

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

2021

INTERIM REPORT



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

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*This report, 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 report 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 report misleading.*

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Ms. Judy Chan  
(*Chairlady and Chief Executive Officer*)  
Mr. Fan Chi Chiu

### 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

## COMPLIANCE OFFICER

Mr. Fan Chi Chiu

## COMPANY SECRETARY

Mr. Chiu Ming King

## AUTHORISED REPRESENTATIVES

Mr. Fan Chi Chiu  
Mr. Chiu Ming King

## AUDIT COMMITTEE

Mr. Lim Leung Yau Edwin (*Chairman*)  
Mr. Chow Christer Ho  
Mr. Ho Kent Ching-tak

## REMUNERATION COMMITTEE

Mr. Alec Peter Tracy (*Chairman*)  
Dr. Cheung Chai Hong  
Mr. Lim Leung Yau Edwin

## NOMINATION COMMITTEE

Ms. Judy Chan (*Chairlady*)  
Mr. Chow Christer Ho  
Mr. Ho Kent Ching-tak  
Mr. Lim Leung Yau Edwin  
Mr. Alec Peter Tracy

## AUDITOR

Ernst & Young  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## HONG KONG LEGAL ADVISER

H.M. Chan & Co in association with  
Taylor Wessing  
21/F, No. 8 Queen's Road Central  
Hong Kong

## REGISTERED OFFICE

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

## **HONG KONG BRANCH SHARE REGISTRAR**

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## **PRINCIPAL BANKERS**

China Construction Bank Corporation  
Taigu Branch  
No. 119 Xihuan Road  
Taigu County  
Jinzhong City  
PRC

China Merchants Bank, Shanghai Branch,  
Taixing Sub-branch  
No. 847 Xinzha Road  
Jing'an District  
Shanghai  
PRC

## **STOCK CODE**

8146

# Chairlady's Statement

Dear Shareholders,

On behalf of the board of Directors (the "**Board**") of Grace Wine, I am pleased to present the Company's interim report for the six months ended 30 June 2021.

For the first half of 2021, our revenue was RMB42.8 million, which was 45.4% higher than the same period in 2019, and 118.3% higher than that in 2020 (which was severely affected by COVID-19). This demonstrates that the market has returned to pre-COVID conditions and that our strategy in Shanxi is working well.

We believe this market-reset year is a great opportunity to strengthen our brand. We therefore decided to invest significantly more in marketing. In the first half of 2021, we hosted 16 events at the winery, where our clients (mainly point-of-sale clients, not end-consumers) toured our vineyards and winery, as well as tasted our wine together with our winemakers. We also organized 32 wine tasting events in various cities to assist our distributors in promoting our products. In other words, we had on average two promotion events per week. With the addition of 10 city managers and three channel managers in Shanxi, we are now able to get first-hand and accurate proprietary market and client information, which effectively helps us formulate better policies and strategies.

Our first wine from Ningxia was launched early this year. As we continue to diversify outside of Shanxi, we believe a Ningxia wine will give us an opportunity to expand to other Chinese Provinces. Ningxia is the second national pilot zone approved by China's State Council. Since President Xi's recent visit to Ningxia and his appreciation of the quality of the wine, there has been a surge of new interest in wine produced in Ningxia. In this regard, we are currently evaluating the possibility of further increasing production at our Ningxia facility. Our increased online sales on platforms, including Tmall and JD.com, also reflect our market expansion outside of Shanxi. Currently our top four cities according to their respective sales contribution are Shanghai, Beijing, Guangdong and Zhejiang.

Finally, I'd like to update you on our whisky and gin project (the "**Project**"). The construction of the distillery is on track and is expected to be completed in or around the fourth quarter of 2021. We believe this state-of-the-art facility will create a platform for us to penetrate and expand into the Fujian Province, China. In the second half of this year, apart from monitoring the construction progress of the distillery, our focus on the Project will be the formation of a new sales team for our spirits products in Fujian.

We are optimistic and excited about our plans and initiatives. However, we do recognize the Project involves a significant capital investment, and we will continue to carefully manage our cashflow. On behalf of the Board and the team, once again I would like to express my gratitude to the shareholders of the Company ("**Shareholders**") and clients for your support throughout the years.

**Judy Chan**

*Chairlady*

6 August 2021

## Unaudited Interim Results

The Board presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three and six months ended 30 June 2021, together with the comparative unaudited figures of the corresponding period in 2020.

## Unaudited Condensed Consolidated Statement of Profit or Loss

For the three months and six months ended 30 June 2021

	Notes	For the six months ended 30 June		For the three months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
REVENUE	5	42,836	19,625	13,403	12,764
Cost of sales		(18,757)	(10,286)	(6,048)	(6,492)
Gross profit		24,079	9,339	7,355	6,272
Other income and gains, net	6	1,128	1,105	608	669
Selling and distribution expenses		(8,192)	(2,737)	(3,908)	(1,431)
Administrative expenses		(10,071)	(9,000)	(5,311)	(4,579)
Other expenses and losses		(159)	(88)	(155)	(60)
Finance costs, net		(60)	(64)	(32)	(29)
PROFIT/(LOSS) BEFORE TAX	7	6,725	(1,445)	(1,443)	842
Income tax expense	8	(3,188)	(500)	(592)	(345)
PROFIT/(LOSS) FOR THE PERIOD AND PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY		3,537	(1,945)	(2,035)	497
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY					
Basic (RMB cent)	10	0.44	(0.24)	(0.25)	0.06
Diluted (RMB cent)	10	0.44	(0.24)	(0.25)	0.06

# Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 June 2021

	For the six months ended 30 June		For the three months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
PROFIT/(LOSS) FOR THE PERIOD	<b>3,537</b>	(1,945)	<b>(2,035)</b>	497
OTHER COMPREHENSIVE INCOME/ (LOSS)				
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:				
Exchange differences:				
Exchange differences on translation of financial information	<b>(289)</b>	445	<b>(311)</b>	(84)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME/ (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY	<b>3,248</b>	(1,500)	<b>(2,346)</b>	413



# Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	<b>82,113</b>	84,728
Right-of-use assets		<b>20,439</b>	21,420
Deferred tax assets		<b>961</b>	955
Prepayments		<b>5,134</b>	4,238
Goodwill		<b>4,087</b>	4,087
<b>Total non-current assets</b>		<b>112,734</b>	115,428
<b>CURRENT ASSETS</b>			
Inventories		<b>61,900</b>	66,991
Biological assets	12	<b>1,010</b>	–
Trade receivables	13	<b>2,238</b>	1,240
Prepayments, deposits and other receivables		<b>5,767</b>	4,399
Cash and cash equivalents		<b>88,592</b>	90,840
<b>Total current assets</b>		<b>159,507</b>	163,470
<b>CURRENT LIABILITIES</b>			
Trade payables	14	<b>4,638</b>	5,449
Other payables and accruals		<b>5,324</b>	15,179
Tax payable		<b>2,538</b>	1,423
Lease liabilities		<b>801</b>	873
<b>Total current liabilities</b>		<b>13,301</b>	22,924
<b>NET CURRENT ASSETS</b>		<b>146,206</b>	140,546
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>258,940</b>	255,974

Unaudited Condensed Consolidated Statement of Financial Position  
As at 30 June 2021

	Note	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		2,206	2,125
Deferred income		674	304
Lease liabilities		294	1,080
Total non-current liabilities		3,174	3,509
Net assets		255,766	252,465
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	15	674	674
Reserves		255,092	251,791
Total equity		255,766	252,465

# Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company							
	Issued capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Capital and other reserve RMB'000	Statutory 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	-	-	-	-	-	-	3,537	3,537
Other comprehensive income/ (loss) for the period:								
Exchange differences:								
Exchange difference on translation of financial information	-	-	-	-	-	(289)	-	(289)
Total comprehensive income/ (loss) for the period	-	-	-	-	-	(289)	3,537	3,248
Equity-settled share option arrangements	-	-	53	-	-	-	-	53
Transfer from retained profits	-	-	-	-	(6)	-	6	-
At 30 June 2021 (unaudited)	674	141,579*	53*	2,765*	14,868*	(6,168)*	101,995*	255,766
At 1 January 2020	674	141,579	-	2,765	14,197	(4,831)	99,691	254,075
Loss for the period	-	-	-	-	-	-	(1,945)	(1,945)
Other comprehensive income/ (loss) for the period:								
Exchange differences:								
Exchange difference on translation of financial information	-	-	-	-	-	445	-	445
Total comprehensive income/ (loss) for the period	-	-	-	-	-	445	(1,945)	(1,500)
At 30 June 2020 (unaudited)	674	141,579	-	2,765	14,197	(4,386)	97,746	252,575

\* These reserve accounts comprise the consolidated reserves of RMB255,092,000 (31 December 2020: RMB251,791,000) in the unaudited condensed consolidated statement of financial position.

# Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	For the six months ended 30 June 2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows from/(used in) operating activities	<b>2,476</b>	(2,727)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	<b>(3,020)</b>	(3,388)
Proceeds from disposal of items of property, plant and equipment	<b>120</b>	41
Prepayment of property, plant and equipment	<b>(896)</b>	(1,855)
Net cash flows used in investing activities	<b>(3,796)</b>	(5,202)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal portion of lease payments	<b>(656)</b>	(638)
DECREASE IN CASH AND CASH EQUIVALENTS	<b>(1,976)</b>	(8,567)
Cash and cash equivalents at beginning of period	<b>90,840</b>	93,719
Effect of foreign exchange rate changes, net	<b>(272)</b>	438
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>88,592</b>	85,590
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances as stated in the unaudited condensed consolidated statement of financial position	<b>88,592</b>	85,590

# Notes to Unaudited Condensed Consolidated Interim Financial Information

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

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

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of Group has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and the Hong Kong Companies Ordinance.

The unaudited condensed consolidated interim 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 interim financial information of the Group has been prepared in accordance with the same accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2020, except for the adoption of the revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) as disclosed in note 3 below.

This unaudited condensed consolidated interim 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 interim financial information has not been audited or reviewed by the Company's external auditors, but has been reviewed by the Company's Audit Committee ("**Audit Committee**").

### 3. CHANGES IN ACCOUNTING POLICIES

In the accounting period beginning from 1 January 2021, the Group has adopted, for the first time, the following amendments to HKFRSs issued by the HKICPA that affect the Group and are adopted for the current period's financial information:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

These amendments have had no material effect on how the Group's results and financial position for the current or prior periods have been presented in this unaudited condensed consolidated interim financial information. The Group has not applied any other new standard or interpretation that is not yet effective for the current accounting period.

### 4. SEGMENT INFORMATION

#### Operating segments

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. During the period, resources were allocated to two reporting segments, namely (i) production of wines; and (ii) production of spirits.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the reportable segment's profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income and corporate income/(expenses) are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payables, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

#### 4. SEGMENT INFORMATION (CONTINUED)

##### Operating segments (continued)

	Production of wines		Production of spirits		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:						
Sales to external customers	42,836	19,625	-	-	42,836	19,625
Other revenue	738	673	-	-	738	673
	43,574	20,298	-	-	43,574	20,298
<b>Segment results</b>	<b>9,734</b>	<b>244</b>	<b>(1,079)</b>	<b>-</b>	<b>8,655</b>	<b>244</b>
<b>Reconciliation:</b>						
Other unallocated income					-	49
Interest income					390	432
Corporate and other unallocated expenses					(2,320)	(2,170)
Profit/(loss) before tax					6,725	(1,445)

#### 4. SEGMENT INFORMATION (CONTINUED) Operating segments (continued)

	Production of wines		Production of spirits		Total	
	As at	As at	As at	As at	As at	As at
	30 June 2021 RMB'000	31 December 2020 RMB'000	30 June 2021 RMB'000	31 December 2020 RMB'000	30 June 2021 RMB'000	31 December 2020 RMB'000
<b>Segment assets</b>	148,956	158,152	29,079	28,053	178,035	186,205
<b>Reconciliation:</b> Corporate and other unallocated assets					94,206	92,693
<b>Total assets</b>					272,241	278,898
<b>Segment liabilities</b>	(9,823)	(14,259)	(105)	(7,983)	(9,928)	(22,242)
<b>Reconciliation:</b> Corporate and other unallocated liabilities					(6,547)	(4,191)
<b>Total liabilities</b>					(16,475)	(26,433)

Over 90% of the Group's non-current assets are based in Mainland China during the period.



## 5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June		For the three months ended 30 June	
	2021	2020	2021	2020
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Revenue from contracts with customers				
Sales of goods	<b>42,836</b>	19,625	<b>13,403</b>	12,764

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

	For the six months ended 30 June		For the three months ended 30 June	
	2021	2020	2021	2020
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
<i>Geographical markets</i>				
Mainland China	<b>41,910</b>	19,556	<b>12,708</b>	12,764
Other jurisdictions	<b>926</b>	69	<b>695</b>	–
Total revenue from contracts with customers	<b>42,836</b>	19,625	<b>13,403</b>	12,764

## 6. OTHER INCOME AND GAINS, NET

An analysis of other income and gains is as follows:

	For the six months ended 30 June		For the three months ended 30 June	
	2021	2020	2021	2020
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Bank interest income	390	432	169	313
Government grants*	606	611	344	298
Gains on disposal of items of property, plant and equipment, net	110	36	76	36
Others	22	26	19	22
<b>Other income and gains, net</b>	<b>1,128</b>	<b>1,105</b>	<b>608</b>	<b>669</b>

\* 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.

## 7. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June		For the three months ended 30 June	
	2021	2020	2021	2020
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Cost of inventories sold	<b>13,346</b>	4,528	<b>3,709</b>	3,290
Depreciation of property, plant and equipment	<b>4,011</b>	4,998	<b>1,905</b>	2,503
Less: government grants released	<b>(11)</b>	(11)	<b>(5)</b>	(5)
	<b>4,000</b>	4,987	<b>1,900</b>	2,498
Depreciation of right-of-use assets	<b>994</b>	1,016	<b>530</b>	499
Less: amount capitalised into biological assets	<b>(165)</b>	(160)	<b>(165)</b>	(160)
	<b>829</b>	856	<b>365</b>	339

## 8. 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 has 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.

	For the six months ended 30 June		For the three months ended 30 June	
	2021	2020	2021	2020
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Group:				
Current – Mainland China				
Charge for the period	<b>3,041</b>	589	<b>611</b>	415
Under-provision/(over- provision) in prior periods	<b>66</b>	(91)	<b>66</b>	(91)
Deferred tax	<b>81</b>	2	<b>(85)</b>	21
<b>Total tax charge for the period</b>	<b>3,188</b>	500	<b>592</b>	345

## 8. INCOME TAX (CONTINUED)

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 six months ended 30 June 2021

	Mainland China		Hong Kong		Total	
	RMB'000	%	RMB'000	%	RMB'000	%
Profit/(loss) before tax	9,698		(2,973)		6,725	
Tax at the weighted average applicable tax rate	2,424	25.0	(491)	16.5	1,933	28.7
Lower tax rate of specific provinces or enacted by local authorities	(34)		–		(34)	
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	64		–		64	
Adjustments in respect of current tax of previous periods	66		–		66	
Income not subject to tax	(75)		(10)		(85)	
Expenses not deductible for tax	110		103		213	
Tax losses not recognised	633		398		1,031	
Tax charge for the period	3,188	32.9	–	–	3,188	47.4

## 8. INCOME TAX (CONTINUED)

For the six months ended 30 June 2020

	Mainland China		Hong Kong		Total	
	RMB'000	%	RMB'000	%	RMB'000	%
Profit/(loss) before tax	1,395		(2,840)		(1,445)	
Tax at the weighted average applicable tax rate	349	25.0	(467)	16.5	(118)	8.2
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	14		–		14	
Adjustments in respect of current tax of previous periods	(91)		–		(91)	
Income not subject to tax	(47)		–		(47)	
Expenses not deductible for tax	33		–		33	
Tax losses not recognised	242		467		709	
Tax charge for the period	500	35.8	–	–	500	(34.6)

## 9. DIVIDENDS

The Directors do not recommend or declare the payment of any dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

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

The calculation of basic earnings per share for the six months ended 30 June 2021 is based on the profit for the period attributable to owners of the Company of RMB3,537,000 (for the six months ended 30 June 2020: loss of RMB1,945,000), and the weighted average number of ordinary shares of 800,000,000 (for the six months ended 30 June 2020: 800,000,000) in issue during the period.

The calculation of basic loss per share for the three months ended 30 June 2021 is based on the loss for the period attributable to owners of the Company of RMB2,035,000 (for the three months ended 30 June 2020: profit of RMB497,000), and the weighted average number of ordinary shares of 800,000,000 (for the three months ended 30 June 2020: 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 six months ended 30 June 2020 as the Group had no potentially dilutive ordinary shares in issue during these periods.

No adjustment has been made to the basic earnings/(loss) per share presented for the three months and six months ended 30 June 2021 in respect of a dilution as the impact of the share options had an anti-dilutive effect in the basic loss per share amount presented.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the reporting period, the Group acquired items of plant and machinery with a cost of approximately RMB3,020,000 (six months ended 30 June 2020: RMB3,388,000). Items of plant and machinery with a net book value of approximately RMB10,000 (six months ended 30 June 2020: RMB5,000) were disposed of during the six months ended 30 June 2021, resulting in a gain on disposal of approximately RMB110,000 (six months ended 30 June 2020: RMB36,000).

## 12. BIOLOGICAL ASSETS

All grapes are harvested annually from late August to October each year. After the harvest, plantation works commence again on the farmland. The Directors consider that there was no active market for the grapes before harvest at the end of the reporting periods and therefore the replacement cost approach is adopted to value the immature grapes during the growing period as at the end of the reporting periods.

Cultivation costs incurred are accounted for as additions to the biological assets and have been considered in the calculation of the fair values during the growing period and these costs approximate to their fair values. During the six months ended 30 June 2021, the Group incurred RMB1,010,000 (six months ended 30 June 2020: RMB1,002,000) on the plantation of biological assets.

The fair value measurement of the grapes is categorised as Level 3 fair value measurement within the three-level fair value hierarchy as defined in HKFRS 13 *Fair Value Measurement*. Significant unobservable inputs are mainly the replacement cost for immature grapes and the market price for harvested grapes.

During each of the reporting periods, no transfers occurred between levels in the hierarchy.

The fair values of agricultural produce are calculated based on the inputs to the valuation techniques used. The following table gives information about how the fair values of these biological assets are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy in which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

Biological assets	Fair value hierarchy	Valuation technique and key input	Significant unobservable input	Relationship of unobservable input to fair value
Immature grapes	Level 3	Replacement cost approach  The key input is: Various costs for replacing	Various costs for replacing	The higher the costs incurred, the higher the fair value



### 13. TRADE RECEIVABLES

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Trade receivables from third parties	2,237	1,226
Due from related companies	1	14
Impairment	-*	-*
<b>Trade receivables</b>	<b>2,238</b>	<b>1,240</b>

\* Less than RMB1,000.

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period up to three months. The Group does not hold any collateral or other credit enhancements over its trade receivable balances and the trade receivables are non-interest-bearing.

Note:

- (i) Trade receivables

An aged analysis of the trade receivables, based on the invoice date and net of loss allowance, is as follows:

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Within 60 days	2,201	1,240
61 to 90 days	37	-
<b>Trade receivables</b>	<b>2,238</b>	<b>1,240</b>

## 14. TRADE PAYABLES

An aged analysis of the trade payables, based on the invoice date, is as follows:

	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	As at 31 December 2020 (Audited) RMB'000
Within 30 days	909	800
31 to 90 days	3,729	4,649
	<b>4,638</b>	5,449

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

## 15. SHARE CAPITAL

	As at 30 June 2021			As at 31 December 2020		
	Number of shares	HK\$'000	(Unaudited) RMB'000 equivalent	Number of shares	HK\$'000	(Audited) RMB'000 equivalent
Authorised:						
Ordinary shares of HK\$0.001 each	8,000,000,000	8,000		8,000,000,000	8,000	
Issued and fully paid:						
Ordinary shares of HK\$0.001 each	800,000,000	800	674	800,000,000	800	674

## 16. SHARE-BASED PAYMENTS

In order to attract and retain the eligible participants, to provide incentives or rewards for their contribution to the Group and to promote the success of the business of the Group, the Company conditionally adopted a share option scheme (the “**Scheme**”) on 1 June 2018 whereby the board of directors (the “**Board**”) is authorised, at its absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the shares of the Company (the “**Shares**”) to, *inter alia*, any employees (full-time or part-time), potential employees, executives or officers (including executive, non-executive and independent non-executive Directors) of the Group and any suppliers, customers agents and advisers who contributed to the Group. The Scheme shall be valid and effective for a period of ten years commencing on 1 June 2018, subject to the early termination provisions contained in the Scheme.

The Company shall be entitled to issue options, provided that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme does not exceed 10% of the Shares in issue on the Listing Date. The Company may at any time refresh this limit, subject to the shareholders’ approval and issue of a circular in compliance with the Listing Rules, provided that the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the shares in issue at the time.

The total number of shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant, shall not exceed 0.1% of the Shares in issue.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within seven days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the official closing price of the shares as stated in the Stock Exchange’s daily quotation sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days (as defined in the GEM Listing Rules) immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option provided always that for the purpose of calculating the subscription price, where the Company has been listed on the Stock Exchange for less than five business days, the issue price shall be used as the closing price for any trading day falling within the period before the date of listing of the shares.

## 16. SHARE-BASED PAYMENTS (CONTINUED)

In May 2021, 10,000,000 share options were granted under the Scheme, at an exercise price of HK\$0.186 per share. 30%, 30% and 40% of the share options will vest on 17 May 2022, 17 May 2023, and 17 May 2024, respectively, on the condition that directors and employees of the Company remain in service as of the vesting dates. The maximum aggregate number of ordinary shares that may be issued pursuant to all grantees under the Scheme was 10,000,000. The Scheme lapses on the tenth anniversary of the grant date.

- (a) The fair value of equity-settled share options granted during the period was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used:

Assumption	Input
Dividend yield (%)	0%
Expected volatility (%) (note)	44.91%
Risk-free interest rate (%)	1.192%
Option life (years)	10
Spot price (HK\$ per share)	0.1780

Note: Expected volatility is estimated based on the average historical volatility of the comparable companies. No other feature of the options granted was incorporated into the measurement of fair value.

- (b) The following share options was outstanding under the Scheme during the period:

	Weighted average exercise price per share HK\$	Number of options
At 1 January 2021	–	–
Granted during period	0.186	10,000,000
At 30 June 2021	0.186	10,000,000

## 16. SHARE-BASED PAYMENTS (CONTINUED)

- (c) The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

Exercise period	Number of options	Exercise price HK\$
17 May 2022–16 May 2031	3,000,000	0.186
17 May 2023–16 May 2031	3,000,000	0.186
17 May 2024–16 May 2031	4,000,000	0.186
<hr/>		
At 30 June 2021	10,000,000	

The fair values of the share options granted under the Scheme during the six months ended 30 June 2021 was HK\$892,000 (equivalent to RMB743,000), of which the Group recognised a share-based payment expense of HK\$64,000 (equivalent to RMB53,000) for the six months ended 30 June 2021.

At the end of the reporting period, the Company had 10,000,000 share options outstanding. If the outstanding share options were exercised in full, an additional 10,000,000 ordinary shares of the Company will be issued, resulting in additional share capital of RMB8,000 (equivalent to HK\$10,000) and capital reserve of RMB1,541,000 (equivalent to HK\$1,850,000) (before issue expenses), respectively.

## 17. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at the end of the reporting period.

## 18. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Contracted, but not provided for:		
Plant and machinery	121	1,228
Construction in progress	2,224	2,014
	<b>2,345</b>	<b>3,242</b>

## 19. RELATED PARTY TRANSACTIONS

- (a) In addition to those transactions and balances disclosed elsewhere in the unaudited condensed consolidated interim financial information, the Group had the following transactions with related parties during the period:

	For the six months ended 30 June 2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>Sales of products</b>		
– Chan Kwan (note (a)(i))	11	–
– Chan Chun Keung (note (a)(ii))	161	94
– Judy Chan (note (a)(iii))	5	13

Notes:

- (a)(i) Chan Kwan is a brother of Judy Chan.
- (a)(ii) Chan Chun Keung is the father of Judy Chan and the spouse of Wong Shu Ying.
- (a)(iii) Judy Chan is an executive director.

All of the above transactions were conducted at prices mutually agreed between the parties.

## 19. RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) The Group has paid Dragonfield Management Limited RMB162,000 (six months ended 30 June 2020: RMB112,000) for the leasing of commercial premises for use as offices during the six months ended 30 June 2021. The payment in respect of other administrative services provided by Dragonfield Management Limited during the six months ended 30 June 2021 on behalf of the Group was RMB768,000 (six months ended 30 June 2020: RMB489,000).
- (c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Fees	486	629
Salaries, allowances and benefits in kind	519	582
Performance related bonuses	–	–
Pension scheme contributions	36	43
Equity-settled share-based payment expense	42	–
	<b>1,083</b>	1,254

## 20. FAIR VALUE HIERARCHY

Other than biological assets, as disclosed in note 12, the Group did not have any financial assets or financial liabilities measured at fair value at the end of the reporting period.

## BUSINESS REVIEW AND OUTLOOK

According to data released by the National Bureau of Statistics of China, China's gross domestic product ("GDP") reached RMB53.2 trillion<sup>1</sup> in the first half of 2021, representing an increase of 12.7% as compared with the same period in the previous year. Last year, the COVID-19 pandemic raged and posed severe challenges to China's domestic economic development. However, with the implementation of a large-scale vaccination program and effective as well as stringent control measures, the epidemic was quickly and effectively contained. At the same time, production activities and other economic activities recovered rapidly through various economic development stimulus policies. Per capita disposable income in the first half of 2021 was RMB24,125<sup>2</sup>, representing a 11.4% growth compared to the same period in the previous year, indicating that the nation's consumer demand has gradually returned to its normal pre-pandemic levels. Looking ahead, China is expected to continue to be a leading economy in the global economic recovery process, supported by private consumption and fixed asset investment.

In the first half of 2021, China's domestic wine market rebounded quickly after the control of the COVID-19 pandemic, the rapid release of pent-up consumer demand, and the imposition of tariffs on imported wine from Australia, one of the major sources of domestic imported wine. Data from the China Merchant Industry Research Institute (中商產業研究院) shows that the national wine output was 131,000 kiloliters<sup>3</sup> from January 2021 to May 2021, representing an increase of 28.4% from the corresponding period last year. The Chinese government announced an imposition of tariff on Australian wine imports in November 2020, which benefited the sales of domestic wine. Prior to the imposition of tariff on Australian wine imports from China, Australia was the second largest source of domestic wine imports<sup>4</sup>, and Australian wine had been considered as a major competitor to domestic wine due to its relatively low prices and high quality. The outlook for domestic wine is expected to be bright following the implementation of the tariff measures. Although the wine market is showing a drop in production and sales last year due to the macro environment and other factors, as the pandemic is under control in China and the lives of the PRC residents are gradually returning to normal, domestic consumption, food, beverage and business venues are also recovering rapidly, and domestic wine consumption is in a resurgence. Economic growth in the first half of the year recovered rapidly to pre-pandemic levels. The recovery in wine consumption was further reflected in per capita spending on food, tobacco and alcohol of RMB3,536<sup>5</sup> in the first half of 2021, representing a 14.2% growth compared to the same period in the previous year. Looking towards the long term, there is still potential for growth in the wine industry. China is currently the fifth largest wine-consuming nation globally and the largest wine-consuming nation in Asia. However, due to the per capita consumption of Chinese wine still being significantly lower than the world average consumption, there is room for growth in the consumption of Chinese wine. As the demand for alcohol diversifies and we see

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<sup>1</sup> [http://www.stats.gov.cn/tjsj/zxfb/202107/t20210716\\_1819540.html](http://www.stats.gov.cn/tjsj/zxfb/202107/t20210716_1819540.html)

<sup>2</sup> [http://www.stats.gov.cn/tjsj/zxfb/202107/t20210715\\_1819442.html](http://www.stats.gov.cn/tjsj/zxfb/202107/t20210715_1819442.html)

<sup>3</sup> <https://s.askci.com/data/industry/a02090b/>

<sup>4</sup> <https://s.askci.com/data/industry/a02090b/>

<sup>5</sup> <https://s.askci.com/data/industry/a02090b/>



changes in its mode of consumption, as well as an increase in health consciousness of the public, consumers' demands for wine will no longer be restricted to formal occasions such as business gatherings. Wine consumption in an informal context, such as at food and beverage venues and leisure and entertainment venues, will become more common. As wine culture is slowly being nurtured across the country, there is room for steady long-term growth in consumption.

2021 is the first year of the “14th Five-Year Plan”. The Chinese government plans to promote the balanced development among regions and the new-type urbanization, allowing corporates neighbouring regions with similar products to achieve a strategy of competition and cooperation. It is beneficial to the difference between wine products and increases core competitiveness. The China Alcoholic Drinks Association (“**CADA**”) (中國酒業協會) issued the “14th Five-Year Development Guide for the Chinese Alcohol Beverage Industry” (《中國酒業「十四五」發展指導意見》), which suggested fostering the blending of wine types and wine-making, enhancing the financial credits support for the wine industry, establishing complete agricultural loan risk transferring and compensation mechanism, enhancing the loan support for domestic leading wine corporates and promoting the development of the Chinese wine industry. Additionally, in the fourth quarter of 2019, CADA implemented two group standards, “Wine Grapes” and “Oak Barrels”, to unify standards in China for wine-making techniques and testing parameters, and provide clear standards for evaluation based on wine quality and the use of raw materials. At the same time, at CADA's Annual National Wine Tasting Convention, the CADA released “Standard Wine-Producing Regions” in an attempt to clearly define standard wine-producing regions in China, and stimulate the healthy development of the Chinese wine industry. Many small and medium-sized businesses were forced to withdraw from the market due to not meeting these standards. A local standard namely, “Helan Mountains' Eastern Base Wine Technology Standard System” (《賀蘭山東麓葡萄酒技術標準體系》), was also published in 2020 which was the first technology standard system built in the full industry chain focusing on the protection of regional signature products in the domestic wine field. It leads the industry towards a new direction. In recent years, the wine industry has mainly standardised the deluxe wine market by adopting the “Deluxe Wine” (《年份酒》) group standard, establishing a China Wine Rating System, and commencing investigations of anti-dumping and anti-subsidies against imported wine. It in turn maintains the order of fair trade, unleashes the potential of domestic demand for wine and results in a positive impact on the domestic wine industry. Large-scale businesses, especially the wine grape cultivators, strive to adapt by integrating high-quality wine production, logistics, and sales. The above policies and standards will also benefit and bring about new opportunities to the Group.

In terms of financial position of the Group, the first quarter of 2021 was positive and the second quarter was in steady growth, with gross margins up 1% in the first half of 2021, mainly due to the country's aggressive economic recovery plan and the implementation of large-scale vaccinations, which effectively improved the economic situation that had been dragged down by the epidemic earlier. With the stabilisation of the epidemic, the sales of wine improved significantly. Coupled with the Group's accelerated online and offline integration process and strategic cooperation with sales platforms to promote the Group's brands through various marketing activities, local distributors and live streaming platforms, the Group's sales performance improved significantly in the first half of the year. The Group is still actively exploring different ways to expand its market and distribution channels, and has entered into cooperation agreements with several offline distributors to increase distribution channels. In addition, the Group has classified its products into high-end and entry-level categories, and applied corresponding marketing strategies to attract different customer groups and cater for their tastes and needs, so as to achieve the effect of diversifying sales risk and product diversification. The gross profit margin and net profit margin in the second half of the year improved as the pandemic is gradually under control, which resulted in outstanding performance in the industry. In the mid- to long-term, the management plans to continue expanding our market coverage by increasing the number of distribution channels to achieve online and offline integration. In response to market changes, the Group will actively expand diversified sales channels and focus on the brand advertisement to enhance our market awareness. In the meantime, the Group will increase the values of products and establish clear market position, allowing us and more consumers to interact better and boost the effort of promoting our products.

The Group completed an acquisition of 100% equity interest in Maxco Asia Limited ("**Maxco Asia**") on 12 August 2019. Maxco Asia owns Fujian Dexi Wine Company Limited ("**Fujian Dexi**"), which was established in China and mainly produces whisky and gin in Fujian Province, China. The construction of the proposed production plant in 2020 is on track, with the whisky distillation project progressing satisfactorily and the gin distillation sample still under active preparation, the Group is now in the stage of aggressive product development and making strategic adjustments in response to market demand. Through the development of product diversification, the Group is expected to increase its market share and business scale in the wine market. The management believes that the Group will be able to continue benefiting from its existing sales network and extensive experience in brewing alcoholic beverages. It is expected that the acquisition will have a synergetic effect on the Group's wine business and lay a foundation for the Group's entering into of the spirits industry, leading the wine business into a diversified and sustainable development.

Looking forward to the second half of 2021, we believe that with the full coverage of COVID-19 vaccination, as well as advanced medical inspection which help build a herd immunity barrier, the pandemic will fade out gradually and the Group will be able to benefit from the rapid recovery of the overall domestic economy to bring considerable growth to the sales volume. The Group will continue to focus on improving the product quality and consumer satisfaction of its products, maintaining the positive status of the Group's wine brand. Looking forward to the future, the Group will actively establish sales channels and produce unique high-quality wine products so as to give full play to its competitive advantages and excel in the industry. The Group will also expand and diversify its businesses in order to spread risk and create value for the Group, as well as bring sustainable return for its shareholders.

## FINANCIAL REVIEW

### Revenue

Our revenue increased by RMB23.2 million or 118.3% from RMB19.6 million for the six months ended 30 June 2020 (“**1H2020**”) to RMB42.8 million for the six months ended 30 June 2021 (“**1H2021**”) as a result of the increase in total sales volume.

We sold 553,000 bottles in 1H2021 as compared to 254,000 bottles in 1H2020, while our average selling price maintained at RMB77.5 per bottle in 1H2021 as compared to RMB77.3 per bottle in 1H2020. The table below sets out the analysis of revenue and sales volume by our product mix:

	For the six months ended 30 June 2021		For the six months ended 30 June 2020	
	Revenue	Sales volume	Revenue	Sales volume
High-end	65.5%	27.8%	66.3%	33.0%
Entry-level	34.5%	72.2%	33.7%	67.0%

### Cost of sales

Our cost of sales increased by RMB8.5 million or 82.4% from RMB10.3 million for 1H2020 to RMB18.8 million for 1H2021 primarily due to the increase in total sales volume. Our average cost of sales per bottle decreased from RMB40.5 for 1H2020 to RMB33.9 for 1H2021.

### Gross profit and gross profit margin

Our overall gross profit increased by RMB14.8 million or 157.8% from RMB9.3 million for 1H2020 to RMB24.1 million for 1H2021, primarily due to the increase in total sales. Our overall gross profit margin increased from 47.6% for 1H2020 to 56.2% for 1H2021.

### Other income and gains, net

Other net income and gains remained at RMB1.1 million for both 1H2020 and 1H2021, which mainly comprised income from government grants and compensations.

### Selling and distribution expenses

Selling and distribution expenses increased by RMB5.5 million or 199.3% from RMB2.7 million for 1H2020 to RMB8.2 million for 1H2021, mainly due to the strengthened branding and marketing efforts and increased promotion events organized in the Shanxi Province, China and other sales regions.

### Administrative expenses

Administrative expenses increased by RMB1.1 million or 11.9% from RMB9.0 million for 1H2020 to RMB10.1 million for 1H2021, which was mainly due to the increase in administrative expenses in relation to our whisky and gin production project.

## Finance costs, net

Our finance costs was RMB60,000, which represented the unwinding of the discounted lease liabilities recognised under HKFRS 16 Leases (1H2020: RMB64,000).

## Income tax expense

Our income tax expense increased by RMB2.7 million or 537.6% from RMB0.5 million for 1H2020 to RMB3.2 million for 1H2021 due to the increase in profit before tax in our PRC subsidiaries.

## Profit for the period

As a result of the foregoing, a profit for the period of RMB3.5 million was recognised for 1H2021 (1H2020: loss for the period of RMB2 million).

## Liquidity, financial and capital resources

Our principal liquidity and capital requirements primarily relate to acquisition of raw materials for wine production as well as other costs and expenses related to our business operation, as well as capital investment in new projects. As at 30 June 2021, the carrying amount of the Group's cash and cash equivalents was RMB88.6 million, representing a decrease of 2.5% as compared with that of RMB90.8 million as at 31 December 2020.

As at 30 June 2021, the Group's cash and cash equivalents include RMB77.7 million, USD1.6 million, and some insignificant amounts of HK\$ and EUR (31 December 2020: RMB76.7 million, USD2.1 million, and some insignificant amounts of HK\$ and EUR).

## Gearing ratio

The Group's gearing ratio is measured by total external borrowings divided by total equity. As at 30 June 2021, the Group does not have any external borrowings (31 December 2020: nil).

## Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies to ensure the liquidity requirements from daily operation as well as capital expenditures are met. The Board closely monitors the Group's liquidity positions, while surplus cash will be invested appropriately with the consideration of the credit risks, liquidity risks and market risks of the financial instruments.

### Foreign exchange risk

The business of the Group is primarily in Mainland China where most of the transactions are denominated in RMB. Therefore, the individual companies within the Group have minimal exposures of foreign exchange risk to its functional currency. Given that the presentation currency of the Group's consolidated financial positions is also RMB, the exchange gain or loss arising from currency translation is also insignificant.

For the Group's subsidiaries outside Mainland China, transactions, including the Group's financing activities, may be denominated in Hong Kong Dollars or United States Dollars, and therefore are exposed to foreign exchange risks. The Group does not have a foreign currency hedging policy and does not use any financial instruments for hedging purposes. The Board monitors the Group's foreign currency exposures closely and may take appropriate measures to minimise the foreign currency risk exposures accordingly.

### Contingent liabilities

As at 30 June 2021, the Group had no contingent liabilities (31 December 2020: nil).

### Pledge of assets

As at 30 June 2021, the Group did not have any assets pledged for credit facilities (31 December 2020: nil).

### Employee and remuneration policies

As at 30 June 2021, the Group had, including Directors, 165 employees (31 December 2020: 129 employees). Staff costs, including Directors' emoluments, amounted to RMB6.1 million for 1H2021 (1H2020: RMB4.5 million). The remuneration policies for our Directors and employees are based on their experience, level of responsibility and general market conditions, and are reviewed and adjusted on an annual basis.

The Company has adopted a share option scheme on 1 June 2019 for the purpose of providing incentives and rewards to eligible members of the scheme.

### Events after the reporting period

There were no significant events after the reporting period up to the date of this report.

### Significant investments, material acquisition and disposals

During 1H2021, Fujian Dexi, an indirect wholly-owned subsidiary of the Company, has entered into a construction contract with Fujian Tongyuan Construction Project Co. Ltd. (the “**Contractor**”), an independent third party of the Company and its connected person, pursuant to which the Contractor will undertake construction works in respect of a distillery facility for the production of whisky and gin in Fujian Province, PRC (the “**Construction Work**”) for a total contract sum of RMB23,853,211 (exclusive of value-added tax). 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.

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

As at the date of this report, the Construction Work is still in progress. Please refer to the announcement of the Company dated 28 April 2021 for further details.

Save as disclosed above, the Group did not have any significant investments, material acquisitions or disposal of assets, subsidiaries, associates or joint ventures.

### Interim dividend

The Board does not recommend the payment of any dividend for 1H2021.

### Future plans for material investments and capital assets

Save as disclosed in the prospectus of the Company dated 12 June 2018 (the “**Prospectus**”) and this report, the Group does not have other plans for material investments and capital assets.

## Comparison of business objectives with actual business progress

The following is a comparison of the Group's business objectives as set out in the Prospectus with the Group's actual business progress up to 30 June 2021:

Business objectives from 1 January 2020 to 31 December 2020 as set out in the Prospectus	Actual business progress up to 30 June 2021
<p><b>(i) To increase our brand awareness and sales by collaborating with selected distributors</b></p> <p>We intend to use approximately 2.4% of the net proceeds, or approximately RMB0.8 million, to increase marketing and promotion efforts in, among others, (i) marketing events conducted with media, such as wine pairing dinners; (ii) web and mobile social media blogs and marketing campaigns; (iii) internet marketing campaigns; and (iv) marketing department administrative fees.</p>	<p>Branding and marketing activities had been carried out regularly in the Shanxi Province and other sales regions. We have organized various promotion events and launched different marketing campaigns to promote our brand and products throughout the years. The business objective had been completed with the support from the proceeds from initial public offering.</p>
<p><b>(ii) To increase wine-making capacity</b></p> <p>We intend to use approximately 7.6% of the net proceeds, or approximately RMB2.5 million, to construct the second phase of our Ningxia Winery, namely, the construction of the winery, including completing the greenery and landscaping.</p> <p>We intend to use approximately 3.0% of the net proceeds, or approximately RMB1.0 million for the initial production costs of the first phase of our Ningxia Winery, including the purchase of raw materials and utility expenses.</p>	<p>After due consideration by the management, it is considered that the investment in increasing the winemaking capacity may no longer be the best strategy for the Group. As mentioned in the announcement regarding the change in use of proceeds dated 4 September 2020 (the “<b>Announcement</b>”), we intended to reallocate part of the Net Proceeds (as defined in the Announcement) to the construction of a distillery facility for the production of whisky and gin in Fujian Province. As at 30 June 2021, the Group has invested RMB21.8 million in the construction of factory and acquisition of production equipment.</p>

### Issue of Shares and use of proceeds from initial public offering

The shares of the Company (the “**Shares**”) were listed on GEM of the Stock Exchange (the “**Listing**”) on 27 June 2018 (the “**Listing Date**”) with a total of 200,000,000 Shares issued at HK\$0.35 each by way of public offer and placing (the “**Share Offer**”), raising net proceeds (the “**Net Proceeds**”) of an estimated amount of approximately HK\$40.6 million (equivalent to RMB33.1 million) after deducting underwriting commissions and all related expenses.

The following table sets forth the status of the use of proceeds from the Listing Date up to 30 June 2021:

	Original allocation of Net Proceeds as stated in the Prospectus as at 31 December 2020	Actual use of Net Proceeds as at 4 September 2020	Unutilised Net Proceeds as at 4 September 2020	Revised allocation of unutilised Net Proceeds as at 4 September 2020 (Note 1)	Actual use of Net Proceeds from 4 September 2020 to 30 June 2021	Unutilised Net Proceeds as at 30 June 2021	Expected timeline of application of the unutilized Net proceeds (Note 2)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Second phase construction of the Ningxia Winery	15,000	-	15,000	-	-	-	-
Purchase of plants and equipment	6,800	-	6,800	-	-	-	-
Initial production costs of the first phase of our Ningxia Winery	6,700	5,000	1,700	1,700	1,700	-	-
Sales and marketing expenses	3,000	2,250	750	750	750	-	-
General working capital	1,598	1,198	400	400	400	-	-
Construction of the Distillery Facility (defined in Note (1) below)	-	-	-	21,800	8,681	13,119	By 31 December 2022 (Notes 2&3)
	33,098	8,448	24,650	24,650	11,531	13,119	



# Management Discussion and Analysis

## Notes:

- (1) As mentioned in the Announcement, the Board resolved to change the use of the unutilised Net Proceeds and reallocate the part of the unutilised Net Proceeds to the construction of a distillery facility for the production of whisky and gin in Fujian Province (the “**Distillery Facility**”). For details, please refer to the Announcement.
- (2) The expected timeline of application of the unutilised Net Proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of the Group’s business and the market conditions.
- (3) The expected timeline of application of the unutilised balance of the Net Proceeds is extended from the fourth quarter of 2021 to 31 December 2022 mainly because of the postponed construction of the Distillery Facility as a result of a delay in obtaining approval from authorities due to further modifications of construction plans based on review and feedback of authorities.

## 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 report, 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.

### 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 June 2021, the interests and short positions of the Directors and chief executive 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 <sup>(1)</sup>	Approximate shareholding percentage
Ms. Judy Chan	Interest in controlled corporation <sup>(2)</sup>	411,350,000 (L)	51.42%
	Beneficial owner <sup>(3)</sup>	8,000,000 (L)	1.00%
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 Limited ("**Macmillan Equity**") is wholly-owned by Ms. Judy Chan, and therefore Ms. Judy Chan is deemed to be interested in the 411,350,000 Shares held by Macmillan Equity pursuant to the SFO.
3. 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 <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 30 June 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 30 June 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:

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

Notes:

- The letter "L" denotes the person's long position in the Shares.
- Macmillan Equity is wholly-owned by Ms. Judy Chan.
- 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.
- Mr. Chan Chun Keung, the spouse of Ms. Wong Shu Ying, is deemed to be interested in the 4,460,000 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 June 2021, 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 was adopted by the Company on 1 June 2018 (the “**Share Option Scheme**”). The purpose of the Share Option Scheme is to enable the Company to grant options to Eligible Participants (as defined below) as incentives or rewards for their contribution or potential contribution to the Group. The details of the Share Option Scheme have been disclosed in the Prospectus under section “Appendix V – Statutory and General Information – F. Share Option Scheme”.

Unless otherwise cancelled or amended, the Board is entitled at any time within the period of ten years from the date of adoption of the Share Option Scheme to make an offer to the below eligible participants (the “**Eligible Participants**”) of the Share Option Scheme:

- (i) any full-time or part-time employees, or potential employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any Directors (including executive, non-executive and independent non-executive Directors) of the Company or any of its subsidiaries; and
- (iii) any suppliers, customers, agents and advisers who, in the sole opinion of the Board, will contribute or have contributed to our Company and/or any of its subsidiaries.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date, being 80,000,000 Shares. Subject to Shareholders’ approval in general meeting, the Board may (i) refresh this limit at any time to 10% of the Shares in issue as at the date of the approval by the Shareholders in general meeting; and/or (ii) grant options beyond the 10% limit to Eligible Participants specially approved by the Shareholders in general meeting and the Eligible Participants are specifically identified by the Company before such approval is sought.

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue. Any further grant of options to an Eligible Participant in excess of the 1% limit shall be subject to approval by Shareholders in general meeting with such Eligible Participant and his or her close associates (or his or her associates if such Eligible Participant is a connected person) abstaining from voting.

Each of the grantees to whom an option has been granted under the Share Option Scheme shall be entitled to exercise his/her option in the manner set out in his/her offer document, provided that such period of time shall not exceed a period of ten years commencing on the date on which the option is granted. The exercise of any option shall be subject to the approval from the Shareholders in general meeting for any necessary increase in the authorised share capital of the Company.

## Other Information

Upon acceptance of an option to subscribe for Shares granted pursuant to the Share Option Scheme, the Eligible Participant shall pay HK\$1.00 to the Company as consideration for the grant. The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Board at its sole discretion and shall be no less than the highest of:

- (a) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant, which must be a day on which the Stock Exchange is open for business of dealing in securities;
- (b) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days (as defined under the GEM Listing Rules) immediately preceding the date of grant; and
- (c) the nominal value of a Share.

As at 30 June 2021, the number of Shares in respect of which options under the Share Option Scheme had been granted and remained outstanding was 10,000,000 Shares and 10,000,000 Shares respectively, representing approximately 1.25% and 1.25%, respectively, of the shares of the Company in issue as at 30 June 2021.

Total number of Shares available for issue under the Share Option Scheme was 70,000,000 Shares, representing approximately 8.75% of the shares of the Company in issue as at 30 June 2021.

Details of the share options movement during the six months ended 30 June 2021 under the Share Option Scheme are set out in the table below.

Grantee	Date of grant of share options	Number of share options					As at 30 June 2021	Exercise price of share options HK\$	Validity period of share options (both dates inclusive)	Vesting period
		As at 1 January 2021	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Employees (in aggregate)	17 May 2021	-	2,000,000	-	-	-	2,000,000	0.186	17/5/2021 to 16/5/2031	Note 1
<b>Director</b>										
Judy Chan	17 May 2021	-	8,000,000	-	-	-	8,000,000	0.186	17/5/2021 to 16/5/2031	Note 1

## Other Information

Note:

1. Grantees may only exercise their share options in the following manner:

Maximum percentage of share options exercisable	Period for vesting of the relevant percentage of the share option
30% of the total number of share options	From 17 May 2022 to 16 May 2031
30% of the total number of share options	From 17 May 2023 to 16 May 2031
40% of the total number of share options	From 17 May 2024 to 16 May 2031

The closing price of the Shares immediately before the date of grant of share options under the Share Option Scheme on 17 May 2021 was HK\$0.185.

## RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed above, at no time during the six months ended 30 June 2021 and up to the date of this report, 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 headed “Share Option Scheme”, at no time during the six months ended 30 June 2021 and up to the date of this report 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).

## COMPETING INTERESTS

As at 30 June 2021, none of the Directors, the controlling shareholders of the Company or their respective associates (as defined under 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.

Dr. Cheung Chai Hong, a non-executive Director of the Company, is a director and leading founder of The Wine Company, a fine wine retail and trading company in Hong Kong established in 2010. The Wine Company's principal business is based in Hong Kong, and it only generates a minimal portion of its sales in the PRC.

### 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 the Listing Date.

### 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 the six months ended 30 June 2021.

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 the six months ended 30 June 2021 and up to the date of this interim report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### 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.



### CHANGE IN THE DIRECTOR'S INFORMATION PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

The change in the Director's information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules is set out below:

1. Ms. Judy Chan resigned as independent non-executive director of Sing Tao News Corporation Limited (SEHK: 1105) on 3 June 2021.
2. Mr. Ho Kent Ching-tak resigned as executive director of Sing Tao News Corporation Limited (SEHK: 1105) on 3 June 2021.

### 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 the six months ended 30 June 2021.

#### Chairman and Chief Executive

Under paragraph 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 the six months ended 30 June 2021 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, 6 August 2021

*As at the date of this report, the Board comprises Ms. Judy Chan and Mr. Fan Chi Chiu as executive Directors, Mr. Chow Christer Ho and Dr. Cheung Chai Hong 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.*