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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)**

**THIRD QUARTERLY RESULTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020**

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

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

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

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

## UNAUDITED THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) of Grace Wine presents the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2020, together with the comparative unaudited figures for the corresponding period in 2019. 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 and nine months ended 30 September 2020*

		For the nine months ended 30 September		For the three months ended 30 September	
		2020	2019	2020	2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE	3	39,632	46,895	20,007	17,434
Cost of sales		<u>(20,523)</u>	<u>(28,587)</u>	<u>(10,237)</u>	<u>(9,949)</u>
Gross profit		19,109	18,308	9,770	7,485
Other income and gains, net	3	1,431	1,368	326	356
Selling and distribution expenses		(4,262)	(3,461)	(1,525)	(867)
Administrative expenses		(14,337)	(17,034)	(5,337)	(5,940)
Other expenses and losses		(157)	(69)	(69)	(37)
Finance costs, net		<u>(96)</u>	<u>(65)</u>	<u>(32)</u>	<u>(22)</u>
PROFIT/(LOSS) BEFORE TAX		1,688	(953)	3,133	975
Income tax expense	4	<u>(2,017)</u>	<u>(2,002)</u>	<u>(1,517)</u>	<u>(917)</u>
PROFIT/(LOSS) FOR THE PERIOD AND PROFIT/ (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(329)</u>	<u>(2,955)</u>	<u>1,616</u>	<u>58</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY					
Basic and diluted (RMB cents)	5	<u>(0.04)</u>	<u>(0.37)</u>	<u>0.20</u>	<u>0.01</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2020

	For the nine months ended 30 September		For the three months ended 30 September	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
PROFIT/(LOSS) FOR THE PERIOD	<u>(329)</u>	<u>(2,955)</u>	<u>1,616</u>	<u>58</u>
OTHER COMPREHENSIVE INCOME/(LOSS)				
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent period:				
Exchange differences:				
Exchange differences on translation of financial information	<u>(324)</u>	<u>1,534</u>	<u>(769)</u>	<u>1,593</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>(653)</u>	<u>(1,421)</u>	<u>847</u>	<u>1,651</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

	Attributable to owners of the Company						
	Issued capital	Share premium	Capital and other reserve	Statutory funds	Exchange fluctuation reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	674	141,579	2,765	14,197	(4,831)	99,691	254,075
Loss for the period	-	-	-	-	-	(329)	(329)
Other comprehensive loss for the period:							
Exchange differences:							
Exchange difference on translation of financial information	-	-	-	-	(324)	-	(324)
Total comprehensive loss for the period	-	-	-	-	(324)	(329)	(653)
Transfer from retained profits	-	-	-	17	-	(17)	-
At 30 September 2020 (unaudited)	<u>674</u>	<u>141,579</u>	<u>2,765</u>	<u>14,214</u>	<u>(5,155)</u>	<u>99,345</u>	<u>253,422</u>
At 1 January 2019	674	141,579	93	13,746	(5,562)	100,112	250,642
Loss for the period	-	-	-	-	-	(2,955)	(2,955)
Other comprehensive income/(loss) for the period:							
Exchange differences:							
Exchange difference on translation of financial information	-	-	-	-	1,534	-	1,534
Total comprehensive income/(loss) for the period	-	-	-	-	1,534	(2,955)	(1,421)
Capital contributions from shareholders	-	-	2,771	-	-	-	2,771
At 30 September 2019 (unaudited)	<u>674</u>	<u>141,579</u>	<u>2,864</u>	<u>13,746</u>	<u>(4,028)</u>	<u>97,157</u>	<u>251,992</u>

# NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2020

## 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 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 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 "**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 2019.

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 2019, except for the adoption of the following new and 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 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

These amendments had no impact on the unaudited 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:

	For the nine months ended 30 September		For the three months ended 30 September	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers				
Sales of goods	<b>39,632</b>	46,895	<b>20,007</b>	17,434

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

	For the nine months ended 30 September		For the three months ended 30 September	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Geographical market</i>				
Mainland China	<b>39,437</b>	45,682	<b>19,881</b>	16,927
Hong Kong	<b>195</b>	1,116	<b>126</b>	483
Other jurisdictions	—	97	—	24

Total revenue from contracts with customers	<b>39,632</b>	46,895	<b>20,007</b>	17,434
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	For the nine months ended 30 September		For the three months ended 30 September	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Other income and gains</i>				
Bank interest income	<b>529</b>	724	<b>97</b>	214
Government grants*	<b>743</b>	483	<b>132</b>	23
Gains on disposal of items of property, plant and equipment, net	<b>121</b>	89	<b>85</b>	72
Others	<b>38</b>	72	<b>12</b>	47
Other income and gains, net	<b>1,431</b>	1,368	<b>326</b>	356

- \* The Group received various government grants for the promotion of the wine industry, support of agricultural development and stabilisation of employment in Mainland China and Hong Kong. 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 People's Republic of China ("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.

	For the nine months ended 30 September		For the three months ended 30 September	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Group:				
Current – Mainland China				
Charge for the year	2,195	1,468	1,606	811
Under/(Over)-provision in prior periods	(114)	327	(23)	–
Deferred tax	(64)	207	(66)	106
Total tax charge for the period	<u>2,017</u>	<u>2,002</u>	<u>1,517</u>	<u>917</u>

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

##### For the nine months ended 30 September 2020

	Mainland China		Hong Kong		Total	
	RMB'000	%	RMB'000	%	RMB'000	%
Profit/(loss) before tax	<u>6,217</u>		<u>(4,529)</u>		<u>1,688</u>	
Tax at the weighted average applicable tax rate	1,554	25.0	(747)	16.5	807	47.8
Lower tax rate for specific provinces or enacted by local authority	(235)	(3.8)	–	–	(235)	(13.9)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	97	1.6	–	–	97	5.7
Adjustments in respect of current tax of previous periods	(114)	(1.8)	–	–	(114)	(6.8)
Income not subject to tax	(21)	(0.3)	–	–	(21)	(1.2)
Expenses not deductible for tax	33	0.5	–	–	33	2.0
Tax losses not recognised	<u>703</u>	<u>11.3</u>	<u>747</u>	<u>(16.5)</u>	<u>1,450</u>	<u>85.9</u>
Tax charge for the period	<u>2,017</u>	<u>32.4</u>	<u>–</u>	<u>–</u>	<u>2,017</u>	<u>119.5</u>

For the nine months ended 30 September 2019

	Mainland China		Hong Kong		Total	
	RMB'000	%	RMB'000	%	RMB'000	%
Profit/(loss) before tax	<u>5,961</u>		<u>(6,914)</u>		<u>(953)</u>	
Tax at the weighted average applicable tax rate	1,490	25.0	(1,141)	16.5	349	(36.6)
Lower tax rate for specific provinces or enacted by local authority	(241)	(4.0)	–	–	(241)	25.3
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	157	2.6	–	–	157	(16.5)
Adjustments in respect of current tax of previous periods	327	5.5	–	–	327	(34.3)
Expenses not deductible for tax	117	2.0	–	–	117	(12.3)
Tax losses not recognised	<u>152</u>	<u>2.5</u>	<u>1,141</u>	<u>(16.5)</u>	<u>1,293</u>	<u>(135.7)</u>
Tax charge for the period	<u>2,002</u>	<u>33.6</u>	<u>–</u>	<u>–</u>	<u>2,002</u>	<u>(210.1)</u>

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

The calculation of basic loss per share for the nine months ended 30 September 2020 is based on the loss for the period attributable to owners of the Company of RMB329,000 (for the nine months ended 30 September 2019: RMB2,955,000), and the weighted average number of ordinary shares of 800,000,000 (for the nine months ended 30 September 2019: 800,000,000) in issue during the period.

The calculation of basic earnings per share for the three months ended 30 September 2020 is based on the profit for the period attributable to owners of the Company of RMB1,616,000 (for the three months ended 30 September 2019: RMB58,000), and the weighted average number of ordinary shares of 800,000,000 (for the three months ended 30 September 2019: 800,000,000) in issue during the period.

No adjustment has been made to the basic earnings/(loss) per share presented for the three months and nine months ended 30 September 2020 and 2019 as the Group had no potentially dilutive ordinary shares in issue during these periods.

## 6. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2020 (30 September 2019: Nil).



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is engaged in the wine production and distribution business in China's Shanxi and Ningxia provinces. During the nine months ended 30 September 2020 ("3Q2020"), the Group recorded an increase in gross profit as compared to the nine months ended 30 September 2019 ("3Q2019"), due principally to an increase in average selling price of the wine sold during 3Q2020, which was partially offset by lower unit sales in the period.

### OUTLOOK

Following the outbreak of Coronavirus Disease 2019 ("COVID-19"), the global economy has suffered a hard hit, and has remained unstable through 3Q2020. In particular, for the food and beverage industry, consumption has experienced a rapid downturn as a result of lockdown of cities and the avoidance of dining out at restaurant by customers. Our sales performance followed the market consumption reduction and a drop in revenue was recorded for the first half of 2020. However, we have been delighted to see a strong recovery in the third quarter of 2020, which brought our revenue for the three months ended 30 September 2020 to RMB20.0 million, 14.8% higher than the corresponding period of 2019 (RMB17.4 million). Our gross profit margin continued to improve, reaching 48.8% for the three months ended 30 September 2020 as compared to 42.9% for the corresponding period of 2019. Our gross profit for 3Q2020 increased from last year, regardless of the decrease in revenue.

Subsequent to the completion of our acquisition of the whisky and gin facility on 11 October 2019, our Group has reallocated part of its unutilised net proceeds from its share offer on 27 June 2018 for investment in the construction of a production facility and the acquisition of equipment. The first phase of the plan, being the production of gin, is on schedule, and we expect to launch our gin in the market by the end of 2021. We anticipate that with the addition of new products, the Group could develop a new revenue stream and diversify its business, which will also leverage on our brand profile, production, sales and marketing know-how and distribution channels that the Group has built over the past two decades. For details, please refer to the announcements of the Company dated 12 August 2019, 11 October 2019 and 4 September 2020.

Notwithstanding the challenging business environment we have faced this year, we are confident that we will achieve better results for 2020 from the recovery of the market in the remaining of the year.

## **FINANCIAL REVIEW**

### **Revenue**

Our revenue decreased by RMB7.3 million or 15.5% from RMB46.9 million for 3Q2019 to RMB39.6 million for 3Q2020, primarily due to the decrease in sales volume in the first half of 2020 as a result of the COVID-19 epidemic.

We sold 493,000 bottles in 3Q2020 as compared to 686,000 bottles in 3Q2019. The average selling price increased from RMB60.4 in 3Q2019 to RMB80.4 in 3Q2020, due to the increase in the proportion of sales of our high-end wine portfolio, which have higher selling prices, and the increase in wholesale prices to distributors in Shanxi province.

### **Cost of sales**

Our cost of sales decreased by RMB8.1 million or 28.2% from RMB28.6 million for 3Q2019 to RMB20.5 million for 3Q2020, primarily due to the decrease in sales volume during 3Q2020.

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

Our overall gross profit increased by RMB0.8 million or 4.4% from RMB18.3 million for 3Q2019 to RMB19.1 million for 3Q2020, due to the increase in the proportion of sales of our high-end wine and therefore the increase in average selling price as aforementioned. Our overall gross profit margin increased from 39.0% for 3Q2019 to 48.2% for 3Q2020.

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

Other net income and gains remained at RMB1.4 million for 3Q2020 and 3Q2019, which mainly comprised government grant and bank interest income.

### **Selling and distribution expenses**

Selling and distribution expenses increased by RMB0.8 million or 23.1% from RMB3.5 million for 3Q2019 to RMB4.3 million for 3Q2020, mainly due to the increase in marketing and promotion expenses.

### **Administrative expenses**

Administrative expenses decreased by RMB2.7 million or 15.8% from RMB17.0 million for 3Q2019 to RMB14.3 million for 3Q2020. The decrease was mainly attributable to the absence of the share-based payments made as remuneration to certain management personnel of our Company amounting to RMB2.6 million during 3Q2019.

## Finance costs, net

Finance costs increased by RMB31,000 or 47.7% from RMB65,000 for 3Q2019 to RMB96,000 for 3Q2020. The increase mainly reflects the unwinding of discount on the long-term lease liabilities recognised for our leased office apartments. During 3Q2020, there was no bank borrowing or other loan drawn down by the Group.

## Income tax expense

Income tax expense remained at RMB2.0 million for 3Q2020 and 3Q2019. An analysis of the profit/(loss) before tax and the income tax expenses arising from the PRC operating companies and the other offshore companies is set out below:

	PRC operating companies <i>RMB Million</i>	Other offshore companies <i>RMB Million</i>
<b>3Q2020</b>		
Profit/(Loss) before tax	6.2	(4.5)
Income tax expense	<u>(2.0)</u>	<u>–</u>
	PRC operating companies <i>RMB Million</i>	Other offshore companies <i>RMB Million</i>
<b>3Q2019</b>		
Profit/(Loss) before tax	5.9	(6.9)
Income tax expense	<u>(2.0)</u>	<u>–</u>

## Loss for the period

As a result of the foregoing, a loss for the period of RMB0.3 million was recorded for 3Q2020 as compared to RMB3.0 million for 3Q2019.

## Harvest result of self-cultivated grapes

The management believes that the harvest result for the year is important non-financial information about the Group due to the fact that the average unit production costs of the inventory for that year's vintage are affected by the total production volume of self-cultivated grapes harvested for that year, which will therefore impact the financial result of the Group for the subsequent years in which the inventory produced in that year is sold. The harvest of our self-cultivated grapes at our Shanxi Vineyard for the 2020 vintage was mostly completed in September 2020 and the quality of grapes for determining the level of wine products has been decided preliminarily. The table below sets out the quantities of the harvested grapes and

the preliminary decision in the use of these grapes for the production of wine in our Shanxi Vineyard for 2020 vintage, with comparative figures for 2019 vintage:

	<b>2020 vintage No. of tonnes</b>	2019 vintage No. of tonnes
Grapes harvested	<b>187</b>	175
Base wine produced according to the preliminary classifications		
– Entry-level wine	<b>60</b>	3
– High-end wine	<b>70</b>	113
	<b>130</b>	116

The grapes quality in our Shanxi Vineyard has been affected by the adverse weather condition during 3Q2020, hence the expected base wine production that will reach high-end wine level is reduced compared to 3Q2019.

The Group has acquired grapes from suppliers in Ningxia Province as our raw material. As a result, the impact of the harvest result in Shanxi Province on the expected production level of our high-end wine for our 2020 vintage is minimal.

## **Dividends**

The Board does not recommend the payment of any dividend for 3Q2020 (3Q2019: Nil).

## **Impact of COVID-19**

Amidst the epidemic of COVID-19, the management has been closely monitoring the Group's cash flow to ensure the sufficiency of its short-term liquidity by focusing on improving the Group's sales performance and optimising its operating expenditures. As at the date of this announcement, the management does not foresee any material liquidity issues for the Group and considered that the Group has sufficient funds to continue its normal operations in the foreseeable future, but will continue to evaluate various measures to preserve cash and enhance the Group's liquidity position as necessary.

## **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 30 September 2020, the interests and short positions of the Directors and chief executive of the Company in the shares (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**

<b>Name of Director</b>	<b>Capacity/ Nature of interest</b>	<b>Number of ordinary Shares held<sup>(1)</sup></b>	<b>Approximate shareholding percentage</b>
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**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity/ Nature of interest</b>	<b>Number of ordinary Share(s) held<sup>(1)</sup></b>	<b>Approximate shareholding percentage</b>
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 30 September 2020, 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 30 September 2020, 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:

Name	Capacity/ Nature of interest	Number of ordinary Shares held <sup>(1)</sup>	Approximate shareholding percentage
Macmillan Equity <sup>(2)</sup>	Beneficial owner	404,820,000 (L)	50.60%
Palgrave Enterprises Limited ("Palgrave Enterprises") <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	40,290,000 (L)	5.04%

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 30 September 2020, the Directors were not aware of any person or corporation (other than the Directors and the chief executive 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.

## **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 3Q2020, 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 3Q2020 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 3Q2020.

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 3Q2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.



## COMPETING INTERESTS

As at 30 September 2020, except as disclosed below, 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 the GEM of the Stock Exchange on 27 June 2018.

## COMPLIANCE ADVISER’S INTERESTS

As at 30 September 2020, save and except for the compliance adviser’s agreement entered into between the Company and Southwest Securities (HK) Capital Limited (the “**Compliance Adviser**”) dated 20 September 2017, neither the Compliance Adviser 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.

## 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 3Q2020.



## **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.

## **Composition of Nomination Committee of the Company**

Under code provision A.5.1 of the CG Code, the nomination committee of an issuer should comprise a majority of independent non-executive Directors. For the period from 1 January 2020 to 19 March 2020, the nomination committee of the Company (the “**Nomination Committee**”) comprised Ms. Judy Chan (chairlady), an executive Director, Mr. Chow Christer Ho, a non-executive Director and Mr. Ho Kent Ching-tak, an independent non-executive Director. As a result, the Nomination Committee did not comprise a majority of independent non-executive Directors.

The Company has re-complied with code provision A.5.1 of the CG Code following the appointment of Mr. Lim Leung Yau Edwin and Mr. Alec Peter Tracy as members of the Nomination Committee effective on 20 March 2020.

## **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 3Q2020 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, 5 November 2020

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

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