board Committee in this regard.

You are advised to read the “Letter from the Independent Board Committee” addressed to the Independent Shareholders, the “Letter from the Independent Financial Adviser” and the additional information contained in the Appendices to this Composite Document before taking any action in respect of the Offers.

MANDATORY UNCONDITIONAL CASH OFFERS

The terms of the Offers as set out in the “Letter from the Joint Financial Advisers” are extracted below. You are recommended to refer to the “Letter from the Joint Financial Advisers” and the Forms of Acceptance for further details.

Somerley Capital and Eddid Capital, on behalf of the Offeror, are making the Offers on the following terms in accordance with Rule 26.1 of the Takeovers Code:

The Share Offer

For each Offer Share HK\$0.12491 in cash

As at the Latest Practicable Date, none of the Offeror, Mr. Yang or parties acting in concert with any of them had received any irrevocable commitment to accept or not to accept the Offers.

The Offer Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching thereto, including but not limited to all rights to any dividend and distribution declared, made or paid on or after the date on which the Offers are made, being the date of this Composite Document.

The Offer Price of HK\$0.12491 per Offer Share is equal to the purchase price per Sale Share paid and payable by the Offeror pursuant to the Sale and Purchase Agreement. The Offers are unconditional in all respects. The Share Offer is extended to all Independent Shareholders in accordance with the Takeovers Code.

LETTER FROM THE BOARD

The Option Offer

For cancellation of each Share Option HK\$0.0001 in cash

Pursuant to Rule 13 of the Takeovers Code, the Offeror will make an appropriate cash offer to the Optionholders for the cancellation of the Share Options. The Option Offer Price would normally be the see-through price which represents the amount by which the Share Offer Price per Offer Share exceeds the exercise price of each Share Option. Under the Option Offer, as the exercise price of all outstanding Share Options exceeds the Share Offer Price, the “see-through” price is negative and the Option Offer Price is set at the nominal amount of HK\$0.0001 per Share Option.

The Option Offer is extended to all Optionholders (whether their respective Share Options are vested or not) in accordance with the Takeovers Code. Following acceptance of the Option Offer, the Share Options together with all rights attaching thereto will be entirely cancelled and renounced.

The Offers are unconditional in all respects and are not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

Further details regarding the Offers, including the terms and procedures for acceptance of the Offers are set out in the “Letter from the Joint Financial Advisers” and Appendix I to this Composite Document and the accompanying Forms of Acceptance.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability. The Shares are listed on GEM. The principal activity of the Company is investment holding. The Group is an award-winning, established wine maker based in Shanxi Province, the PRC. Since commencing operations in 1997, the Group has been committed to making quality, value for money wine, catering to a wide range of customer taste and pricing preferences. The Group’s portfolio of wine products targets at various consumers, from executive clientele and corporate customers with higher spending power to the more price-conscious mass market.

LETTER FROM THE BOARD

Set out below is a summary of the financial information of the Group for (i) each of the three financial years ended 31 December 2022, 2023 and 2024 as extracted from the annual reports of the Company for the years ended 31 December 2023 and 2024 and for (ii) the six months ended 30 June 2024 and 2025 as extracted from the interim report of the Company for the six months ended 30 June 2025:

	For the six months		For the year ended 31 December		
	ended 30 June		2024	2023	2022
	2025	2024	2024	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Revenue	18,775	16,583	34,553	64,985	62,119
Profit/(Loss) before income tax	(2,571)	(2,425)	(35,336)	11,461	887
Profit/(Loss) for the year/period	(2,901)	(3,531)	(41,018)	10,220	(598)

The unaudited consolidated net assets of the Group attributable to Shareholders as at 30 June 2025 was approximately RMB89,721,000.

Your attention is drawn to the further details of the information of the Group as set out in Appendices II and V to this Composite Document.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company (i) immediately before Completion; (ii) immediately after Completion and as at the Latest Practicable Date; and (iii) immediately after Completion (assuming all Share Options have been exercised):

	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date		Immediately after Completion (assuming all Share Options have been exercised)	
	<i>Approximate percentage of Number of Shares held</i>	<i>Approximate percentage of interest in the Company (%)</i>	<i>Approximate percentage of Number of Shares held</i>	<i>Approximate percentage of interest in the Company (%)</i>	<i>Approximate percentage of Number of Shares held</i>	<i>Approximate percentage of interest in the Company (%)</i>
Offeror and parties acting in concert with it ^(Note 1)	–	–	589,480,000	73.63	589,480,000	72.51
– First Vendor	411,350,000	51.38	–	–	–	–
– Second Vendor	173,180,000	21.63	–	–	–	–
– Third Vendor	4,950,000	0.62	–	–	–	–
– Ms. Judy Chan ^(Note 2)	–	–	–	–	8,000,000	0.98
Independent Shareholders	211,120,000	26.37	211,120,000	26.37	215,520,000	26.51
Total	800,600,000	100.00	800,600,000	100.00	813,000,000	100.00

Notes:

- As each of the Vendors will receive deferred payment of part of the Consideration from the Offeror subsequent to Completion, each of the Vendors is treated as providing financing or financial assistance to the Offeror in connection with the acquisition of the Sale Shares and is therefore presumed to be acting in concert with the Offeror under Class (9) of the definition of “acting in concert” under the Takeovers Code.
- Ms. Judy Chan, being the sole shareholder of the First Vendor and an executive Director, holds 8,000,000 Share Options. Save for Ms. Judy Chan, no other Directors are interested in the Shares or Share Options.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from the Joint Financial Advisers” as set out in this Composite Document.

FUTURE INTENTIONS OF THE OFFEROR AND THE BOARD REGARDING THE GROUP

Your attention is drawn to the section headed “Intention of the Offeror in relation to the Group” in the “Letter from the Joint Financial Advisers” as set out in this Composite Document. The Offeror intends to continue the Group’s existing principal business of the Group following

LETTER FROM THE BOARD

the close of the Offers. The Offeror will conduct a detailed review of the existing principal business operations and financial position of the Group. Based on the review results, the Offeror will formulate business strategies for the Group's future development, and may explore other business opportunities from time to time and consider whether any acquisition or disposal of assets, fund-raising activity or business restructuring plan should be pursued with a view to achieving business diversification and/or long-term business growth of the Group. Notwithstanding the above, as at the Latest Practicable Date, the Offeror has no specific proposal for any acquisition or disposal of assets, fund-raising activity or business restructuring in relation to the Group and has not entered into any specific agreement or arrangement with the Group in connection therewith. In the event that any suitable opportunity for such corporate actions arises, further announcement(s) will be made by the Company in accordance with the GEM Listing Rules and the Takeovers Code as and when appropriate.

Save for the proposed change of the Board composition as detailed in the section sub-headed "Changes to the composition of the Board" under the "Letter from the Joint Financial Advisers" as set out in this Composite Document, as at the Latest Practicable Date, the Offeror had no intention to (i) discontinue the employment of any employees of the Group; or (ii) dispose of or re-deploy the fixed assets of the Company other than those in its ordinary and usual course of business.

The Board is aware of the intention of the Offeror in respect of the Group and is willing to render reasonable co-operation with the Offeror which is in the best interests of the Company and the Shareholders as a whole.

PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that:

(a) if, at the close of the Offers, the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) an orderly market does not exist or may not exist;

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

(b) if, at the close of the Offers, the Company has a Significant Public Float Shortfall (as defined in rule 17.37F of the GEM Listing Rules), then:

- (i) the Stock Exchange will add a designated marker to the stock name of the Shares; and
- (ii) the Stock Exchange will cancel the listing of the Shares if the Company fails to re-comply with Rule 17.37B of the GEM Listing Rules for a continuous period of 12 months from the commencement of the Significant Public Float Shortfall.

LETTER FROM THE BOARD

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange that if, at the close of the Offers, the Company fails to comply with the requirement of Rule 17.37B of the GEM Listing Rules, they will take appropriate steps to ensure the Company's compliance with Rule 17.37B of the GEM Listing Rules at the earliest possible moment.

RECOMMENDATION

Your attention is drawn to the "Letter from the Independent Board Committee" set out on pages 38 to 40 of this Composite Document and the "Letter from the Independent Financial Adviser" set out on pages 41 to 63 of this Composite Document, which contain, among other things, their advice in relation to the Offers and the principal factors considered by them in arriving at their recommendation.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the Appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Forms of Acceptance for further details in respect of the procedures for acceptance of the Offers. You are reminded to read carefully the "Letter from the Joint Financial Advisers", the "Letter from the Board", the "Letter from the Independent Board Committee" and the letter of advice by the Independent Financial Adviser to the Independent Board Committee in respect of the Offers as set out in the "Letter from the Independent Financial Adviser" as contained in this Composite Document before deciding whether or not to accept the Offers. If you are in doubt about your position in connection with the Offers, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Yours faithfully,

By order of the Board

Grace Wine Holdings Limited

Judy Chan

Chairlady, Chief Executive Director and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offers.

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)

3 February 2026

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
SOMERLEY CAPITAL LIMITED AND EDDID CAPITAL LIMITED
FOR AND ON BEHALF OF HILL VALLEY INVESTMENT CO LTD
TO ACQUIRE ALL THE ISSUED SHARES OF
GRACE WINE HOLDINGS LIMITED (OTHER THAN THOSE SHARES
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY
HILL VALLEY INVESTMENT CO LTD) AND TO CANCEL
ALL THE OUTSTANDING SHARE OPTIONS OF
GRACE WINE HOLDINGS LIMITED**

We refer to the composite offer and response document dated 3 February 2026 jointly issued by the Offeror and the Company (the “**Composite Document**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Board to constitute the Independent Board Committee to consider the terms of the Offers and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable and as to the acceptance of the Offers. Red Sun Capital has been appointed, with our approval, as the Independent Financial Adviser to advise us in this respect. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 41 to 63 of this Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from the Board”, the “Letter from the Joint Financial Advisers” and the additional information set out in the Appendices to this Composite Document.

Taking into account the terms of the Offers and the advice from Red Sun Capital, we consider that the Offers are not fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders not to accept the Offers.

The Independent Shareholders and the Optionholders (for the Optionholders, if they opt to exercise their rights under the Share Options to subscribe for the new Shares) are reminded that if they consider retaining their Shares or tendering less than all their Shares under the Share Offer should carefully consider the potential difficulties they may encounter in disposing their investments in the Shares after the close of the Share Offer in view of the historical low liquidity of the Shares and there is no guarantee that the prevailing level of the Share price will sustain during and after the Offer Period. The Optionholders are also reminded that in accordance with the Share Option Scheme, the Share Options will lapse automatically (to the extent not exercised) upon the close of the Offers as detailed in the paragraph headed “9. VALIDITY OF THE SHARE OPTIONS UPON CLOSE OF THE OFFERS” set out in the Appendix I to the Composite Document.

Those Independent Shareholders and Optionholders (for the Optionholders, if they opt to exercise their rights under the Share Options to subscribe for the new Shares) who intend to accept the Share Offers are reminded to closely monitor the market price and the liquidity of the Shares during the period when the Offers remains open for acceptance and should consider selling their Shares in the open market, instead of accepting the Share Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Share Offer after having regard to the market price and the liquidity of the Shares.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

As each individual Independent Shareholder and the Optionholders would have different investment objectives and/or circumstances, we recommend any Independent Shareholders and the Optionholders who may require advice in relation to any aspect of the Offers and/or the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they should carefully read the procedures for accepting the Offers as set out in the Composite Document, its appendices and the accompanying Form of Acceptance.

Your faithfully,
For and on behalf of the
Independent Board Committee of
Grace Wine Holdings Limited

Mr. Chow Christer Ho

Dr. Cheung Chai Hong

Non-executive Directors

Mr. James Douglas
Richard Field

Mr. Chan Tsz King
Vincent

Mr. Kong Chi Hang
Maurice

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee in respect of the Offers for inclusion in this Composite Document.



红日资本有限公司
RED SUN CAPITAL LIMITED

Room 2703, 27/F
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong
Tel: (852) 2857 9208
Fax: (852) 2857 9100

3 February 2026

*To: The Independent Board Committee of
Grace Wine Holdings Limited*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
SOMERLEY CAPITAL LIMITED AND EDDID CAPITAL LIMITED
FOR AND ON BEHALF OF HILL VALLEY INVESTMENT CO LTD
TO ACQUIRE ALL THE ISSUED SHARES OF
GRACE WINE HOLDINGS LIMITED (OTHER THAN THOSE SHARES
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY
THE OFFEROR) AND TO CANCEL
ALL OUTSTANDING SHARE OPTIONS OF
GRACE WINE HOLDINGS LIMITED**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers, details of which are set out in the Composite Document dated 3 February 2026, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

The Company was informed by the Vendors that on 10 December 2025, the Offeror as purchaser entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Offeror conditionally agreed to acquire an aggregate of 589,480,000 Shares (equivalent to approximately 73.63% of the total issued share capital of the Company as at the Latest Practicable Date) for an aggregate consideration of approximately HK\$73,630,000, equivalent to HK\$0.12491 per Sale Share. Completion took place on 12 December 2025, and the First Instalment Consideration was paid by the Offeror on the same date. For the avoidance of doubt, without prejudice to the right of the Vendors to receive the Second Instalment Consideration, the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Completion occurred upon the completion of the transfer of the Sale Shares and the settlement of the First Instalment Consideration and was not subject to the Second Instalment Consideration having been paid.

Immediately before Completion, save for the Sale Shares owned by the Vendors and the 8,000,000 Share Options held by Ms. Judy Chan, the Offeror, Mr. Yang and the parties acting in concert with them did not own, control or have direction over any Shares or any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which are convertible and exchangeable into Shares. Upon Completion, the Offeror and the parties acting in concert with it are interested in 589,480,000 Shares in aggregate, representing approximately 73.63% of the total issued share capital of the Company. Pursuant to Rule 26.1 and Rule 13.5 of the Takeovers Code, the Offeror is required to make mandatory unconditional cash offers to acquire (i) the Offer Shares (being all issued Shares other than those already owned and/or agreed to be acquired by the Offeror) and (ii) to cancel all the outstanding Share Options.

As at the Latest Practicable Date, the Company has (i) 800,600,000 Shares in issue; and (ii) 12,400,000 outstanding Share Options conferring rights to subscribe for 12,400,000 new Shares with an exercise price of HK\$0.17 to HK\$0.186 per Share Option, all of which have been granted pursuant to the Share Option Scheme. Save for the Share Options mentioned above, the Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into the Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into the Shares or which confer rights to require the issue of Shares. The Company has no intention to grant any new share options under Share Option Scheme during the Offer Period.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the non-executive Directors, namely Mr. Chow Christer Ho, Dr. Cheung Chai Hong, Mr. James Douglas Richard Field, Mr. Chan Tsz King Vincent and Mr. Kong Chi Hang Maurice, has been established to advise the Independent Shareholders as to whether the Offers are fair and reasonable and as to acceptance of the Offers. Red Sun Capital Limited has been appointed by the Board with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in the same regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, the Offeror and its concert parties and their respective shareholders, directors or chief executives, or any of their respective associates. Accordingly, we are qualified to give independent advice to the Independent Board Committee regarding the Offers.

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In the last two years, save for this appointment, we have not acted as an independent financial adviser to the independent board committee of the Company and/or the Independent Shareholders. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser and the engagement as stated above as the independent financial adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. In addition, having considered that (i) remuneration for our independent financial adviser engagement in relation to the Offers is fixed and at market level, and is not conditional upon the outcome of the Offers; (ii) no arrangement exists whereby we shall receive any fees or benefits from the Company (other than our said remuneration) or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by the Independent Board Committee, we are independent of the Company and the Offeror, their respective controlling shareholders and any parties acting in concert with any of them, we consider that we are independent from the Group pursuant to Rule 17.96 of the GEM Listing Rules and Rule 2 of the Takeovers Code.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our advice, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations provided to us by the Group, the Directors and/or management of the Company (the “**Management**”). We have assumed that all information, representations and opinions contained or referred to in the Composite Document or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all the opinions and representations made by the Directors in the Composite Document have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that no material facts have been omitted from the information provided and referred to in the Composite Document. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. The Company will notify the Shareholders of any material changes to information contained or referred to in the Composite Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Shareholders will also be informed as soon as practicable when there is any material changes to the information contained or referred to herein as well as changes to our opinion, advice and/or recommendation, the information and representations provided and made to us and the information contained in this letter, if any, after the Latest Practicable Date as soon as possible and up to the close of the Offer Period.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offers since these depend on their individual circumstances. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

This letter is issued to the Independent Board Committee solely for their consideration in respect of the Offers, and except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent. In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL TERMS OF THE OFFERS

The Offers will be made by Somerley Capital Limited and Eddid Capital Limited, on behalf of the Offeror and in compliance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share HK\$0.12491 in cash

The Share Offer Price of HK\$0.12491 is equal to the purchase price per Sale Share paid by the Offeror pursuant to the Sale and Purchase Agreement.

The Share Offer will be extended to all Shareholders other than the Offeror in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer will be fully paid and free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document.

As at the Latest Practicable Date, the Company has not declared any dividend which remains unpaid, and the Company has no intention to declare, make or pay any dividend or other distributions prior to the close of the Share Offer.

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The Option Offer

For cancellation of each Share Option HK\$0.0001 in cash

Pursuant to Rule 13 of the Takeovers Code, the Offeror will make an appropriate cash offer to the Optionholders for the cancellation of the Share Options. The Option Offer Price would normally be the see-through price which represents the amount by which the Share Offer Price per Offer Share exceeds the exercise price of each Share Option. Under the Option Offer, as the exercise price of all outstanding Options exceeds the Share Offer Price, the “see-through” price is negative and the Option Offer Price is set at the nominal amount of HK\$0.0001 per Share Option.

The Option Offer will be extended to all Optionholders (whether their respective Share Options are vested or not) in accordance with the Takeovers Code. Following acceptance of the Option Offer, the Share Options together with all rights attaching thereto will be entirely cancelled and renounced.

The Offers will be unconditional in all respects when made.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into consideration the following principal factors and reasons:

1. Financial information of the Group and outlook

1.1 Historical financial information of the Group

The Company was incorporated in the Cayman Islands with limited liability. The Shares are listed on GEM. The principal activity of the Company is investment holding. The Group is an award-winning, established wine maker based in Shanxi Province, PRC. Since commencing operations in 1997, the Group has been committed to making quality, value for money wine, catering to a wide range of customer taste and pricing preferences. The Group’s portfolio of wine products targets at various consumers, from executive clientele and corporate customers with higher spending power to the more price-conscious mass market.

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Set out below is a summary of the financial information of the Group for the two years ended 31 December 2023 and 2024 as extracted from the annual report of the Group for the year ended 31 December 2024 (the “**2024 Annual Report**”) and the six months ended 30 June 2024 and 2025 as extracted from the interim report of the Group for the six months ended 30 June 2025 (the “**2025 Interim Report**”), respectively:

Summary of the consolidated statement of comprehensive income of the Group

	For the six months ended 30 June		For the year ended 31 December	
	2025	2024	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	18,775	13,175	34,553	64,985
Cost of sales	(6,152)	(1,921)	(8,251)	(17,340)
Gross profit	12,623	11,254	26,302	47,645
Loss before tax from continuing operations	(2,571)	(1,590)	N/A	N/A
Profit/(loss) from a discontinued operation	569	(835)	N/A	N/A
(Loss)/profit before tax	(2,002)	(2,425)	(35,336)	11,461
(Loss)/profit after tax	(2,901)	(3,531)	(41,018)	10,220
Loss for the period attributable to:				
Owners of the Company	(2,745)	(3,531)	(41,018)	10,220
Non-controlling interests	(156)	–	–	–

Financial performance for the six months ended 30 June 2024 (“1H2024”) and the six months ended 30 June 2025 (“1H2025”)

Based on the 2025 Interim Report, the revenue from continuing operations increased by RMB5.6 million or 42.4% from RMB13.2 million for 1H2024 to RMB18.8 million for 1H2025 as a result of the increase in total sales volume of both entry-level wines and high-end wines. The Group sold 208,000 bottles in 1H2025 as compared to 170,000 bottles in 1H2024, while the average selling price increased from RMB77.4 per bottle in 1H2024 to RMB90.5 per bottle in 1H2025.

The overall gross profit from continuing operations increased by RMB1.3 million or 11.5% from RMB11.3 million for 1H2024 to RMB12.6 million for 1H2025. The increase was due to the increase in sales. The gross profit margin decreased from 85.4% for 1H2024 to 67.2% for 1H2025. The decrease was primarily attributable to an update of the parameters in relation to the calculation

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of the cost of sales which better aligns with the latest sales pattern and this approach will continue to be applied going forward. The resulting higher cost of sales led to a lower gross profit margin.

The loss after tax reduced by RMB0.6 million or 17.8% from RMB3.5 million for 1H2024 to RMB2.9 million for 1H2025. The reduction in loss after tax was attributable to (i) the increase in gross profit of RMB1.3 million; (ii) the change from loss to profit of a discontinued operation of RMB1.4 million; (iii) the reduction in income tax expense of RMB0.2 million and partly offset by (i) the reduction of other income and gains, net of RMB1.9 million; (ii) the increase of selling, distribution and administrative expenses of RMB0.5 million. The profit for the period from a discontinued operation was attributable to the disposed distillery business. A profit of RMB0.6 million from the discontinued operation was recognised for 1H2025 (1H2024: a loss of RMB0.8 million from the discontinued operation).

Financial performance for the year ended 31 December 2023 (“FY2023”) and the year ended 31 December 2024 (“FY2024”)

We noted from the 2024 Annual Report that the Group’s revenue decreased by RMB30.4 million or 46.8% from RMB65.0 million for FY2023 to RMB34.6 million for FY2024 as a result of the decrease in sales volume due to poor market sentiments in China. The Group sold approximately 438,000 bottles in FY2024 as compared to 738,000 bottles in FY2023 and the average selling price decreased from RMB88.1 per bottle in FY2023 to RMB78.9 per bottle in FY2024.

The Group’s overall gross profit decreased by RMB21.3 million or 44.7% from RMB47.6 million for FY2023 to RMB26.3 million for FY2024, primarily due to the decrease in total sales. The overall gross profit margin increased from 73.3% for FY2023 to 76.1% for FY2024 resulting from cost controls.

The Group changed from profit of RMB10.2 million in FY2023 to loss of RMB41.0 million in FY2024. The change from profit to loss was attributable to (i) the reduction of gross profit of RMB21.2 million; (ii) the impairment losses of non-current non-financial assets of RMB25.7 million in FY2024 (FY2023: nil); and (iii) the increase in income tax expense of RMB4.4 million resulting from the increase in deferred tax expenses resulting from the reorganisation of the subsidiaries in the PRC. The impairment losses of RMB25.7 million in FY2024 were resulted from the expected disposal of the Group’s distillery business.

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Summary of the consolidated statement of financial position of the Group extracted from the 2024 Annual Report and the 2025 Interim Report

	As at	As at 31 December	
	30 June	2024	2023
	2025	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)	(audited)
Non-current assets	64,833	170,181	191,140
Current assets	134,852	148,380	140,057
Total assets	199,685	318,561	331,197
Non-current liabilities	6,789	65,571	38,721
Current liabilities	22,029	26,858	25,656
Total liabilities	28,818	92,429	64,377
Net current assets	112,823	121,522	114,401
Net assets	170,867	226,132	266,820
Issued capital	675	675	–
Reserves	89,046	225,457	–
Non-controlling interest	81,146	–	–

Financial position as at 30 June 2025 and 31 December 2024

Total assets of the Group amounted to RMB199.7 million as at 30 June 2025, which decreased significantly from the total assets of RMB318.6 million as at 31 December 2024. The significant decrease was resulted from the disposal of the Group's distillery business which decreased the property, plant and equipment of the Group of RMB98.6 million from RMB144.7 million as at 31 December 2024 to RMB46.1 million as at 30 June 2025. The total assets of the Group as at 30 June 2025 mainly comprised (i) inventories of RMB91.6 million; (ii) property, plant and equipment of RMB46.1 million; (iii) cash and cash equivalents of RMB34.5 million; and (iv) right-of-use assets of RMB13.1 million.

Total liabilities of the Group recorded at RMB28.8 million as at 30 June 2025, which decreased significantly from the total liabilities of RMB92.4 million as at 31 December 2024. The significant decrease was resulted from the disposal of the Group's distillery business which decreased the interest-bearing bank borrowings from RMB62.4 million as at 31 December 2024 to nil as at 30 June 2025. The total liabilities of the Group as at 30 June 2025 mainly consisted of (i) other payables and accruals of RMB16.2 million; (ii) tax payable of RMB5.2 million; (iii) deferred tax liabilities of RMB4.4 million; and (iv) lease liabilities of RMB2.6 million.

The net assets of the Group amounted to RMB170.9 million as at 30 June 2025, which decreased significantly from RMB226.1 million as at 31 December

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2024. The decrease in net assets was mainly attributable to the special dividends of RMB89.3 million paid after the disposal.

Financial position as at 31 December 2024 and 31 December 2023

Total assets of the Group amounted to RMB318.6 million as at 31 December 2024, which broadly in line with the total assets of the approximately RMB331.2 million as at 31 December 2023. The total assets of the Group as at 31 December 2024 mainly comprised (i) property, plant and equipment of RMB144.7 million; (ii) inventories of RMB99.2 million; (iii) cash and cash equivalents of RMB34.5 million; (iv) right-of-use assets of RMB19.2 million; and (v) prepayments, deposits and other receivables of RMB13.9 million.

Total liabilities of the Group recorded at RMB92.4 million as at 31 December 2024, which increased significantly of RMB28.0 million from the total liabilities of the RMB64.4 million as at 31 December 2023. The increase in total liabilities was mainly attributable to the increase in interest-bearing bank borrowings from RMB34.7 million as at 31 December 2024 to RMB62.4 million as at 30 June 2025 which represented an increase of RMB27.6 million. The total liabilities of the Group as at 31 December 2024 mainly consisted of (i) interest-bearing bank borrowings of RMB62.4 million; (ii) other payable and accruals of RMB16.3 million; (iii) tax payable of RMB5.7 million; (iv) deferred tax liabilities of RMB4.1 million; and (v) lease liabilities of RMB2.7 million.

The net assets of the Group amounted to RMB226.1 million as at 31 December 2024, which is lower than the net assets of the Group of RMB266.8 million as at 31 December 2023. The decrease in the net assets of the Group was mainly attributable to the change in profit in FY2023 to loss in FY2024.

1.2 Historical dividend of the Group

As at the Latest Practicable Date, the Company has not declared any dividend which remains unpaid, and the Company has no intention to declare, make or pay any dividend or other distributions prior to the close of the Share Offer. If, after the date of the Joint Announcement, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror will reduce the Share Offer Price by an amount equal to that of the dividend or other distribution pursuant to Note 11 to Rule 23.1 of the Takeovers Code.

The Company declared special dividend of HK\$0.12058 per Share in April 2025 in relation to the completion of very substantial disposals in March 2025. The Company declared HK\$0.0062 per Share special final dividend for the year ended 31 December 2021. Save as the abovementioned, the Company has not declared any dividend since 2021.

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As stated above, it seems that the Company has not maintained a practice of declaring dividends on an annual basis. Therefore, we consider that it is inappropriate to use dividend yield as analysis to the fairness and reasonableness of the Share Offer Price.

1.3 Outlook and prospects of the Group

As stated in 2025 Interim Report, in the first half of 2025, China's wine market showed signs of slight recovery, driven by shifting consumer preferences. Interest in white and sparkling wines continued to grow, particularly among younger consumers. This diversification in demand was partly supported by the rising popularity of Western cuisine in China, which pairs well with these wine styles.

China's domestic wine industry is undergoing transformation, with the consumer market becoming increasingly polarised. The high-end segment recorded notable growth, while the mass market, which accounts for the majority of consumption, lagged behind. More consumers are gravitating towards high-quality domestic wines. Despite the high-end segment's positive momentum, the broader wine market continues to face challenges: overall consumption remains below previous peaks, and domestic producers are navigating a competitive environment marked by fluctuating import patterns evolving consumer preferences.

According to the China Chamber of Commerce for Import and Export of Foodstuffs, Native Produce and Animal By-products, in the first three months of 2025, China's alcohol exports a total amount of US\$430 million, representing a year-on-year increase of 6.7%, the export volume was 209.2 million liters, representing a year-on-year increase of 15.7%¹. Also, according to the "China Liquor Industry '15th Five-Year Plan' New Cultural Construction '139' Plan" released by China Liquor Industry Association on 12 November 2025 which focuses on cultural heritage and innovation, aiming to promote the global influence of China's liquor industry culture and enhance market competitiveness of China's liquor industry.

During 6M2025, the upgrade of the Shanxi winery has been completed and the Group is expected to attract more visitors and boost sales. The Group also partnered with additional distributors to extend market coverage and continued to enhance product quality and brand recognition. Furthermore, Grace Vineyard Tasya's Reserve Marselan and Tasya's Reserve Chardonnay were selected for Cathay Pacific Airways' business-class "Chinese Classics" programme. Grace Vineyard Angelina Cabernet Franc Sparkling Wine won Gold at the 15th (2025) Asian Wine Quality Competition. Shanxi Grace Vineyard was further recognised as one of the "Gifts of Shanxi: Presents to the World" by the Selection of Sites for Foreign Affairs.

¹ <https://www.cccfna.org.cn/maoyitongji/hangyetongji/ff808081964273600196f5c19efa0edb.html>

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In the second half of 2025, the Group expects trading conditions to remain challenging due to subdued consumer sentiment, slow macroeconomic recovery and intensifying competition in the mass market. The high-end segment is anticipated to remain resilient, supported by continued premiumisation and brand recognition. The Group will focus on strengthening its market position through targeted sales expansion, product innovation, and disciplined cost management, while leveraging its strengthened balance sheet to capture selective growth opportunities.

Based on the aforesaid and in particular China's wine market showed signs of slight recovery in 6M2025, we consider that the overall prospects and outlook of the Group would be positive.

2. Information on the Offeror and the intention of the Offeror in relation to the Group

2.1 Information on the Offeror and Mr. Yang

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. As at the Latest Practicable Date, the Offeror is ultimately, beneficially and wholly-owned by Mr. Yang. Mr. Yang is the sole director of the Offeror.

Mr. Yang, aged 52, is the founder of 1919 Group Co., Ltd* (壹玖壹玖集團有限公司) (the "1919 Group") and the chairman and general manager of 1919 Wines & Spirits Platform Technology Co., Ltd* (壹玖壹玖酒類平臺科技股份有限公司).

Headquartered in Chengdu, Sichuan Province, the 1919 Group is principally engaged in liquor retail and supply chain management services and provision of both online and offline instant liquor purchase services with delivery. It owns the 1919 Quick Drink APP, third-party e-commerce flagship stores and offline stores in the PRC. The 1919 Group was appointed as an executive member of the 8th Council of the China Alcohol Circulation Association* (中國酒類流通協會第八屆理事會).

Mr. Yang was appointed as a member of the 16th Chengdu Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十六屆成都市委員會) and the Ambassador for Attracting Investment and Intelligence (武侯區建圈強鏈招商引智大使) in February 2023. Mr. Yang was accredited as Top 10 Leading Figures of Small and medium-sized Enterprises in the Western Region (十大西部中小企業領軍人物) in May 2023.

As at the Latest Practicable Date, Mr. Yang does not hold any directorship in any listed company in Hong Kong and is not a substantial shareholder (as defined in the GEM Listing Rules) of any listed company in Hong Kong.

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Considering Mr. Yang's background and experience in wine industry in the PRC, we are of the view that Mr. Yang may bring positive influence to the business of the Group.

2.2 Intention of the Offeror in relation to the Group

It is the intention of the Offeror to continue the Group's existing principal business following close of the Offer. The Offeror will conduct a detailed review of the existing principal business operations and financial position of the Group. Based on the review results, the Offeror will formulate business strategies for the Group's future development, and may explore other business opportunities from time to time and consider whether any acquisition or disposal of assets, fund-raising activity or business restructuring plan should be pursued with a view to achieving business diversification and/or long-term business growth of the Group. Notwithstanding the above, as at the Latest Practicable Date, the Offeror has no specific proposal for any acquisition or disposal of assets, fund-raising activity or business restructuring in relation to the Group and has not entered into any specific agreement or arrangement with the Group in connection therewith. In the event that any suitable opportunity for such corporate actions arises, further announcement(s) will be made by the Company in accordance with the GEM Listing Rules and the Takeovers Code as and when appropriate.

Proposed change to the composition of the Board

As at the Latest Practicable Date, the Board consists of six Directors, comprising one executive Director, namely Ms. Judy Chan, two non-executive Directors, namely Mr. Chow Christer Ho and Dr. Cheung Chai Hong and three independent non-executive Directors, namely Mr. James Douglas Richard Field, Mr. Chan Tsz King Vincent and Mr. Kong Chi Hang Maurice.

Pursuant to the Sale and Purchase Agreement, following the Completion, the Offeror shall procure that during the period from the date of Completion and ending on the date on which the Consideration is settled in full, (i) Ms. Judy Chan and/or her designated persons remain as the executive Director and a director of the relevant subsidiaries which she serve as a director as at the date of the Sale and Purchase Agreement and (ii) Dr. Cheung Chai Hong remains the non-executive Director.

Save and except for Ms. Judy Chan and Dr. Cheung Chai Hong, all other existing Directors will resign with effect from after the publication of the closing announcement on the Closing Date (being the earliest date as permitted under the Takeovers Code). The Offeror intends to nominate Mr. Liu Yunqiang, Ms. Xiong Xia and Mr. Zhao Mingjun as executive Directors, Mr. Zhao Guodong as a non-executive Director and Mr. Leung Ming Shu, Dr. Wang Renrong and Dr. Xu Yan as independent non-executive Directors with effect from after the Composite

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Document is posted on the date of despatch of this Composite Document (being the earliest date as permitted under the Takeovers Code). None of the above proposed Directors was a Shareholder or otherwise held any interest in the Shares as at the Latest Practicable Date. Further announcement(s) and/or disclosure(s) will be made upon any changes to the composition to the Board in accordance with the requirements of the GEM Listing Rules and the Takeovers Code as and when appropriate.

Considering the Offeror (i) will continue with the existing business of the Group; (ii) will conduct assessment on the existing principal business and determine whether any development or opportunities are necessary to support the long-term growth; and (iii) has profound experience in wine industry in the PRC, we consider the intention of the Offeror, may bring positive influence to the business of the Group.

3. The Share Offer Price

3.1 The Share Offer Price comparison

The Share Offer Price of HK\$0.12491 per Offer Share represents:

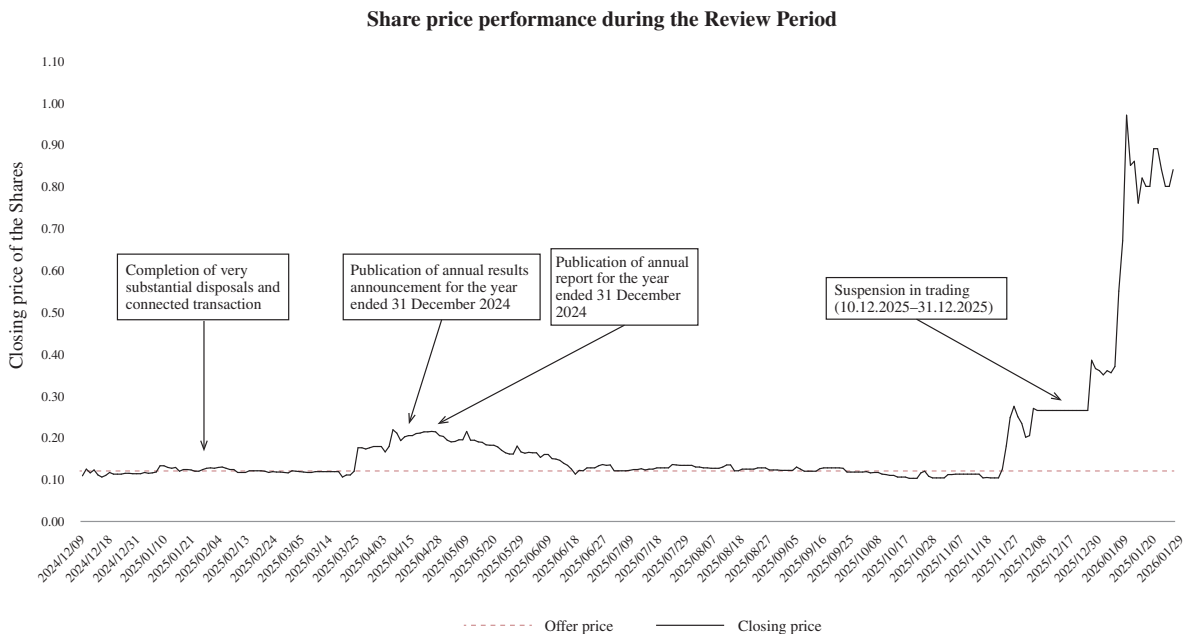
- (i) a discount of approximately 85.13% to the closing price as quoted on the Latest Practicable Date, i.e. HK\$0.84 per Share;
- (ii) a discount of approximately 52.86% to the closing price of HK\$0.265 per Share as quoted on the Stock Exchange on 9 December 2025, being the Last Trading Day;
- (iii) a discount of approximately 46.85% to the average closing price of HK\$0.235 per Share based on the daily closing prices as quoted on GEM of the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 44.56% to the average closing price of approximately HK\$0.2253 per Share based on the daily closing prices as quoted on GEM of the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 15.47% to the average closing price of approximately HK\$0.1478 per Share based on the daily closing prices as quoted on GEM of the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;

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- (vi) a discount of approximately 59.86% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.3112 per Share as at 31 December 2024, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately RMB226,132,000 (equivalent to approximately HK\$249,129,624) as at 31 December 2024 by 800,600,000 Shares in issue as at the Latest Practicable Date; and
- (vii) a premium of approximately 1.17% to the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.1235 per Share as at 30 June 2025, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately RMB89,721,000 (equivalent to approximately HK\$98,845,626) as at 30 June 2025 by 800,600,000 Shares in issue as at the Latest Practicable Date.

3.2 Historical Share price performance

We have reviewed and analysed the closing price of Shares (i) for approximately 12 months immediately prior to the Last Trading Day commencing on 9 December 2024 and up to and including the Last Trading Day (the “**First Review Period**”); and (ii) from the day immediately following the date of the Joint Announcement up to and including the Latest Practicable Date (the “**Second Review Period**” together with the First Review Period, the “**Review Period**”) below:



Source: www.hkex.com.hk

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The Share Offer Price of HK\$0.12491 represents (a) a discount of approximately 32.64% to the average closing price of approximately HK\$0.185 per Share during the Review Period; (b) a discount of approximately 52.86% over the closing price of HK\$0.265 per Share on the Last Trading Day; (c) a discount of approximately 85.13% to the closing price of HK\$0.84 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

First Review Period

During the First Review Period, the closing price of the Shares remained stable from 9 December 2024 until late March 2025 ranging from HK\$0.106 to HK\$0.133 after the announcement of fulfilment of all conditions precedent in relation to the very substantial disposals and proposed declaration of special dividend after the very substantial disposals on 24 March 2025. After the said announcement, the closing price of the Shares increased from HK\$0.12 on 25 March 2025 to HK\$0.219 on 9 April 2025.

After 9 April 2025, the closing price of the Shares decreased gradually from HK\$0.219 on 9 April 2025 to HK\$0.113 on 19 June 2025. The closing price of the Shares remained stable from 19 June 2025 to 26 November 2025 ranging from HK\$0.103 to HK\$0.136. The closing price of the Shares increased significantly from HK\$0.125 on 26 November 2025 to HK\$0.248 on 28 November 2025. The closing price of the Shares then remained fluctuated until the Last Trading Day. As confirmed by the Directors, the Directors were not aware of any matters related to the Group which might have a material effect on the price of Shares during this period.

Second Review Period

The Second Review Period recorded closing price ranging from HK\$0.265 to HK\$0.97 (the “**Second Review Period Price Range**”), with an average closing price of HK\$0.518 per Share. During the Second Review Period, the closing price of the Shares experienced a notable increase upon the resumption of trading on 31 December 2025 after the Joint Announcement has been published, with the closing price surging from HK\$0.265 on the Last Trading Day to HK\$0.385 on the trading day after the publication of the Joint Announcement, representing an increase of approximately 45.28%. Based on our discussion with Management, save for the publication of the Joint Announcement, the Management were not aware of any material matters potentially caused the aforesaid movement. We consider that the notable increase in closing price per Share were primarily attributable to the market reaction and anticipation to the Offers following release of the Joint Announcement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders should note that the information set out above is not an indicator of the future performance of Shares and that the price of Shares in the future may increase or decrease from its closing price as at the Latest Practicable Date.

3.3 Historical liquidity of the Shares

The table below sets out the trading volume of Shares during the Review Period:

Month/period	Number of trading days in the month/period	Average daily trading volume per trading day in the month/period	Percentage of average daily trading volume to total number of Shares in issue <i>Approximate % (Note 1)</i>	Percentage of average daily trading volume to total Shares held by public Shareholders <i>Approximate % (Note 2)</i>
First Review Period				
2024				
December (from 9 December 2024)	15	1,267,333	0.16	0.60
2025				
January	19	335,789	0.04	0.16
February	20	215,000	0.03	0.10
March	21	666,667	0.08	0.32
April	19	825,263	0.10	0.39
May	20	379,000	0.05	0.18
June	21	213,333	0.03	0.10
July	22	320,455	0.04	0.15
August	21	120,000	0.01	0.06
September	22	130,000	0.02	0.06
October	20	115,000	0.01	0.05
November	20	699,500	0.09	0.33
December <i>(Note 3)</i> <i>(up to and including the Last Trading Day)</i>	7	872,500	0.11	0.41
Second Review Period				
2025				
December (31 December 2025)	1	18,460,000	2.31	8.74
2026				
January	21	6,269,735	0.78	2.97

Source: www.hkex.com.hk

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. Calculated based on the total number of the Shares in issue at the end of month/period.
2. Calculated based on the total number of the Shares held by public shareholders as set out in the Letter from the Board as at the Latest Practicable Date.
3. During the Review Period, the trading in the Shares had been halted on 10 December 2025 and trading was resumed on 31 December 2025.

As set out in the table above, during the First Review Period, the percentage of average daily number of Shares traded relative to the total number of Shares in issue ranged from approximately 0.01% to 0.16%, with an average of approximately 0.06%. It is noted that in 11 out of the 13 months, the trading percentage falls below the percentage of 0.1%. In addition, the percentage of average daily trading volume to the total number of Shares held by public shareholders ranged from approximately 0.05% to 0.6%, with an average of approximately 0.22%, and it is noted that 5 out of the 13 months recorded a percentage below the percentage of 0.1%. It is further noted, during the First Review Period, there were a total of 247 trading days, of which 56 days recorded no trading of Shares.

During the Second Review Period, the percentage of average daily trading volume of the Shares relative to the total number of Shares in issue were approximately 1.54%, and approximately 5.86% relative to the total number of Shares held by public Shareholders.

Given the percentage of average daily trading volume to total number of Shares in issue and to total number of Shares held by public Shareholders generally remained below 0.1% during the Review Period, the trading liquidity of the Shares have been considered thin and inactive in the open market. On this basis, Shareholders should be aware that, such may impose limitation on potential investor participation, and thus may face challenges when attempting to realise their investment or dispose their Shares in the open market, depending on their shareholding size, could potentially exert downward pressure on the price of the Shares.

Shareholders who wish to sell their Shares should carefully consider whether to accept the Offer or to sell their Shares in the open market based on the then market prices to avoid the sale proceeds from disposal on the market lower than the Share Offer Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.4 NAV comparison

With a view to assess the fairness and reasonableness of the Share Offer Price, we have conducted an assessment of the net asset value (“NAV”) per Share attributable to the Shareholders of the Company as at 30 June 2025, the NAV per share is HK\$0.12327 (calculated based on 800,600,000 shares in issue as at the Latest Practicable Date), of which the Offer Price of HK\$0.12491 represents a slight premium of approximately 1.33%. As set out in the Letter from the Board, the adjusted NAV per Share attributable to Shareholders by taking into account the effect of fair value gain arising from the valuation of the property interests of the Group is HK\$0.1250, the Offer Price of HK\$0.12491 represents a slight discount of approximately 0.072%.

Market comparable analysis

To further assess the fairness and reasonableness of the Share Offer Price, we have conducted market comparable analysis by comparing the price-to-sales ratio (the “**P/S Ratio**”) and the price-to-book ratio (the “**P/B Ratio**”) of the Company based on the closing price of the Share on the Last Trading Day. As we noted that the Company recorded a loss attributable to owners of the Company for the year ended 31 December 2024, the price-to-earnings ratio (“**P/E Ratio**”) analysis has not been adopted.

The Company is principally engaged in the production and sales of wine, operating its own vineyard/winery facilities for production. We attempted to identify a list of comparable companies within the same industry that also maintain their own winery/vineyard operations. Therefore, we have set out the criteria for the purpose of identifying the market comparables: (i) a company whose shares are listed on the Main Board of the Stock Exchange; and (ii) a company whose principal business include the production and sales of wine, operating its own vineyard/winery facilities for production, excluding those whose principal business only include trading and sales of wine given the Company operating its own vineyard/winery facilities for production. However, we noted that only a limited number of Hong Kong listed companies are principally involved in the same line of business with their own winery or vineyard for production. As such, we relaxed the selection criteria to include companies listed on other stock exchanges and with criteria (i) market capitalisation of less than RMB5 billion due to the fact that companies operating in the PRC with market capitalization of less than RMB5 billion are conventionally considered small/micro market capitalization firms; (ii) over 50% of revenue derived from the businesses of winery aggregately according to their latest published annual reports; and (iii) over 50% of revenue derived from the PRC market, we have identified four comparable companies (the “**Comparable Companies**”) that met the aforementioned extended selection criteria.

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The table below sets out the P/S Ratio and the P/B Ratio of the Company for comparison purposes.

Company (Stock Code)	Principal activity	P/S ratio (times) (Note 1)	P/B ratio (times) (Note 2)
Dynasty Fine Wines Group Limited (828)	Manufacturing and sales of wine products	1.45	1.24
Wei Long Grape Wine Co Ltd. (603779)	Manufacturing and sales of wine products	4.65	3.74
Tonghua Grape Wine Co Ltd. (600365)	Manufacturing and sales of wine products	1.62	4.88
China Ouhua Winery Holdings Ltd. (CNOUHUA:KLS)	Brewing, bottling, sales and distribution of grape wines	1.87	0.25
The Company	Based on the Share Offer Price	2.63	1.01

Notes:

1. The P/S Ratio is calculated by dividing the market capitalisation as at the Last Trading Day by the revenue generated from the latest financial year of the respective company according to their latest financial information.
2. The P/B Ratio is calculated by dividing their market capitalisation as at the Last Trading Day by the net asset value attributable to owners of the respective company according to their latest unaudited financial information from respective latest interim report or latest audited financial information from respective latest annual report.

It is noted from the above table that the Comparable Companies recorded P/S Ratio ranges from approximately 1.45 times to 4.65 times with an average of approximately 2.40 times. It is also noted that the Comparable Companies recorded P/B Ratio ranges from approximately 0.25 times to 4.88 times with an average of approximately 2.53 times. The Company's P/S Ratio, based on the Share Offer Price would be approximately 2.63 times which is higher than the average P/S Ratio of the identified Comparable Companies. The Company's P/B Ratio, based on the Share Offer Price would be approximately 1.01 times, which is lower than the average P/B Ratio of the identified Comparable Companies.

3.5 Summary of our analysis

Notwithstanding (a) the Company's P/S Ratio based on the Share Offer Price is higher than the average of the Comparable Companies; and (b) the Share Offer Price represents a premium over the NAV per Share, we consider the Share Offer Price to be not attractive after taking into account of (a) the closing price of the Shares increased significantly in the Second Review Period which the Share Offer Price is at a notable discount to the average closing price of Shares during the Second Review Period and substantially below the closing Share price of HK\$0.84 as at the Latest Practicable Date; (b) the historical trading liquidity of the Shares has been generally low in the open market during the First Review Period, but both price and liquidity has increased since the publication of the Joint Announcement during the Second Review Period which may be attributable to market reactions to the Offers and/or prospects of the Group being controlled by the Offeror after the Completion; (c) the Share Offer Price represents a slight discount to the adjusted NAV per Share; (d) the Offeror has profound experience in wine industry in the PRC which may bring positive influence to the business of the Group; and (e) the Company's P/B Ratio based on the Share Offer Price is lower than the average of the Comparable Companies.

Having considered that the P/B Ratio based on the Share Offer Price is lower than the average of the Comparable Companies, we believe the valuation of the Company as implied by the Share Offer Price represents a discount to market norms. As such we consider the Share Offer Price to be not attractive and is not fair and reasonable so far as the Independent Shareholders are concerned. Nevertheless, the Independent Shareholders should also note that (i) there is no guarantee that the Share price will sustain at a level above the Share Offer Price and/or after the Offer Period; and (ii) the Independent Shareholders (regardless to their amount of shareholdings) may not be able to realise their investments in the Shares at a price higher than the Share Offer Price when they are going to dispose of their partial or entire holdings. In such circumstances, the Share Offer might provide an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares at the Share Offer Price.

4. The Option Offer

With reference to the paragraph headed "2. SHARE CAPITAL" in Appendix IV to the Composite Document, as at the Latest Practicable Date, save for the 12,400,000 outstanding Share Options granted pursuant to the Share Option Scheme conferring rights to subscribe for 12,400,000 new Shares with an exercise price of HK\$0.17 to HK\$0.186 per Share Option, the Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into the Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into the Shares or which confer rights to require the issue of Shares. The Company has no intention to grant any new share options under Share Option Scheme during the Offer Period.

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The Option Offer is unconditional in all respects and is not conditional upon any minimum level of acceptances being received or any other conditions. Given that the exercise price of the outstanding Share Options (being HK\$0.17 to HK\$0.186 per Share Option) is higher than the Share Offer Price, the Share Options are out-the-money and the Option Offer Prices are set at a nominal price of HK\$0.0001. As the Share Offer Price under the Option Offer Price are based on the Share Offer Price of HK\$0.12491, which is offered to all Independent Shareholders, our view on the Option Offer Price is same as that on the Share Offer Price. Given that we consider the Share Offer Price is not fair and reasonable, the price offered for the Share Options, are also considered by us to be not fair and reasonable.

In view of the fact that the recent Share market price had been, and was as at the Latest Practicable Date, above the relevant exercise prices of the Share Options, the Optionholders may, to the extent their respective circumstances permit, exercise their rights under the Share Options and dispose of their Offer Shares on the market if there is sufficient trading liquidity in the market and the market price is above the exercise price (to the extent such excess in market price would be adequate to cover additional charges such as brokerage, transaction levies etc., which would not be applicable if the Offer Shares are tendered in acceptance of the Share Offer) during the Offer Period. However, if the market price of the Shares becomes below the exercise price of the Share Options, the Optionholders may consider accepting the Option Offer instead. The Optionholders are also reminded that in accordance with the Share Option Scheme, the Share Options will lapse automatically (to the extent not exercised) upon the close of the Offers as detailed in the paragraph headed “8. VALIDITY OF THE SHARE OPTIONS UPON CLOSE OF THE OFFERS” set out in the Appendix I to the Composite Document.

RECOMMENDATION

Notwithstanding (a) the Company’s P/S Ratio based on the Share Offer Price is higher than the average of the Comparable Companies; and (b) the Share Offer Price represents a slight premium over the NAV per Share, after taking into account the below principal factors and reasons for the Offers, including:

- (a) China’s wine market showed signs of slight recovery in 6M2025;
- (b) Mr. Yang has profound experience in wine industry in the PRC which may bring positive influence to the business of the Group;
- (c) the Share Offer Price represents a discount of approximately 52.86% to the closing price of HK\$0.265 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) the Share Offer Price represents a slight discount to the adjusted NAV per Share;

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- (e) the Company's P/B Ratio based on the Share Offer Price is lower than the average P/B Ratio of the Comparable Companies; and
- (f) the closing price of the Shares increased significantly in the Second Review Period which the Share Offer Price is at a notable discount to the average closing price of Shares during the Second Review Period and substantially below the closing Share price of HK\$0.84 as at the Latest Practicable Date,

we consider that the Offers (including the Share Offer Price) are not fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and the Optionholders not to accept the Offers.

We would like to remind the Independent Shareholders and the Optionholders (for the Optionholders, if they opt to exercise their rights under the Share Options to subscribe for the new Shares) that if they consider retaining their Shares or tendering less than all their Shares under the Share Offer should carefully consider the potential difficulties they may encounter in disposing their investments in the Shares after the close of the Share Offer in view of the historical low liquidity of the Shares and there is no guarantee that the prevailing level of the Share price will sustain during and after the Offer Period. The Optionholders are also reminded that in accordance with the Share Option Scheme, the Share Options will lapse automatically (to the extent not exercised) upon the close of the Offers as detailed in the paragraph headed "8. VALIDITY OF THE SHARE OPTIONS UPON CLOSE OF THE OFFERS" set out in the Appendix I to the Composite Document.

Those Independent Shareholders and Optionholders (for the Optionholders, if they opt to exercise their rights under the Share Options to subscribe for the new Shares) who intend to accept the Share Offers are reminded to closely monitor the market price and the liquidity of the Shares during the period when the Offers remains open for acceptance and should consider selling their Shares in the open market, instead of accepting the Share Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Share Offer after having regard to the market price and the liquidity of the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As each individual Independent Shareholder and the Optionholders would have different investment objectives and/or circumstances, we recommend any Independent Shareholders and the Optionholders who may require advice in relation to any aspect of the Offers and/or the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they should carefully read the procedures for accepting the Offers as set out in the Composite Document, its appendices and the accompanying Form of Acceptance.

Yours faithfully
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Mr. Robert Siu is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 25 years of experience in the corporate finance industry.

* *For identification purpose only*

1. PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

- (a) To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the **WHITE** Form of Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, marked “**Grace Wine Holdings Limited – Share Offer**” on the envelope as soon as possible but in any event so as to reach the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must either:
- (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the **WHITE** Form of Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the **WHITE** Form of Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given should be provided to the Registrar.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Somerley Capital and/or Eddid Capital and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the

Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.

- (f) Acceptance of the Share Offer will be treated as valid only if the completed and signed **WHITE** Form of Share Offer Acceptance is received by the Registrar by not later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code) and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if that/those share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g., a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (h) Seller's ad valorem stamp duty (rounded up to the nearest HK\$1) payable by the Shareholders who accept the Share Offer and calculated at a rate of 0.10% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant Shareholders on the acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Shareholders who accept the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

- (i) No acknowledgement of receipt of any **WHITE** Form of Share Offer Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares will be given.

2. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OPTION OFFER

- (a) To accept the Option Offer, you should complete and sign the accompanying **PINK** Form of the Option Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Option Offer.
- (b) The duly completed and signed **PINK** Form of the Option Offer Acceptance should be forwarded, together with the relevant certificate(s) of the Share Options (and/or satisfactory indemnity or indemnities required in respect thereof) (if applicable) you intend to tender, stating the number of Share Options in respect of which you intend to accept the Option Offer, by post or by hand, in an envelope marked “**Grace Wine Holdings Limited – Option Offer**” to the Company at Unit 2304, 23/F, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong as soon as possible and in any event so as to reach the Company by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.
- (c) If the certificate(s) in respect of your Share Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the **PINK** Form of the Option Offer Acceptance should nevertheless be completed, signed and delivered to the Company together with a letter stating that you have lost one or more of your Share Option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Company as soon as possible thereafter. If you have lost your Share Option certificate(s) (if applicable), you should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company.
- (d) No stamp duty will be deducted from the amount paid or payable to Optionholders who accept the Option Offer.
- (e) No acknowledgment of receipt of any **PINK** Form(s) of the Option Offer Acceptance and/or certificate(s) of the Share Options (if applicable) will be given.

In making their decision, the Optionholders must rely on their own examination of the Group and the terms of the Option Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form(s) of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, Somerley Capital, Eddid

Capital, Red Sun Capital, Registrar and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers. Optionholders should consult their own professional advisers for professional advice.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offers have previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Forms of Acceptance must be received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Forms of Acceptance, and the Offers will be closed on the Closing Date. The Offers are unconditional.
- (b) The Offeror and the Company will jointly issue an announcement in accordance with the Takeovers Code through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating whether the Offers have been extended, revised or has expired.
- (c) In the event that the Offeror decides to extend the Offers, at least fourteen (14) days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offers, to those Independent Shareholders or Optionholders who have not accepted the Offers.
- (d) If the Offeror revises the terms of the Offers, all Independent Shareholders and Optionholders, whether or not they have already accepted the Offers will be entitled to the revised terms. The revised Offers must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.
- (e) If the Closing Date of the Offers is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offers so extended.

4. ANNOUNCEMENT

- (a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offers. The Offeror must publish an announcement in accordance with the requirements of the Takeovers Code by 7:00 p.m. on the Closing Date stating whether the Offers have been extended, revised or has expired.

Such announcement must state the total number of Shares and rights over Shares:

- (i) for which acceptances of the Offers have been received;
- (ii) held, controlled or directed by the Offeror, Mr. Yang or parties acting in concert with any of them before the Offer Period; and
- (iii) acquired or agreed to be acquired by the Offeror or any persons acting in concert with it during the Offer Period.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any persons acting in concert with it has borrowed or lent, save for any borrowed securities which have been either on-lent or sold and the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances in complete and good order and which have been received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.
- (c) As required by the Takeovers Code and the GEM Listing Rules, all announcements in relation to the Offers which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gracewine.com.hk).

5. NOMINEE REGISTRATION

To ensure equality of treatment to all Independent Shareholders, those registered Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer.

6. RIGHT OF WITHDRAWAL

- (i) Acceptance of the Offers tendered by the Independent Shareholders and the Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (ii) below.

- (ii) If the Offeror is unable to comply with the requirements set out in the paragraph headed "4. Announcement" in this appendix, the Executive may require, pursuant to Rule 19.2 of the Takeovers Code, that the Independent Shareholders and the Optionholders who have tendered acceptances of the Offers, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements of Rule 19 of the Takeovers Code are met.

In such case, when the Independent Shareholders and/or Optionholders withdraw their acceptances, the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Offer Shares and/or Share Options (as the case may be) lodged with the Form(s) of Acceptance to the relevant Independent Shareholders and the Optionholders (as the case may be) at their own risk.

7. SETTLEMENT OF THE OFFERS

Share Offer

Provided that the accompanying **WHITE** Form of the Share Offer Acceptance, together with the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Offer Shares are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Independent Shareholders in respect of the Offer Shares tendered under the Share Offer (less seller's ad valorem stamp duty payable by him/her/it) will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Share Offer will be paid by the Offeror in full in accordance with the terms of the Share Offer (save in respect of the payment of seller's ad valorem stamp duty) set out in this Composite Document (including this appendix) and the accompanying **WHITE** Form of the Share Offer Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

No fraction of a cent will be payable and the amount of consideration payable to an Independent Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

Option Offer

Provided that the accompanying **PINK** Form of the Option Offer Acceptance, together with the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Share Options are valid, complete and in good order and have been received by the Company no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Optionholders in respect of the Share Options tendered under the Option Offer will be despatched to such Optionholder by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt of all relevant documents to render such acceptance complete and valid by the Company in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Optionholder is entitled under the Option Offer will be paid by the Offeror in full in accordance with the terms of the Option Offer set out in this Composite Document (including this appendix) and the accompanying **PINK** Form of the Option Offer Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Optionholder.

No fraction of a cent will be payable and the amount of consideration payable to an Optionholder who accepts the Option Offer will be rounded up to the nearest cent.

8. AVAILABILITY OF THE OFFERS

The availability of the Offers to any Overseas Shareholders and Overseas Optionholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders and Overseas Optionholders should fully observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the sole responsibilities of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and Overseas Optionholders in respect of such jurisdictions).

Any acceptance of the Offers by any Overseas Shareholder and/or Overseas Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder and/or Overseas Optionholder to the Offeror that the local laws and requirements have been complied with. Overseas Shareholders and Overseas Optionholders should consult their professional advisers if in doubt.

9. VALIDITY OF THE SHARE OPTIONS UPON CLOSE OF THE OFFERS

By accepting the Option Offer, the Optionholders will agree to the cancellation of their tendered Share Options and all rights attached thereto with effect from the date on which the Option Offer is made, being the date of this Composite Document. In accordance with the Share Option Scheme, the Share Options will lapse automatically (to the extent not exercised) upon the close of the Offers.

10. HONG KONG STAMP DUTY

The seller's Hong Kong ad valorem stamp duty will be payable by the Independent Shareholders on acceptances of the Share Offer calculated at a rate of 0.10% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror, in respect of the relevant acceptances of the Share Offer, whichever is higher, and the amount of such duty will be deducted from the amount payable by the Offeror to such person on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders who accept the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfers of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptances of the Option Offer.

11. GENERAL

- (a) All communications, notices, Forms of Acceptance, certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and the Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. None of the Offeror, the Company, Somerley Capital, Eddid Capital, Red Sun Capital, Registrar and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof or in connection therewith.
- (b) The acceptance of the Share Offer by any Independent Shareholders will constitute a warranty by such person to the Offeror, Somerley Capital and Eddid Capital that all Offer Shares to be sold by such person under the Share Offer are fully paid and free from all encumbrances whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of this Composite Document.

- (c) Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror, Somerley Capital and Eddid Capital that the number of Offer Shares in respect of which it has indicated in the **WHITE** Form of the Share Offer Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Share Offer.
- (d) Acceptance of the Option Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror, Somerley Capital and Eddid Capital that the number of Share Options in respect of which it has indicated in the **PINK** Form of the Option Offer Acceptance is the aggregate number of Share Options held by such nominee for such beneficial owners who accept the Option Offer.
- (e) Acceptance of the Offers by any person will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable/due by such persons.
- (f) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders and the Optionholders in the Forms of Acceptance shall be irrevocable, except as permitted under the Takeovers Code.
- (g) The provisions set out in the accompanying Forms of Acceptance form part of the terms of the Offers.
- (h) The accidental omission to despatch this Composite Document and/or the accompanying Forms of Acceptance or either of them to any person to whom the Offers are made shall not invalidate the Offers in any way.
- (i) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (j) Due execution of the Forms of Acceptance will constitute an irrevocable authority to the Offeror and/or Somerley Capital and/or Eddid Capital and/or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person accepting the Offers, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct, the Offer Shares and Share Options in respect of which such person has accepted the Offers.
- (k) The Offers are made in accordance with the Takeovers Code.

- (l) In making their decision, the Independent Shareholders and Optionholders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the accompanying Forms of Acceptance shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, Somerley Capital, Eddid Capital, Red Sun Capital, the Registrar and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers. The Independent Shareholders and the Optionholders should consult their own professional advisers for professional advice.
- (m) This Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offers in Hong Kong and the operating rules of the Stock Exchange.
- (n) References to the Offers in this Composite Document and the Forms of Acceptance shall include any extension and/or revision thereof.
- (o) The English text of this Composite Document and of the accompanying Forms of Acceptance shall prevail over the Chinese text.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group (i) for the three years ended 31 December 2022, 2023 and 2024, which are extracted from the annual reports of the Company for the three years ended 31 December 2022, 2023 and 2024; and (ii) for the six months ended 30 June 2025, which are extracted from the interim report of the Company for the six months ended 30 June 2025.

	For the six months ended 30 June 2025	For the year ended 31 December		
	<i>RMB'000</i> (Unaudited)	2024 <i>RMB'000</i> (Audited)	2023 <i>RMB'000</i> (Audited)	2022 <i>RMB'000</i> (Audited)
Revenue	18,775	34,553	64,985	62,119
Profit/(Loss) before income tax	(2,571)	(35,336)	11,461	887
Income tax expense	(899)	(5,682)	(1,241)	(1,485)
Profit/(Loss) for the year/period attributable to:				
– Owners of the Company	(2,745)	(41,018)	10,220	(598)
– Non-controlling interests	(156)	–	–	–
Total comprehensive profit/(loss) attributable to:				
– Owners of the Company	(2,500)	(41,018)	10,220	(598)
– Non-controlling interests	665	–	–	–
Loss per share attributable to owners of the Company				
– Basic and diluted (<i>RMB cent</i>)	(0.34)	(5.12)	1.28	(0.07)
Special dividends declared, distributed and paid for the period	HK\$0.12058 per Share	–	–	HK\$0.0062 per Share
Other dividends distributed to the owners of the Company for the period	–	–	–	–

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December		
	2024 <i>RMB'000</i> (Audited)	2023 <i>RMB'000</i> (Audited)	2022 <i>RMB'000</i> (Audited)	
Total assets	199,685	318,561	331,197	330,835
Total liabilities	28,818	92,429	64,377	74,564
Net assets/(liabilities)	170,867	226,132	266,820	256,271

Save for disclosed above, there were no other items of income or expense which are material in respect of the audited consolidated financial statements of the Group for each of the years ended 31 December 2022, 2023 and 2024 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2025.

No qualified opinion, emphasis of matter or material uncertainty related to going concern had been issued by the auditor of the Company, Ernst & Young, in respect of the Company's audited consolidated financial statements for each of the three years ended 31 December 2022, 2023 and 2024.

Special dividends of HK\$0.0062 per Share and HK\$0.12058 per Share were declared, distributed and paid by the Company on 29 July 2022 and 10 May 2025, respectively. Save as disclosed above, no dividend was declared, distributed or paid by the Company during each of the three years ended 31 December 2022, 2023 and 2024, and the six months ended 30 June 2024 and 2025.

There was no change in the Group's accounting policy during the three years ended 31 December 2022, 2023 and 2024 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

2. FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in the Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group for the years ended 31 December 2022 (the "**2022 Financial Statements**"), 31 December 2023 (the "**2023 Financial Statements**"), 31 December 2024 (the "**2024 Financial Statements**") and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2025 (the "**2025 Interim Financial Statements**"), together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2025 Interim Financial Statements are set out on pages 5 to 31 of the interim report of the Company for the six months ended 30 June 2025, which is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

“<https://www1.hkexnews.hk/listedco/listconews/gem/2025/0916/2025091600527.pdf>”

The 2024 Financial Statements are set out on pages 104 to 189 of the annual report of the Company for the year ended 31 December 2024, which is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

“<https://www1.hkexnews.hk/listedco/listconews/gem/2025/0423/2025042300693.pdf>”

The 2023 Financial Statements are set out on pages 100 to 185 of the annual report of the Company for the year ended 31 December 2023, which is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

“<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0327/2024032701567.pdf>”

The 2022 Financial Statements are set out on pages 98 to 183 of the annual report of the Company for the year ended 31 December 2022, which is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

“<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0330/2023033001012.pdf>”

3. INDEBTEDNESS

As at the close of business on 31 December 2025, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of the Composite Document, the indebtedness of the Group was as follows:

	<i>RMB'000</i>
Lease liabilities	2,877

Save as aforesaid and apart from intra-group liabilities and normal trade payables and accruals in the ordinary course of business, at the close of business on 31 December 2025, the Group did not have other outstanding debt securities issued and outstanding or agreed to be issued, mortgages, charges, debentures or other loan capital, bank overdrafts, loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

4. NO MATERIAL CHANGE

The Directors confirm that, save as disclosed below, there had been no material change in the financial or trading position or outlook of the Company since 31 December 2024, being the date to which the latest published audited consolidated accounts of the Group were made up, and up to and including the Latest Practicable Date.

Pursuant to agreements entered into on 5 December 2024 between Ms. Judy Chan, as purchaser, and the Company, as seller, the Company conditionally agreed to sell, and Ms. Chan conditionally agreed to acquire, (i) the entire issued share capital of Pacific Surplus Limited and its subsidiaries (the “**Pacific Surplus Disposal**”), being the disposal of the distillery business, and (ii) 30% of the entire issued share capital of Epic Wealth Holdings Limited and its subsidiaries (the “**Epic Wealth Disposal**”), being the disposal of 30% of the winery business, at consideration of HK\$71.28 million and HK\$38.88 million, respectively.

The Pacific Surplus Disposal and the Epic Wealth Disposal were completed on 28 March 2025. Upon completion, the distillery business ceased to be part of the Group’s business, and the Group’s equity interest in the winery business was reduced by 30%.

Details of the Pacific Surplus Disposal and Epic Wealth Disposal have been disclosed in the announcements of the Company dated 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 and the interim report of the Company for the six months ended 30 June 2025.

5. ADJUSTED NET ASSET VALUE

By taking into account the effect of fair value gain attributable to Shareholders arising from the valuation of the property interests of the Group as set out in Appendix III to this Composite Document, set out below is the calculation of the adjusted unaudited consolidated net asset value attributable to Shareholders:

	<i>RMB'000</i>
Unaudited consolidated net asset value attributable to Shareholders as at 30 June 2025	89,721
Adjustment:	
Fair value gain attributable to Shareholders arising from the valuation of the property interests of the Group as at 31 December 2025 based on the property valuation report set out in Appendix III to this Composite Document (<i>Note 1</i>)	1,152
Adjusted unaudited consolidated net asset value attributable to Shareholders	90,873
Adjusted unaudited consolidated net asset value attributable to Shareholders per Share (<i>Note 2</i>)	0.1135 (equivalent to approximately HK\$0.1250)

Notes:

1. The fair value gain attributable to Shareholders represents the increase in the market value of the property interests of the Group as at 31 December 2025 as compared to their corresponding net book value as at 30 June 2025.
2. The adjusted unaudited consolidated net asset value attributable to Shareholders per Share is arrived at on the basis of 800,600,000 Shares in issue.
3. Figures in the above table are subject to rounding adjustments. Accordingly, figures shown may not be an arithmetic aggregation of the figures preceding them.

**APAC Asset Valuation and Consulting Limited**

Unit 309, 3/F, Wing On Plaza, 62 Mody Road, Kowloon, Hong Kong

Tel: (852) 2357 0059

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The Directors

Grace Wine Holdings Limited

Unit 2304, 23/F

Westlands Centre

20 Westlands Road

Quarry Bay

Hong Kong

3 February 2026

Our Ref.: P/HK/2026/VAL/0005

Dear Sirs/Madams,

RE: VALUATION OF THE PROPERTIES HELD BY SHANXI GRACE VINEYARD CO., LIMITED AND NINGXIA GRACE VINEYARD CO., LIMITED (THE “TARGET COMPANIES”) IN THE PEOPLE’S REPUBLIC OF CHINA (THE “PRC”) (THE “PROPERTIES”)

In accordance with the instructions from Grace Wine Holdings Limited (the “Company”) for us to provide our opinion of the market values of the Properties of the Target Companies situated in the PRC, we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market price of the Properties as at 31 December 2025 (the “Valuation Date”) for the purposes of incorporation into the Composite Document jointly issued by Hill Valley Investment Co., Ltd. and the Company. It is inappropriate to use our valuation report for purpose other than its intended use or by third parties. These third parties should conduct their own investigation and independent assessment of the Properties.

BASIS OF VALUATION

Our valuation of each of the properties is our opinion of its market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate

specifically excludes an estimated price inflated or deflated by special terms or circumstances such as deferred term contract, atypical financing, sale and leaseback arrangements, joint venture, management agreement or any similar arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

We are independent of the Company and our valuations are prepared in accordance with the “International Valuation Standards” published by International Valuation Standards Council and the “HKIS Valuation Standards 2024” published by the Hong Kong Institute of Surveyors. We have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Rule 11 of the Code on Takeovers and Mergers published by the Securities and Futures Commission in Hong Kong (the “**Takeovers Code**”).

As advised by the Company, the potential tax liabilities which would arise on the direct disposal of the property interests held by the Company at the amounts valued by us mainly comprise the following:

- Enterprise income tax at a rate of 25% on any gains realized;
- Land appreciation tax at progressive rates ranging from 30% to 60% on the appreciation in property value;
- Withholding tax at 10% if the net proceeds (minus taxes and statutory contributions) are repatriated outside the PRC as dividends (reduced to 5% if the Hong Kong-PRC double tax arrangement applies);
- Stamp duty at a rate of 0.05% on the transaction amount; and
- Other surcharges at approximately 12% of the value-added tax payable.

As confirmed by the Company, as at the valuation date, it has no intention to dispose of the properties, which are held for operational use, and accordingly no such tax liabilities are expected to crystallize in the foreseeable future. The above potential tax liabilities are therefore disclosed for information purposes only.

According to our established practice, in the course of our valuations, we have neither verified nor taken into account such tax liabilities.

VALUATION METHODOLOGY

In valuing the Properties, which comprise buildings and structures held by the Company for occupation in the PRC, we have considered that, due to the specialised nature and specific purposes for which these properties were constructed, there are no readily available market

comparables. Accordingly, the Properties are not suitable to be valued by the direct comparison approach. The Properties have therefore been valued by the Depreciated Replacement Cost (“**DRC Method**”). Under this method, the value of the Properties is assessed by reference to the current replacement cost of constructing modern equivalents of the subject buildings and structures as at the valuation date, from which deductions are made to allow for physical deterioration, functional obsolescence and, where applicable, economic obsolescence. In adopting the DRC Method, it has been assumed that the subject buildings and structures are able to continue to be lawfully and sustainably used for their existing purposes on the underlying land throughout the relevant period.

VALUATION ASSUMPTIONS

In valuing the properties in the PRC, unless otherwise stated, we have relied on the legal opinion issued by the Company’s PRC legal adviser and prepared our valuation on the basis that transferable land use rights in respect of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. The Company’s PRC legal adviser, Shan Xi Jia He Cheng Law Firm (山西佳合誠律師事務所), has also concluded that the Company’s project companies have obtained the land use right and building ownership rights for the portions which have been covered by title documents and no limitations for selling or leasing out those portions have been found. Therefore, unless otherwise stated, we have also prepared our valuation on the basis that the owners of the properties have good legal titles and have free and uninterrupted rights to occupy, use, transfer, lease or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our report for any charge, mortgage or amount owing on the Properties nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

TITLE AND ASSUMPTIONS

We have been provided with copies of the title documents relating to the Properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied on the information and advice given by the Company and the legal opinion dated 22 January 2026 issued by the Company’s PRC legal adviser, Shan Xi Jia He Cheng Law Firm (山西佳合誠律師事務所), regarding the titles and other legal matters to the Properties.

For the purpose of our valuation, we have assumed that the above matters as confirmed in the legal opinion are true, correct, and enforceable, and that the Properties are freely transferable on the market at no extra land grant premium or onerous charges payable.

SOURCE OF INFORMATION

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, development proposals, total and outstanding construction costs, estimated completion dates, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We are also advised by the Company that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

SITE INSPECTION

We have carried out site inspection and no tests have been carried out on any of the services. Neither have we carried out site investigation to determine the suitability of the ground conditions or the services for any property development thereon. No structural survey has been carried out and it was not possible to inspect the wood work and other parts of the structures which were covered, unexposed or inaccessible. We are therefore, unable to report that the Properties are free of rot, infestation or any structural defects. No tests have been carried out on any of the building services. The valuation has been prepared on the assumption that these aspects are satisfactory.

Site inspection of the Properties was carried out from 19 to 21 January 2026 by Mr. Joe Z.H. Zhang.

LIMITATION OF LIABILITIES

This valuation report is issued on the understanding that we have been provided with all material information known to the Company as at the valuation date which may affect the valuation of the Properties. While the valuation has been prepared with due care based on the information available to us as at the valuation date, we accept no responsibility to update this valuation for any events or circumstances occurring after that date unless we are separately instructed to do so.

In respect of title and legal matters concerning the Properties in the PRC, we have relied solely on the legal opinion dated 22 January 2026 issued by the Company's PRC legal adviser, Shan Xi Jia He Cheng Law Firm (山西佳合誠律師事務所). We have not conducted any independent title searches or investigations with the relevant government authorities, nor have we verified the original title documents. We therefore accept no liability for any matters relating to ownership, encumbrances, or legal restrictions on the Properties, all of which fall within the professional expertise and responsibility of the Company's PRC legal adviser.

Our valuation is based on the assumption that the matters set out in the said legal opinion are true, correct, and enforceable as at the valuation date. Any change in those matters may have a material impact on the value reported herein.

MANAGEMENT CONFIRMATION OF FACTS

A draft of this valuation report and our calculations have been provided to the Company for review. The Company has reviewed the draft and provided us with written confirmation that, to the best of its knowledge and belief, the factual information contained in this valuation report is accurate and complete in all material respects and that there are no material omissions relevant to our engagement which have not been disclosed to us.

REMARKS

Neither the whole or any part of this valuation report nor any reference there to may be included in any documents, circular or statement without our written approval of the form and context in which it will appear.

In accordance with our standard practice, we must state that this report and valuation is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

CURRENCY

Unless otherwise stated, all monetary amounts in our valuations are in Renminbi (RMB).

Our valuation report is attached.

Yours faithfully,
For and on behalf of

APAC Asset Valuation and Consulting Limited

Sam K.S. Lo

*MRICS, CPA, CFA, FRM
Director*

Joe Z.H. Zhang

*MRICS, Chartered Valuation Surveyor, CPA (Aust.), FRM
Associate Director*

Note: Mr. Sam, K.S. Lo is a member of the Royal Institution of Chartered Surveyors (MRICS). He is also a CPA, CFA and FRM member/charterholder. He has 19 years of extensive and diversified valuation experience on properties, companies, and financial instruments over Asia Pacific.

Mr. Joe Z.H. Zhang is a Chartered Valuation Surveyor (RICS), MRICS, CPA and FRM, with over 14 years of comprehensive valuation, advisory, and real estate consultancy experience across Hong Kong, Mainland China, and Southeast Asia.

SUMMARY OF VALUES

No.	Property	Market value in existing state as at 31 December 2025
1.	Buildings and structures erected on the Shanxi Grace Vineyard, Taigu County, Shanxi Province, the PRC	RMB16,000,000
2.	Buildings and structures erected on the Ningxia Grace Vineyard, Daba Town, Ningxia Hui Autonomous Region, the PRC	RMB20,200,000
Total:		<u>RMB36,200,000</u>

VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2025
1.	Buildings and structures erected on the Shanxi Grace Vineyard, Taigu County, Shanxi Province, the PRC	<p>Grace Vineyard is an industrial development (the “Development”) located in Taigu County, 40 km south of the provincial capital Taiyuan City of Shanxi province.</p> <p>As advised by the Company, the earliest phase of the properties was completed in 2002.</p> <p>In the valuation, the subject properties comprise various buildings and structures within the development, which are classified as property held for occupation.</p> <p>The land use rights of the property have been granted for terms due to expire on 17 November 2048 and 1 September 2059 for winery and industrial use.</p>	As advised by the Company, as at the valuation date, the property was occupied by the Company for winery production use.	RMB16,000,000

Notes:

1. Pursuant to the Land Use Rights Certificates – Tai Guo Yong (1998) Zi Di No. 192, Tai Guo Yong (2009) Zi Di Nos. 057 and 058, the land use rights of three parcels of land of the Development with a total site area of approximately 29,064.27 sq.m. have been vested in Shanxi Grace Vineyard Co., Limited (山西怡園酒莊有限公司), a subsidiary of the Company, for a term expiring on 17 November 2048 and 1 September 2059 for winery and industrial use.
2. Pursuant to the following Real Estate Ownership Certificates, together with its corresponding land use rights are vested in Shanxi Grace Vineyard Co., Limited:
 - i. Tai Fang Quan Zheng (2015) Zi Di No. 1511070, the building ownership rights of a building of the Development with a total gross floor area of approximately 1,950.45 sq.m.;
 - ii. Tai Fang Quan Zheng (2015) Zi Di No. 1511071, the building ownership rights of a building of the Development with a total gross floor area of approximately 1,737.69 sq.m.;
 - iii. Tai Fang Quan Zheng (2015) Zi Di No. 1512082, the building ownership rights of various buildings of the Development with a total gross floor area of approximately 12,171.43 sq.m.;

- iv. Fang Quan Zheng Tai Quan Zheng Zi Di No. 16674, the building ownership rights of a building of the Development with a total gross floor area of approximately 2,341.57 sq.m.;
 - v. Fang Quan Zheng Tai Quan Zheng Zi Di No. 16688, the building ownership rights of a building of the Development with a total gross floor area of approximately 499.31 sq.m.; and
 - vi. Fang Quan Zheng Tai Quan Zheng Zi Di No. 18252, the building ownership rights of various buildings of the Development with a total gross floor area of approximately 293.08 sq.m.
3. We have been provided with a legal opinion issued by the PRC legal adviser of the Company regarding the Properties, which confirms, *inter alia*, that:
- i. The property is not subject to any encumbrances and mortgages;
 - ii. Shanxi Grace Vineyard Co., Limited has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title documents; and
 - iii. There is no limitation for selling or transferring the property as shown in the above-mentioned title documents.

VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2025
2.	Buildings and structures erected on the Ningxia Grace Vineyard, Daba Town, Ningxia Hui Autonomous Region, the PRC	<p>Grace Vineyard is an industrial development (the “Development”) located at the west side of Binhe Avenue, Zhongzhuang Village, Daba Town, Qingtongxia City, Ningxia Hui Autonomous Region.</p> <p>As advised by the Company, the property was completed in 2017.</p> <p>In the valuation, the subject properties comprise various buildings and structures within the development, which are classified as property held for occupation.</p> <p>The land use rights of the property have been granted for terms due to expire on 20 March 2063 for industrial use.</p>	As advised by the Company, as at the valuation date, the property was occupied by the Company for winery production use.	RMB20,200,000

Notes:

1. Pursuant to the Land Use Rights Certificates – Qing Guo Yong (2013) Di No. 60082, the land use rights of a parcel of land of the Development with a total site area of approximately 72,800.00 sq.m. have been vested in Ningxia Grace Vineyard Co., Limited (寧夏怡園酒莊有限公司), a subsidiary of the Company, for a term expiring on 20 March 2063 for industrial use.
2. Pursuant to the following Real Estate Ownership Certificates, together with its corresponding land use rights are vested in Ningxia Grace Vineyard Co., Limited:
 - i. Ning (2019) Qing Tong Xia Shi Bu Dong Chan Quan Di No. Q0001078, the building ownership rights of a building of the Development with a total gross floor area of approximately 948.64 sq.m.;
 - ii. Ning (2019) Qing Tong Xia Shi Bu Dong Chan Quan Di No. Q0001079, the building ownership rights of a building of the Development with a total gross floor area of approximately 405.04 sq.m.;
 - iii. Ning (2019) Qing Tong Xia Shi Bu Dong Chan Quan Di No. Q0001080, the building ownership rights of a building of the Development with a total gross floor area of approximately 481.50 sq.m.; and
 - iv. Ning (2019) Qing Tong Xia Shi Bu Dong Chan Quan Di No. Q0001090, the building ownership rights of a building of the Development with a total gross floor area of approximately 6,605.86 sq.m.

3. We have been provided with a legal opinion issued by the PRC legal adviser of the Company regarding the Properties, which confirms, *inter alia*, that:
 - i. The property is not subject to any encumbrances and mortgages;
 - ii. Ningxia Grace Vineyard Co., Limited has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title documents; and
 - iii. There is no limitation for selling or transferring the property as shown in the above-mentioned title documents.

1. RESPONSIBILITY STATEMENT

The information contained in this Composite Document relating to the Offeror and its intentions have been supplied by the Offeror.

The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this Composite Document (other than any information relating to the Group, the Directors and the Vendors) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing price per Share HK\$
2025	
30 June	0.136
31 July	0.134
29 August	0.123
30 September	0.118
31 October	0.104
28 November	0.248
9 December (<i>being the Last Trading Day</i>)	0.265
31 December	0.385
2026	
30 January (<i>being the Latest Practicable Date</i>)	0.840

Note: Trading in Shares was halted on 10 December 2025 pending the release of the Joint Announcement.

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.970 per Share on 14 January 2026 and HK\$0.103 per Share on 22, 23 and 24 October 2025, respectively.

3. DISCLOSURE OF INTERESTS OF THE OFFEROR

As at the Latest Practicable Date, the Offeror and the parties acting in concert with it held 589,480,000 Shares, representing 73.63% of the total issued share capital of the Company. Mr. Yang is the sole ultimate beneficial shareholder and the sole director of the Offeror. Save for the above, as at the Latest Practicable Date, none of the Offeror and the parties acting in concert with it owned, controlled or had any interest in any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

The Offeror confirms that, as at the Latest Practicable Date:

- (i) save for the Sale Shares acquired by the Offeror and the Share Options held by Ms. Judy Chan, none of the Offeror, Mr. Yang or parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares, convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (ii) save for the Sale and Purchase Agreement, the Share Charges, the Deed of Undertaking and the Facility Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares which might be material to the Offers;
- (iii) there is no agreement or arrangement to which any of the Offeror, Mr. Yang or parties acting in concert with any of them is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (iv) none of the Offeror, Mr. Yang or parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (v) none of the Offeror, Mr. Yang or parties acting in concert with any of them has received any irrevocable commitment to accept or reject the Offers;
- (vi) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror, Mr. Yang or parties acting in concert with any of them;
- (vii) save for the consideration for the Sale Shares payable by the Offeror to the Vendors under the Sale and Purchase Agreement, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror, Mr. Yang or parties

acting in concert with any of them to the Vendors, their ultimate beneficial owners or parties acting in concert with any of them in connection with the sale and purchase of the Sale Shares under the Sale and Purchase Agreement;

- (viii) save for the Sale and Purchase Agreement, the Share Charges and the Deed of Undertaking, there is no understanding, arrangement or agreement or special deal (as defined in Rule 25 of the Takeovers Code) between the Vendors, their ultimate beneficial owners or parties acting in concert with any of them on one hand, and the Offeror, Mr. Yang or parties acting in concert with any of them on the other hand;
- (ix) there was no agreement, arrangement or understanding (including any compensation arrangement) existed between any of the Offeror and parties acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offers;
- (x) save for the Sale and Purchase Agreement, the Share Charges and the Deed of Undertaking, there is no understanding, arrangement or agreement or special deal (as defined in Rule 25 of the Takeovers Code) between any Shareholder on one hand, and the Offeror, Mr. Yang or parties acting in concert with any of them on the other hand; and
- (xi) save for the Sale Shares acquired by the Offeror, there has been no dealings in the Shares by the Offeror, Mr. Yang or parties acting in concert with any of them during the Relevant Period.

5. EXPERTS AND CONSENTS

The followings are the names and qualifications of the experts whose letters, opinions or advices are contained or referred to in this Composite Document:

Name	Qualification
Eddid Capital	Eddid Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance under the licensing condition that in the capacity as an adviser to a client on matters/transactions falling within the ambit of the Takeovers Code, act together with another adviser (to the client) not subject to this condition) regulated activities under the SFO, as one of the joint financial advisers to the Offeror in respect of the Offers

Name	Qualification
Somerley Capital	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, as one of the joint financial advisers to the Offeror in respect of the Offers

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, opinions, advices and/or references to its name in the form and context in which they are respectively included.

6. GENERAL

- (i) The Offeror is incorporated in the British Virgin Islands with limited liability and is beneficially and wholly owned by Mr. Yang, who is the sole director of the Offeror.
- (ii) The registered office of the Offeror is situated at Sea Meadow House, P.O. Box 116, Road Town, Tortola, British Virgin Islands.
- (iii) The registered office of Somerley Capital is 20/F, China Building, 29 Queen's Road Central, Hong Kong.
- (iv) The registered office of Eddid Capital is 21/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong.
- (v) The English text of this Composite Document and the Forms of Acceptance shall prevail over the Chinese text in the case of inconsistency.

7. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents are available on display (i) on the website of the SFC (www.sfc.hk) and (ii) on the website of the Company (www.gracewine.com.hk), during the period from the date of the Composite Document up to and including the Closing Date:

- (i) the memorandum and articles of association of the Offeror;
- (ii) the letter from the Joint Financial Advisers, the text of which is set out in the section headed "Letter from the Joint Financial Advisers" in this Composite Document; and
- (iii) the written consents of the experts as referred to under the paragraph headed "5. Experts and Consents" in this appendix.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offers, the Offeror and the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it but including information relating to the Vendors), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company of HK\$0.001 as at (i) 31 December 2025, being the end of the last financial year of the Company, and (ii) the Latest Practicable Date was as follows:

		HK\$
<i>Authorised:</i>		
<u>8,000,000,000</u>	Shares	<u>8,000,000</u>
		HK\$
<i>Issued:</i>		
<u>800,600,000</u>	Shares	<u>800,600</u>

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital.

As at the Latest Practicable Date, save for 800,600,000 Shares in issue and the Share Options subject to the Option Offer, the Company does not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares.

3. DISCLOSURE OF INTERESTS BY DIRECTORS OF THE COMPANY

As at the Latest Practicable Date, save as disclosed below, none of the Directors and their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code.

Name of Director	Capacity/Nature of Interest	Number of ordinary Shares held	Approximate shareholding percentage
Ms. Judy Chan	Interest in a controlled corporation	287,945,000 ^{(1)(L)}	35.97%

Notes:

- (1) The First Vendor, Macmillan Equity Limited, is a company wholly-owned by Ms. Judy Chan. By virtue of the SFO, Ms. Judy Chan is deemed to be interested in 287,945,000 Shares charged by the Offeror in favour of the First Vendor pursuant to the Deed of Share Charge.
- (L) All the above Shares were held in long position.

4. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity/Nature of Interest	Number of ordinary Shares held	Approximate shareholding percentage
Offeror	Beneficial owner	589,480,000 ^{(1)(L)}	73.63%
Mr. Yang	Interest in controlled corporation	589,480,000 ^{(1)(L)}	73.63%
Ms. Qu Lin	Interest of spouse	589,480,000 ^{(1)(L)}	73.63%
Ms. Judy Chan	Interest in a controlled corporation	287,945,000 ^{(2)(L)}	35.97%
Macmillan Equity Limited (First Vendor)	Security interest in shares	287,945,000 ^{(2)(L)}	35.97%
Palgrave Enterprises Limited (Second Vendor)	Security interest in shares	121,226,000 ^{(3)(L)}	15.14%
Ms. Wong Shu Ying (Third Vendor)	Interest in controlled corporation	121,226,000 ^{(3)(L)}	15.14%
	Security interest in shares	3,465,000 ^{(4)(L)}	0.43%
Mr. Chan Chun Keung	Interest of spouse	124,691,000 ^{(5)(L)}	15.57%
Mr. Ting Tan Ming	Beneficial owner	46,190,000 ^(L)	5.77%

Notes:

- (1) The Offeror is directly and wholly owned by Mr. Yang. Ms. Qu is the spouse of Mr. Yang. Accordingly, Mr. Yang and Ms. Qu Lin are deemed to be interested in the 589,480,000 Shares beneficially held by the Offeror by virtue of Part XV of the SFO.
- (2) The First Vendor, Macmillan Equity Limited, is a company wholly-owned by Ms. Judy Chan. By virtue of the SFO, Ms. Judy Chan is deemed to be interested in 287,945,000 Shares charged by the Offeror in favour of the First Vendor pursuant to the Deed of Share Charge.
- (3) The Second Vendor, Palgrave Enterprises Limited, is a company wholly-owned by Ms. Wong Shu Ying. By virtue of the SFO, Ms. Wong Shu Ying is deemed to be interested in 121,226,000 Shares charged by the Offeror in favour of the Second Vendor pursuant to the Deed of Share Charge.
- (4) The Offeror has charged 3,465,000 Shares in favour of the Third Vendor pursuant to the Deed of Share Charge.

- (5) Mr. Chan Chun Keung, the spouse of Ms. Wong Shu Ying, is deemed to be interested in 124,691,000 Shares which Ms. Wong Shu Ying is interested in, pursuant to the SFO.
- (L) All the above Shares were held in long position.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company under section 336 of the SFO.

5. DEALINGS IN SECURITIES OF THE COMPANY AND THE OFFEROR

During the Relevant Period,

- (a) save for the Sale and Purchase Agreement entered into between the Vendors and the Offeror, none of the Company or the Directors had dealt for value in any Shares, warrants, share options, derivatives and securities carrying conversion or subscription rights into Shares; and
- (b) neither the Company, any member of the Group nor any of the Director was interested in or owned or controlled any shares, convertible securities, warrants, options or derivatives of the Offeror and none of the Company nor the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

6. OTHER DISCLOSURE OF INTERESTS

During the Offer Period and ending on the Latest Practicable Date:

- (a) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of member of the Group or by any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding exempt principal traders and exempt fund managers), and no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivative issued by the Company;
- (b) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code exists between a person who owned or controlled Shares or any convertible securities, warrants, options or derivatives issued by the Company and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the

definition of “associate” under the Takeovers Code, and no such person had owned, controlled or dealt for value in any Shares or any convertible securities, warrants, options or derivative issued by the Company;

- (c) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company, and no such person had dealt for value in any shares or any convertible securities, warrants, options or derivative issued by the Company; and
- (d) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares.

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (b) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers;
- (c) no material contracts had been entered into by the Offeror in which any Director had material personal interest;
- (d) there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Company, its subsidiaries or associated companies on the one hand, and the Shareholders on the other hand; and
- (e) the Directors did not have any beneficial shareholdings in the Company which would entitle them to accept or reject the Offers.

7. MATERIAL CONTRACTS

Save as disclosed below, no contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) was entered into by the members of the Group within two years immediately preceding the date on which the Offer Period commenced and up to the Latest Practicable Date, which are or may be material.

Pursuant to the respective agreements entered into on 5 December 2024 and respective supplemental agreements entered into on 21 January 2025 between Ms. Judy Chan, as purchaser, and the Company, as seller, the Company agreed to sell, and Ms. Chan agreed to acquire, (i) the entire issued share capital of Pacific Surplus Limited and its subsidiaries (the “**Pacific Surplus Disposal**”), being the proposed disposal of the distillery business, and (ii) 30% of the entire issued share capital of Epic Wealth Holdings Limited and its subsidiaries (the “**Epic Wealth**”).

Disposal”), being the proposed disposal of 30% of the winery business, at consideration of HK\$71.28 million and HK\$38.88 million, respectively. The Pacific Surplus Disposal and the Epic Wealth Disposal were completed on 28 March 2025.

Please see 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 for further details.

8. GENERAL

- (a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at Unit 2304, 23/F, Westlands Centre, No. 20 Westlands Road, Quarry Bay, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The English text of this Composite Document and the accompanying Forms of Acceptance shall prevail over their Chinese text for the purpose of interpretation.

9. MARKET PRICE

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the Latest Practicable Date; (ii) 9 December 2025, being the Last Trading Day; and (iii) the last trading day of each of the calendar months during the Relevant Period:

Date	Closing Price per Share HK\$
2025	
30 June	0.136
31 July	0.134
29 August	0.123
30 September	0.118
31 October	0.104
28 November	0.248
9 December (<i>being the Last Trading Day</i>)	0.265
31 December	0.385
2026	
30 January (<i>being the Latest Practicable Date</i>)	0.840

Note: Trading in Shares was halted on 10 December 2025 pending the release of the Joint Announcement.

During the Relevant Period, the highest closing price of the Shares was HK\$0.970 per Share as quoted on the Stock Exchange on 14 January 2026 and the lowest closing price of the Shares was HK\$0.103 per Share as quoted on the Stock Exchange on 22, 23 and 24 October 2025.

10. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into or amended within six months before the date of commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

11. EXPERT AND CONSENT

The following are the qualifications of the experts whose letter or opinion is contained in this Composite Document:

Name	Qualification
Red Sun Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
APAC Asset Valuation and Consulting Limited	an independent property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letters or opinions and/or references to its name in the form and context in which it appears.

12. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company and no litigation, arbitration or claims which would materially and adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any members of the Group.

13. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the respective websites of the Company (www.gracewine.com.hk) and the SFC (www.sfc.hk), all from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum of association and articles of association of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 December 2022, 2023 and 2024;
- (c) the interim report of the Company for the six months ended 30 June 2025;
- (d) the letter from the Board, the text of which is set out in this Composite Document;
- (e) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (f) the letter from Red Sun Capital, the Independent Financial Adviser, the text of which is set out in this Composite Document;
- (g) the written consents referred to under the paragraph headed “11. Expert and Consent” in this appendix;
- (h) the valuation report prepared by APAC Asset Valuation and Consulting Limited, the text of which is set out in this Composite Document;
- (i) the conditional agreement dated 5 December 2024 entered into between the Company as seller and Ms. Judy Chan as purchaser in relation to the Pacific Surplus Disposal;
- (j) the conditional agreement dated 5 December 2024 entered into between the Company as seller and Ms. Judy Chan as purchaser in relation to the Epic Wealth Disposal;
- (k) the supplemental agreement dated 21 January 2025 entered into between the Company as seller and Ms. Judy Chan as purchaser amending certain terms in relation to the Pacific Surplus Disposal;
- (l) the supplemental agreement dated 21 January 2025 entered into between the Company as seller and Ms. Judy Chan as purchaser amending certain terms in relation to the Epic Wealth Disposal; and
- (m) this Composite Document and the accompanying Forms of Acceptance.