
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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 circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular, for which the directors of **Grace Wine Holdings Limited** collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to **Grace Wine Holdings Limited**. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular 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 circular misleading.



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)

MAJOR TRANSACTION
EXTERIOR DECORATION CONTRACT AND
OUTDOOR ENGINEERING CONTRACT IN RELATION TO
THE CONSTRUCTION OF THE DISTILLERY

A letter from the Board is set out on pages 4 to 11 of this circular.

Capitalised terms used on this cover page should have the same meanings as those defined in the section headed "DEFINITIONS" in this circular.

The Exterior Decoration Contract, the Outdoor Engineering Contract and the transactions contemplated thereunder have been approved by written shareholder's approval obtained from Macmillan Equity Limited, a controlling shareholder of the Company, pursuant to Rule 19.44 of the GEM Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

This circular will remain on GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its publication and on the Company's website at www.gracewine.com.hk.

10 January 2022

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — GENERAL INFORMATION	II-1

DEFINITIONS

In this circular, unless otherwise defined or the context otherwise requires, the following terms or expressions shall have the following meanings:

“Board”	the board of Directors of the Company
“Company”	Grace Wine Holdings Limited 怡園酒業控股有限公司, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8146)
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Construction Contract”	the construction contract entered into by Fujian Dexi and the Contractor for the construction work in respect of the Distillery, details of which have been set out in the announcement of the Company dated 28 April 2021
“Contractor”	Fujian Tongyuan Construction Project Co. Ltd.* (福建省同源建設工程有限公司), a company established under the laws of the PRC with limited liability and an independent third party of the Company
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Distillery”	a distillery facility for the production of whisky and gin in Fujian Province, PRC
“EGM”	extraordinary general meeting of the Company
“Exterior Decoration Contract”	the agreement (including all contract documents comprised therein) dated 19 November 2021 entered into between Fujian Dexi and the Contractor in respect of the Exterior Decoration Works, the principal terms of which are set out in the paragraph headed “The Exterior Decoration Contract” in this circular
“Exterior Decoration Works”	the construction works in respect of the Distillery to be carried out by the Contractor pursuant to the Exterior Decoration Contract, details of which are set out in “Scope of Work” in the paragraph headed “The Exterior Decoration Contract” in this circular

DEFINITIONS

“Foundation Construction Contract”	the construction contract entered into between Fujian Dexi and the Contractor dated 15 December 2020 in relation to the foundation engineering and earthwork of the Distillery for a total contract sum of RMB8,121,101 (exclusive of VAT)
“Fujian Dexi”	Fujian Dexi Wine Company Limited* (福建德熙酒業有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended from time to time
“Group”	the Company and its subsidiaries
“independent third party”	third party(ies) independent of the Company and its connected persons
“Latest Practicable Date”	7 January 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Outdoor Engineering Contract”	the agreement (including all contract documents comprised therein) dated 19 November 2021 entered into between Fujian Dexi and the Contractor in respect of the Outdoor Engineering Works, the principal terms of which are set out in the paragraph headed “The Outdoor Engineering Contract” in this circular
“Outdoor Engineering Works”	the construction works in respect of the Distillery to be carried out by the Contractor pursuant to the Outdoor Engineering Contract, details of which are set out in “Scope of Work” in the paragraph headed “The Outdoor Engineering Contract” in this circular
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share Offer”	the public offer and the placing of the Company’s shares on GEM of the Stock Exchange on 27 June 2018

DEFINITIONS

“Shareholders”	holders of the Shares
“Shares”	ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	value-added tax
“Written Shareholder’s Approval”	the written approval dated 19 November 2021 given by Macmillan Equity Limited, the controlling shareholder of the Company, in respect of the Exterior Decoration Contract and the Outdoor Engineering Contract and the transactions contemplated thereunder
“%”	per cent

* *For identification purpose only*

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 Directors:

Ms. Judy Chan (*Chairlady and Chief Executive Officer*)
Mr. Lam Wai Kit Ricky

Non-executive Directors:

Mr. Chow Christer Ho
Dr. Cheung Chai Hong

Independent non-executive Directors:

Mr. Ho Kent Ching-tak
Mr. Lim Leung Yau Edwin
Mr. Alec Peter Tracy

Registered Office:

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Grand Cayman
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Cayman Islands

*Headquarters and principal place of
business in Hong Kong:*

Unit 705, 7/F
Westlands Centre
No. 20 Westlands Road
Hong Kong

10 January 2022

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
EXTERIOR DECORATION CONTRACT AND
OUTDOOR ENGINEERING CONTRACT IN RELATION TO
THE CONSTRUCTION OF THE DISTILLERY

1. INTRODUCTION

The Board is pleased to announce that on 19 November 2021, Fujian Dexi, an indirect wholly-owned subsidiary of the Company, entered into the Exterior Decoration Contract and the Outdoor Engineering Contract with the Contractor, respectively, pursuant to which the Contractor will undertake the Exterior Decoration Works and the Outdoor Engineering Works in respect of the Distillery for a total contract sum of approximately RMB17,974,312 (exclusive of VAT) and approximately RMB8,631,193 (exclusive of VAT), respectively.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further details on the Exterior Decoration Contract and the Outdoor Engineering Contract and the transactions contemplated thereunder, and such other information as required under the GEM Listing Rules.

2. MAJOR TERMS OF THE EXTERIOR DECORATION CONTRACT AND THE OUTDOOR ENGINEERING CONTRACT

The Exterior Decoration Contract

The principal terms of the Exterior Decoration Contract are set out below:

- Date: 19 November 2021 (after trading hours)
- Parties: (1) Fujian Dexi Wine Company Limited* (福建德熙酒業有限公司), as owner
- (2) Fujian Tongyuan Construction Project Co., Ltd.* (福建省同源建設工程有限公司), as contractor
- Scope of Work: Construction of phase I of the Distillery, comprising main body of the phase I Distillery and exterior decoration work including the painting of the main facade, the design of curtain wall and eaves, and other peripheral decoration works such as gates, fences and other related parts of the Distillery (the “**Exterior Decoration Works**”).
- Construction period: The Exterior Decoration Works are expected to be completed in January 2022.
- Contract sum: The total contract sum of the Exterior Decoration Contract payable by Fujian Dexi is approximately RMB17,974,312 (exclusive of VAT), which is expected to be funded from the net proceeds from the Share Offer and the Company’s internal resources.

The total contract sum was determined after arm’s length negotiations between Fujian Dexi and the Contractor and on normal commercial terms with reference to (i) the expected scope, complexity and quality of the Exterior Decoration Works, (ii) the experience, competency and market position of the Contractor, (iii) the anticipated material and labour costs, and (iv) the prevailing market prices for carrying out construction works of comparable scale and complexity.

LETTER FROM THE BOARD

- Payment terms: The total contract sum shall be settled by Fujian Dexi in the following manner:
- (a) upon supervising engineer's satisfactory review of the monthly progress evaluation reports submitted by the Contractor based on its applications for payment and other supporting documents in accordance with its actual construction progress in that month, a monthly progress payment for such amount up to 80% of the total contract sum will be payable by Fujian Dexi;
 - (b) upon completion of the Exterior Decoration Works followed by, among others, satisfactory inspection by applicable regulatory authorities, another 5% of the total contract sum will be payable by Fujian Dexi;
 - (c) after passing the completion inspection of all the Exterior Decoration Works (the "**Exterior Decoration Completion Inspection**") and upon Fujian Dexi's and supervising engineer's satisfactory review of the completion settlement notice submitted by the Contractor, another 12% of the total contract sum will be payable by Fujian Dexi; and
 - (d) the remaining 3% of the total contract sum will be held as retention money and will be payable by Fujian Dexi after the expiry of the two-year defects liability period commencing from the date of passing the Exterior Decoration Completion Inspection.

The Outdoor Engineering Contract

The principal terms of the Outdoor Engineering Contract are set out below:

- Date: 19 November 2021 (after trading hours)
- Parties:
- (1) Fujian Dexi Wine Company Limited* (福建德熙酒業有限公司), as owner
 - (2) Fujian Tongyuan Construction Project Co., Ltd.* (福建省同源建設工程有限公司), as contractor

LETTER FROM THE BOARD

- Scope of Work: Construction of the outdoor engineering work of phase I of the Distillery, comprising the hardening of roads around the Distillery, construction works related to outdoor water supply and drainage, outdoor main power distribution and outdoor fire control network signal installation (the “**Outdoor Engineering Works**”).
- Construction period: The Exterior Decoration Works are expected to be completed in January 2022.
- Contract sum: The total contract sum of the Outdoor Engineering Contract payable by Fujian Dexi is approximately RMB8,631,193 (exclusive of VAT), which is expected to be funded from the net proceeds from the Share Offer and the Company’s internal resources.
- The total contract sum was determined after arm’s length negotiations between Fujian Dexi and the Contractor and on normal commercial terms with reference to (i) the expected scope, complexity and quality of the Outdoor Engineering Works, (ii) the experience, competency and market position of the Contractor, (iii) the anticipated material and labour costs, and (iv) the prevailing market prices for carrying out construction works of comparable scale and complexity.
- Payment terms: The total contract sum shall be settled by Fujian Dexi in the following manner:
- (a) upon supervising engineer’s satisfactory review of the monthly progress evaluation reports submitted by the Contractor based on its applications for payment and other supporting documents in accordance with its actual construction progress in that month, a monthly progress payment for such amount up to 80% of the total contract sum will be payable by Fujian Dexi;
 - (b) upon completion of the Outdoor Engineering Works followed by, among others, satisfactory inspection by applicable regulatory authorities, another 5% of the total contract sum will be payable by Fujian Dexi;

LETTER FROM THE BOARD

- (c) after passing the completion inspection of all the Outdoor Engineering Works (the “**Outdoor Engineering Completion Inspection**”) and upon Fujian Dexi’s and supervising engineer’s satisfactory review of the completion settlement notice submitted by the Contractor, another 12% of the total contract sum will be payable by Fujian Dexi; and
- (d) the remaining 3% of the total contract sum will be held as retention money and will be payable by Fujian Dexi after the expiry of the two-year defects liability period commencing from the date of passing the Outdoor Engineering Completion Inspection.

As at the Latest Practicable Date, Fujian Dexi has paid a total amount of approximately RMB3.7 million pursuant to the Exterior Decoration Contract and a total amount of approximately RMB1.5 million pursuant to the Outdoor Engineering Contract to the Contractor, respectively.

3. REASONS AND BENEFITS OF ENTERING INTO THE EXTERIOR DECORATION CONTRACT AND THE OUTDOOR ENGINEERING CONTRACT

As disclosed in the Company’s announcements dated 12 August 2019 and 11 October 2019, as part of the Group’s plans to reposition and diversify its existing portfolio of products, the Group acquired a whisky and gin plant in Fujian Province, the PRC through acquiring the investment holding company of Fujian Dexi.

As disclosed in the Company’s announcement dated 4 September 2020, the Company allocated a total sum of approximately RMB21.8 million of its unutilised net proceeds from the Share Offer to the construction of the Distillery at the acquired plant, as the management considered that an investment in the whisky and gin market is more favourable to the Group’s long-term development, taking into account the increasing popularity with spirits in the PRC. Given the limited supply of branded and domestically brewed quality whisky in the PRC, the management believes that the construction of the Distillery will allow the Group to produce quality whisky and gin to cater the growing demand for domestically produced branded spirits, especially in Fujian Province, the PRC, where the Group can leverage its strong existing sales network to market self-manufactured whisky and gin to establish additional revenue streams. Therefore, the Group entered into the Foundation Construction Contract, the Construction Contract, the Exterior Decoration Contract and the Outdoor Engineering Contract for the construction of the facilities of the Distillery in phases.

LETTER FROM THE BOARD

After entering into the Foundation Construction Contract and the Construction Contract as well as the commencement of construction works thereunder, the Company considered it is necessary to continue the construction of the Distillery in phases by building the exterior structure and outdoor engineering work followed by the completion of the construction works as stipulated under the Foundation Construction Contract and the Construction Contract. As such, the Company initiated the selection of potential constructors in the second half of 2021 through evaluation of various factors including quotations, experience, expertise, business reputation, track record and relevant industry experience of the potential contractors. After due consideration of, among other things, (i) the terms and quotations provided by the Contractor are reasonable and comprehensive; (ii) the Contractor has a proven and strong track record in the relevant industry; and (iii) the Contractor has demonstrated a thorough understanding on the needs and requirements of the Company in relation to the construction of the Distillery, the Company entered into the Exterior Decoration Contract and the Outdoor Engineering Contract with the Contractor to continue the construction of the Distillery by building its exterior structure and the commencement of the outdoor engineering work.

Based on the reasons above, the Directors consider that the terms and conditions of the Exterior Decoration Contract and the Outdoor Engineering Contract are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

4. INFORMATION OF THE PARTIES INVOLVED

The Contractor was established in the PRC and is principally engaged in, among other things, general contracting work in relation to water resources and hydropower construction, highway engineering construction and general building and construction. Based on information publicly available as at the date of this circular, the Contractor is held as to 40% by Wang Yanghua* (王養華), 30% by Wang Chunhua* (王春華) and 30% by Wang Yongqiang* (王永強). To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Contractor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Company was incorporated in the Cayman Islands and its Shares are listed on GEM of the Stock Exchange. The Company is an investment holding company.

The Group is an award-winning, established wine maker based in Shanxi, 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.

Fujian Dexi was established in the PRC and is principally engaged in, among other things, the trading of and the production of whisky and gin in Fujian Province of the PRC.

LETTER FROM THE BOARD

5. FINANCIAL EFFECTS OF ENTERING INTO THE EXTERIOR DECORATION CONTRACT AND THE OUTDOOR ENGINEERING CONTRACT

The Contract Sum for the Exterior Decoration Contract and the Outdoor Engineering Contract will be funded by the Group's internal resources and the net proceeds from the Share Offer which are earmarked for use in the construction of the Distillery. As at 30 November 2021, the Group had cash and cash equivalents of approximately RMB66.7 million. The Directors consider that the Exterior Decoration Contract and the Outdoor Engineering Contract will not have any immediate material effect on the total assets, earnings and liabilities of the Group. The Company believes that the construction of the Distillery would have a positive impact on the Group's revenue in the long run.

6. GEM LISTING RULES IMPLICATION

On 15 December 2020, Fujian Dexi entered into the Foundation Construction Contract with the Contractor, an independent third party, in relation to the foundation engineering and earthwork of the Distillery for a total contract sum of RMB8,121,101 (exclusive of VAT).

On 28 April 2021, as disclosed in the Announcement, Fujian Dexi entered into a construction contract with the Contractor for the construction work in respect of the Distillery for a total contract sum of RMB23,853,211 (exclusive of VAT). As these agreements were entered into within 12-month period, they were therefore aggregated pursuant to Rule 19.22 of the GEM Listing Rules.

As the highest of the applicable percentage ratios calculated with reference to Rule 19.07 of the GEM Listing Rules in respect of the transactions contemplated under the Exterior Decoration Contract and the Outdoor Engineering Contract, on an aggregated basis as mentioned above, exceeds 25% but is less than 100%, therefore, the transactions contemplated under the Exterior Decoration Contract and the Outdoor Engineering Contract constitute a major transaction of the Company and is subject to the announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

To the best knowledge, information and belief of Directors, having made all reasonable enquires, since (i) no Shareholders is required to abstain from voting on the resolution at an EGM if it were convened to approve the Exterior Decoration Contract and the Outdoor Engineering Contract and the transactions contemplated thereunder; and (ii) in lieu of holding an EGM, the Company, on 19 November 2021, has obtained the Written Shareholder's Approval in respect of the Exterior Decoration Contract and the Outdoor Engineering Contract and the transactions contemplated thereunder from Macmillan Equity Limited (which is wholly-owned by Ms. Judy Chan, the Chairlady, Chief Executive Officer and executive Director of the Company), which held 411,350,000 Shares, representing approximately 51.42% of the issued share capital of the Company as of the date of the Written Shareholder's Approval, no EGM is required to be convened for the approval of the Exterior Decoration Contract and the Outdoor Engineering Contract and the transactions contemplated thereunder pursuant to Rule 19.44 of the GEM Listing Rules.

LETTER FROM THE BOARD

7. RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Exterior Decoration Contract and the Outdoor Engineering Contract are fair and reasonable and the Exterior Decoration Contract and the Outdoor Engineering Contract together with the transactions contemplated thereunder is in the interest of the Company and the Shareholders as a whole. Although a general meeting will not be convened by the Company to approve the Exterior Decoration Contract and the Outdoor Engineering Contract and the transactions contemplated thereunder, if such a general meeting were to be convened by the Company, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Exterior Decoration Contract and the Outdoor Engineering Contract and the transactions contemplated thereunder.

8. GENERAL

Your attention is drawn to the financial information of the Group and general information set out in the appendices to this circular.

By order of the Board
Grace Wine Holdings Limited
Judy Chan

Chairlady, Chief Executive Officer and Executive Director

* *For identification purpose only*

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the financial years ended 31 December 2018, 2019 and 2020 and for the six months ended 30 June 2021, are disclosed in the following documents which have been published both on the websites of the Stock Exchange at <https://www.hkgem.com> and the Company at <http://www.gracewine.com.hk>, respectively:

- Annual report of the Company for the year ended 31 December 2018 published on 28 March 2019 (pages 77 to 160)
(<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0328/gln20190328575.pdf>);
- Annual report of the Company for the year ended 31 December 2019 published on 30 March 2020 (pages 76 to 164)
(<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0330/2020033000848.pdf>);
- Annual report of the Company for the year ended 31 December 2020 published on 30 March 2021 (pages 87 to 172)
(<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033000788.pdf>);
and
- Interim report of the Company for the six months ended 30 June 2021 published on 13 August 2021 (pages 5 to 29)
(<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0812/2021081200640.pdf>).

2. INDEBTEDNESS

Contingent Liabilities

As at the close of business on 30 November 2021, the Group did not have any material contingent liabilities.

Lease Liabilities

As at the close of business on 30 November 2021, the Group had total lease liabilities, primarily the rental payable for the Group's office premise, directors' quarters and office equipment of approximately RMB1.2 million.

Commitments

As at 30 November 2021, the Group had total capital commitments of approximately RMB49.5 million.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 November 2021, the Group did not have any external borrowings, material debt securities issued and

outstanding, or authorised or otherwise created but unissued, loans or any term loans (secured, unsecured, guaranteed or otherwise), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and any liabilities under acceptances (other than normal trade bills) or other similar indebtedness, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration of the present internal financial resources available to the Group and the credit facility presently available, the Group will have sufficient working capital for the Group's requirements for at least 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

In view of the global popularity of whisky and gin beverages, the Group believes that it can bring high-quality whisky and gin to the market by the construction of the Distillery, and at the same time, optimise the production portfolio and diversified the business of the Group.

In the mid- to long-term, the management plans to continue expanding its market coverage by increasing the number of distribution channels to achieve online and offline integration. In response to market changes, the Group will actively diversify its sales channels, focus on brand advertising, and increase market share. At the same time, the Group will enhance the value of its products, establish a clear market positioning, allow the Group to better interact with more consumers, and increase product promotion efforts.

The Group will continue to focus on improving product quality and consumer satisfaction, and maintain the positive position of the Group's wine brand. Looking ahead, the Group will actively establish sales channels, create unique and high-quality wine products, give full play to its competitive advantages. The Group will also expand its business in order to diversify risks and create value for the Group, and bring sustainable returns to the Shareholders.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES

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

(i) Interests in the Company

Name of Director	Capacity/Nature of interest	Number of ordinary Shares held ⁽¹⁾	Approximate shareholding percentage
Ms. Judy Chan ⁽²⁾	Interest in controlled corporation ⁽²⁾	411,350,000 (L)	51.42%
	Beneficial owner ⁽³⁾	8,000,000 (L)	1.00%

Notes:

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

(ii) Interests in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of ordinary Share(s) held⁽¹⁾	Approximate Shareholding percentage
Ms. Judy Chan ⁽²⁾	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 the Latest Practicable Date, none of the Directors or chief executives 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.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as the Directors and the chief executives of the Company are aware, as at the Latest Practicable Date other than the Directors and chief executives 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:

Name	Capacity/Nature of interest	Number of ordinary Shares held ⁽¹⁾	Approximate shareholding percentage
Macmillan Equity ⁽²⁾	Beneficial owner	411,350,000 (L)	51.42%
Palgrave Enterprises Limited (“Palgrave Enterprises”) ⁽³⁾	Beneficial owner	173,180,000 (L)	21.65%
Ms. Wong Shu Ying	Beneficial owner	4,460,000 (L)	0.56%
	Interest in controlled corporation ⁽³⁾	173,180,000 (L)	21.65%
Mr. Chan Chun Keung ⁽⁴⁾	Interest of spouse	177,640,000 (L)	22.21%
Mr. Ting Tan Ming	Beneficial owner	48,030,000 (L)	6.00%

Notes:

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

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any person or corporation (other than the Directors and the chief executives of the Company) 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.

Save as disclosed above, none of the Directors is also a director or employee of a company which has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group, excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any material litigations, arbitrations or claims of material importance and no litigations, arbitrations or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

6. DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENT AND CONTRACTS

As at the Latest Practicable Date:

- (a) none of the Directors had any interest, either directly or indirectly, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

7. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, 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.

8. MATERIAL CONTRACTS

Within the two years immediately preceding the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the members of the Group which are or may be material:

- (a) Foundation Construction Contract;
- (b) Construction Contract;
- (c) Exterior Decoration Contract; and
- (d) Outdoor Engineering Contract.

9. GENERAL

- (a) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.
- (b) The company secretary of the Company is Mr. Chiu Ming King who is a fellow member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.
- (c) The compliance officer of the Company is Mr. Lam Wait Kit, Ricky, who is an executive Director of the Company.
- (d) The principal place of business of the Company in Hong Kong is Unit 705, 7/F, Westlands Centre, No. 20 Westlands Road, Hong Kong.
- (e) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (f) The Cayman Islands principal share registrar and transfer office is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (g) The branch share registrar of the Company is Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

10. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee comprises three members Mr. Lim Leung Yau Edwin, Mr. Chow Christer Ho and Mr. Ho Kent Ching-tak, being all the independent non-executive Directors. 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.

Mr. Lim Leung Yau Edwin (“Mr. Lim”), aged 58, was appointed as an independent non-executive Director on 1 June 2018. He is the chairman of the Audit Committee and the member of the Remuneration Committee and the Nomination Committee of the Company.

Mr. Lim has over 35 years of experience in the finance and banking industry. Currently, he is the Market Head of China and Taiwan at HSBC Private Banking since October 2018. From July 2016 to October 2018, he worked at Credit Suisse AG Hong Kong branch, with his last position as a managing director and the market group head. From June 2011 to July 2016, Mr. Lim worked at J.P. Morgan Private Bank, with his last position as a managing director and the head of private wealth management, Northeast Asia, where he was primarily responsible for leading and supervising his team and delivering investment, wealth and capital advisory services to high net worth clients in the North East Asia region. From August 2006 to June 2011, he worked at DBS Bank (Hong Kong) Limited, with his last position as head of North Asia, private banking and wealth management, where he was primarily responsible for providing wealth management advisory services to high net worth individuals in the region. Prior to that, from 1986 to 2006, Mr. Lim had worked at various banks including Credit Suisse, Citibank, N.A. and Barclays Bank Plc.

Mr. Chow Christer Ho (“Mr. Chow”), formerly known as Chow Ho, aged 48, was appointed as a non-executive Director on 24 July 2017. He is the members of the Audit Committee and Nomination Committee of the Company.

Mr. Chow has over 18 years of experience in the real estate development and investment industry. Currently, Mr. Chow is a senior managing director of LaSalle Investment Management, a member of the Jones Lang LaSalle Group (principally engaged in real estate investment management), where he is primarily responsible for advising and managing real estate investment portfolios of institutional investors. From 2007 to March 2012, he worked at Jones Lang LaSalle, with his last position as the head of corporate finance, Greater China, where he was primarily responsible for providing real estate investment advisory and consulting services. From January 2003 to 2007, Mr. Chow worked at Hong Kong Disneyland Management Limited with his last position as development manager, where he was primarily responsible for the master planning, infrastructure and development management of the Hong Kong Disneyland Resort.

Mr. Ho Kent Ching-tak (“**Mr. Ho**”), aged 41, was appointed as an independent non-executive Director on 1 June 2018. He is the members of the Audit Committee and Nomination Committee of the Company. He is responsible for providing independent judgement on strategy, policy, performance, accountability, resources, key appointments and standard of conduct.

Mr. Ho has over ten years of experience in media business development. He is also experienced in wealth management and investments focusing on high-tech industries since 2015. In May 2015, Mr. Ho founded Spectrum 28, a venture capital firm based in Silicon Valley, where he has been a managing partner since June 2015.

Mr. Ho held directorship in the following public companies:

Position	Name of the company (stock code)	Duration
Executive Director	Sing Tao News Corporation Limited (Stock code: 1105)	February 2014 to June 2021
Non-executive Director	Sing Tao News Corporation Limited (Stock code: 1105)	May 2010 to February 2014

11. DOCUMENTS AVAILABLE FOR DISPLAY

Copies of the Foundation Construction Contract, the Construction Contract, the Exterior Construction Contract and the Outdoor Engineering Contract referred to in the paragraph headed “8. MATERIAL CONTRACTS” in this appendix will be published on the websites of the Stock Exchange at <https://www.hkgem.com> and the Company at <http://www.gracewine.com.hk> from the date of this circular up to and including 24 January 2022.