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**Grace Wine Holdings Limited**  
**怡園酒業控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8146)**

**FIRST QUARTERLY RESULTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2021**

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

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

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

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

## UNAUDITED FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) of Grace Wine Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 March 2021, together with the comparative unaudited figures of the corresponding period in 2020. Where appropriate, numerical figures or percentages presented herein shall be approximate figures and percentages (as the case may be).

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the three months ended 31 March 2021*

	<i>Notes</i>	<b>Three months ended 31 March</b>	
		<b>2021</b>	<b>2020</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>RMB'000</b>	<b>RMB'000</b>
REVENUE	3	<b>29,433</b>	6,861
Cost of sales		<u><b>(12,709)</b></u>	<u>(3,794)</u>
Gross profit		<b>16,724</b>	3,067
Other income and gains, net	3	<b>520</b>	436
Selling and distribution expenses		<b>(4,284)</b>	(1,306)
Administrative expenses		<b>(4,760)</b>	(4,421)
Other expenses and losses		<b>(4)</b>	(28)
Finance costs		<u><b>(28)</b></u>	<u>(35)</u>
PROFIT/(LOSS) BEFORE TAX		<b>8,168</b>	(2,287)
Income tax expense	4	<u><b>(2,596)</b></u>	<u>(155)</u>
PROFIT/(LOSS) FOR THE PERIOD AND LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u><b>5,572</b></u>	<u>(2,442)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted ( <i>RMB cent</i> )	5	<u><b>0.70</b></u>	<u>(0.31)</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2021

	<b>Three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
PROFIT/(LOSS) FOR THE PERIOD	<u><b>5,572</b></u>	<u><b>(2,442)</b></u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial information	<u><b>22</b></u>	<u><b>529</b></u>
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD AND TOTAL COMPREHENSIVE PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u><b>5,594</b></u>	<u><b>(1,913)</b></u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	Attributable to owners of the Company						
	Issued capital RMB'000	Share premium RMB'000	Capital and other reserve RMB'000	Statutory reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2021	674	141,579	2,765	14,874	(5,879)	98,452	252,465
Profit for the period	-	-	-	-	-	5,572	5,572
Other comprehensive income for the period:							
Exchange difference on translation of financial information	-	-	-	-	22	-	22
Total comprehensive income for the period	-	-	-	-	22	5,572	5,594
At 31 March 2021 (Unaudited)	<u>674</u>	<u>141,579</u>	<u>2,765</u>	<u>14,874</u>	<u>(5,857)</u>	<u>104,024</u>	<u>258,059</u>
At 1 January 2020	674	141,579	2,765	14,197	(4,831)	99,691	254,075
Loss for the period	-	-	-	-	-	(2,442)	(2,442)
Other comprehensive income for the period:							
Exchange difference on translation of financial information	-	-	-	-	529	-	529
Total comprehensive income/(loss) for the period	-	-	-	-	529	(2,442)	(1,913)
At 31 March 2020 (Unaudited)	<u>674</u>	<u>141,579</u>	<u>2,765</u>	<u>14,197</u>	<u>(4,302)</u>	<u>97,249</u>	<u>252,162</u>

# NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2021

## 1. GENERAL

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

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

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

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

## 2. BASIS OF PREPARATION

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

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

The unaudited condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

The unaudited condensed consolidated financial information of the Group has been prepared in accordance with the same accounting policies adopted in Group’s annual financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) that affect the Group and are adopted for the first time for the current period’s financial statements:

Amendments to HKFRS 9, HKAS 39 and *Interest Rate Benchmark Reform – Phase 2*  
HKFRS 7, HKFRS 4 and HKFRS 16

These amendments had no impact on the condensed consolidated financial information of the Group.

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

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

	Three months ended 31 March	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Revenue from contract with customers</i>		
Sales of goods	<u>29,433</u>	<u>6,861</u>

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

	Three months ended 31 March	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Geographical market</i>		
Mainland China	29,202	6,792
Other jurisdictions	<u>231</u>	<u>69</u>
Total revenue from contracts with customers	<u>29,433</u>	<u>6,861</u>

	Three months ended 31 March	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Other income and gains, net</i>		
Bank interest income	221	119
Government grants*	262	313
Gains on disposal of items of property, plant and equipment, net	34	–
Others	<u>3</u>	<u>4</u>
Other income and gains, net	<u>520</u>	<u>436</u>

\* The Group received government grants in relation to the agricultural development fund in Shanxi, sewage treatment subsidy in Ningxia and employment support subsidy in Xiamen. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There were no unfulfilled conditions or contingencies relating to these grants.

#### 4. INCOME TAX

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

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

	<b>Three months ended 31 March</b>	
	<b>2021</b> <b>(Unaudited)</b> <b>RMB'000</b>	<b>2020</b> <b>(Unaudited)</b> <b>RMB'000</b>
Group:		
Current – Mainland China		
Charge for the period	<b>2,430</b>	174
Deferred tax	<b>166</b>	(19)
	<hr/>	<hr/>
Total tax charge for the period	<b><u>2,596</u></b>	<b><u>155</u></b>

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

##### For the three months ended 31 March 2021

	<b>Mainland China</b>		<b>Hong Kong</b>		<b>Total</b>	
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>
Profit/(loss) before tax	<b><u>9,329</u></b>		<b><u>(1,161)</u></b>		<b><u>8,168</u></b>	
Tax at the weighted average applicable tax rate	<b>2,332</b>	<b>25.0</b>	<b>(192)</b>	<b>16.5</b>	<b>2,140</b>	<b>26.2</b>
Lower tax rate for specific provinces or enacted by local authority	<b>(75)</b>		<b>–</b>		<b>(75)</b>	
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	<b>54</b>		<b>–</b>		<b>54</b>	
Income not subject to tax	<b>(15)</b>		<b>–</b>		<b>(15)</b>	
Expenses not deductible for tax	<b>(105)</b>		<b>–</b>		<b>(105)</b>	
Tax losses not recognised	<b>405</b>		<b>192</b>		<b>597</b>	
	<hr/>		<hr/>		<hr/>	
Tax charge for the year	<b><u>2,596</u></b>	<b>27.8</b>	<b><u>–</u></b>	<b>–</b>	<b><u>2,596</u></b>	<b>31.8</b>

For the three months ended 31 March 2020

	Mainland China		Hong Kong		Total	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Loss before tax	<u>(771)</u>		<u>(1,516)</u>		<u>(2,287)</u>	
Tax at the weighted average applicable tax rate	(193)	25.0	(250)	16.5	(443)	19.4
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	(17)		–		(17)	
Income not subject to tax	(44)		–		(44)	
Tax losses not recognised	<u>409</u>		<u>250</u>		<u>659</u>	
Tax charge for the period	<u>155</u>	(20.1)	<u>–</u>	–	<u>155</u>	(6.8)

## 5. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings/(loss) per share for the three months ended 31 March 2021 is based on the profit for the period attributable to owners of the Company of RMB5,572,000 (2020: loss of RMB2,442,000), and the weighted average number of ordinary shares of 800,000,000 (2020: 800,000,000) in issue during the three months ended 31 March 2021.

No adjustment has been made to the basic earnings/(loss) per share presented for the three months ended 31 March 2021 and 2020 as the Group had no potentially dilutive ordinary shares in issue during these periods.

## 6. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2021 (2020: Nil).



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is engaged in the wine production business in Ningxia and Shanxi province and the wine distribution business. During the three months ended 31 March 2021 (“1Q2021”), the Group recorded a significant increase in revenue as compared to the three months ended 31 March 2020 (“1Q2020”), due to the recovery of sales as compared to 1Q2020’s performance which was severely impacted by the Coronavirus Disease 2019 (“COVID-19”) pandemic. Our increased sales and marketing efforts from the previous year reinforced our strong sales rebound in 1Q2021. Our gross profit margin further increased, resulting in a net profit for 1Q2021.

### **OUTLOOK**

With the recovery of general economic conditions due to the improvement of the COVID-19 pandemic, we are optimistic that the market will keep improving this year. Following the resumption of social activities in the second half of 2020, we swiftly took a more active sales and marketing strategy to regain a momentum in revenue growth, with such efforts being reflected in our financial result for 1Q2021. A good beginning is halfway to success. We have confidence that we will deliver a prominent result for the year.

### **FINANCIAL REVIEW**

#### **Revenue**

Our revenue increased by RMB22.6 million or 329.0% from RMB6.9 million for 1Q2020 to RMB29.4 million for 1Q2021, primarily due to the significant drop in sales in 1Q2020 when the outbreak of COVID-19 occurred. We sold 369,000 bottles in 1Q2021 as compared to 167,000 bottles in 1Q2020. The average selling price of our wine increased from RMB69.1 per bottle in 1Q2020 to RMB74.2 per bottle in 1Q2021, due to the increase in the proportion of sales from our high-end wine portfolio, which consists of wine with higher selling prices.

#### **Cost of sales**

Our cost of sales increased by RMB8.9 million or 235.0% from RMB3.8 million for 1Q2020 to RMB12.7 million for 1Q2021, primarily due to the increase in sales volume.

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

Our overall gross profit increased by RMB13.7 million or 445.3% from RMB3.1 million for 1Q2020 to RMB16.7 million for 1Q2021, primarily due to the increase in sales as aforementioned. Our overall gross profit margin increased from 44.7% for 1Q2020 to 56.8% for 1Q2021, mainly due to the higher gross profit margin from sales to our new distributors in Shanxi Province.

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

Other net income and gains increased slightly by RMB84,000 or 19.3% from RMB436,000 for 1Q2020 to RMB520,000 for 1Q2021. It mainly included income from government grants.

### **Selling and distribution expenses**

Selling and distribution expenses increased by RMB3.0 million or 228.0% from RMB1.3 million for 1Q2020 to RMB4.3 million for 1Q2021, primarily due to the increase in our promotion and marketing efforts in Shanxi Province and other regions.

### **Administrative expenses**

Administrative expenses increased slightly by RMB0.3 million or 7.7% from RMB4.4 million for 1Q2020 to RMB4.8 million for 1Q2021, primarily due to the increase in the number of administrative staff in Shanxi Province.

### **Finance costs**

Finance costs decreased slightly by RMB7,000 or 20.0% from RMB35,000 for 1Q2020 to RMB28,000 for 1Q2021. It comprised mainly the unwinding of discount on the long-term lease liabilities recognised for our leased office apartments. During 1Q2021, there was no bank borrowing or any other loan drawn down by the Group (1Q2020: Nil).

### **Income tax expense**

Income tax expense increased by RMB2.4 million or 15.7 times from RMB155,000 for 1Q2020 to RMB2.6 million for 1Q2021 due to the increase in profits before tax of the tax-paying PRC subsidiaries of the Group from RMB1.3 million for 1Q2020 to RMB10.5 million for 1Q2021.

### **Profit for the period**

As a result of the foregoing, we recorded a profit for the period of RMB5.6 million for 1Q2021, as compared to a loss for the period of RMB2.4 million for 1Q2020.

### **Other comprehensive income for the period**

Our other comprehensive income for the period decreased by RMB507,000 or 95.8% from RMB529,000 for 1Q2020 to RMB22,000 for 1Q2021. The amount represents the exchange difference on the translation of the assets and liabilities of the companies of the Group with a presentation currency other than RMB, i.e. Hong Kong Dollar (“**HKD**”).

### **Dividends**

The Board does not recommend the payment of any dividend for 1Q2021 (1Q2020: Nil).

## OTHER INFORMATION

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

As at 31 March 2021, the interests and short positions of the Directors and chief executive of the Company in the shares (“**Shares**”) and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under section 352 of the SFO, or which were notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### (i) Interests in the Company

Name of Director	Capacity/ Nature of interest	Number of ordinary Shares held <sup>(1)</sup>	Approximate shareholding percentage
Ms. Judy Chan <sup>(2)</sup>	Interest in controlled corporation	404,820,000 (L)	50.60%
Mr. Fan Chi Chiu	Beneficial owner	600,000 (L)	0.075%

*Notes:*

1. The letter “L” denotes the person’s long position in the Shares.
2. Macmillan Equity is wholly-owned by Ms. Judy Chan, and therefore Ms. Judy Chan is deemed to be interested in the 404,820,000 Shares held by Macmillan Equity pursuant to the SFO.

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

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

*Notes:*

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

Save as disclosed above, as at 31 March 2021, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under the SFO), or pursuant to section 352 of the SFO, which were required to be recorded in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, which were to be notified to the Company and the Stock Exchange.

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

So far as the Directors and the chief executive of the Company are aware, as at 31 March 2021, other than the Directors and chief executive of the Company, the following persons had or were deemed or taken to have an interest and/or short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO, or which would be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

<b>Name</b>	<b>Capacity/ Nature of interest</b>	<b>Number of ordinary Shares held<sup>(1)</sup></b>	<b>Approximate shareholding percentage</b>
Macmillan Equity <sup>(2)</sup>	Beneficial owner	404,820,000 (L)	50.60%
Palgrave Enterprises Limited (“ <b>Palgrave Enterprises</b> ”) <sup>(3)</sup>	Beneficial owner	173,180,000 (L)	21.65%
Ms. Wong Shu Ying	Beneficial owner	11,160,000 (L)	1.40%
	Interest in controlled corporation <sup>(3)</sup>	173,180,000 (L)	21.65%
Mr. Chan Chun Keung <sup>(4)</sup>	Interest of spouse	184,340,000 (L)	23.04%
Mr. Ting Tan Ming	Beneficial owner	48,030,000 (L)	6.00%

*Notes:*

1. The letter “L” denotes the person’s long position in the Shares.
2. Macmillan Equity is wholly-owned by Ms. Judy Chan.
3. Palgrave Enterprises is wholly-owned by Ms. Wong Shu Ying, and therefore Ms. Wong Shu Ying is deemed to be interested in the 173,180,000 Shares held by Palgrave Enterprises pursuant to the SFO.
4. Mr. Chan Chun Keung, the spouse of Ms. Wong Shu Ying, is deemed to be interested in the 11,160,000 Shares held by Ms. Wong Shu Ying and the 173,180,000 Shares held by Ms. Wong Shu Ying through her controlled corporation, Palgrave Enterprises, pursuant to the SFO.

Save as disclosed above, as at 31 March 2021, the Directors were not aware of any person or corporation (other than the Directors and the chief executives) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein.

## **SHARE OPTION SCHEME**

A share option scheme (the “**Share Option Scheme**”) was adopted by the Company on 1 June 2018. Details of the Share Option Scheme are set out in Appendix V to the prospectus of the Company dated 12 June 2018 (the “**Prospectus**”). No share option has been granted pursuant to the Share Option Scheme since its adoption.

## **RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Saved as disclosed above, at no time during 1Q2021, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for Shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above in the section “Share Option Scheme”, at no time during 1Q2021 was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the Shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions (the “**Model Code**”) by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has confirmed that, having made specific enquiry of all the Directors, all Directors have complied with the Model Code during 1Q2021.

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

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

During 1Q2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## COMPETING INTERESTS

As at 31 March 2021, none of the Directors, the controlling shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had any interests (other than their interest in the Company or its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

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

## DEED OF NON-COMPETITION

The Deed of Non-Competition dated 1 June 2018 (as defined in the Prospectus) was entered into by Ms. Judy Chan and Macmillan Equity in favour of the Company (for the Company and for the benefit of its subsidiaries) in regard to non-competition undertakings. The details of the Deed of Non-competition have been disclosed in the Prospectus under the section headed “Relationship with our Controlling Shareholders – Deed of Non-competition” and the non-competition undertaking has become effective since the Shares were listed on GEM of the Stock Exchange on 27 June 2018.

## COMPLIANCE ADVISER’S INTERESTS

As notified by Southwest Securities (HK) Capital Limited (the “**Southwest**”), the compliance adviser of the Company, except for the compliance adviser’s agreement (the “**Compliance Agreement**”) entered into between the Company and Southwest on 27 June 2018 which expired on 30 March 2021, neither Southwest nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to rule 6A.32 of the GEM Listing Rules or prior to the expiry of the Compliance Agreement.

## CORPORATE GOVERNANCE PRACTICES

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

Except as expressly described below, the Company complied with all applicable code provisions set out in the CG Code during 1Q2021.

## **Chairman and Chief Executive**

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

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

## **AUDIT COMMITTEE**

The audit committee of the Company (the "**Audit Committee**") was established with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises two independent non-executive Directors and one non-executive Director, namely Mr. Lim Leung Yau Edwin, Mr. Ho Kent Ching-tak and Mr. Chow Christer Ho. Mr. Lim Leung Yau Edwin is the chairman of the Audit Committee. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information, provide advice in respect of financial reporting and oversee the risk management and internal control procedures of the Company.

The Audit Committee has reviewed the unaudited condensed consolidated financial results of the Group for 1Q2021 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

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

*Chairlady, Chief Executive Officer and Executive Director*

Hong Kong, 7 May 2021



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

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