



ANNUAL  
**2025** REPORT

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

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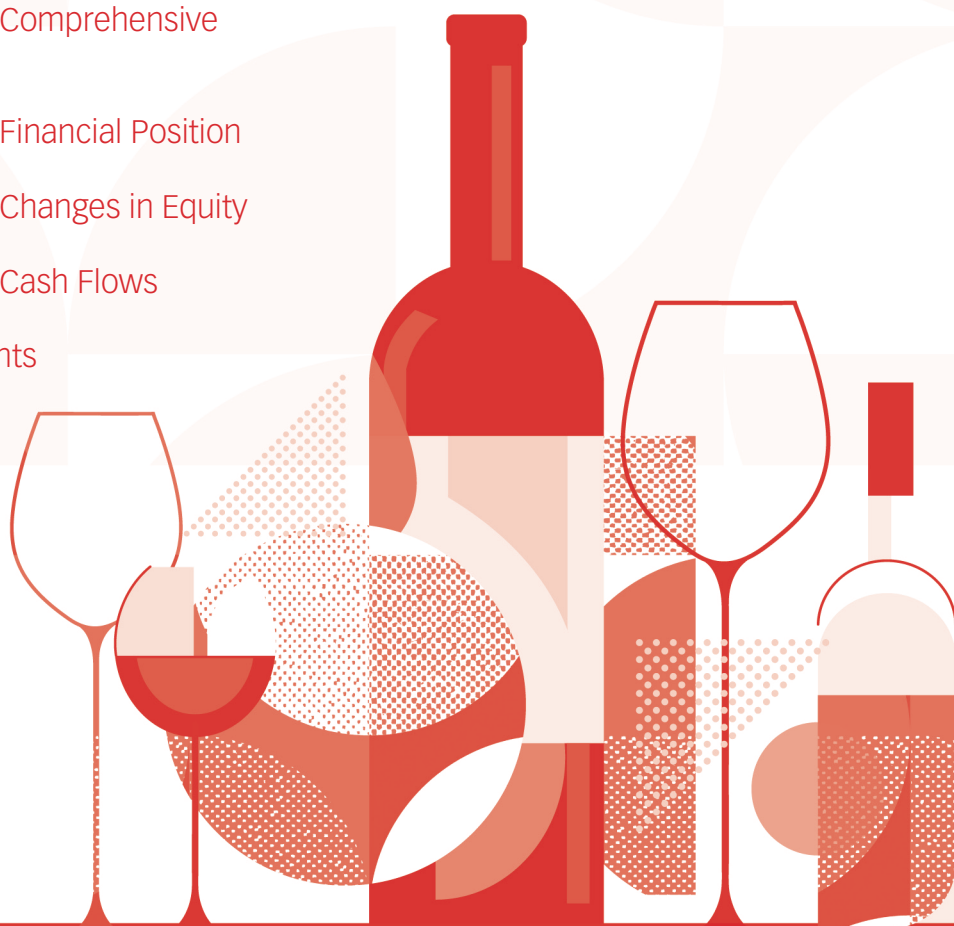
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*This report, for which the directors (the “Directors”) of Grace Wine Holdings Limited (“Grace Wine” or the “Company”, and together with its subsidiaries, the “Group”, “we” or “our”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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.*

# CONTENTS

2	Corporate Information
4	Chairman's Statement
6	Management Discussion and Analysis
10	Directors and Senior Management
20	Corporate Governance Report
44	Environmental, Social and Governance Report
90	Report of Directors
106	Independent Auditor's Report
112	Consolidated Statement of Profit or Loss
113	Consolidated Statement of Comprehensive Income
114	Consolidated Statement of Financial Position
116	Consolidated Statement of Changes in Equity
117	Consolidated Statement of Cash Flows
119	Notes to Financial Statements
202	Financial Summary



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Liu Yunqiang (*Chairman and Chief Executive Officer*)  
(appointed on 3 February 2026)

Ms. Judy Chan

Ms. Xiong Xia (appointed on 3 February 2026)

Mr. Zhao Mingjun (appointed on 3 February 2026)

### Non-executive Directors

Dr. Cheung Chai Hong

Mr. Zhao Guodong (appointed on 3 February 2026)

Mr. Chow Christer Ho (resigned on 24 February 2026)

### Independent non-executive Directors

Mr. Leung Ming Shu (appointed on 3 February 2026)

Dr. Wang Renrong (appointed on 3 February 2026)

Dr. Xu Yan (appointed on 3 February 2026)

Mr. James Douglas Richard Field  
(resigned on 24 February 2026)

Mr. Chan Tze King Vincent  
(resigned on 24 February 2026)

Mr. Kong Chi Hang Maurice  
(resigned on 24 February 2026)

## COMPLIANCE OFFICER

Ms. Judy Chan

## COMPANY SECRETARY

Ms. Li Yee Ching (appointed on 3 March 2026)

Mr. Chiu Ming King (resigned on 3 March 2026)

## AUTHORISED REPRESENTATIVES

Mr. Liu Yunqiang (appointed on 24 February 2026)

Ms. Li Yee Ching (appointed on 3 March 2026)

Ms. Judy Chan (ceased on 24 February 2026)

Mr. Chiu Ming King (resigned on 3 March 2026)

## AUDIT COMMITTEE

Mr. Leung Ming Shu (*Chairperson*)  
(appointed on 24 February 2026)

Dr. Wang Renrong (appointed on 24 February 2026)

Mr. Zhao Guodong (appointed on 24 February 2026)

Mr. Chan Tsz King Vincent  
(resigned on 24 February 2026)

Mr. Chow Christer Ho (resigned on 24 February 2026)

Mr. James Douglas Richard Field  
(resigned on 24 February 2026)

## REMUNERATION COMMITTEE

Dr. Wang Renrong (*Chairperson*)  
(appointed on 24 February 2026)

Ms. Judy Chan (appointed on 24 February 2026)

Dr. Xu Yan (appointed on 24 February 2026)

Mr. James Douglas Richard Field  
(resigned on 24 February 2026)

Dr. Cheung Chai Hong (ceased on 24 February 2026)

Mr. Chan Tsz King Vincent  
(resigned on 24 February 2026)

## NOMINATION COMMITTEE

Dr. Xu Yan (*Chairperson*)  
(appointed on 24 February 2026)

Ms. Xiong Xia (appointed on 24 February 2026)

Mr. Leung Ming Shu (appointed on 24 February 2026)

Ms. Judy Chan (ceased on 24 February 2026)

Mr. James Douglas Richard Field  
(resigned on 24 February 2026)

Mr. Chan Tsz King Vincent  
(resigned on 24 February 2026)

## AUDITOR

Ernst & Young

*Certified Public Accountants*

*Registered Public Interest Entity Auditor under the  
Accounting and Financial Reporting Council Ordinance*

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong





## Corporate Information

### HONG KONG LEGAL ADVISER

Jingtian & Gongcheng LLP  
Suites 3203–3209, 32/F  
Edinburgh Tower  
The Landmark  
15 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 2304, 23/F  
Westlands Centre  
No. 20 Westlands Road  
Quarry Bay  
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  
17/F, Far East Finance Centre  
16 Harcourt Road  
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

## Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the "Board") of Grace Wine Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present the annual report of the Group for the year ended 31 December 2025 ("FY2025").

Although we recorded a loss for the year, it narrowed significantly from RMB9.6 million in 2024 to RMB3.2 million from continuing operations. This improvement was driven by a 9.4% increase in revenue, which rose from RMB31.9 million in the preceding financial year ("FY2024") to RMB34.9 million in FY2025, reflecting our efforts to drive revenue growth. The number of bottles sold increased from 365,000 bottles in 2024 to 407,000 bottles in 2025.

During the year under review, the operating environment for the wine industry in China remained challenging. The market continued to undergo structural changes with evolving consumption patterns and intensified competition. Given these circumstances, the Group continued to focus on strengthening its brand, enhancing consumer engagement and expanding its direct-to-consumer channels.

During the year, the Group implemented a number of initiatives aimed at enhancing the visitor experience at our Shanxi winery and strengthening our hospitality programme. The winery underwent upgrades including the addition of an outdoor area with barbecue facilities and a performance platform overlooking the vineyard. With its proximity to a major city and location within one of China's most popular tourist provinces, the winery is well positioned to capture increasing opportunities in wine tourism and direct-to-consumer sales.

The Group also enhanced its digital engagement, particularly through the popular social media platform, where we actively promote our wines and position the winery as an attractive travel destination. These efforts help strengthen brand awareness and encourage more visitors to our winery.

During the year, the Group's wines continued to receive recognition from international competitions and industry platforms, including awards from the Decanter World Wine Awards and high scores from internationally recognised wine critic James Suckling. In October 2025, Grace Vineyard was also named one of the "Top 10 Boutique Chinese Wine Brands of 2025" by Tmall in collaboration with Le Jiu Ke.

The Group also continued to explore cross-industry collaboration opportunities. During the year, the Company partnered with Bruichladdich Distillery to produce the "Bruichladdich x Grace Vineyard Cask Series", a whisky matured in Grace Vineyard wine barrels. The series was recognised by international media The Spirits Business as one of the "Top 50 Most Innovative Spirits in the World 2025", ranking 29th.





## Chairman's Statement

In December 2025, there was a change in the Company's controlling shareholder, and new members were appointed to the Board of Directors. The Board believes that the introduction of new shareholders and the refreshed Board composition will bring broader perspectives and additional resources to the Group's long-term development, further enhancing its strategic planning and execution capabilities.

On this basis, in a highly competitive and continuously evolving market environment, the Group will continue to strengthen its positioning as a premium boutique winery, focusing on enhancing product quality and elevating its mid-to-high-end brand image. Leveraging international awards and market recognition, the Group aims to further enhance its brand influence, consolidate its leading position in China's premium wine segment, and increase both brand awareness and market share.

On the sales front, the Company will continue to advance an integrated omni-channel strategy, combining online and offline channels to expand market coverage and enhance consumer engagement. At the same time, the Group will strengthen channel efficiency and pricing control through digital management, while building a consumer-centric sales system.

In addition, the Company is exploring opportunities through business collaborations, joint production, exclusive distribution arrangements, and partnerships with high-quality upstream international wine resources. By introducing products from diverse regions and across different price segments, the Group is committed to becoming a global wine brand and developing into a comprehensive and highly professional wine platform integrating vineyard cultivation, production, agency, and distribution.

Beyond its wine business, the Group is also exploring the gradual expansion into other alcoholic beverage categories, including Chinese baijiu, whisky, Japanese sake, craft beer, and ready-to-drink cocktails. Through cooperation and agency models, the Group aims to meet the diverse needs of different consumer segments.

Overall, the Group seeks to build a comprehensive alcoholic beverage platform with an international outlook and a diversified product portfolio by integrating its brand, products, channels, and supply chain.

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, customers, business partners and employees for their continued support.

**Liu Yunqiang**

*Chairman*

# Management Discussion and Analysis

## BUSINESS REVIEW AND OUTLOOK

During the year under review, the wine industry in China continued to face structural challenges. Overall wine consumption has experienced several consecutive years of decline as consumer preferences gradually shift towards other alcoholic beverages and more casual drinking occasions. Economic uncertainty, together with changes in traditional consumption channels such as business banquets and corporate gifting, has also affected demand for wine.

Despite the decline in overall market volume, the industry has shown signs of structural transformation. Premiumisation trends remain evident, with consumers increasingly seeking higher-quality products. At the same time, digital platforms and direct-to-consumer channels have become increasingly important for reaching younger consumers and strengthening brand engagement.

Following the disposal of its entire interest in the distillery business in Longyan, China and the disposal of its 30% interest in the wine business, the Group has eliminated its gearing and strengthened its financial capacity to pursue future opportunities.

For the year ended 31 December 2025, the Group recorded revenue from continuing operations of approximately RMB34.9 million, representing an increase of RMB3.0 million or 9.4% as compared with RMB31.9 million for the year ended 31 December 2024. The Group has restructured its operations to better align with the current scale of sales and implemented cost-saving measures. As a result, selling and distribution expenses and administrative expenses decreased from 12.0 million and 18.6 million to 9.6 million and 17.7 million, representing decreases of 20.0% and 4.8%, respectively, compared with the previous year.

Looking ahead, the Board expects the operating environment for the wine industry in China to remain competitive as consumer preferences continue to evolve. Nevertheless, the Board believes that opportunities remain for domestic wineries that are able to strengthen brand recognition, enhance consumer engagement and develop diversified sales channels.

During the year, there was a change in the Company's controlling shareholder and Board composition. The Board considers that such changes may provide additional support to the Group's future strategic development and business planning.

The Group will continue to reinforce its positioning in the premium wine segment by enhancing product quality and brand image, while advancing its omni-channel sales strategy to improve market reach and customer engagement. The Group will also seek to enhance operational efficiency and remain attentive to potential collaboration and business development opportunities, with a view to supporting its long-term growth.







# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

Our revenue from continuing operations increased by RMB3.0 million or 9.4% from RMB31.9 million for FY2024 to RMB34.9 million for FY2025, attributable to the launch of multiple online sales channels during the year.

We sold approximately 407,000 bottles in FY2025 as compared to 365,000 bottles in FY2024 and the average selling price decreased from RMB87.4 per bottle in FY2024 to RMB85.7 per bottle in FY2025. The table below sets out the analysis of revenue and sales volume by product mix:

	FY2025		FY2024	
	Revenue	Sales volume	Revenue	Sales volume
High-end	65.1%	32.1%	58.9%	25.5%
Low-end	34.9%	67.9%	41.1%	74.5%

### Cost of sales

Our cost of sales from continuing operations increased by RMB1.6 million or 19.5% from RMB8.2 million for FY2024 to RMB9.8 million for FY2025. The increase in the cost of sales is partly aligned with the increase in revenue and partly due to the increase in China consumption tax and surcharge. Our average cost of sales per bottle increased from RMB22.5 per bottle for FY2024 to RMB24.1 per bottle for FY2025.

### Gross profit and gross profit margin

Our overall gross profit from continuing operations increased by RMB1.4 million or 5.9% from RMB23.7 million for FY2024 to RMB25.1 million for FY2025, primarily due to the increase in total sales. Our overall gross profit margin decreased from 74.2% for FY2024 to 71.9% for FY2025.

### Other income and gains, net

Other income and gains, net from continuing operations decreased by RMB2.4 million or 77.4% from RMB3.1 million for FY2024 to RMB0.7 million for FY2025. Other income and gains, net mainly consisting of government grants and bank interest income.

### Selling and distribution expenses

Selling and distribution expenses from continuing operations decreased by RMB2.4 million or 20.0% from RMB12.0 million for FY2024 to RMB9.6 million for FY2025, which primarily comprised of expenses for marketing and promotion events.

### Administrative expenses

Administrative expenses from continuing operations decreased by RMB0.9 million or 4.8% from RMB18.6 million for FY2024 to RMB17.7 million for FY2025, which mainly comprised of general administrative expenses.

# Management Discussion and Analysis

## Income tax expense

Our income tax expense from continuing operations decreased by RMB4.5 million or 78.9% from RMB5.7 million for FY2024 to RMB1.2 million for FY2025. The decrease was due to the decrease in deferred tax expenses for the year, the significant deferred was recognised for FY2024 resulting from the reorganisation of the subsidiaries in the PRC.

## Loss for the year from continuing operations

As a result of the above factors, a loss for the year from continuing operations of RMB3.2 million was recognised for FY2025 (FY2024: loss of RMB9.6 million).

## Profit/(loss) for the year from a discontinued operation

The profit for the year from a discontinued operation was attributable to the disposed distillery business. A profit of RMB0.6 million from the discontinued operation was recognised for FY2025 (FY2024: loss of RMB31.4 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, and capital investment in new projects. As at 31 December 2025, the carrying amount of the Group's cash and cash equivalents was RMB21.7 million, representing a decrease of 37.1% as compared with that of RMB34.5 million as at 31 December 2024.

As at 31 December 2025, the Group's cash and cash equivalents include RMB20.5 million, HK\$0.8 million, and some insignificant amounts of USD and EUR (31 December 2024: RMB30.8 million, HK\$3.4 million, as well as some insignificant amounts of USD and EUR).

## Gearing ratio

The Group's gearing ratio is measured by total external borrowings divided by total equity. Our gearing ratio is nil as at 31 December 2025 (31 December 2024: 27.6%).

## 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 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 their 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 insignificant.

For the Group's subsidiaries outside of China, transactions, including the Group's financing activities, may be denominated in Hong Kong dollars or United States dollars or Euros, 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 31 December 2025, the Group had no contingent liabilities (31 December 2024: Nil).





## Management Discussion and Analysis

### Pledge of assets

As at 31 December 2025, the Group did not have any assets pledged for credit facilities (31 December 2024: RMB52.0 million).

### Employee and remuneration policies

As at 31 December 2025, the Group had, including the Directors, 118 employees (31 December 2024: 174 employees). Staff costs, including Directors' emoluments, amounted to RMB15.5 million for FY2025 (FY2024: RMB16.8 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

Following a share purchase agreement finalized on December 10, 2025, Hill Valley Investment Co. Ltd ("Hill Valley") has officially become the controlling shareholder of the Company. As required by the Rule 26.1 and Rule 13.5 of the Takeovers Code, Hill Valley launched a mandatory unconditional cash offer to acquire all remaining shares and cancel outstanding option. The offer period concluded on 24 February 2026. Please refer to the composite document of the Company dated 3 February 2026 and the announcement of the Company dated 24 February 2026 for details of the mandatory unconditional cash offers.

Save as disclosed, there were no significant events after 31 December 2025 up to the date of this report.

### Significant investments, material acquisition and disposals

The Company (as seller) entered into two sale and purchase agreements and their respective supplemental agreements with Ms. Judy Chan ("Ms. Chan"), our former chairlady, executive Director and former controlling shareholder of the Company, (as purchaser) on 5 December 2024 and 21 January 2025, respectively, pursuant to which the Company has conditionally agreed to sell to Ms. Chan the entire issued share capital of Pacific Surplus Limited and its subsidiaries together with a shareholder's loan (the "Pacific Surplus Disposal"), as well as 30% of the issued share capital of Epic Wealth Holdings Limited and its subsidiaries (the "Epic Wealth Disposal"), for a total consideration of HK\$71.28 million and HK\$38.88 million, respectively.

On 19 February 2025, the independent shareholders of the Company (the "Independent Shareholders") approved the Pacific Surplus Disposal and the Epic Wealth Disposal and the disposals were completed on 28 March 2025. Therefore, Pacific Surplus Limited and its subsidiaries ceased to be the subsidiaries of the Company.

For the details, please refer to the Company's announcements dated 5 December 2024, 27 December 2024, 21 January 2025, 19 February 2025, 24 March 2025 and 28 March 2025, as well as the circular of the Company dated 24 January 2025.

Save as disclosed in this report, the Group did not have any significant investments, material acquisitions or disposal of assets, subsidiaries, associates or joint ventures during FY2025.

### Final dividend

The Board did not recommend the payment of any final dividend for FY2025 (FY2024: Nil).

### Future plans for material investments and capital assets

Save as disclosed in this report, the Group does not have other plans for material investments and capital assets.

# Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Liu Yunqiang** (“Mr. Liu”), aged 59, was appointed as an executive Director on 3 February 2026 and the chairman of the Board, the chief executive officer of the Company (the “Chief Executive Officer”) on 24 February 2026.

Mr. Liu has over 26 years of experience in financial management, retail operations, and corporate comprehensive management. He joined 1919 Wines & Spirits Platform Technology Co., Ltd. (“1919”, together with its subsidiaries, “1919 Group”) in October 2017, serving in various senior management positions. 1919 is an online wine and spirits retail platform company that was listed on the National Equities Exchange and Quotations (stock code: 830993) in the PRC from August 2014 to April 2023. Mr. Liu also served as a director of 1919 from April 2020 to December 2021. Following his resignation in December 2024, he rejoined 1919 in August 2025 and is currently the general manager of the South China regional division. Prior to his tenure at 1919, Mr. Liu worked at Guangzhou Zhengda Makro (Jiajing) Co. Ltd.\* (廣州正大萬客隆(佳景)有限公司) (currently known as “Guangzhou Lotus Supermarket Chain Store Co., Ltd” (廣州易初蓮花連鎖超市有限公司)), from July 1999 to March 2007. He subsequently worked at Suning.com Group Co. Ltd. (蘇寧易購集團有限公司) from April 2007 to September 2017. Mr. Liu obtained a Degree of Bachelor of Economics in Accounting from Jinan University in Guangzhou in June 1990 and a Master of Business Administration from Murdoch University in Australia in March 2000.

**Ms. Judy Chan** (“Ms. Chan”), formerly known as Judy Leissner, aged 48, was appointed as an executive Director on 14 February 2012. Ms. Chan had been appointed as the chairlady of the Board and Chief Executive Officer on 24 July 2017 and ceased the positions with effect from 24 February 2026. Ms. Chan has ceased to be the chairperson of the nomination committee of the Company (the “Nomination Committee”) and has been appointed as a member of the remuneration committee of the Company (the “Remuneration Committee”) with effect from 24 February 2026. She first joined the Group in June 2002 as a director of Shanxi Grace Vineyard Co. Ltd.\* (山西怡園酒莊有限公司) (“Shanxi Grace Vineyard”). She is primarily responsible for overseeing the general management and business development and formulates the business strategies and policies for the business management and operations of the Group.

Ms. Chan has over 20 years of experience in the wine making industry. Prior to joining the Group, from March 2000 to November 2001, Ms. Chan worked as an analyst at Goldman Sachs (Asia) L.L.C., in Hong Kong. Ms. Chan was an independent non-executive director of Sing Tao News Corporation Limited (SEHK: 1105) (principally engaged in media operations) from February 2014 to June 2021.

\* for identification purpose only





## Directors and Senior Management

Ms. Chan graduated from the University of Michigan in the United States with a bachelor's degree in psychology, women's studies and organisational studies in December 1999. Ms. Chan was awarded "Entrepreneur of the Year China 2010" under the category of Hong Kong/Macau Region Emerging Entrepreneur of the Year by Ernst & Young in 2010. Ms. Chan was also awarded "Asia Wine Personality of the Year 2012" by The Drink Business magazine and the Institute & Masters of Wine in 2012. She was named as one of "China's 25 Most Influential Businesswomen" by Fortune China magazine in November 2012 and one of the "50 Most Influential Women in the Wine Industry" by The Drink Business magazine in December 2012. Additionally, she was named as one of the "Future Women in the Mix in Asia: 12 to Watch" by Forbes Asia and a "Young Global Leader" by the World Economic Forum in March 2013. She was also named one of the 50 most important people in "The Decanter Power List 2013" published by the Decanter in July 2013. Ms. Chan was named as one of the "2014 Most Innovative Women in Food and Drink" by Fortune magazine and Food & Wine magazine in September 2014. In 2022, she was awarded the Greater China Enterprise Achievement Award at the 4th Golden Bauhinia Women Entrepreneur Awards.

Ms. Chan was a member of the 9th to 12th Session the Chinese People's Political Consultative Conference of Shanxi Province (中國人民政治協商會議第九屆至第十二屆山西省委員會委員) from May 2005 to January 2023. She has been appointed as a member of the Shanxi Qiaolian (山西僑聯委員) since March 2013. Ms. Chan has also been a director of the board of trustees of Huaqiao University (華僑大學董事會董事) since November 2014 and an honorary chairlady of the First Session of the Huaqiao University Youth Federation (華僑大學青年聯合會第一屆名譽主席) since October 2013.

**Ms. Xiong Xia** ("Ms. Xiong"), aged 44, was appointed as an executive Director on 3 February 2026. She is the member of the Nomination Committee.

Ms. Xiong has over 17 years of experience in the PRC liquor industry. She joined 1919 in March 2008 and has since held various senior management positions within 1919 Group. She has served as a director of 1919 since July 2022 and is currently the chief executive officer of 1919. Ms. Xiong attended (i) the Advanced Executive Seminar on Retail and E-commerce (零售與電子商務高級總裁研修班) from July 2013 to November 2014 at School of Continuing Education of Tsinghua University and (ii) the Tsinghua-Alibaba New Commerce School Program (清華-阿里新商業學堂項目) from July 2019 to March 2021 at the School of Economics and Management of Tsinghua University. She was awarded the title of "2021-2022 Most Contributory Female Leader of China's Wine & Spirits Industry"\* (2021-2022年度中國酒業最具貢獻力女性領導者) by the Women Entrepreneurs Branch of the China Non staple Food Circulation Association\* (中國副食流通協會女企業家分會) and The Graceful Collective\* (芳樽薈) in February 2023, and was awarded "Outstanding Manager in the Liquor Retail Chain Industry for 2021-2023"\* (2021-2023年度酒類零售連鎖行業優秀經理人) by the China National Association for Liquor and Spirits Circulation in May 2024.

\* for identification purpose only

## Directors and Senior Management

**Mr. Zhao Mingjun** (“Mr. Zhao Mingjun”), aged 53, was appointed as an executive Director on 3 February 2026.

Mr. Zhao Mingjun has over 16 years of experience in the PRC liquor industry. He joined 1919 in October 2016 and has since held various senior management positions within 1919 Group. He currently serves as the general manager of Northern China, Northern-west regional divisions and is responsible for the Qingxiang Baijiu business.

From August 2011 to July 2014, Mr. Zhao Mingjun served as general manager of Inner Mongolia Aochun Winery Co. Ltd\* (內蒙古奧淳酒業有限責任公司), where he was responsible for overall operations and management. From March 2009 to August 2011, he served as the national sales management director at Heilongjiang Shuangcheng Suntory Liquor Co. Ltd.\* (黑龍江省雙城市三得利酒業有限責任公司) (currently known as “Heilongjiang Longjiang Jiayuan Liquor Industry Co., Ltd.”\* (黑龍江省龍江家園酒業有限公司)). From September 1995 to March 2009, Mr. Zhao Mingjun worked in Inner Mongolia Yili Industrial Group.

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

### NON-EXECUTIVE DIRECTORS

**Dr. Cheung Chai Hong** (“Dr. Cheung”), aged 40, was appointed as a non-executive Director on 28 May 2021. Dr. Cheung has ceased to be a member of the Remuneration Committee with effect from 24 February 2026. He is primarily responsible for advising the Company on issues of strategy, policy, performance, accountability, resources, key appointments and standard of conduct.

Dr. Cheung was the executive director of China Financial Services Holdings Limited (SEHK: 605) from May 2014 to December 2022. Prior to that, he was the managing director of POC Holdings (HK) Limited, a leading authorised automobile dealership for Mercedes Benz and Jaguar Land Rover in the southwestern region of China. Dr. Cheung is also a director and leading founder of The Wine Company, a fine wine retail and trading company in Hong Kong founded in 2010. Dr. Cheung previously worked in PAG Capital, focusing on private equity investments in the retail and consumer sector in Greater China. Prior to PAG Capital, he also worked in Barclays Capital and focused on equity research in the retail and consumer sector.

Dr. Cheung was awarded a bachelor’s degree from the University of Warwick in the United Kingdom major in computer and business studies in 2007, a master’s of science degree from the London School of Economics and Political Science in the United Kingdom major in analysis, design and management of information systems in 2008 and a PhD degree in international law from the China University of Political Science and Law in China in 2019.

\* for identification purpose only





## Directors and Senior Management

**Mr. Zhao Guodong** (“Mr. Zhao Guodong”), aged 49, was appointed as a non-executive Director on 3 February 2026. He is the member of the Audit Committee.

Mr. Zhao Guodong has over 20 years of experience in corporate financial management, integrated operations, and strategy execution. He joined 1919 in 2018 and has since held several senior management positions, including chief financial officer, executive general manager, and chief executive officer. He is currently serving as a director since April 2020. Prior to joining 1919, Mr. Zhao Guodong served in Jiuhe Co., Ltd. (九禾股份有限公司) from April 2004 to April 2014, and served as deputy general manager and chief financial officer in Tibet Qinyuan Industrial Co., Ltd.\* (西藏沁園實業有限公司) from April 2014 to April 2018. Mr. Zhao Guodong obtained a bachelor’s degree in Management in Accounting from Lanzhou Railway Institute in July 2000. He obtained the Certified Public Accountant qualification in April 2009 and the legal profession qualification in March 2018.

**Mr. Chow Christer Ho** (“Mr. Chow”), formerly known as Chow Ho, aged 52, was appointed as a non-executive Director on 24 July 2017 and has resigned as a non-executive Director and a member of each of the audit committee (the “Audit Committee”) and the investment committee (the “Investment Committee”) of the Company with effect from 24 February 2026.

Mr. Chow has over 20 years of experience in the real estate development and investment industry. Currently, Mr. Chow is a managing director of LaSalle Investment Management, a member of the Jones Lang LaSalle Group (principally engaged in real estate investment management), where he is primarily responsible for advising and managing real estate investment portfolios of institutional investors. From 2007 to March 2012, he worked at Jones Lang LaSalle, with his last position as the head of corporate finance, Greater China, where he was primarily responsible for providing real estate investment advisory and consulting services. From January 2003 to 2007, Mr. Chow worked at Hong Kong Disneyland Management Limited with his last position as development manager, where he was primarily responsible for the master planning, infrastructure and development management of the Hong Kong Disneyland Resort.

Mr. Chow obtained his bachelor’s degree in civil engineering and his master’s degree in civil engineering from the University of California, Los Angeles (UCLA) in the United States in June 1995 and June 1996, respectively. He then obtained his master’s degree in business administration from the Hong Kong University of Science and Technology in August 2002. Mr. Chow also serves on the MBA Alumni Advisory Board of the Hong Kong University of Science and Technology business school since 2011 and has been on the jury board of the MIPIM Asia Awards, an internationally renowned real estate competition, since 2015.

\* for identification purpose only

# Directors and Senior Management

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Leung Ming Shu** (“Mr. Leung”), aged 50, was appointed as an independent non-executive Director on 3 February 2026. He is the chairman of the Audit Committee and the member of the Nomination Committee.

Mr. Leung has over 28 years of experience in corporate finance and accounting. He is the founder of Harmony Capital Management Company Limited and has served as the founding director since June 2017. Mr. Leung joined 58.com Group in April 2021 and is currently the chief financial officer and the corporate venture fund managing partner. Mr. Leung has been serving as an independent non-executive director of (i) Sun.King Technology Group Limited, a listed company on the Stock Exchange (stock code: 580), since March 2017; (ii) Renrui Human Resources Technology Holdings Limited, a listed company on the Stock Exchange (stock code: 6919), since November 2019; (iii) Cabbeen Fashion Limited, a listed company on the Stock Exchange (stock code: 2030), since February 2013; and (iv) Infinities Technology International (Cayman) Holding Limited, a listed company on the Stock Exchange (stock code: 1961), since May 2022; and has been serving as a non-executive director of GOGOX HOLDINGS LIMITED, a listed company on the Stock Exchange (stock code: 2246), since July 2021. Prior to that, Mr. Leung served as an independent non-executive director at Comtec Solar Systems Group Limited, a listed company on the Stock Exchange (stock code: 712), from June 2008 to February 2021; Shengli Oil & Gas Pipe Holdings Limited, a listed company on the Stock Exchange (stock code: 1080), from January 2011 to April 2013; and Gala Technology Holding Limited, a listed company on the Stock Exchange (stock code: 2458), from December 2022 to June 2025.

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

**Dr. Wang Renrong** (“Dr. Wang”), aged 58, was appointed as an independent non-executive Director on 3 February 2026. He is the chairman of the Remuneration Committee and the member of the Audit Committee.

Dr. Wang has over 28 years of experience in the fast-moving consumer goods industry, with extensive expertise in legal, corporate affairs, investment and mergers and acquisitions. Dr. Wang is an independent non-executive director of Helens International Holdings Company Limited, a company listed on the Stock Exchange (stock code: 6536) and the Singapore Stock Exchange (stock code: HLS). He was appointed as the chairman of Beijing Zhongjiu Huicui Exhibition Co., Ltd.\* (北京中酒薈萃展覽有限公司) in August 2021. Prior to his resignation in February 2021, Dr. Wang was the chairman of Anheuser-Busch InBev (China) Co., Ltd. (百威投資(中國)有限公司) from February 2019 to December 2020 and was the executive director and general counsel of Budweiser APAC Brewing Company Limited, a company listed on the Stock Exchange (stock code: 1876), from May 2019 to May 2020. Dr. Wang served as a director of Guangzhou Zhujiang Brewery Co., Ltd. (廣州珠江啤酒股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002461) from June 2009 to June 2020. Between March 2001 and October 2003, Dr. Wang worked in Colgate-Palmolive (China) Co., Ltd (高露潔棕欖(中國)有限公司). From August 2000 to March 2001, he worked in Swire Guangdong Coca-Cola Limited (廣東太古可口可樂有限公司). From July 1997 to July 2000, he worked in Avon Products (China) Co., Ltd. (雅芳(中國)有限公司).

\* for identification purpose only







## Directors and Senior Management

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

**Dr. Xu Yan** ("Dr. Xu"), aged 63, was appointed as an independent non-executive Director on 3 February 2026. He is the chairman of the Nomination Committee and the member of the Remuneration Committee.

Dr. Xu is an academic and industry expert with over 23 years of experience in fermentation engineering, bioengineering, and beverage industry development. Dr. Xu served as a professor at Jiangnan University in August 2002 and was appointed as the vice president of Jiangnan University since November 2010. Dr. Xu is currently serving as an independent director of (i) CIMC Liquid Process Technology Co., Ltd. (中集安瑞醇科技股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 872914) since October 2022; (ii) Anhui Kouzi Distillery Co., Ltd. (安徽口子酒業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603589) since May 2023; and (iii) Yantai Changyu Pioneer Wine Company Limited (煙台張裕葡萄釀酒股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 603589) since April 2025. Dr. Xu served as an independent director of Wayzim Technology Co., Ltd (中科微至科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688211) from May 2023 to April 2025.

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

**Mr. James Douglas Richard Field** ("Mr. Field"), aged 61, was appointed as a non-executive Director on 5 June 2024 and redesignated as an independent non-executive Director from the conclusion of annual general meeting on 3 June 2025 and has resigned as an independent non-executive Director, the chairperson of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee with effect from 24 February 2026.

Mr. Field has over 35 years of experience in founding and running entrepreneurial businesses. Arriving in Hong Kong in 1988, he soon co-founded a company importing engineering commodities and electrical components from the former Union of Soviet Socialist Republics and distributing them in China and across Southeast Asia. Subsequently, he founded a number of other trading and wholesale distribution businesses focused on exporting hardware and machinery from China, India, and Vietnam to Europe, Australasia, Southern Africa, and the Commonwealth of Independent States.

\* for identification purpose only

## Directors and Senior Management

Mr. Field now runs a product development, sourcing, supply chain management, and distribution group that produces and distributes machinery, hardware, power tools, and new energy equipment. He also sits on the boards of a wide variety of early-stage businesses spanning metal pallets, solar-powered household heating systems, and spirit distilling.

Mr. Field obtained his undergraduate degrees in anthropology and East Asian studies from the University of North Carolina in 1987.

**Mr. Chan Tsz King Vincent** (“Mr. Chan”), aged 50, was appointed as an independent non-executive Director on 3 June 2025 and has resigned as an independent non-executive Director, the chairperson of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee with effect from 24 February 2026.

Mr. Chan has over 20 years of experience in the banking and finance industry. Mr. Chan joined OCBC Group in May 2021 (initially at OCBC Bank Limited (“OCBC China”), transferred to Bank of Singapore Limited (“BOS”) in January 2023, seconded to OCBC China between January 2023 and February 2024, and back to BOS since March 2024) as head of private banking and managing director, and has been promoted subsequently and become the managing director and market head, Asia Pacific region since March 2024, where he is primarily responsible for overseeing the entire private banking operations, developing and executing market strategies to expand the Greater China private banking business while ensuring compliance with any due diligence standard. Mr. Chan was also responsible in analysing financial statements to assess source of funds and wealth of clients ensuring full compliance with anti-money laundering and know-your client procedures.

Prior to joining Bank of Singapore Limited, Mr. Chan was an executive director in Apax Recreations Company Limited between 2018 and 2021 where he was primarily responsible for projects oversight. From 2018 to 2021, Mr. Chan was an executive director at Discovery Adventures Park Moganshan and was primarily responsible for projects and investments oversight. Prior to Discovery Adventures Park Moganshan, Mr. Chan was an executive director at Shanghai Jing Hong Technology Company Limited between 2016 and 2017 and was primarily responsible for project management. From 2017 to 2019, Mr. Chan was an executive director at Shanghai Hui Rong Financial Leasing Company Limited and was primarily responsible for strategy consultation and evaluation. From August 2012 to November 2014, Mr. Chan served as managing Partner in Asia Value Capital Ltd, where he was primarily responsible overseeing the business operations of the value investment fund, formulating marketing strategies and relationship management. Mr. Chan served as the head of private banking in HSBC China (HSBC Bank (China) Company Limited) from October 2008 to June 2012, where he was primarily responsible for spearheading and overseeing all private banking business and operations in the region. He also served as the senior vice president and the head of private banking in DBS China (DBS Bank (China) Limited) from June 2005 to October 2008. During Mr. Chan’s tenure as head of private banking of HSBC China and DBS China, Mr. Chan also severed as a member of the Bank Senior Management Committee where he was actively involved in financial performance oversight, risk management and operational strategy. From October 1996 to April 2005, Mr. Chan worked at Fubon Bank (HK) Ltd. (formerly known as International Bank of Asia Ltd.) with his last position as the vice president and the head of Taiwan distribution channels.





## Directors and Senior Management

Mr. Chan graduated with a bachelor's of arts degree major in economic and finance from the University of Western Ontario in 1996. He also obtained a bachelor's degree of arts in liberal arts and a master's degree in business administration, both with distinction, from DePaul University in the United States in 2000, through distance learning. Mr. Chan is also a Singapore Monetary Authority of Singapore licensed representative for regulated securities under the Singapore Securities and Futures Act and financial advisory service under Singapore Financial Advisers Act.

**Mr. Kong Chi Hang Maurice** ("Mr. Kong"), aged 61, was appointed as an independent non-executive Director on 1 September 2025 and has resigned as an independent non-executive Director with effect from 24 February 2026.

Mr. Kong has over 35 years of experience in the food and beverage industry. From July 2024 to March 2025, Mr. Kong was the chief operating officer of Tao Heung Seafood Hotpot Restaurant Limited, a Chinese restaurant chain in Hong Kong and China, and Mr. Kong oversaw its strategic development and operations. Prior to Tao Heung Seafood Hotpot Restaurant Limited, between January 2014 and June 2024, Mr. Kong was the food and beverage assistant general manager at New World Development Company Limited (stock code: 0017), a group where its core business areas include property development, property investment and other strategic operations in Greater China, and Mr. Kong was in charge of the food and beverage department of the group and primarily responsible for execution and implementation of all brands new food and beverage concepts, operation, strategic and visionary design for the group. From November 2002 to December 2013, Mr. Kong was director of food and beverage at Hong Kong Convention and Exhibition Centre (Management) Limited, a professional private management and operating company responsible for providing day to day management for the Hong Kong Convention and Exhibition Centre, where he oversaw the food and beverage operations including seven restaurants, banquets and concessions stands. Prior to Hong Kong Convention and Exhibition Centre (Management) Limited, Mr. Kong was an assistant food and beverage manager at the Mandarin Oriental, Hong Kong from 1992 to 2002, where he supervised daily operations of ten outlets as well as contributed to the openings to the hotels in London, Hawaii, Kuala Lumpur and Phuket.

Mr. Kong is also active in professional and industry organisations. Mr. Kong is a committee member for Catering and Tourism Safety and Health Committee of the Occupational Safety & Health Council, a Hong Kong statutory body for promoting safety and health at work and sustaining the valuable workforce of Hong Kong, since 2023. Since 2022, he serves as chairman of the Institute of Dining Professionals Limited, an organisation in Hong Kong promoting professional and academic development of the Hong Kong catering industry, for two consecutive terms (2022–2024 and 2024–2026) as well as its director since November 2020. From March 2023, Mr. Kong is also the director of the Institute of Dining Art Foundation Limited, a charitable organisation under section 88 of the Inland Revenue Ordinance set-up by a number of committee members of the Institute of Dining Professional Limited to promote charitable objectives and the succession of the catering industry. Since December 2020, Mr. Kong has also been a director and executive vice-chairman of the Association for Hong Kong Catering Services Management Limited. Furthermore, Mr. Kong is a committee member of the Chinese Culinary Institute under the Vocational Training Council from 2022 which provides training in Chinese culinary skills and catering management to industry practitioners. He is also the Honorary President of Les Amis d'Escoffier, a global network of chefs and culinary professionals, in China, Hong Kong, and Macau since 2007. Furthermore, Mr. Kong is currently the external member of the School Advisory Committee of the School of Hotel and Tourism Management and the honorary chairman of the School of Hotel and Tourism Management Alumni Association of The Hong Kong Polytechnic University.

## Directors and Senior Management

Mr. Kong graduated from Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) with a Higher Diploma in Hotel Management in November 1993. Mr. Kong is currently pursuing a Master of Professional Management in Food and Beverage Business at Hong Kong Metropolitan University, with expected graduation in late 2025.

### SENIOR MANAGEMENT

**Mr. Lee Yeon Yeon** (“Mr. Lee”), aged 45, first joined the Group in September 2006 and has been our production and technical director since November 2009. He is primarily responsible for overseeing the management of the cultivation bases, production and logistics departments of our Group. Mr. Lee has over 15 years of experience in the wine making industry. In September 2006, Mr. Lee first joined Shanxi Grace Vineyard as a winemaker assistant, and he was also a vineyard assistant and cellar hand. Prior to joining the Group, from July 2005 to July 2006, he was a northern region sales executive at Sony (Malaysia) Sdn. Bhd. From July 2004 to June 2005, he served as a northern region sales executive and wine buyer at Harrisons Wine of Harrisons Holdings (Malaysia) BHD, responsible for setting up a branch company in the northern region of Malaysia, sourcing new wine and managing the wine list. From May 2003 to June 2004, he was a sales executive at Denise Wine Shop (Malaysia) Sdn. Bhd..

Under Mr. Lee’s dedicated leadership, our Group has garnered international acclaim for its excellence, winning numerous awards internationally – including accolades from the Decanter World Wine Award, International Wine & Spirit Competition (IWSC), Gilbert & Gailard Wine Competition, and the Berlin Wine Trophy – which positions our brand as one of the most highly regarded in the industry.

Mr. Lee obtained a higher diploma in hotel and tourism management and a higher diploma in hotel and catering management from Kolej Damansara Utama in Malaysia in October 2002.

**Mr. Wang Tairan** (“Mr. Wang”), aged 44, first joined the Group in December 2007, and has been the general manager of Shanxi Vineyard since February 2019. He is primarily responsible for overseeing the daily operation of Shanxi Grace Vineyard and Ningxia Grace Vineyard Co., Limited.

Mr. Wang served as our deputy general manager of the production and quality control from February 2011 to January 2019. He was the manager of the production department of Shanxi Grace Vineyard from April 2009 to January 2011, mainly responsible for overseeing the production department and executing the production plans. He was the vice manager of the same department from January 2009 to March 2009, mainly responsible for assisting the manager in supervising the production staff and production plants. From December 2007 to December 2008, he served as an assistant to the manager of the same department, mainly responsible for sourcing ancillary materials for production of our wine products.

Prior to joining the Group, from August 2006 to May 2007 and from July 2005 to July 2006, Mr. Wang worked as a volunteer in the Bureau of Health of the Shuanghu County of the Tibet Autonomous Region (西藏自治區雙湖特別區衛生局) and in the Bureau of Husbandry of the Nagqu Prefecture of the Tibet Autonomous Region (西藏自治區那曲縣組織部、畜牧局) as part of the College Students to the West Voluntary Scheme (大學生志願服務西部計劃) where he was primarily responsible for assisting in the office staff on the basic operations of the departments.





## Directors and Senior Management

Mr. Wang obtained his bachelor's degree in rural regional development from Renmin University of China (中國人民大學) in the PRC in July 2005.

### COMPLIANCE OFFICER

Ms. Chan is the compliance officer of the Company. Her biographical details are set out in section headed "Directors and Senior Management" in this report.

### COMPANY SECRETARY

**Mr. Chiu Ming King**, aged 48, was appointed as the company secretary of the Company (the "Company Secretary") on 24 July 2017 and has resigned as Company Secretary on 3 March 2026.

**Ms. Li Yee Ching** was appointed as Company Secretary on 3 March 2026. Ms. Li joined Vistra Corporate Services (HK) Limited since 2021, and currently serves as an Assistant Manager of Company Secretarial Services. She has 10 years of experience in providing a full range of company secretarial services and is currently serving a portfolio of clients including public listed companies, MNCs and Hong Kong and offshore private companies.

# Corporate Governance Report

## 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 Part 2 of Appendix C1 of the GEM Listing Rules.

Except as expressly described below, the Company complied with all applicable code provisions set out in the CG Code throughout FY2025.

### Chairman and Chief Executive

Under code provision C.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 throughout FY2025. Ms. Judy Chan had 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 it is most suitable for Ms. Judy Chan to hold both the positions of Chief Executive Officer and the Chairlady of the Board throughout FY2025.

Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code throughout FY2025 is appropriate in such circumstances and the existing arrangements are beneficial and in the interests of the Company and its shareholders as a whole.

## 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 throughout FY2025.

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.





# Corporate Governance Report

## THE BOARD

### Composition

As at the date of this annual report, the composition of the Board is as follows:

#### **Executive Directors**

Mr. Liu Yunqiang (appointed on 3 February 2026)<sup>1</sup>  
Ms. Judy Chan  
Ms. Xiong Xia (appointed on 3 February 2026)<sup>2</sup>  
Mr. Zhao Mingjun (appointed on 3 February 2026)<sup>3</sup>

#### **Non-executive Directors**

Dr. Cheung Chai Hong  
Mr. Zhao Guodong (appointed on 3 February 2026)<sup>4</sup>  
Mr. Chow Christer Ho (resigned on 24 February 2026)

#### **Independent non-executive Directors**

Mr. James Douglas Richard Field (redesignated on 3 June 2025 and resigned on 24 February 2026)  
Mr. Ho Kent Ching-tak (retired on 3 June 2025)  
Mr. Lim Leung Yau Edwin (retired on 3 June 2025)  
Mr. Alec Peter Tracy (retired on 3 June 2025)  
Mr. Chan Tsz King Vincent (appointed on 3 June 2025 and resigned on 24 February 2026)<sup>5</sup>  
Mr. Kong Chi Hang Maurice (appointed on 1 September 2025 and resigned on 24 February 2026)<sup>6</sup>  
Mr. Leung Ming Shu (appointed on 3 February 2026)<sup>7</sup>  
Dr. Wang Renrong (appointed on 3 February 2026)<sup>8</sup>  
Dr. Xu Yan (appointed on 3 February 2026)<sup>9</sup>

- <sup>1</sup> Mr. Liu Yunqiang has obtained legal advice set out in Rule 5.02D of the GEM Listing Rules on 19 January 2026 and Mr. Liu Yunqiang confirmed he understood his obligation as a Director.
- <sup>2</sup> Ms. Xiong Xia has obtained legal advice set out in Rule 5.02D of the GEM Listing Rules on 19 January 2026 and Ms. Xiong Xia confirmed she understood her obligation as a Director.
- <sup>3</sup> Mr. Zhao Mingjun has obtained legal advice set out in Rule 5.02D of the GEM Listing Rules on 19 January 2026 and Mr. Zhao Mingjun confirmed he understood his obligation as a Director.
- <sup>4</sup> Mr. Zhao Guodong has obtained legal advice set out in Rule 5.02D of the GEM Listing Rules on 19 January 2026 and Mr. Zhao Guodong confirmed he understood his obligation as a Director.
- <sup>5</sup> Mr. Chan Tsz King Vincent has obtained legal advice set out in Rule 5.02D of the GEM Listing Rules on 29 May 2025 and Mr. Chan Tsz King Vincent confirmed he understood his obligation as a Director.
- <sup>6</sup> Mr. Kong Chi Hang Maurice has obtained legal advice set out in Rule 5.02D of the GEM Listing Rules on 21 August 2025 and Mr. Kong Chi Hang Maurice confirmed he understood his obligation as a Director.
- <sup>7</sup> Mr. Leung Ming Shu has obtained legal advice set out in Rule 5.02D of the GEM Listing Rules on 19 January 2026 and Mr. Leung Ming Shu confirmed he understood his obligation as a Director.
- <sup>8</sup> Dr. Wang Renrong has obtained legal advice set out in Rule 5.02D of the GEM Listing Rules on 19 January 2026 and Dr. Wang Renrong confirmed he understood his obligation as a Director.
- <sup>9</sup> Dr. Xu Yan has obtained legal advice set out in Rule 5.02D of the GEM Listing Rules on 19 January 2026 and Dr. Xu Yan confirmed he understood his obligation as a Director.

## Corporate Governance Report

As disclosed in the announcement of the Company dated 3 June 2025, following the retirement of Mr. Ho Kent Ching-tak, Mr. Lim Leung Yau Edwin and Mr. Alec Peter Tracy on 3 June 2025, the Company failed to meet the following requirements of the GEM Listing Rules:

- (i) the number of independent non-executive Directors fell below the minimum three independent non-executive Directors as required under Rule 5.05 of the GEM Listing Rules; and
- (ii) the independent non-executive Directors cannot represent at least one-third of the Board as required under Rule 5.05A of the GEM Listing Rules.

Following the appointment of Mr. Kong Chi Hang Maurice as an independent non-executive Director on 1 September 2025, the Company has re-complied with Rules 5.05 and 5.05A of the GEM Listing Rules.

Save as disclosed above, the Company has appointed three independent non-executive Directors representing at least one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise and has complied with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules.

The Company has received from each independent non-executive Director an annual confirmation of his independence. As such, the Company confirms that it still considers such Directors to be independent in accordance with the various guidelines set out in Rule 5.09 of the GEM Listing Rules.

Among members of the Board, Ms. Judy Chan, the executive Director, is the daughter of Ms. Wong, the Substantial Shareholder. Save as disclosed herein, to the best of knowledge of the Company, there are no financial, business, family or other material or relevant relationships among members of the Board. With the various experience of the Directors and the nature of the Group's business, the Board considers that the Directors have a balance of skills and experience for the business of the Group.

### Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board Committees including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. All Board Committees are provided with sufficient resources to perform their duties.

All Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability and shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.







# Corporate Governance Report

## Policy on Obtaining Independent Views and Input

The Board has adopted a policy on obtaining independent views and input (the “Board Independence Policy”), which demonstrates the Company’s commitment to high standards of corporate governance, and making good governance integral to the Company’s culture.

The Board believes that independence is a matter of judgement and conscience but that, to be independent, independent non-executive Directors should be free from any business or other relationship which might interfere with the exercise of their independent judgement, unless such business or relationship does not contravene the GEM Listing Rules or other applicable laws, rules and regulations. The Board reviews the independence of Directors on an annual basis. Directors who are considered to be independent will be identified as such in the Company’s annual report and other communications with its shareholders.

Independent non-executive Directors are expected, especially when there is a conflict of interests between the management and the Company itself, to bring their experience, broad and independent views, independent oversight and constructive knowledge to the Board, through Board meetings, Board committee meetings, and other communications among the Directors. They are also expected to provide their independent views and knowledge on issues such as the Company’s accountability and standard of conduct. This is of vital importance to the protection of the interests of the shareholders of the Company.

In accordance with this policy, the Board, Board committees or individual Directors may seek such independent professional advice, views and input as considered necessary to fulfil their responsibilities and in exercising independent judgement when making decisions in furtherance of their Directors’ duties at the Company’s expense (the “Mechanism”). The Mechanism is established to ensure independent views and input are available to the Board and should be disclosed in the Corporate Governance Report of the Company.

Independent professional advice shall include legal advice and advice of accountants and other professional financial advisers on matters of law, accounting, tax and other regulatory matters.

In the event that independent professional advice, views and input are considered necessary, the Board, Board committees or individual Directors shall communicate with the company secretary to start the Mechanism, providing background and details of the relevant incidents and/or transactions, and the issues involved which would require independent views and input. They may direct any questions, queries, concerns or specific advice to be sought to the company secretary who will then contact the Company’s professional advisers (including legal advisers, accountants, independent auditor, internal control adviser) or other independent professional parties to obtain such independent professional advice within a reasonable period of time.

Any advice obtained through the Mechanism shall be duly documented and made available to other members of the Board.

Despite having obtained any information or advice from the Chairlady/Chairman and/or any independent professional advisers through the Mechanism, the Directors are expected to exercise independent judgement in forming their decisions.

## Corporate Governance Report

Also, the senior management of the Company are, from time to time, brought into formal and informal contact at Board meetings and other corporate events. The Board has full access to all information provided by senior management of the Company it deems appropriate for the purposes of fulfilling its role.

The Company has reviewed and considered the implementation of the Board Independence Policy to be effective during FY2025.

### Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against Directors, officers and senior management of the Company arising out of corporate activities.

### Appointment, Re-election and Removal of Directors

Each of the executive Director, non-executive Directors and independent non-executive Directors of the Company has entered into a service contract or letter of appointment with the Company for a specific term. The non-executive Directors and independent non-executive Directors have been appointed for a term of three years and automatically extended for a further term of three years upon the expiry of the current term unless and until it is terminated by either the Company or such Director. The term of appointment of each Director is subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles of Association of the Company (the "Articles") and the GEM Listing Rules.

Pursuant to the Articles, one-third of all Directors (whether executive or non-executive) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation and re-election at each annual general meeting at least once every three years.

The Articles provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the first annual general meeting of the Company or as an addition to the existing Board, shall hold office only until the next following annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

The Company may, in accordance with the Articles, by ordinary resolution remove any Director before the expiration of his/her term of office notwithstanding anything to the contrary in the Articles or in any agreement between the Company and such Director.

### Board Diversity Policy

Pursuant to the GEM Listing Rules, the nomination committee (or the board) shall have a policy concerning diversity of board members and shall disclose the policy on diversity or a summary of the policy in the corporate governance report. The policy specifies that in designing the composition of the Board, Board diversity shall be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.





## Corporate Governance Report

In accordance with the Board Diversity Policy, the measurable objectives are as below:

- 1.1 Recruitment and selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. In particular, when identifying potential candidates to the Board, the Nomination Committee and the Board will, among others, (i) consider the current level of representation of different genders on the Board and the senior management when making recommendations for nominees as well as succession planning to the Board and senior management; and (ii) consider the criteria that promotes diversity by making reference to the code of practices on employment published by the Equal Opportunities Commission from time to time.
- 1.2 The Nomination Committee will discuss and where necessary, agree annually on the measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth.
- 1.3 The ultimate decision will be based on merit against objective criteria and contribution that the selected candidates will bring to the Board, taking into account the corporate strategy and business operations of the Company.
- 1.4 The Board is also committed to having a Board consisting of more than one gender. The Board should consist of at least one Director of a different gender who genuinely possesses the necessary skills, experience and calibre appropriate to the Company's business. The Board aims to ensure that there is at least one Director of a different gender on the Board and that this is maintained in accordance with the GEM Listing Rules.
- 1.5 In order to achieve and/or maintain gender diversity, the Nomination Committee will propose a pipeline of potential successors to the Board to achieve gender diversity.

The composition of the Board will be disclosed in the Corporate Governance Report every year and the Nomination Committee will supervise the implementation of this policy. The Nomination Committee will review the effectiveness of this policy, as appropriate, discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

## Corporate Governance Report

As at 31 December 2025, the Board comprises six Directors, one of which is a female. The Board targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender parity. The diversity of the Board, as at 31 December 2025 and up to the date of this report, is illustrated as below. Further details on the biographies and experience of the Directors are set out on page 10 to page 18 of this annual report.

Name of Director	40 to 49	50 to 59	60 or above
Mr. Liu Yunqiang		√	
Ms. Judy Chan	√		
Ms. Xiong Xia	√		
Mr. Zhao Mingjun		√	
Dr. Cheung Chai Hong	√		
Mr. Chow Christer Ho		√	
Mr. Zhao Guodong	√		
Mr. James Douglas Richard Field			√
Mr. Chan Tsz King, Vincent		√	
Mr. Kong Chi Hang Maurice			√
Mr. Leung Ming Shu		√	
Dr. Wang Renrong		√	
Dr. Xu Yan			√

Name of Director	Professional Experience			
	Finance/ Accounting	Real Estate	Product Distribution	Food/ Beverage
Mr. Liu Yunqiang			√	
Ms. Judy Chan	√			
Ms. Xiong Xia			√	
Mr. Zhao Mingjun			√	
Dr. Cheung Chai Hong	√			
Mr. Chow Christer Ho	√	√		
Mr. Zhao Guodong	√			
Mr. James Douglas Richard Field			√	
Mr. Chan Tsz King, Vincent	√			
Mr. Kong Chi Hang Maurice				√
Mr. Leung Ming Shu	√			
Dr. Wang Renrong			√	
Dr. Xu Yan				√





# Corporate Governance Report

Name of Director	Education Background					
	Accountancy	Economics and Political Science	Business	Law	Psychology	Others
Mr. Liu Yunqiang	√					
Ms. Judy Chan					√	
Ms. Xiong Xia			√			
Mr. Zhao Mingjun						√
Dr. Cheung Chai Hong		√				
Mr. Chow Christer Ho			√			√
Mr. Zhao Guodong	√					
Mr. James Douglas Richard Field						√
Mr. Chan Tsz King, Vincent			√			√
Mr. Kong Chi Hang Maurice						√
Mr. Leung Ming Shu	√					
Dr. Wang Renrong				√		
Dr. Xu Yan						√

During FY2025, the Nomination Committee has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain high standard of operation.

### Gender Diversity at Workforce Levels

The gender ratio in the workforce (including senior management) for FY2025 is Male:Female = 1:1. The total gender diversity of the Group is balanced and the Group will continue to maintain the gender diversity in workforce. For further details of gender ratio together with the relevant data, please refer to the disclosure in the environmental, social and governance report of the Company.

### Continuous Professional Development

According to the code provision C.1.4 of the CG Code, all Directors shall participate in continuous professional development (“CPD”) to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

Pursuant to the code provision C.1.1 of the CG Code, each newly appointed Director should be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company’s operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations.

During FY2025, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations.

# Corporate Governance Report

During FY2025, the Directors, namely Ms. Judy Chan, Dr. Cheung Chai Hong, Mr. Chow Christer Ho, Mr. James Douglas Richard Field, Mr. Ho Kent Ching-tak (retired on 3 June 2025), Mr. Lim Leung Yau Edwin (retired on 3 June 2025), Mr. Alec Peter Tracy (retired on 3 June 2025), Mr. Chan Tsz King Vincent and Mr. Kong Chi Hang Maurice, have been updated with the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

The Directors are asked to submit their training record to the Company on an annual basis.

## Company's Culture

The Board believes that corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen. The Company is committed to developing a positive and progressive culture that is built on its purpose and values.

During FY2025, the Company continued to use its unique expertise, capabilities and experience to produce quality Chinese wine that is recognised worldwide. The Company aimed to achieve this purpose and create the following values through the following strategies.

### A. Values

#### (1) Family Tradition

The Company believes that “only the clan can make fine wine generation by generation in long-run”.

#### (2) Engagement

The Company prides itself on keeping its shareholders engaged in and informed of the markets and communities in which the Company operates.

#### (3) Excellence

In pursuit of quality and persistence, the Company is determined to deliver excellent wines and alcohol to its customers.

#### (4) Mutual Respect

The Company strives for working internally and externally in a collegiate environment based on trust, collaboration and respect.





# Corporate Governance Report

## **B. Strategies**

Below are the Company's strategies:

- becoming a leader in wine production in the Chinese markets;
- growing and enhancing its presence in Shanxi, Shanghai, Beijing, Guangdong, Zhejiang in the People's Republic of China and other major Chinese cities successfully;
- continuing to place investments on the development of alcohol production projects; and
- building a robust platform and premium alcoholic beverage enterprise in China.

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

## **BOARD COMMITTEE**

The Board has established four board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Committee, which are sufficiently resourced to fulfil their roles and their terms of reference have been approved by the Board and are available on the Company's website ([www.gracewine.com.hk](http://www.gracewine.com.hk)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)).

### **Audit Committee**

The Audit Committee was established on 1 June 2018 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph D.3 of the CG Code as set out in Part 2 of Appendix C1 to the GEM Listing Rules. As at 31 December 2025, the Audit Committee comprised one non-executive Director, Mr. Chow Christer Ho, and two independent non-executive Directors, namely Mr. James Douglas Richard Field and Mr. Chan Tsz King Vincent. Mr. Chan Tsz King Vincent 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.

## Corporate Governance Report

There were two meetings of the Audit Committee held during FY2025, the attendance record of the committee members is set out in the section headed "Attendance Records of Meetings" below. The following is a summary of work performed by the Audit Committee during FY2025:

- reviewed the interim and annual financial statements, reports and results announcements for presentation to the Board for approval;
- reviewed the findings and recommendations of the external auditor;
- reviewed the risk management and internal controls systems of the Group; and
- reviewed the effectiveness of the internal audit function of the Group.

### Remuneration Committee

The Remuneration Committee was established on 1 June 2018 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and paragraph E.1 of the CG Code as set out in Part 2 of Appendix C1 to the GEM Listing Rules. As at 31 December 2025, the Remuneration Committee comprised one non-executive Director, namely Dr. Cheung Chai Hong, and two independent non-executive Directors, namely Mr. James Douglas Richard Field and Mr. Chan Tsz King Vincent. Mr. James Douglas Richard Field is the chairman of the Remuneration Committee.

The primary duties of our Remuneration Committee are to review and make recommendation to the Board on the remuneration package of our Directors and members of our senior management.

There was one meeting of the Remuneration Committee held during FY2025, the attendance record of the committee members is set out in the section headed "Attendance Records of Meetings" below. The following is a summary of work performed by the Remuneration Committee during FY2025:

- reviewed the Company's policy for the remuneration of Directors;
- reviewed and recommended to the Board for consideration the terms and conditions of the appointment letter for the appointment of non-executive Director and independent non-executive Director; and
- recommended to the Board for consideration any adjustment to the Director's remuneration packages by taking into account their performances, the Group's business and financial performance and their contribution to the development of the Group.

Details of the Directors' remuneration for FY2025 are set out in Note 8 to Financial Statements.







# Corporate Governance Report

The remuneration of the senior management of the Group by band for FY2025 is set out below:

<b>Remuneration bands</b>	<b>Number of senior management</b>
HK\$1 to HK\$1,000,000	2

## **Directors' remuneration policy**

The remuneration policy for our Directors are based on their experience, level of responsibility and general market conditions, and is reviewed and adjusted on an annual basis. The Directors receive compensation in the form of salaries, allowances, bonuses and other benefits-in-kind, including the Company's contribution to the pension scheme. The Remuneration Committee determines the salaries of the Directors based on their qualifications, positions and seniority.

## **Nomination Committee**

The Nomination Committee was established on 1 June 2018 with written terms of reference in compliance with paragraph B.3 of the CG code as set out in Part 2 of Appendix C1 to the GEM Listing Rules. As at 31 December 2025, the Nomination Committee comprised one executive Director, Ms. Judy Chan, and two independent non-executive Directors, namely Mr. James Douglas Richard Field and Mr. Chan Tsz King Vincent. Ms. Judy Chan is the chairlady of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and diversity (including the skills, knowledge and experience) of the Board and make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors.

There was one meeting of the Nomination Committee held during FY2025, the attendance record of the committee members is set out in the section headed "Attendance Records of Meetings" below. The following is a summary of work performed by the Nomination Committee during FY2025:

- reviewed the Board structure, size, composition and Board diversity (including skills, knowledge and experience etc.);
- reviewed the effectiveness of the related Board Diversity Policy and Directors' Nomination Policy;
- reviewed and recommended to the Board for consideration the appointment of non-executive Director and independent non-executive Director;
- reviewed the independence of independent non-executive directors; and
- reviewed and considered the retirement and re-nomination of Directors for re-election at the forthcoming annual general meeting of the Company (the "AGM").

# Corporate Governance Report

## Investment Committee

The Investment Committee was established on 6 May 2022 and dissolved on 24 February 2026. As at 31 December 2025, the Investment Committee comprised one executive Director, namely Ms. Judy Chan and two non-executive Directors, namely Mr. Chow Christer Ho and Dr. Cheung Chai Hong. Ms. Judy Chan is the chairlady of the Investment Committee.

Upon dissolution of the Investment Committee, the functions of the Investment Committee will be taken over by the Board.

There was no meeting of the Investment Committee held during FY2025.

## Corporate Governance Function

The Board is responsible for developing, reviewing and monitoring the policies and practices on corporate governance and legal and regulatory compliance of the Group, and the training and continuous professional development of directors and senior management. The Board reviews the disclosures in the corporate governance report to ensure compliance.

The Board's responsibility in this regard includes:

- (a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;
- (d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters; and
- (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.





# Corporate Governance Report

## Attendance Records of Meetings

The attendance of each Director at Board meetings, Audit Committee meetings, Remuneration Committee meeting, Nomination Committee meeting, Investment Committee meeting and general meeting during FY2025 is set out in the following table:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Investment Committee meeting (Note 8)	General meeting
Number of meetings held during FY2025	5	2	1	1	0	2
<b>Name of Directors</b>	<b>Number of meetings attended/Number of meetings entitled to attend</b>					
<b>Executive Director</b>						
Ms. Judy Chan	5/5	–	–	1/1	0	2/2
<b>Non-executive Directors</b>						
Dr. Cheung Chai Hong	5/5	–	1/1	–	0	1/2
Mr. Chow Christer Ho (Note 1)	5/5	2/2	–	1/1	0	1/2
<b>Independent non-executive Directors</b>						
Mr. James Douglas Richard Field (Note 2)	4/5	0/1	1/1	0/0	–	0/2
Mr. Ho Kent Ching-tak (Note 3)	1/1	1/1	–	1/1	–	2/2
Mr. Lim Leung Yau Edwin (Note 4)	1/1	1/1	1/1	1/1	0	2/2
Mr. Alec Peter Tracy (Note 5)	1/1	–	1/1	1/1	–	1/2
Mr. Chan Tsz King Vincent (Note 6)	4/4	1/1	0/0	0/0	–	0/0
Mr. Kong Chi Hang Maurice (Note 7)	2/2	–	–	–	–	0/0

Notes:

1. Mr. Chow Christer Ho ceased to be a member of the Nomination Committee on 3 June 2025. Accordingly, he was not entitled to attend the Nomination Committee meeting held during FY2025 after his cessation on 3 June 2025.

# Corporate Governance Report

2. Mr. James Douglas Richard Field was appointed as a member of the Audit Committee and the Nomination Committee with effect from 3 June 2025. Accordingly, he was not entitled to attend meetings of the Audit Committee and the Nomination Committee that were held during FY2025 prior to his appointment on 3 June 2025.
3. Mr. Ho Kent Ching-tak retired as an independent non-executive Director and ceased to be a member of the Audit Committee and the Nomination Committee with effect from 3 June 2025. Accordingly, he was not entitled to attend Board meeting, Audit Committee meeting, or Nomination Committee meeting held during FY2025 after his retirement and cessation on 3 June 2025.
4. Mr. Lim Leung Yau Edwin retired as an independent non-executive Director and ceased to be chairman of the Audit Committee and a member of the Nomination Committee, the Remuneration Committee and the Investment Committee with effect from 3 June 2025. Accordingly, he was not entitled to attend any Board meeting, Audit Committee meeting, Nomination Committee meeting, Remuneration Committee meeting, or Investment Committee meeting that were held during FY2025 after his retirement and cessation on 3 June 2025.
5. Mr. Alec Peter Tracy retired as an independent non-executive Director and ceased to be chairman of the Remuneration Committee and a member of the Nomination Committee, with effect from 3 June 2025. Accordingly, he was not entitled to attend any Board meeting, Remuneration Committee meeting, or Nomination Committee meeting that were held during FY2025 after his retirement and cessation on 3 June 2025.
6. Mr. Chan Tsz King Vincent was appointed as an independent non-executive Director, chairman of Audit Committee and a member of the Nomination Committee and the Remuneration Committee with effect from 3 June 2025. Accordingly, he was not entitled to attend any Board meeting, Audit Committee meeting, Nomination Committee meeting, Remuneration Committee meeting, or general meeting that were held during FY2025 prior to his appointment on 3 June 2025.
7. Mr. Kong Chi Hang Maurice was appointed as an independent non-executive Director with effect from 1 September 2025. Accordingly, he was not entitled to attend any Board meeting or general meeting that were held during FY2025 prior to his appointment on 1 September 2025.
8. The Investment Committee was dissolved on 24 February 2026.

One meeting for the Chairlady and independent non-executive Directors without the presence of other Directors held during FY2025.

## NOMINATION POLICY

The Board has adopted a nomination policy which set out the criteria and process in the nomination and appointment of Directors. Below are the nomination procedures and the process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship.

### (i) Selection Criteria

The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorships:

- character, reputation and integrity;
- qualifications, experience and accomplishments, including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;





## Corporate Governance Report

- willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;
- requirement for the Board to have independent directors in accordance with the GEM Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the GEM Listing Rules;
- Board diversity policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;
- any other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning; and
- such other perspectives appropriate to the Company's business.

### (ii) Directors Nomination Procedures

The Board has the relevant procedures for Directors Nomination which are pursuant to GEM Listing Rules and the Articles. The details set out in the sections headed "Appointment, Re-election and Removal of Directors" and "Procedures for a Shareholder of the Company to propose a person for election as a Director" in this annual report.

## ACCOUNTABILITY AND AUDIT

### Directors' Responsibilities for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's financial reporting process. In preparing the consolidated financial statements for FY2025, the Board has selected suitable accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements of the Group on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# Corporate Governance Report

## Auditor's Remuneration

During FY2025, the remuneration paid or payable to the Company's auditor, Ernst & Young, in respect of their audit and non-audit services was as follows:

	RMB'000
Audit services	1,165
Non-audit services	120
Total	1,285

The remuneration for non-audit services represents the professional services as for the performance of agreed-upon procedures on the interim financial report.

## COMPANY SECRETARY

The Company has appointed, externally, Mr. Chiu Ming King ("Mr. Chiu") as the Company Secretary during FY2025. Mr. Chiu has resigned with effect from 3 March 2026 and Ms. Li Yee Ching ("Ms. Li") was appointed as the Company Secretary with effect from 3 March 2026. Ms. Li's biographical details are set out in the section "Directors and Senior Management" of this annual report. During FY2025, Mr. Chiu and Ms. Li have confirmed that they have taken no less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules. Mr. Chiu and Ms. Li's primary contact with the Company is Ms. Judy Chan, the executive Director.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledged its overall responsibility to ensure that sound and effective risk management and internal controls are maintained, while the senior management is charged with the responsibility to design and implement an internal controls system to manage risks. A sound system of risk management and internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has established a risk management and internal control systems. Different functions and procedures of the systems are responsible by the Board of Directors, the Audit Committee, the management of the Group (the "Management") and the internal control review team. The system monitors risks of the Group including, but not limited to, operational, financial, reporting and compliance risks. The system also aims at covering Environmental Social and Governance ("ESG") related risk factors in order to govern the identified ESG risks to the businesses and provide a robust monitoring system in all aspects. We strive to constantly enhance the system and expand the coverage of the risk factors in a feasible way.





# Corporate Governance Report

## Board of Directors

The Board has a duty to ensure the effectiveness of the risk management and internal control systems of the Group. The Board oversees the risk management and internal control systems, assesses and evaluates the Group's business strategies and risk tolerance. The Board reviews, with the assistance of the Audit Committee, at least annually the effectiveness of the system and monitors it in an on-going manner.

## Audit Committee

The Audit Committee has the primary responsibility for risk management and internal control after the Board. It assists the Board in overseeing the Group's risk management and internal control systems by providing support and advice, including on-going monitoring of the execution of risk management processes, reviewing the Group's risk register as well as reviewing and approving the internal control review plan and results.

## Management

The Management is responsible for identifying and monitoring the risks relevant to the Group during daily operations, including strategic, operational, financial, reporting and compliance risks. The Management reports to the Board and the Audit Committee on the risks identified and their changes. The Management is also responsible for developing appropriate internal control measures to mitigate the risks, and identify and resolve material internal control defects.

## Internal Audit

The Group has established the internal audit function and the scope of work includes reviewing the effectiveness of risk management and internal control systems. The scope of the risk management and internal control review is risk-based and is reviewed by the Audit Committee. The internal audit function is able to communicate with the Audit Committee directly regarding the results of its review.

# Corporate Governance Report

## RISK MANAGEMENT PROCESS

The procedures for identifying, assessing, responding and monitoring risks and their changes are defined by the risk management process. Through regular discussions with each operating function, the Group strengthens the understanding of risk management such that all employees can understand and report various risks they have identified in a timely manner. It enhances the Group’s ability to identify and manage risks.

To identify and prioritize material risks throughout the Group, the Management communicates with each operating function, collects significant risk factors that affect the Group from bottom to top, including strategic, operational, financial, reporting and compliance risks. After identifying all relevant risks, the Management assesses the potential impact and possibilities of the risks and prioritizes the risks. Appropriate internal control measures are then developed to mitigate the risks identified and the changes of risks are monitored in an on-going manner.

### Major Risks of the Group

Our risk management process has identified the following as major risks of the Group and their changes.

Risk	Description	Key Risk Mitigation	Changes
The wine industry in China is expected to remain under pressure due to weak consumption. Demand for higher-priced premium wines weakened significantly due to uncertainties surrounding the macroeconomic outlook.	Our sales are directly impacted by the economy, the social activities and the atmosphere in the key sales locations. The economic prospects will be influenced by the adverse impact of rising geopolitical tensions and challenges from the slowdown of China’s economic growth. It is believed that overall economic performance is still the main driver for economic recovery for the year. In case of slow recovery of domestic economic activities and any decrease in consumer spending, our business activities may be largely impacted and our revenue will decrease.	We monitor the market condition closely and seek opportunities to carry out marketing activities to drive our sales to catch up with the slowdown in sales volume. On the other hand, we also take a more prudent cash management strategy to limit the expenses unrelated to sales and marketing activities to ensure we have sufficient liquidity in case the situation worsened again.	Increased  The premium wine segment faces strong competition from both domestic producers and imported wines. Average selling price per bottle fell, reflecting consumer shift to lower-end wines.







# Corporate Governance Report

Risk	Description	Key Risk Mitigation	Changes
We relied on Shanxi as our major market.	Sales in the Shanxi Province constitute a majority of the Group’s total sales. Any material decline in the Shanxi market may result in a decline in the sales of our wine products and our revenue significantly, which may be caused by an economic downturn, natural disasters, as well as other laws and regulation changes.	The Group has made steady progress in refining and expanding its operations, with a focus on diversifying and creating new sales channels. We continuously develop new markets and distribution channels including, but not limited to, online sales and cooperation with new distributors in regions outside the Shanxi Province.	Unchanged  While exports to Hong Kong grew, and Fujian is being cultivated as a second key market (new shop partnerships in 2025), geographic diversification is still limited.
We faced climate change and environmental risks.	Wine production is highly dependent on environmental factors like climate and weather conditions. In China, extreme weather events, such as droughts or floods, and long-term shifts in climate patterns could disrupt grape production. This can lead to reduced yields, lower-quality grapes, and increased costs for producers to maintain or replace crops, directly affecting wine production and profitability.	The Group prioritises the use of self-grown grapes from our self-owned vineyards in Shanxi and Ningxia to ensure uninterrupted wine production.  The Group is also conducting research to develop improved viticulture practices, including water conservation, soil management, and the diversification of grape varieties. By implementing these strategies, we aim to enhance vineyard yields and ensure consistent wine production.	Decreased  The Group continues to conduct research and invest in development to discover new techniques for enhancing grape cultivation and wine production.

# Corporate Governance Report

Risk	Description	Key Risk Mitigation	Changes
<p>We faced intense competition in the domestic market in China and from imported wine, which may adversely affect business, financial performance and operational results of the Group.</p>	<p>Our sales growth by market expanding and penetration may be affected by the competition from other domestic wine producers given their existing presence in the regions. Our foreign competitors may have greater access to financial resources, being more experienced and have better capability in product innovation and longer operating histories.</p>	<p>Focusing on quality and increasing brand awareness are key strategies to differentiate our products from competitors.</p> <p>We have also made significant investments in marketing and promotional events to ensure we maintain a high level of customer satisfaction.</p>	<p>Unchanged</p>
	<p>Given the increasing western influence over the PRC and the general consumer behaviour changes in the PRC, our brand equity and advantages may be diluted by the increase of foreign brands in the PRC, which will affect our revenue directly.</p>		





# Corporate Governance Report

## INTERNAL CONTROL REVIEW TEAM

During the year ended 31 December 2025, the Group had not established an internal control department internally. Instead, the Group has engaged an external internal control consulting company, Conesgo Consulting Group Limited, to conduct assessment and evaluation on the effectiveness of internal control measures and systems of the Group. Certain internal control enhancement suggestions have been identified and the Management has established action plans for improving the internal control effectiveness accordingly. An internal control review report has been provided to the Audit Committee which has also been reported to the Board about the findings and improvement measures. No material internal control deficiency has been identified during the year ended 31 December 2025 and the Board considers that the risk assessment and internal control function of the Group to be adequate and effective.

## Procedures and Internal Controls for the Handling and Dissemination of Inside Information

The Group strictly follows the requirements of the Securities and Futures Ordinance (the “SFO”) and the GEM Listing Rules and ensures that inside information is disclosed to the public as soon as reasonably practicable unless the information falls within any of the safe harbours of the SFO. Before inside information is fully disclosed to the public, such information is kept strictly confidential. In addition, the Group adopted the policy of disclosing relevant information only to appropriate staff within the Group.

In addition, as mentioned in the above section headed “Directors’ Securities Transactions”, the Company has adopted Model Code as its own code of conduct regarding securities transactions, directors and employees who are likely to be in possession of unpublished inside information (in which the matters relating to the sensitive information including both financial and non-financial information (e.g. harvest result of self-cultivated grapes for the year), etc.), shall be prohibited to deal in any of the Company’s securities before the publication of such information.

## SHAREHOLDERS’ RIGHTS

### Rights to Convene Extraordinary General Meeting

As one of the measures to safeguard Shareholders’ interests and rights, the Shareholders are encouraged to participate at the general meetings of the Company and to vote thereat. An annual general meeting of the Company shall be held each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

The annual general meeting of the Company will provide a forum for the Board and the Shareholders to communicate. The Board will answer questions raised by Shareholders at the annual general meeting.

## Corporate Governance Report

Pursuant to Article 64 of the Articles, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings on a one vote per share basis, and such Shareholders may add resolutions to the agenda of general meetings so convened. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### **Procedures for a Shareholder of the Company to Propose a Person for Election as a Director**

Subject to the Articles and the Companies Act of the Cayman Islands (as amended from time to time), the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board.

Article 113 of the Articles provides that no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected shall have been lodged at the Head Office (as defined in the Articles) or at the Registration Office (as defined in the Articles). The period for lodgement of the notices required under this Article will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director, the following documents must be validly served at the Company's principal place of business in Hong Kong at Unit 2304, 23/F, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong or at the Company's Hong Kong share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, including (i) a notice signed by the Shareholder for which such notice is given of his/her intention to propose a candidate for election; and (ii) a notice signed by the proposed candidate of the candidate's willingness to be elected together with (a) that candidate's information as required to be disclosed under Rule 17.50(2) of the GEM Listing Rules, and (b) the candidate's written consent to the publication of his/her personal data.

### **Right to Put Enquires to the Board**

Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Company. Such questions, requests and comments can be addressed to the Company by mail to Unit 2304, 23/F, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong or by email to [contact@gracewine.com.hk](mailto:contact@gracewine.com.hk).





# Corporate Governance Report

## SHAREHOLDERS' COMMUNICATION POLICY AND INVESTORS RELATIONS

The Board has adopted a shareholders' communication policy (the "Shareholders' Communication Policy") for the purpose of enhancing the effective communication with Shareholders as well as investor relations and investors' understanding of the Company's business performance and strategies.

The Shareholders' Communication Policy is summarised as below:

- The Company will assign dedicated employee(s) to be in charge of ensuring effective and timely dissemination of information to Shareholders.
- The Company will provide Shareholders with ready access to understandable information about the Company.
- The Company will take steps to solicit and understand the views of Shareholders and other stakeholders.
- The Company will facilitate Shareholders' participation in annual general meetings and make available the chairmen of the board committees and advisory panel(s) (if any), appropriate management executives, auditors at annual general meetings to answer questions from Shareholders.
- Shareholders may, at any time, direct questions, communicate their views on various matters affecting the Company, request for publicly available information and provide comments and suggestions to directors or management of the Company through the prescribed channel mentioned below.

In accordance with the Shareholders' Communication Policy, the Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include (i) the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the websites of GEM and the Company; (iv) the Company's website offering communication channel between the Company and its stakeholders; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

Having considered the multiple channels of communication mentioned above, the Company is satisfied that the Shareholders' Communication Policy has been properly implemented during FY2025 and such policy remains effective.

## CHANGE IN CONSTITUTIONAL DOCUMENTS

There were no significant changes in the constitutional documents of the Company for FY2025.

# Environmental, Social and Governance Report

## ABOUT THIS REPORT

This report represents the eighth Environmental, Social and Governance (“ESG”) Report (the “Report”) of Grace Wine Holdings Limited (“Grace Wine” or the “Company”, together with its subsidiaries, the “Group”, “we”, “us” or “our”). It presents an overview of the Group’s sustainability strategy, management approach, and ESG performance during the year, and demonstrates our ongoing commitment to responsible and sustainable development.

### Reporting Period and Scope

Unless otherwise specified, this Report covers the Group’s principal operations for the period from 1 January 2025 to 31 December 2025 (the “Reporting Period”). The reporting boundary includes:

- Hong Kong office;
- Shanxi Vineyard;
- Ningxia Vineyard; and
- Xiamen Sales Offices in the People’s Republic of China (“PRC”).

### Reporting Standards

This Report has been prepared in compliance with the applicable disclosure requirements set out in the Environmental, Social and Governance Reporting Code (the “ESG Reporting Code”) under Appendix C2 to the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).





# Environmental, Social and Governance Report

## Reporting Principles

In preparing this Report, the Group has applied the four reporting principles outlined in the ESG Reporting Code of the Stock Exchange:

Principles	Definitions	Responses from the Group
Materiality	The issues covered in this Report should reflect the significant impacts of the Group on the economy, environment and society, or the scope of assessments and decisions of stakeholders being influenced.	Through engaging with stakeholders as well as considering the Group's business nature and development, material sustainability issues are identified.
Quantitative	This Report should disclose key performance indicators in a measurable way.	The Group discloses its key environmental and social performance indicators quantitatively where appropriate.
Balance	This Report should present the positive and negative information of the Group in an objective manner, to reflect a comprehensive picture of the sustainability performance of the Group.	The Group has identified and disclosed the environmental, social and governance issues with significant impact on the Group's business, including the results and challenges faced by the Group, in this Report.
Consistency	Preparation of this Report should be based on methods consistent with the one(s) used in previous year(s), or the Report should state the revised reporting methods, or illustrate other relevant factors that might affect meaningful comparison.	The reporting scope and reporting method are substantially consistent with those of the prior year(s), and this Report has also disclosed relevant comparative information.

## Data Collection Method

The information and data presented in this Report are derived from the Group's internal records, official documents, and relevant statistical information. The contents of this Report were reviewed and approved by the board of directors (the "Directors") of the Company (the "Board") in March 2026.

## Feedback

The Group is committed to working closely with its stakeholders to advance sustainable development and values feedback from both internal and external parties. Should you have any comments or suggestions regarding this Report or the Group's sustainability performance, please contact us at [contact@gracewine.com.hk](mailto:contact@gracewine.com.hk).

# Environmental, Social and Governance Report

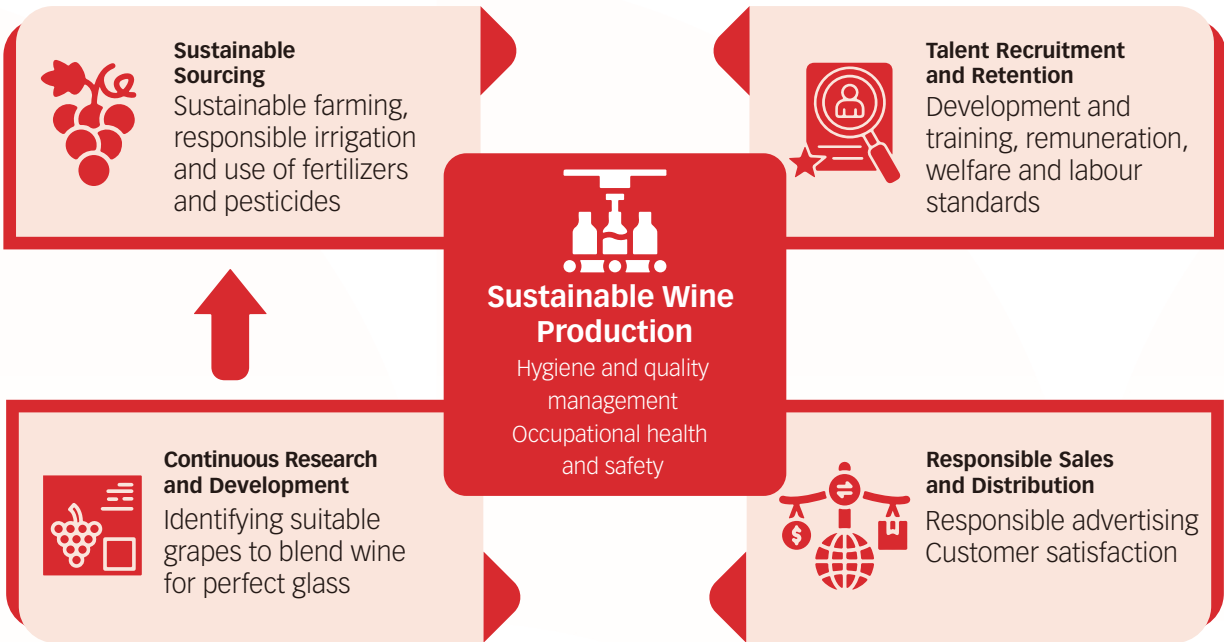
## ABOUT GRACE WINE

As the main wine maker in Shanxi of the PRC, the Group is principally engaged in wine production and sales under the brand “Grace Vineyard” in the market. In 1997, with the aspiration of “introducing a European-style wine chateau to Shanxi and producing the best wine in China”, Mr. Chan Chun Keung and Frenchman Sylvain Janvier cofounded Grace Vineyard in Taigu County, Shanxi under the help of Professor Denis Boubals, a French oenologist. Grace Vineyard is dedicated to producing quality value-for-money wine that meets the wide range of tastes and price preferences of customers. Inheriting the philosophy that “only a clan can make long-term plans to produce fine wine from generation to generation”, Mr. Chan passed down the vineyard to his daughter Ms. Judy Chan, who studied in the United States in her early years, in 2002.

Our wine product portfolio mainly comprises red wine, and can be broadly categorized into high-end wine which targets the executive clientele and corporate customers and entry-level wine that caters to the price-conscious mass market at reasonable retail prices. In response to our customers’ tastes and preferences, we also from time to time make white and sparkling wine, seasonal series and special blends of red wine, and import an insignificant volume of overseas-made wine.

The Group was listed on the GEM of Stock Exchange on 27 June 2018, which completed its transition from a family enterprise to a public one. Owning Shanxi Grace Vineyard and Ningxia Grace Vineyard, the Group has established strategic presence in two production areas and laid the foundation for its development in the next three decades.

With over 20 years of development, Grace Vineyard has become a well-recognized boutique winery in China, and a well-known benchmark brand amongst Chinese boutique wineries with extensive acclaim in the international wine community, including renowned wine critics Jancis Robinson and James Halliday as well as international authoritative and professional magazines “Wine Spectator” and “Decanter”.







# Environmental, Social and Governance Report

## AWARDS AND RECOGNITIONS

	<b>Decanter World Wine Awards 2025</b> Bronze: Grace Vineyard Deep Blue 2021
	<b>The 15th Asian Wine Quality Competition</b> Gold (Sparkling Wine Category): Grace Vineyard Tasya's Reserve Cabernet Franc Sparkling Wine
	<b>2025 San Francisco World Spirits Competition</b> Silver: Angie Gin Daybreak Silver: Angie Gin Sunset Clouds
	<b>James Suckling – China's Top 100 Wines 2025</b> Top 12: Grace Vineyard Deep Blue 2023 Top 17: Grace Vineyard Tasya's Reserve Cabernet Franc 2023
	<b>Tmall x Lejiuke 2025 Annual Awards</b> Top 10 Premium Chinese Wine Brands
	<b>Shanxi Provincial Recognition</b> Outstanding Foreign Affairs Visiting Site

# Environmental, Social and Governance Report

## OUR MANAGEMENT APPROACH TO SUSTAINABILITY

### Sustainability Governance and Board's Oversight

As the highest governing body of the Group, the Board assumes overall responsibility for the Group's ESG strategy, governance, and reporting, and provides oversight of ESG-related matters with a focus on long term development and strategic positioning.

With delegated authority from the Board, senior management is responsible for overseeing the Group's ESG management framework and regularly reporting to and advising the Board on ESG matters, including but not limited to:

- Development and review of our sustainability strategies, priorities, goals and targets;
- Identification, evaluation, prioritization, review and management of material ESG-related risks and opportunities (including but not limited to climate-related risks and ESG risks along the supply chain);
- Review and formulation of the implementation of ESG-related policies and practices to ensure compliance with laws and regulations;
- Monitoring and reviewing our ESG performance and progress against any targets and goals;
- Monitoring and enhancing the Group's stakeholder engagement channels to ensure effective communication with key stakeholders; and
- Preparing an annual ESG report on its activities for Board's approval.





# Environmental, Social and Governance Report

## ESG-related Risk Management

ESG risk management forms an integral part of the Group’s corporate governance framework and supports long-term business resilience. Material ESG-related risks are identified, assessed, prioritised, and managed by senior management on an ongoing basis. Appropriate control measures are developed and implemented at the relevant operational levels to mitigate such risks.

Senior management reports periodically to the Board on ESG-related risk assessments. The Board retains ultimate responsibility for overseeing the Group’s risk management framework and regularly reviews the effectiveness of the control measures, providing guidance and recommendations for enhancement where necessary.

For details about our corporate governance and risk management approach, please refer to the “Corporate Governance Report” in our annual report for the year ended 31 December 2025.



# Environmental, Social and Governance Report


## ESG Management Approach and Strategy

The Group recognizes its responsibility to pursue sustainable development alongside business excellence. Our commitment to environmental and social responsibility is embedded in our strategy and reflected through initiatives under four pillars of sustainable development: (i) Striving for Quality, (ii) Caring for Employees, (iii) Protecting Our Environment, and (iv) Giving Back to the Community.

 **Striving for Quality**


*Prioritizing responsible sourcing and stringent control for premium quality wine*

**Goal:**  
Aiming at producing top quality wine while ensuring responsible practices in production

 **Caring for Employees**

*Curating a decent people-centric workplace for our people*

**Goal:**  
Creating a harmonious and safe workplace and respectful, supportive and caring work atmosphere

 **Protecting our Environment**

*Pursuing a sustainable operation pattern for a climate-resilient future*

**Goal:**  
Strengthening climate resilience and reduce our ecological footprints in our wine operation to create a greener future  
\* Please refer to the section headed "Protecting our Environment" for our green targets.

 **Giving Back to the Community**

*Fostering a caring culture for the community*

**Goal:**  
Create meaningful and sustainable positive change in communities





# Environmental, Social and Governance Report

## STAKEHOLDER ENGAGEMENT

To foster a sustainable value chain, the Group works collaboratively with stakeholders across its operations. We engage regularly with both internal and external stakeholders through formal and informal channels to understand their views and expectations. These insights enable us to refine our sustainability strategy, enhance performance, and respond effectively to emerging challenges and opportunities.

Key Stakeholders	Regular Communication Channels
Employees	<ul style="list-style-type: none"> <li>• Daily communication and meetings</li> <li>• Training activities</li> <li>• Welfare activities</li> <li>• Regular performance appraisal</li> <li>• Questionnaires</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Telephone and face-to-face meetings</li> <li>• Social media</li> <li>• Customer activities</li> <li>• Questionnaires</li> </ul>
Suppliers, distributors and other business partners <sup>1</sup>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Regular appraisal</li> <li>• Site inspection</li> <li>• Exchanges and visits</li> <li>• Direct communication</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>• Annual general meetings or extraordinary general meetings</li> <li>• Regular corporate publications (including annual reports)</li> <li>• Circulars and announcements (if necessary)</li> <li>• Group website</li> </ul>
Government	<ul style="list-style-type: none"> <li>• Direct communication</li> <li>• Compliance management</li> <li>• Proactive tax payment</li> <li>• Information disclosure</li> <li>• Written communication (if necessary)</li> </ul>
Media and the wider community	<ul style="list-style-type: none"> <li>• Group website</li> <li>• Press release and announcement</li> <li>• Social media</li> </ul>

<sup>1</sup> Including seasonal farmers.

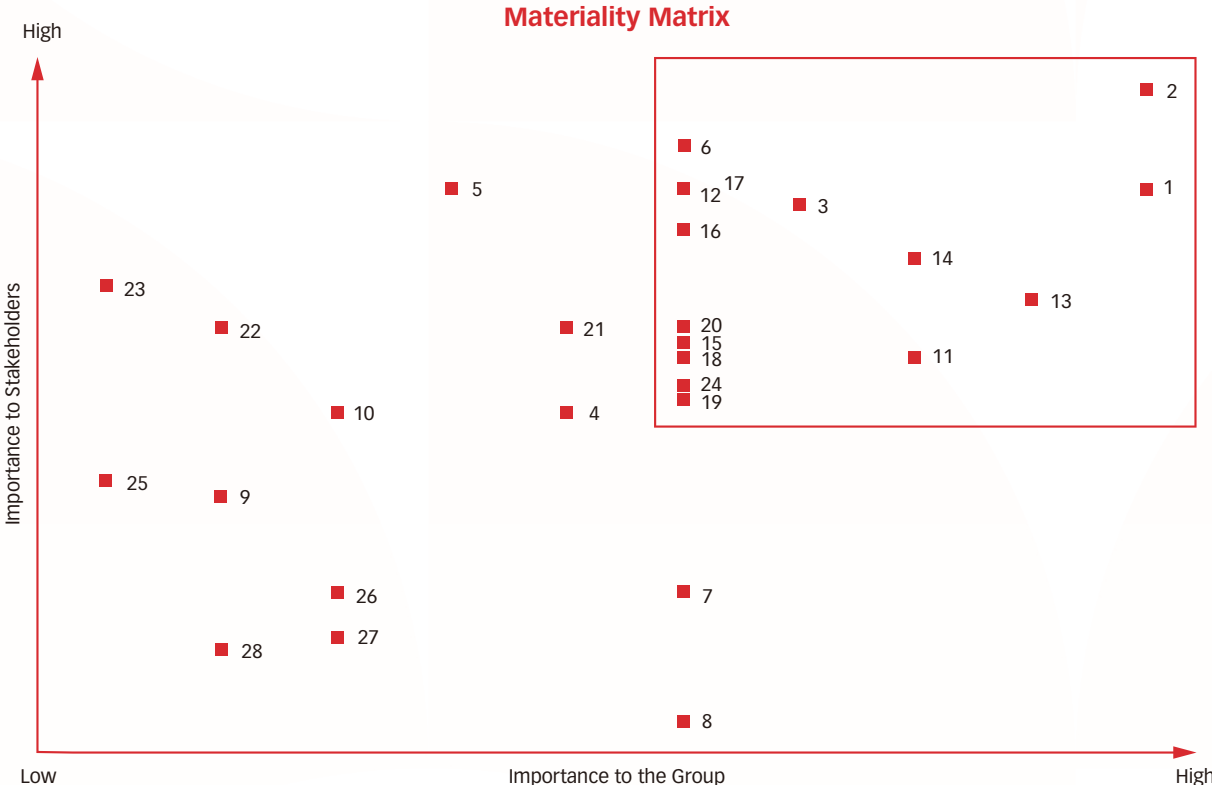
# Environmental, Social and Governance Report

## MATERIALITY ASSESSMENT

During the Reporting Period, the Group engaged an independent consultant to conduct a materiality assessment through an online survey. Stakeholders were invited to assess the significance of 28 sustainability issues in relation to the Group’s operations and development. The survey results were thoroughly analyzed to identify the most material ESG topics, which were presented in the form of a materiality matrix.

The materiality assessment process comprised the following steps:

- 1. Identification of ESG Topics**  
 Reviewed the Group’s past and ongoing stakeholder engagement outcomes, relevant industry trends, and the ESG Reporting Guide. A total of 28 environmental, social, and governance topics relevant to the Group were identified for assessment.
- 2. Stakeholder Engagement**  
 Invited key internal and external stakeholders to participate in a survey and rate the 28 topics based on their perceived importance to the Group.
- 3. Analysis and Prioritisation**  
 Consolidated stakeholder feedback together with management’s views to develop a materiality matrix, thereby determining the ESG issues considered material to the Group.





# Environmental, Social and Governance Report

## ESG Issues Considered

Product Responsibility	Corporate Governance	Caring for Employees
1. Quality of product	7. Anti-fraud and corruption	12. Diversification and equal opportunities
2. Product safety and health	8. Anti-corruption training	13. Recruiting and maintaining talents
3. Customer service and satisfaction	9. Supplier environmental and social performance	14. Training and development
4. Complaint handling	10. Supplier selection process and tendering management	15. Labour practices
5. Customer data protection and privacy	11. Disaster/emergency response and management	16. Occupational health and safety
6. Advertising and labelling management		
Environmental Protection	Community Contributions	
17. Air emissions management	26. Participation in volunteer activities	
18. Energy consumption	27. Charitable donations	
19. Climate change	28. Fundraising work	
20. Discharge quality management		
21. Greenhouse gas emissions		
22. Hazardous and non-hazardous waste management		
23. Noise management		
24. Resource utilization and mitigation measures		
25. Green procurement		

Based on the survey results, the Group conducted a mapping and prioritisation exercise covering the 28 identified sustainability issues. This assessment considered both the relevance of each issue to the Group's operations and its perceived significance to society and the environment.

The 15 issues identified as most material, representing the highest level of importance, are positioned in the upper right quadrant of the materiality matrix. These priority topics are highlighted in this Report and receive focused attention from the Group. We are committed to closely monitoring our performance on these material issues and integrating them into our daily operations and strategic decision-making processes.

# Environmental, Social and Governance Report

Material Issues Identified	Corresponding Section in this Report
Quality of Product	Ensuring Quality of Grape Cultivation
Product Safety and Health	Ensuring Quality of Wine Making
Customer Service and Satisfaction	Collecting Customer Feedback
Advertising and labelling management	Advertising and Labelling
Disaster/emergency Response and Management	Striving for Quality
Diversification and Equal Opportunities	Attracting and Retaining Talents
Recruiting and Maintaining Talents	Attracting and Retaining Talents
Training and Development	Investing in Continuous Staff Development
Labour Practices	Caring for Employees
Occupation Health and Safety	Caring for Employees' Health and Safety
Air Emissions Management	Energy, Air and Greenhouse Gas Emissions
Energy Consumption	Energy, Air and Greenhouse Gas Emissions
Climate Change	Protecting Our Environment
Discharge Quality Management	Energy, Air and Greenhouse Gas Emissions
Resource Utilization and Mitigation Measures	Energy, Air and Greenhouse Gas Emissions
	Use of Water







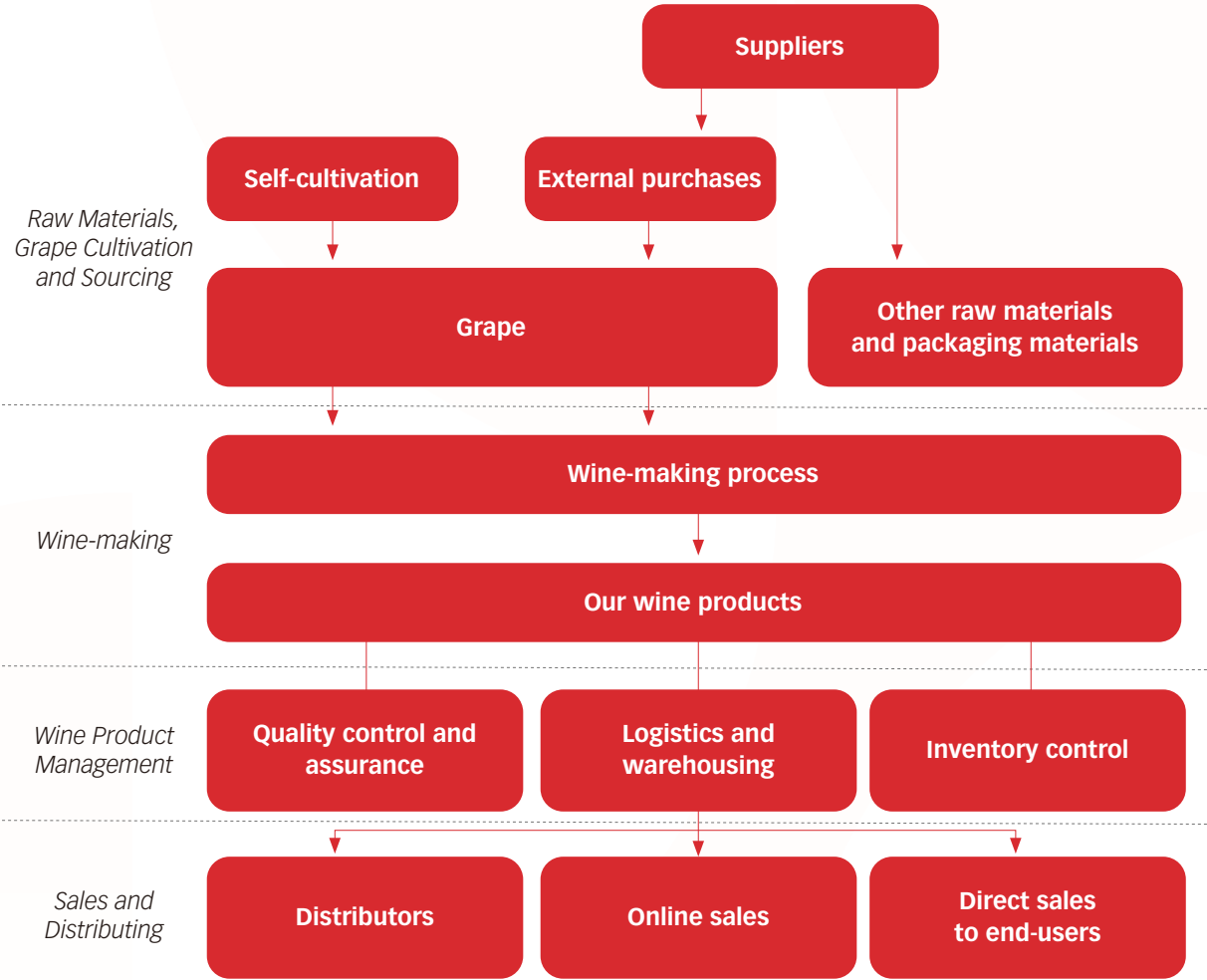
# Environmental, Social and Governance Report

## STRIVING FOR QUALITY

Our mission is to be a leading wine producer, delivering products of the highest quality to our customers. We place strong emphasis on maintaining excellence in both our products and services through well-established policies, standardised procedures, and strict compliance with applicable laws and regulations.

During the Reporting Period, the Group was not aware of any material non compliance with relevant laws and regulations relating to product health and safety, advertising, labelling, or customer privacy. We remain committed to upholding these standards to safeguard customer well being and sustain their trust and confidence in our brand.

### Grace Wine’s Business Model



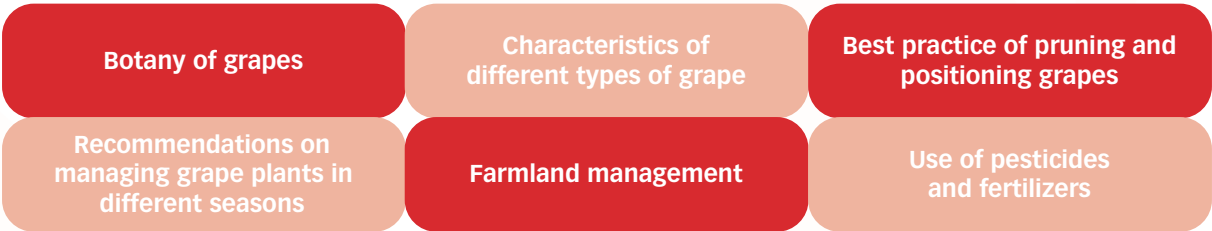
# Environmental, Social and Governance Report

## Ensuring Quality of Grape Cultivation

The diagram below outlines the key stages of grape cultivation and harvesting, from winter dormancy through to the harvest season, which typically takes place between late August and early October each year:



A standardised operating procedure, together with our Vineyard Management Handbook, is implemented across our self-owned vineyards to ensure consistent quality throughout the grape cultivation process.



The Group has established a Quality Inspection Management System and a Non-conforming Products and Product Recall Management System to strengthen quality control and recall management. During cultivation and harvest, we conduct comprehensive testing on key indicators such as sugar content, acidity, pH value, ripeness, and chemical residues. Grapes sourced from neighbouring farms are subject to the same stringent inspection standards. We also engage independent third party organisations to conduct product quality assessments to ensure compliance with relevant national food safety standards.

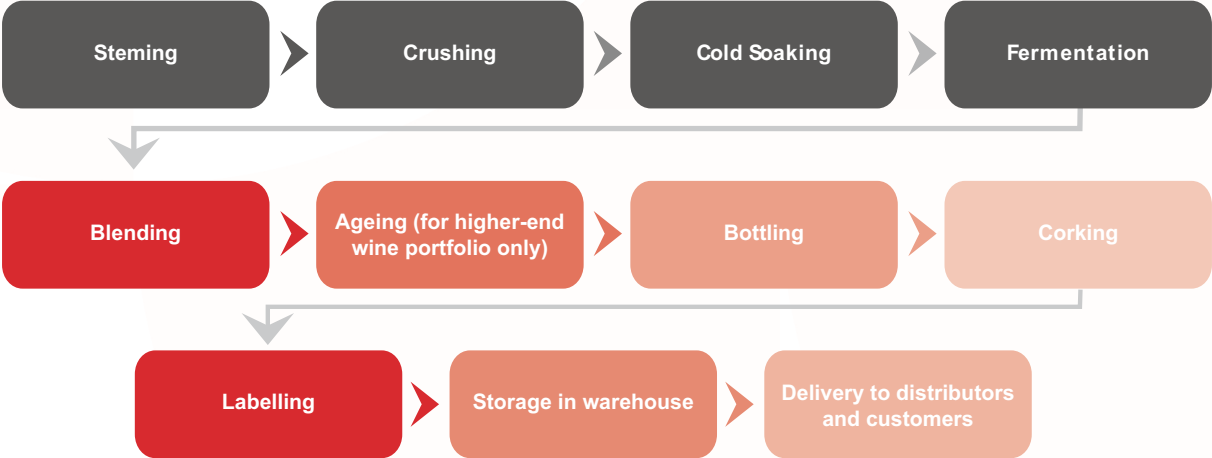




# Environmental, Social and Governance Report

## Ensuring Quality of Wine Making

The process of wine making after grape cultivation and harvesting can be referred to below:



# Environmental, Social and Governance Report

Certified under the ISO 9001:2015 Quality Management System, our wine production process follows well-established procedures to ensure consistent quality. These include rigorous raw material evaluation, quality control at every production stage, standardised operating procedures, staff training and competency development, and continuous improvement initiatives.



## Filtration

Prior to bottling, all wines undergo sterile filtration to remove bacteria and residual particles, ensuring product purity and stability.



## Testing

Under our Product Sample Check Policy (《產品檢驗規程》), we conduct comprehensive quality testing covering appearance, aroma, taste, volume, alcohol content, sweetness, chemical composition, microbiological indicators, and labelling compliance. This ensures our products meet both internal quality standards and applicable food safety regulations.



## Warehouse Management

To safeguard product integrity, warehouse temperature and humidity are monitored daily. Preventive measures are also implemented to mitigate risks such as fire, theft, leakage, and workplace injuries.



## Shipping and Tracking

During distribution, we provide logistics tracking services to enhance transparency. Delivery vehicles are required to meet strict hygiene and protection standards, including rain and dust proof facilities, to preserve product quality throughout transportation.





# Environmental, Social and Governance Report

## Managing Health and Safety of Wine

We place the highest priority on product health and safety and comply with applicable industry laws and regulations, including the Agriculture Law of the PRC (《中華人民共和國農業法》) and the Food Safety Law of the PRC (《中華人民共和國食品安全法》). To uphold these standards, we have implemented a comprehensive framework of policies and procedures to guide employees and farmers throughout the production process.

### Key Measures

- **Pesticide Management**

Under our Annual Pesticide Use Plan, farmers are required to apply pesticides in strict accordance with the Regulations on Pesticide Management of the PRC to ensure safe and responsible agricultural practices.

- **Hygiene Management in Production Areas**

Our Hygiene Management Policy for Brewing Production Areas sets out strict requirements for personnel and environmental hygiene. Production staff must wear uniforms and appropriate protective equipment, thoroughly clean hands and footwear before entering production areas, and hold valid health permits. Annual health check ups are arranged for all production employees.

- **Sanitation and Bottling Controls**

Standard procedures are established for vessel cleaning and bottling management. Water used in production undergoes laboratory testing in accordance with national drinking water standards to prevent contamination and safeguard product quality.

- **Food Safety Control System**

We have developed a Food Safety and Hygiene Control System Manual to strengthen food quality and safety awareness across the Group. Clear hygiene and quality targets have been established, including:

- 100% pass rate for products released from the factory;
- 100% compliance rate in market supervision inspections; and
- Zero food safety and hygiene incidents.

To achieve these targets, we conduct rigorous supervision and inspections, provide regular food safety training to employees, and strictly implement comprehensive hygiene standard operating procedures. These procedures cover water quality management, wastewater discharge, equipment sterilization, and hygiene controls for production personnel.

# Environmental, Social and Governance Report

## Collecting Customer Feedback

We place great importance on customer feedback and are committed to handling all comments and complaints in a timely and responsible manner. Customers may contact us through our hotline, and our customer relations team ensures that all feedback is promptly referred to the appropriate department for follow up. We also conduct return visits where appropriate to confirm customer satisfaction with our response.

We regularly collect customer feedback through various channels, including visitor interactions and surveys, to better understand their views on our products, services, and overall experience. Insights gathered are used to enhance product quality and service standards, with the aim of maintaining high levels of customer satisfaction.

During the Reporting Period, there were no product recalls due to safety or health concerns, and the Group did not receive any material product complaints.

## Advertising and Labelling

We comply with all applicable laws and regulations relating to advertising and labelling to safeguard consumer rights during product promotion.

To ensure product traceability, we have established a comprehensive Labelling and Traceability Management System. This system enables us to identify and trace specific product batches efficiently should any issue arise. We ensure that all information presented on our wine labels is accurate, transparent, and in full compliance with relevant regulatory requirements.

In addition, our labels include a clear warning statement highlighting the health risks associated with excessive alcohol consumption, reinforcing responsible drinking awareness among consumers.

## Protecting Privacy and Intellectual Property Rights

We attach great importance to safeguarding customer data and confidential business information. Employees are required to comply with strict internal data protection guidelines and are prohibited from disclosing sensitive information to third parties without prior authorisation. To further strengthen data security, system access controls and periodic password updates are implemented to reduce the risk of data breaches.

The Group also actively protects its intellectual property rights, including registered trademarks, trade names, and logos. Distributors are contractually authorised to use our intellectual property solely for agreed distribution purposes within designated territories. Any unauthorised use, reproduction, or commercial exploitation without prior consent is strictly prohibited.





# Environmental, Social and Governance Report

## Managing Suppliers

Our procurement activities mainly involve sourcing grapes and wine production materials, including base wine, grape juice, yeast, additives, and packaging materials such as corks, bottles, caps, and cartons.

We recognise the environmental and social risks within our supply chain and are committed to promoting responsible sourcing. We conduct regular on site assessments and implement control procedures to evaluate suppliers' environmental and social performance. Through ongoing engagement, we encourage suppliers to adopt emission reduction measures and sustainable practices, working collaboratively to build a greener and more resilient supply chain.

In addition, the Group has established a Procurement Management System (《採購管理制度》) to ensure the quality and reliability of products and services provided by suppliers. New suppliers undergo a comprehensive evaluation covering service capability, product quality, reputation, after-sales support, and pricing. Existing suppliers are subject to regular performance assessments, which review product quality, delivery timeliness, completeness of goods, after sales service, and cost competitiveness. Through these structured evaluation mechanisms, we maintain high standards across our supply chain.

During the Reporting Period, we engaged 38 suppliers, of which 33 were located in mainland China and 5 overseas.

## CARING FOR EMPLOYEES

We place strong emphasis on the well-being and development of our employees and strive to foster a positive, respectful, and rewarding working environment. The Group is committed to complying with all applicable labour laws and regulations.

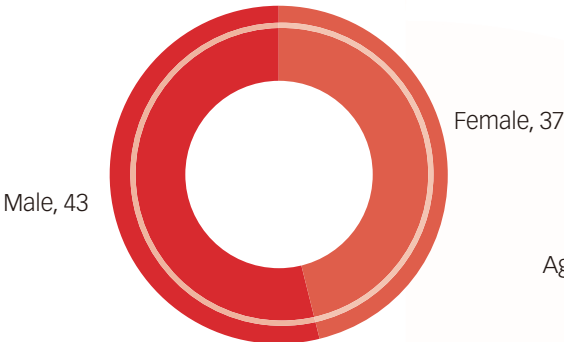
During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations relating to employment matters, including compensation and dismissal, recruitment and promotion, working hours and rest periods, equal opportunity, diversity, anti-discrimination, and employee benefits and welfare.

# Environmental, Social and Governance Report

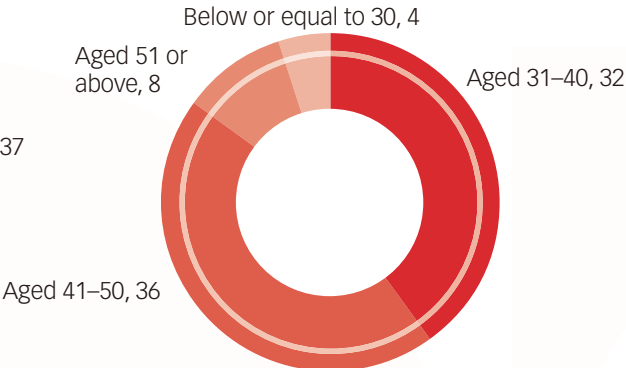
## Employee Overview

As of 31 December 2025, the Group had a total of 70 full-time employees<sup>2</sup> and 1 part-time employees<sup>3</sup> in the PRC and Hong Kong. Below showcases the distribution of employees by gender, age group, region, employment type as well as turnover rate by gender, age group and region:

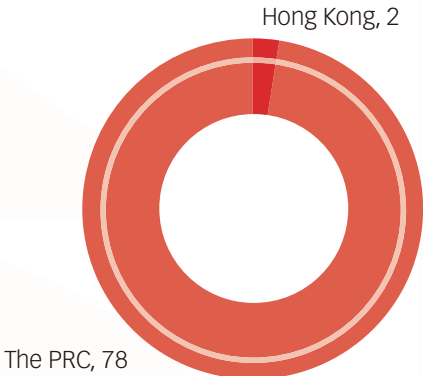
**Total Number of Employees by Gender**



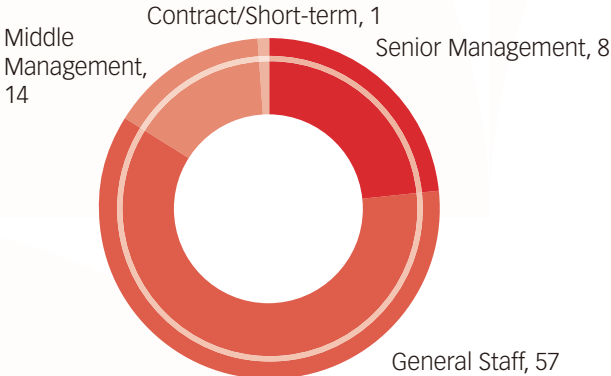
**Total Number of Employees by Age Group**



**Total Number of Employees by Region**



**Total Number of Employees by Employment Type**



<sup>2</sup> The number of employees includes only those within the specified reporting scope.  
<sup>3</sup> The number of employees includes only those within the specified reporting scope.

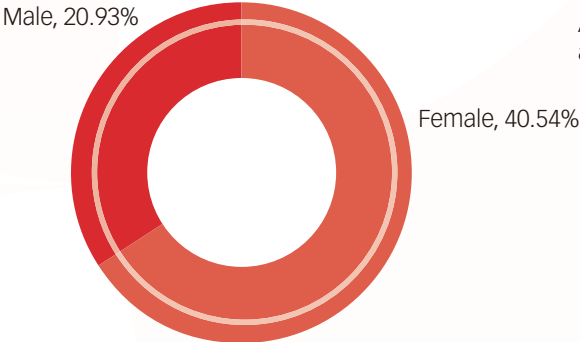




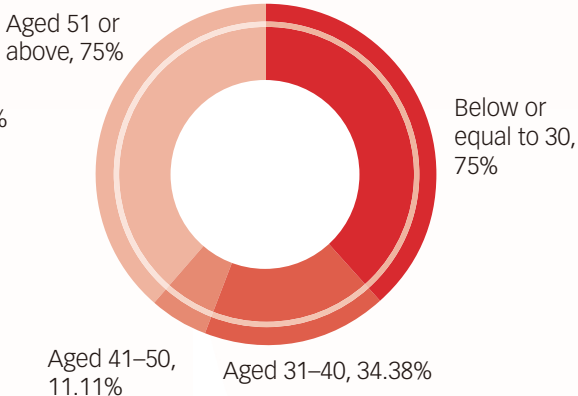


# Environmental, Social and Governance Report

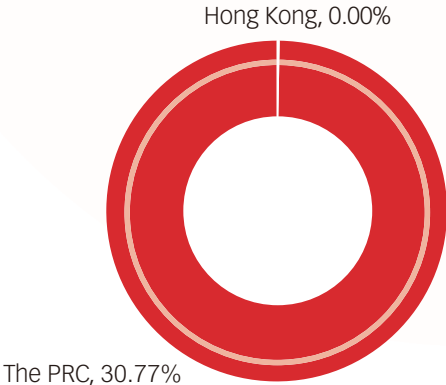
### Employee Turnover Rate by Gender



### Employee Turnover Rate by Age Group



### Employee Turnover Rate by Geographical Region



# Environmental, Social and Governance Report

## Attracting and Retaining Talents

We are committed to strengthening our employer brand through a robust human resources strategy. Our recruitment practices are guided by the principles of equality, diversity, and non-discrimination. We recruit based on merit and actively seek suitable candidates regardless of race, gender, marital status, age, disability, or other protected characteristics.

To attract a diverse talent pool, we utilise multiple recruitment channels, including internal referrals, on site recruitment, online platforms, campus recruitment programmes, and our internal talent database.

Upon appointment, employees are offered competitive remuneration and comprehensive benefits packages. These include base salary, position-based allowances, performance-linked bonuses, education and qualification-based increments, and long-service increments. Employees in the PRC are enrolled in statutory social insurance and housing provident fund schemes, while employees in Hong Kong participate in the Mandatory Provident Fund scheme.

Leaves	Bonuses	Other Benefits
<ul style="list-style-type: none"> <li>• Maternity leave</li> <li>• Breastfeeding leave</li> <li>• Sick leave</li> <li>• Marriage leave</li> <li>• Work injury leave</li> </ul>	<ul style="list-style-type: none"> <li>• Travel allowance</li> <li>• Festival bonus</li> <li>• Marriage and family planning bonus</li> <li>• Full-attendance bonus</li> <li>• Performance bonus</li> </ul>	<ul style="list-style-type: none"> <li>• Free shuttle buses</li> <li>• Staff meal</li> <li>• Compassionate allowance</li> </ul>

To foster a positive workplace culture, we regularly organise employee engagement activities such as annual gatherings, International Women’s Day events, team-building activities, and cultural training programmes. These initiatives aim to enhance employees’ sense of belonging, strengthen team cohesion, and promote a harmonious working environment.

## Caring for Employees’ Health and Safety

The health and safety of our employees is of paramount importance to us. We have developed a comprehensive occupational health and safety system that includes rigorous measures to minimize the risks of health and safety hazards. We strictly adhere to relevant laws and regulations pertaining to occupational health and safety. During the Reporting Period, the Group was not aware of major non-compliance with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

Work-related fatalities in the past 3 years	0
Lost days due to work injury in 2025	0





# Environmental, Social and Governance Report

## Safety Measures

- Implement a Production Safety Accident Emergency Response Plan with a three-tier emergency response mechanism to effectively prevent and manage incidents such as equipment failure, fire, and electric shock, with timely corrective actions taken where necessary.
- Establish a structured safety training and education programme, including three-level safety training for new employees, to enhance safety awareness and systematically evaluate training effectiveness.
- Conduct regular emergency drills (one to two annually), including evacuation and fire-fighting exercises, emergency response training, accident analysis, and job-specific safety operation training.
- Perform routine safety inspections of production equipment, safety facilities, protective gear, and first-aid equipment, with prompt rectification of identified hazards.
- Participate in government-organised safety initiatives and promote a strong safety culture across the workplace.
- Recognise and reward employees for exemplary safety performance.

## Health Measures

- Arrange annual health check-ups for employees.
- Provide medical expense subsidies for employees diagnosed with critical illnesses to support their health and well-being.

## Investing in Continuous Staff Development

We are committed to investing in employee development by allocating adequate resources to training and career advancement. Regular performance appraisals are conducted to assess employees' competencies and contributions, with results considered in promotion and remuneration decisions.

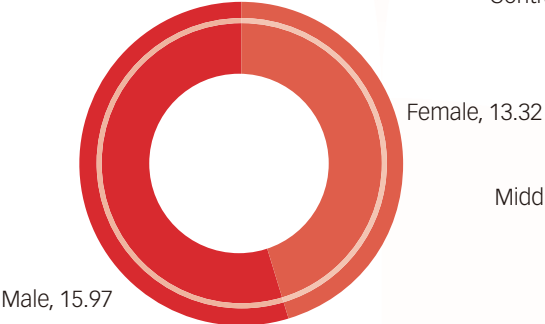
To support continuous learning, the Group has established a Training Management System and formulates an annual training plan based on employees' development needs and organisational objectives. We provide diversified training opportunities through classroom sessions, on site coaching, external public courses, exchange seminars, field visits, and job rotation programmes.

Training programs cover a wide range of topics, including corporate culture, wine knowledge, food safety, occupational health and safety, and business ethics, equipping employees with both professional expertise and essential personal skills to support their career growth.

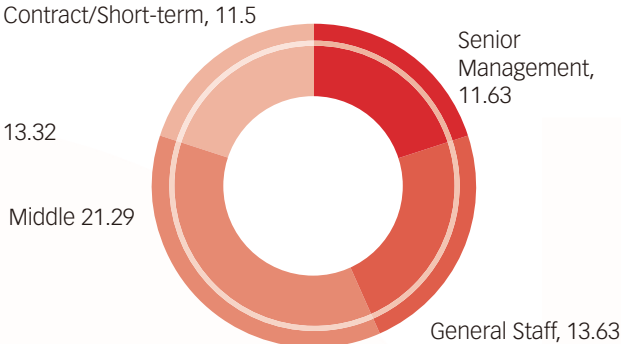
# Environmental, Social and Governance Report

During the Reporting Period, the Group has organized more than 1,170 hours of training. Average training hour per employee is 14.74 hours.

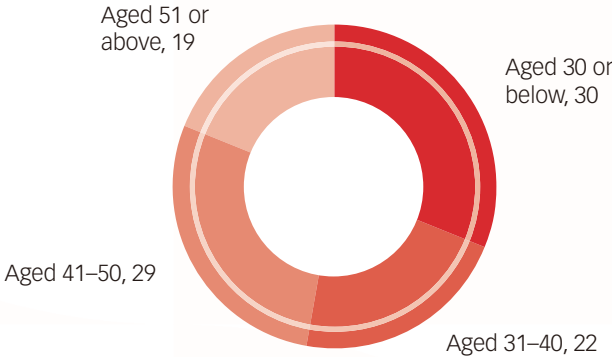
**Average Training Hours by Gender**



**Average Training Hours by Employment Type**



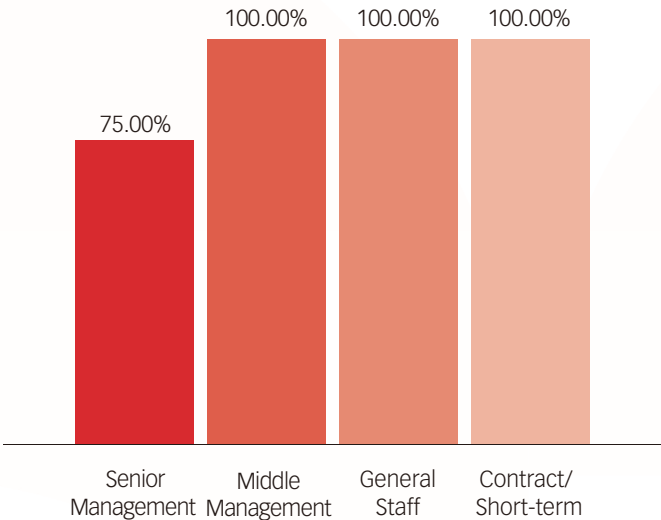
**Average Training Hours by Age Group**



**Percentage of Employees Trained by Gender**



**Percentage of Employees Trained by Employment Type**





# Environmental, Social and Governance Report

## Complying with Labour Standards

The Group maintains a zero-tolerance policy towards child labour and forced labour. During recruitment, we verify candidates' identity documents to ensure compliance with statutory minimum working age requirements. If any instance of child labour is identified, immediate remedial actions will be taken, including removal from the workplace, provision of necessary health checks, return to the individual's place of residence, and reporting to the local labour authorities.

Forced labour is strictly prohibited. Employment terms, including remuneration, working hours, rest periods, compensation, and dismissal arrangements, are clearly set out in our Employee Handbook and relevant human resources policies. Standard working hours are eight hours per day and five days per week, unless otherwise specified. In peak seasons or special circumstances – such as harvesting, production, equipment maintenance, or emergency situations – temporary adjustments may be made in accordance with applicable laws and regulations. Overtime work, where necessary, is compensated in line with statutory requirements.

In the event of termination, the Human Resources and Administration Department follows established procedures. A "Notice of Termination of Labor Contract" (《解除勞動合同通知書》) is issued 30 days in advance, clearly stating the reasons for termination, and statutory compensation is provided where applicable.

During the Reporting Period, the Group was not aware of any incidents of child labour or forced labour. We remain committed to upholding lawful, fair, and ethical employment practices.

# Environmental, Social and Governance Report

## Maintaining Business Ethics and Integrity

The Group is committed to upholding high standards of business ethics and integrity. We have implemented internal controls and policies to prevent corruption, bribery, extortion, fraud, money laundering, and other unlawful or unethical conduct, and we strictly comply with applicable anti-corruption laws and regulations.

To enhance transparency and accountability, we have established a whistleblowing mechanism that enables employees, business partners, and other stakeholders to report suspected misconduct. All reports are handled promptly and independently, with appropriate investigations and follow-up actions undertaken. We are committed to protecting the confidentiality of whistleblowers and safeguarding them against retaliation.

To foster a strong culture of integrity, we provide regular training to employees and management to enhance their awareness of ethical standards and compliance requirements. Such training is integrated into daily operations to reinforce responsible business practices.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations relating to corruption, bribery, extortion, fraud, or money laundering. We remain dedicated to conducting our business with transparency, accountability, and integrity.

## PROTECTING OUR ENVIRONMENT

The Group is committed to developing a sustainable business model that promotes responsible resource use and environmental stewardship. To formalise this commitment, we have implemented an Environmental, Social and Governance Management Policy to guide our sustainability efforts.

We actively promote energy-saving initiatives and sustainable operational practices to reduce greenhouse gas emissions and support the transition to a low-carbon economy. Energy consumption, water usage, and waste generation arising from our daily operations are closely monitored and managed to enhance resource efficiency.

The Group strictly complies with applicable environmental laws, regulations, and emission standards in the jurisdictions where we operate. These requirements are integrated into our operational and production processes to minimise environmental impact and optimise resource utilisation.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant environmental laws and regulations.





# Environmental, Social and Governance Report

## Response to Climate Change

Climate change presents significant global challenges and may increase the frequency and severity of extreme weather events, potentially affecting our operations and business continuity.









To address these risks, the Group has conducted ESG-related risk assessments to identify relevant climate-related risks and evaluate their potential impacts on our business. Based on the assessment results, appropriate mitigation measures have been formulated and integrated into our risk management framework.

We regularly review the effectiveness of these mitigation measures and identify areas for improvement, with the aim of strengthening our operational resilience and long-term adaptability to climate-related risks.

Climate-related Risks	Our Responses
<b>Physical Risks</b>	
Acute physical changes, such as increased severity and frequency of extreme weather events, e.g., typhoons, intense precipitation, droughts, flooding, and extreme temperature	<ul style="list-style-type: none"> <li>• Strategic decision to purchase grapes from nearby farms that share similar demographic, climatic, and other conditions to our vineyards</li> <li>• Prioritizing the use of self-grown grapes from our self-owned vineyards in Shanxi and Ningxia to ensure uninterrupted wine production</li> <li>• Closely monitoring local weather conditions to enhance emergency preparedness against adverse weather events such as super typhoons and heavy rainstorms</li> <li>• Providing flexible work arrangements with precautionary measures in place to ensure the safety of our employees</li> </ul>
<b>Transition Risks</b>	
More ambitious climate policies and regulations to support national decarbonization efforts	<ul style="list-style-type: none"> <li>• Regularly monitoring the latest government policies, regulatory updates, and market trends</li> <li>• Reviewing and adjusting our climate-related policies</li> </ul>

# Environmental, Social and Governance Report

To make our operations more resilient towards climate change, we have established the following green targets:

Our Green Targets		Progress
 <b>GHG Emission</b>	<ul style="list-style-type: none"> <li>To remain a low level of greenhouse gas (“GHG”) emissions by improving energy efficiency and incorporating energy-saving measures</li> </ul>	 <b>Achieved</b>
 <b>Waste</b>	<ul style="list-style-type: none"> <li>To remain a low level of waste generation by applying 4R principles, avoiding unnecessary consumption</li> </ul>	 <b>Achieved</b>
 <b>Energy</b>	<ul style="list-style-type: none"> <li>To remain a low level of energy consumption by implementing energy conservation measures</li> </ul>	 <b>Achieved</b>
 <b>Water</b>	<ul style="list-style-type: none"> <li>To maintain a low level of water consumption intensity by implementing water conservation measures</li> </ul>	 <b>Achieved</b>

## Energy, Air and Greenhouse Gas Emissions

Purchased electricity represents the largest source of our carbon emissions. We also consume other forms of energy, including fuel used for fertilisation, boilers, vehicles, machinery, and stoves. To reduce our carbon footprint and address climate change, improving energy efficiency and lowering overall energy consumption remain key operational priorities.

We implement the following energy-saving measures in our daily operations:

- Require employees to switch off electrical appliances when leaving workstations or when equipment is not in use.
- Prioritise the use of natural lighting wherever practicable to reduce electricity consumption.
- Install motion sensors in corridors to ensure lighting operates only when necessary.

In addition, we actively manage air emissions and wastewater impacts to ensure regulatory compliance:

- Oil fumes are treated through purification equipment before discharge to ensure compliance with applicable standards.
- Independent third-party agencies conduct regular emissions monitoring, including monthly nitrogen oxides testing for boilers and annual testing of particulate matter, sulphur dioxide, and flue gas opacity, to ensure compliance with national and local requirements.
- Semi-annual third-party monitoring of odour emissions from wastewater treatment facilities, including hydrogen sulphide and ammonia, is carried out to ensure compliant discharge.







# Environmental, Social and Governance Report

## Waste Emissions and Use of Packaging Materials

Our daily operations generate various types of waste, including grape pomace (skins, seeds and stems), wine lees, tartar, general refuse, paper, plastics, and packaging materials. In line with the nature of our business, we do not generate significant hazardous waste. Packaging materials used for finished products primarily include paper, plastic, glass, and wood.

We attach great importance to minimising the environmental impact of waste. Guided by the four “Rs” principles – reduce, reuse, recycle and recover – we promote waste reduction at source and proper waste management practices.

Solid waste mainly comprises grape pomace, tartar, wine lees, and domestic waste. Grape pomace, tartar, and wine lees are centrally collected and, subject to meeting relevant requirements, reused as fertiliser in our vineyards to enhance resource circularity. Domestic waste is regularly collected and transported by qualified third-party service providers to designated waste collection stations for harmless treatment.

We implement waste segregation measures to separate recyclable and non-recyclable waste and engage licensed third parties to handle waste disposal in compliance with applicable regulations.

## Use of Water

We source water primarily from municipal suppliers and underground wells and have not experienced any issues in water availability at our operating locations.

We promote water conservation through employee awareness initiatives and regular inspections of water facilities to promptly detect and repair leaks.

To manage wastewater effectively, we have established a wastewater treatment system with a treatment station and buffer tank. Acidic and alkaline cleaning effluents are neutralised before discharge to maintain stable pH levels, and wine lees are evenly discharged to stabilise COD concentrations. Treated wastewater is reused for on site landscaping and nearby agricultural irrigation.

We engage an independent third-party agency to conduct quarterly monitoring of key wastewater parameters, including pH, suspended solids, COD, ammonia nitrogen, BOD5, total phosphorus, total nitrogen, and colour, alongside monthly internal COD monitoring to ensure ongoing compliance.

# Environmental, Social and Governance Report

## Green Wine Production

Although we have not identified any material impact on the environment or natural resources, we actively manage emissions and resource utilisation across our operations, particularly in our vineyards, to minimise our carbon footprint.

We implement control measures to manage air emissions from boilers, kitchens, and wastewater treatment facilities, as well as noise generated by equipment. All emissions are required to comply with applicable national and local environmental standards.

To ensure compliance, we engage qualified third-party agencies to conduct regular testing of key environmental parameters, including temperature, pH, chemical oxygen demand (COD), biological oxygen demand (BOD), metals, phosphorus, particulate matter (PM), sulphur oxides, odours, and noise levels. In addition, government authorities conduct periodic inspections to verify regulatory compliance.





# Environmental, Social and Governance Report

The measures we adopt include:

## Air Pollutants

- Install dust removal systems to control boiler air emissions and adopt low-sulphur and natural gas boilers to reduce air pollutants and greenhouse gas emissions
- Install electrostatic fume treatment systems to treat kitchen exhaust prior to discharge
- Increase tree planting during the Reporting Period, including planting around vineyards to enhance carbon absorption and help mitigate odours from wastewater treatment facilities (e.g. hydrogen sulphide and ammonia)

## Wastewater

- Construct wastewater treatment facilities in our vineyards that utilize filtration, anaerobic, aerobic, and sedimentation processes to treat wastewater before it is discharged
- Implement a system to reuse treated wastewater for irrigation purposes

## Green Waste

- Implement a process to upcycle stems, seeds, skins, and other solid residual wastes from grapes into organic fertilisers that are utilised for grape plantation

## Noise

- Prioritise the use of low-noise equipment in our operations to minimize noise emissions
- Implement noise elimination and shock absorption measures to effectively reduce noise levels and mitigate any potential disturbances

# Environmental, Social and Governance Report

## Environmental KPIs

Indicator	Unit	2025	2024
<b>GHG Emissions<sup>4</sup></b>			
Total	tCO <sub>2</sub> -eq	1,303.35	1,199.90
GHG emissions (Scope 1)	tCO <sub>2</sub> -eq	584.36	343.28
GHG emissions (Scope 2)	tCO <sub>2</sub> -eq	727.98	856.62
GHG removal from planted trees	tCO <sub>2</sub> -eq	8.99	11.18
Intensity (Scopes 1 & 2) <sup>4</sup>	kg of CO <sub>2</sub> -eq/sales (liter)	2.94	3.86
<b>Air Emissions</b>			
Nitrogen oxides (NO <sub>x</sub> )	kg	639.71	278.41
Sulphur oxides (SO <sub>x</sub> )	kg	62.57	80.55
Particulate matter (PM)	kg	11.10	1.76
<b>Energy Consumption</b>			
Total	MWh	3,039.16	2,927.87
Purchased electricity	MWh	1,191.68	1,295.13
Diesel	MWh	89.84	111.02
LPG	MWh	0.00	35.82
Natural gas	MWh	1,666.91	1,395.20
Unleaded petrol	MWh	90.73	103.69
Intensity	kWh/sales (liter)	6.86	9.41

<sup>4</sup> In accordance with "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" is issued by the Stock Exchange, Scope 1 direct emissions are resulted from operations that are owned or controlled by the Group, while Scope 2 indirect emissions are resulted from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the Group.





## Environmental, Social and Governance Report

Indicator	Unit	2025	2024
<b>Water Consumption</b>			
Total	m <sup>3</sup>	9,666.60	15,780.40
Intensity	m <sup>3</sup> /sales (liter)	0.02	0.05
<b>Non-hazardous Waste Generation</b>			
Total waste generated	tonnes	157.03	144.32
Total waste disposed	tonnes	15.78	17.44
Paper	tonnes	0.00	0.39
General refuse	tonnes	9.68	11.66
Food waste	tonnes	6.10	5.39
Total waste recycled	tonnes	141.25	126.88
Paper	tonnes	0.60	8.14
Plastic	tonnes	0.15	0.53
Organic waste	tonnes	140.50	118.21
Electronic waste	tonnes	0.00	0.00
Intensity	kg/sales (liter)	0.35	0.46
<b>Packaging Materials</b>			
Total	tonnes	140.74	397.58
Paper	tonnes	22.89	31.72
Plastic	tonnes	0.08	0.14
Glass	tonnes	116.29	364.84
Wood	tonnes	1.01	1.96
Metal	tonnes	0.47	0.88
Intensity	kg/sales (liter)	0.32	1.28

# Environmental, Social and Governance Report

## GIVING BACK TO THE COMMUNITY

We are committed to giving back to the communities in which we operate through cultural support and youth development initiatives.

In 2025, the Group donated RMB50,000 to support rural cultural development in Dongjia Village, contributing to local community enhancement. We also participated in the Hong Kong 2025 Home and Youth Affairs Bureau Corporate Mainland and Overseas Summer Internship Scheme, benefiting two students, and provided internship opportunities to four students from the School of Wine at Guizhou Maotai Institute.

Through these initiatives, we support cultural development and nurture young talent, reinforcing our commitment to responsible corporate citizenship.





# Environmental, Social and Governance Report

## MATERIAL LAWS AND REGULATIONS

	Mainland China	Hong Kong
<b>Environmental</b>		
Aspect A: Environment	<ul style="list-style-type: none"> <li>Environmental Protection Law of the PRC (《中華人民共和國環境保護法》)</li> <li>Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《固體廢物污染環境防治法》)</li> <li>Law of the PRC on Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》)</li> <li>Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》)</li> <li>Law of the PRC on Prevention and Control of Pollution from Environmental Noise (《中華人民共和國環境噪聲污染防治法》)</li> <li>Water Quality Standards for Farmland Irrigation GB5084-2005 (《農田灌溉水質標準GB5084-2005》)</li> <li>Shanxi Emission Standard of Air Pollutants for Boiler (《鍋爐大氣污染物排放標準》)</li> <li>Emission Standard of Air Pollutants for Boilers GB13271-2001 (《鍋爐大氣污染物排放標準GB13271-2001》)</li> <li>Integrated Wastewater Discharge Standard GB8979-2002 (《污水綜合排放標準GB8979-2002》)</li> <li>Water Quality Standards for Farmland Irrigation GB5084-2005 (《農田灌溉水質標準GB5084-2005》)</li> <li>Level 2 of the Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008) (《工業企業廠界環境噪聲排放標準GB12348-2008》)</li> </ul>	<ul style="list-style-type: none"> <li>Air Pollution Control Ordinance (Cap. 311)</li> <li>Waste Disposal Ordinance (Cap. 354)</li> <li>Water Pollution Control Ordinance (Cap. 358)</li> </ul>

# Environmental, Social and Governance Report

	Mainland China	Hong Kong
<b>Social</b>		
Aspect B1: Employment	<ul style="list-style-type: none"> <li>Labour Law of the PRC (《中華人民共和國勞動法》)</li> <li>Labour Contract Law of the PRC (《中華人民共和國勞動合同法》)</li> <li>Social Insurance Law of the PRC (《中華人民共和國社會保險法》)</li> </ul>	<ul style="list-style-type: none"> <li>Labour Relations Ordinance (Cap. 55)</li> <li>Employment Ordinance (Cap. 57)</li> <li>Employees' Compensation Ordinance (Cap. 282)</li> <li>Trade Unions Ordinance (Cap. 332)</li> <li>Sex Discrimination Ordinance (Cap. 480)</li> <li>Mandatory Provident Fund Schemes Ordinance (Cap. 485)</li> <li>Disability Discrimination Ordinance (Cap. 487)</li> <li>Family Status Discrimination Ordinance (Cap. 527)</li> <li>Race Discrimination Ordinance (Cap. 602)</li> <li>Minimum Wage Ordinance (Cap. 608)</li> </ul>
Aspect B2: Health and Safety	<ul style="list-style-type: none"> <li>Fire Protection Law of the PRC (《中華人民共和國消防法》)</li> <li>Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》)</li> <li>Production Safety Law of the PRC (《中華人民共和國安全生產法》)</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Safety and Health Ordinance (Cap. 509)</li> <li>Fire Safety (Buildings) Ordinance (Cap. 572)</li> </ul>
Aspect B4: Labour Standards	<ul style="list-style-type: none"> <li>Labour Law of the PRC (《中華人民共和國勞動法》)</li> <li>Labour Contract Law of the PRC (《中華人民共和國勞動合同法》)</li> <li>Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》)</li> </ul>	<ul style="list-style-type: none"> <li>Employment Ordinance (Cap. 57)</li> <li>Employment of Children Regulations (Cap. 57B)</li> <li>Employment of Young Persons (Industry) Regulations (Cap. 57C)</li> </ul>







# Environmental, Social and Governance Report

	Mainland China	Hong Kong
Aspect B6: Product Responsibility	<ul style="list-style-type: none"><li>• General Hygienic Regulation for Food Production (GB 14881-2025) (《GB 14881-2025食品生產通用衛生規範》)</li><li>• Detailed Rules for the Review of Food Additive Production Licensing (2025 Edition) (《食品添加劑生產許可審查細則(2025版)》)</li><li>• Administrative Measures for the Supervision and Administration of Entrusted Food Production (《食品委託生產監督管理辦法》)</li><li>• Agriculture Law of the PRC (《中華人民共和國農業法》)</li><li>• Regulations on Pesticide Management of the PRC (《中華人民共和國農藥管理條例》)</li><li>• Regulation on the Implementation of the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》)</li><li>• Production Safety Law of the PRC (《中華人民共和國安全生產法》)</li><li>• National Standard of Food Safety – Limits of Pathogen in Food (GB29921-2013) (《GB29921-2013食品中致病菌限量》)</li><li>• National Standard of Food Safety – Maximum Residue Limits for Pesticides in Food (GB2763-2016) (《GB2763-2016食品中農藥最大殘留限量》)</li><li>• National Standard of Food Safety – Contamination Limits in Food (GB2762-2025-kw) (《GB2762-2025-kw食品中污染物限量》)</li><li>• Regulations on Pesticide Management of the PRC (《中華人民共和國農藥管理條例》)</li><li>• Sanitary Standard for Drinking Water (GB5749-2006) (GB5749-2006生活飲用水衛生標準)</li><li>• Advertising Law of the PRC (《中華人民共和國廣告法》)</li><li>• Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》)</li><li>• Management Regulations for Alcohol Advertisements (《酒類廣告管理辦法》)</li><li>• National Standard of Food Safety – General Standard for the Labelling of Pre-Packaged Food (GB7718-2011) (《食品安全國家標準—預包裝食品標籤通則GB7718-2011》)</li><li>• General Standard for the Labelling of Pre-Packaged Alcoholic Beverages (GB10344-2005) (《預包裝飲料酒標籤通則GB10344-2005》)</li></ul>	<ul style="list-style-type: none"><li>• Personal Data (Privacy) Ordinance (Cap. 486)</li></ul>

# Environmental, Social and Governance Report

	Mainland China	Hong Kong
Aspect B7: Anti-corruption	<ul style="list-style-type: none"> <li>Laws of the PRC on Anti-Unfair Competition (《中華人民共和國反不正當競爭法》)</li> <li>Criminal Law of the PRC (《中華人民共和國刑法》)</li> </ul>	<ul style="list-style-type: none"> <li>Prevention of Bribery Ordinance (Cap. 201)</li> <li>Anti-Money Laundering and Counter Terrorist Financing Ordinance (Cap. 615)</li> </ul>

## HKEX ESG CODE CONTENT INDEX

Subject areas, aspects, general disclosure and key performance indicators (“KPIs”)	Section/Declaration	Page Number
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
General Disclosure	<ul style="list-style-type: none"> <li>Energy, Air and Greenhouse Gas Emissions</li> </ul>	p. 70–75
Information on:		p. 77–80
(a) the policies; and	<ul style="list-style-type: none"> <li>Waste Emissions and Use of Packaging Materials</li> </ul>	
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	<ul style="list-style-type: none"> <li>Environmental Data</li> <li>Material Laws and Regulations</li> </ul>	
KPI A1.1 The types of emissions and respective emission data.	<ul style="list-style-type: none"> <li>Energy, Air and Greenhouse Gas Emissions</li> <li>Waste Emissions and Use of Packaging Materials</li> <li>Environmental Data</li> </ul>	p. 70–75
KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> <li>Energy, Air and Greenhouse Gas Emissions</li> <li>Waste Emissions and Use of Packaging Materials</li> <li>Environmental Data</li> </ul>	p. 70–75





# Environmental, Social and Governance Report

Subject areas, aspects, general disclosure and key performance indicators (“KPIs”)	Section/Declaration	Page Number
KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> <li>Energy, Air and Greenhouse Gas Emissions</li> <li>Waste Emissions and Use of Packaging Materials</li> <li>Environmental Data</li> </ul>	p. 70–75
KPI A1.5 Description of emissions target(s) set and steps taken to achieve them.	<ul style="list-style-type: none"> <li>Energy, Air and Greenhouse Gas Emissions</li> <li>Waste Emissions and Use of Packaging Materials</li> <li>Environmental Data</li> </ul>	p. 70–75
KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	<ul style="list-style-type: none"> <li>Energy, Air and Greenhouse Gas Emissions</li> <li>Waste Emissions and Use of Packaging Materials</li> <li>Environmental Data</li> </ul>	p. 70–75
<b>Aspect A2: Use of Resources</b>		
<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p>	<ul style="list-style-type: none"> <li>Energy, Air and Greenhouse Gas Emissions</li> <li>Use of Water</li> <li>Environmental Data</li> </ul>	p. 70–75
<p>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>		

# Environmental, Social and Governance Report

Subject areas, aspects, general disclosure and key performance indicators ("KPIs")	Section/Declaration	Page Number
KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> <li>• Energy, Air and Greenhouse Gas Emissions</li> <li>• Use of Water</li> <li>• Environmental Data</li> </ul>	p. 70–75
KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> <li>• Energy, Air and Greenhouse Gas Emissions</li> <li>• Use of Water</li> <li>• Environmental Data</li> </ul>	p. 70–75
KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	<ul style="list-style-type: none"> <li>• Energy, Air and Greenhouse Gas Emissions</li> <li>• Use of Water</li> <li>• Environmental Data</li> </ul>	p. 70–75
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	<ul style="list-style-type: none"> <li>• Energy, Air and Greenhouse Gas Emissions</li> <li>• Use of Water</li> <li>• Environmental Data</li> </ul>	p. 70–75
KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	<ul style="list-style-type: none"> <li>• Environmental Data</li> </ul>	p. 74–75
<b>Aspect A3: Environmental and Natural Resources</b>		
General Disclosure	<ul style="list-style-type: none"> <li>• Green Wine Production</li> </ul>	p. 72–73
Policies on minimizing the issuer’s significant impact on the environment and natural resources.		
KPI A3.1 Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them.	<ul style="list-style-type: none"> <li>• Green Wine Production</li> </ul>	p. 72–73





# Environmental, Social and Governance Report

Subject areas, aspects, general disclosure and key performance indicators ("KPIs")	Section/Declaration	Page Number	
<b>Aspect A4: Climate Change</b>			
General Disclosure	<ul style="list-style-type: none"> <li>Response to Climate Change</li> </ul>	p. 69–70	
Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.			
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	<ul style="list-style-type: none"> <li>Response to Climate Change</li> </ul>	p. 69–70
<b>B. Social</b>			
<i>Employment and Labour Standards</i>			
<b>Aspect B1: Employment</b>			
General Disclosure	<ul style="list-style-type: none"> <li>Caring for Employees</li> <li>Material Laws and Regulations</li> </ul>	p. 61–68 p. 77–80	
Information on:			
<p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>			
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	<ul style="list-style-type: none"> <li>Employee Overview</li> </ul>	p. 62–63
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	<ul style="list-style-type: none"> <li>Employee Overview</li> </ul>	p. 62–63

# Environmental, Social and Governance Report

Subject areas, aspects, general disclosure and key performance indicators (“KPIs”)	Section/Declaration	Page Number
<b>Aspect B2: Health and Safety</b>		
General Disclosure	<ul style="list-style-type: none"> <li>Caring for Employees’ Health and Safety</li> </ul>	<p>p. 64–65 p. 77–80</p>
Information on:	<ul style="list-style-type: none"> <li>Material Laws and Regulations</li> </ul>	
(a) the policies; and		
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		
KPI B2.1	Number and rate of work-related fatalities.	<ul style="list-style-type: none"> <li>Caring for Employees’ Health and Safety</li> </ul> <p>p. 64</p>
KPI B2.2	Lost days due to work injury.	<ul style="list-style-type: none"> <li>Caring for Employees’ Health and Safety</li> </ul> <p>p. 64</p>
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	<ul style="list-style-type: none"> <li>Caring for Employees’ Health and Safety</li> </ul> <p>p. 64</p>





# Environmental, Social and Governance Report

Subject areas, aspects, general disclosure and key performance indicators (“KPIs”)	Section/Declaration	Page Number
<b>Aspect B3: Development and Training</b>		
<p>General Disclosure</p> <p>Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.</p>	<ul style="list-style-type: none"> <li>Investing in Continuous Staff Development</li> </ul>	p. 65–66
<p>KPI B3.1</p> <p>The percentage of employees trained by gender and employee category (e.g. senior management, middle management).</p>	<ul style="list-style-type: none"> <li>Investing in Continuous Staff Development</li> </ul>	p. 66
<p>KPI B3.2</p> <p>The average training hours completed per employee by gender and employee category.</p>	<ul style="list-style-type: none"> <li>Investing in Continuous Staff Development</li> </ul>	p. 66
<b>Aspect B4: Labour Standards</b>		
<p>General Disclosure</p>	<ul style="list-style-type: none"> <li>Complying with Labour Standards</li> </ul>	p. 67
<p>Information on:</p>	<ul style="list-style-type: none"> <li>Material Laws and Regulations</li> </ul>	p. 77–80
(a) the policies; and		
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		
<p>KPI B4.1</p> <p>Description of measures to review employment practices to avoid child and forced labour.</p>	<ul style="list-style-type: none"> <li>Complying with Labour Standards</li> </ul>	p. 67
<p>KPI B4.2</p> <p>Description of steps taken to eliminate such practices when discovered.</p>	<ul style="list-style-type: none"> <li>Complying with Labour Standards</li> </ul>	p. 67

# Environmental, Social and Governance Report

Subject areas, aspects, general disclosure and key performance indicators (“KPIs”)	Section/Declaration	Page Number	
<i>Operating Practices</i>			
<b>Aspect B5: Supply Chain Management</b>			
General Disclosure	<ul style="list-style-type: none"> <li>Managing Suppliers</li> </ul>	p. 61	
Policies on managing environmental and social risks of the supply chain.			
KPI B5.1	Number of suppliers by geographical region.	<ul style="list-style-type: none"> <li>Managing Suppliers</li> </ul>	p. 61
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	<ul style="list-style-type: none"> <li>Managing Suppliers</li> </ul>	p. 61
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	<ul style="list-style-type: none"> <li>Managing Suppliers</li> </ul>	p. 61
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	<ul style="list-style-type: none"> <li>Managing Suppliers</li> </ul>	p. 61







# Environmental, Social and Governance Report

Subject areas, aspects, general disclosure and key performance indicators (“KPIs”)	Section/Declaration	Page Number	
<b>Aspect B6: Product Responsibility</b>			
General Disclosure	<ul style="list-style-type: none"> <li>Striving for Quality</li> </ul>	p. 55–61	
Information on:	<ul style="list-style-type: none"> <li>Material Laws and Regulations</li> </ul>	p. 77–80	
(a) the policies; and			
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.			
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group did not record any product recall for safety and health reasons during the Reporting Period.	N/A
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	<ul style="list-style-type: none"> <li>Collecting Customer Feedback</li> </ul>	p. 60
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	<ul style="list-style-type: none"> <li>Protecting Privacy and Intellectual Property Rights</li> </ul>	p. 60
KPI B6.4	Description of quality assurance process and recall procedures.	<ul style="list-style-type: none"> <li>Ensuring Quality of Grape Cultivation</li> </ul>	p. 56
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	<ul style="list-style-type: none"> <li>Protecting Privacy and Intellectual Property Rights</li> </ul>	p. 60

# Environmental, Social and Governance Report

Subject areas, aspects, general disclosure and key performance indicators (“KPIs”)	Section/Declaration	Page Number
<b>Aspect B7: Anti-corruption</b>		
<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</p>	<ul style="list-style-type: none"> <li>Maintaining Business Ethics and Integrity</li> <li>Material Laws and Regulations</li> </ul>	<p>p. 68</p> <p>p. 77–80</p>
<p>KPI B7.1</p> <p>Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.</p>	<ul style="list-style-type: none"> <li>Maintaining Business Ethics and Integrity</li> </ul>	<p>p. 68</p>
<p>KPI B7.2</p> <p>Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.</p>	<ul style="list-style-type: none"> <li>Maintaining Business Ethics and Integrity</li> </ul>	<p>p. 68</p>
<p>KPI B7.3</p> <p>Description of anti-corruption training provided to directors and staff.</p>	<ul style="list-style-type: none"> <li>Maintaining Business Ethics and Integrity</li> </ul>	<p>p. 68</p>





# Environmental, Social and Governance Report

Subject areas, aspects, general disclosure and key performance indicators (“KPIs”)	Section/Declaration	Page Number
<i>Community</i>		
<b>Aspect B8: Community Investment</b>		
General Disclosure	<ul style="list-style-type: none"><li>Giving Back to the Community</li></ul>	p. 76
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.		
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). <ul style="list-style-type: none"><li>Giving Back to the Community</li></ul>	p. 76
KPI B8.2	Resources contributed (e.g. money or time) to the focus area. <ul style="list-style-type: none"><li>Giving Back to the Community</li></ul>	p. 76

# Report of Directors

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for FY2025 (the “Consolidated Financial Statements”).

## LISTING ON THE GEM OF THE STOCK EXCHANGE AND REORGANISATION

The Company was incorporated in the Cayman Islands on 14 February 2012 as an exempted company with limited liability. Pursuant to the corporate reorganisation of the Group to rationalise the group structure in preparation for the Listing, the Company became the holding company of the Group in September 2017. Further details are set in the paragraph “Reorganisation” in the section headed “History, Reorganisation and Corporation Structure” to the Prospectus.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the Company’s principal subsidiaries are set out in Note 1 to Consolidated Financial Statements.

## BUSINESS REVIEW

A fair review of the Group’s business during the year and description of principal risks and uncertainties that the Group may be facing can be found in the “Management Discussion and Analysis” section on pages 6 to 9 of this annual report. Also, the financial risks are covered in Note 36 to Consolidated Financial Statements in this annual report.

In addition, discussions on the Group’s environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are all contained in the “Environmental, Social and Governance Report” section on pages 44 to 89. The potential future business development of the Group is set out in the Chairman’s Statement on pages 4 to 5 and Business Review and Outlook section of the “Management Discussion and Analysis” on page 6 of this annual report. Such discussion form part of this Report of Directors.

## PRINCIPAL RISK AND UNCERTAINTIES

Details of principal risks and uncertainties are set out in the section headed “Management Discussion and Analysis” and the “Corporate Governance Report” of this annual report on page 6 and pages 20 to 43 respectively.

## CHARITABLE DONATIONS

During the year ended 31 December 2025, charitable donations made by the Group amounted to RMB50,000.





# Report of Directors

## DIVIDEND POLICY

The Company has adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate and sufficient cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Board has the full discretion to declare and distribute dividends to the shareholders of the Company, and any final dividend for a financial year will be subject to shareholders' approval. In proposing any dividend payout, the Board shall also take into account, among other things, the Group's financial results, cash flow situation, business conditions and strategies, expected future operations and earnings, capital requirements and expenditure plans, interests of shareholders, any restrictions on payment of dividends and any other factors the Board may consider relevant. Any payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands, the Articles and the Shareholders.

## RESULTS AND DIVIDEND

The consolidation results of the Group for the year ended 31 December 2025 are set out on pages 112 to 201 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (FY2024: Nil).

## CLOSURE OF THE REGISTER OF MEMBERS

The AGM will be held on Friday, 5 June 2026 at 10:00 a.m.. For determining the entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 2 June 2026 to Friday, 5 June 2026, both days inclusive, during which period no transfer of shares will be registered.

In order to be eligible to attend vote at the AGM, all transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 1 June 2026.

# Report of Directors

## DEED OF NON-COMPETITION

On 1 June 2018, the Deed of Non-Competition (as defined in the Prospectus) was entered into by Ms. Judy Chan and Macmillan Equity Limited (“Macmillan Equity”) in favour of the Company (for the Company and for the benefit of its subsidiaries) regarding non-competition undertakings, pursuant to which the controlling shareholders of the Company (“Controlling Shareholder(s)”) unconditionally and irrevocably agrees, undertakes to and covenants with the Company (for itself and for the benefits of each other member of the Group) that they would not, and would procure that their close associates (other than any members of our Group) would not, directly or indirectly, either on their own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any activity or business which competes or is likely to compete, directly or indirectly, with the business operated by the Group as described in the Prospectus. Further 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”.

Our Company has received from each of the Controlling Shareholders an annual written declaration as to the compliance with the terms of the Deed of Non-Competition during the year ended 31 December 2025. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the abovementioned Deed of Non-Competition have been complied with by the Controlling Shareholders up to the date of this annual report.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property and equipment of the Group during the year ended 31 December 2025 are set out in Note 13 to the consolidated financial statements.

## SHARES ISSUED IN THE YEAR

Details of the Company’s shares (the “Shares”) issued in FY2025 are set out in Note 26 to Consolidated Financial Statements. As at 31 December 2025, the total number of issued Shares is 800,600,000.

## DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2025, the Company’s reserves available for distribution to the Shareholders amounted to approximately RMB100.8 million (2024: RMB103.1 million).

## BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group as at 31 December 2025 are set out in Note 25 to the Consolidated Financial Statements on page 178 of this annual report. As at 31 December 2025, there was nil bank loans and other borrowings of the Group (2024: RMB62.4 million).





# Report of Directors

## LOAN AND GUARANTEE

During the year ended 31 December 2025, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the Controlling Shareholders or their respective associates (as defined in the GEM Listing Rules).

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles or the Companies Act of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities. As at 31 December 2025, the Company had no treasury share (as defined in the GEM Listing Rules).

## MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer contributed 15.4% (2024: 10.8%) of the total revenue for the year while the Group's five largest customers accounted for 45.3% (2024: 39.5%) of the total revenue for the year. The Group's largest supplier contributed 24.6% (2024: 31.7%) of the aggregation of cost of materials for the year while the Group's five largest suppliers accounted for 75.0% (2024: 74.2%) of the aggregation of cost of materials for the year. To the best of the knowledge of the Directors, none of the Directors, their respective close associates (as defined in the GEM Listing Rules) or any Shareholders (which to the best knowledge of the Directors, own more than 5% of the Company's issued shares) had any beneficial interest in any of the Group's five largest customers or suppliers referred to above.

## TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders of the Company by reason of their respective holding of the Company's securities.

# Report of Directors

## 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. Details of the Share Option Scheme have been disclosed in the prospectus of the Company dated 12 June 2018 under section “Appendix V – Statutory and General Information – F. Share Option Scheme”.

The Share Option Scheme will be valid and effective for a period of 10 years, commencing from 1 June 2018. The remaining life of the Share Option Scheme is approximately two years.

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 27 June 2018 (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.







## Report of Directors

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.

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 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 31 December 2025, the number of shares in respect of which options under the Share Option Scheme had been granted and remained outstanding was 13,000,000 Shares and 12,400,000 Shares respectively, representing approximately 1.62% and 1.55%, respectively, of the Shares in issue as at 31 December 2025.

## Report of Directors

Details of the share options movement during FY2025 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 31 December 2025	Exercise price of share options HK\$	Weighted average closing price immediately before the date of exercise HK\$	Validity period of share options (both dates inclusive)	Vesting period
		As at 1 January 2025	Granted during FY2025	Exercised during FY2025	Lapsed during FY2025	Cancelled during FY2025					
Employee	17 May 2021	1,400,000	-	-	-	-	1,400,000	0.186	N/A	17/5/2021 to 16/5/2031	Note 1
	17 May 2022	3,000,000	-	-	-	-	3,000,000	0.170	N/A	17/5/2022 to 16/5/2032	Note 2
<b>Director</b>											
Judy Chan	17 May 2021	8,000,000	-	-	-	-	8,000,000	0.186	N/A	17/5/2021 to 16/5/2031	Note 1

Notes:

- 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

- 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 2023 to 16 May 2032
30% of the total number of share options	From 17 May 2024 to 16 May 2032
40% of the total number of share options	From 17 May 2025 to 16 May 2032





## Report of Directors

3. The total number of Shares available for grant under the Share Option Scheme as at 1 January 2025 was 67,000,000 Shares and the total number of Shares available for grant under the Share Option Scheme was 67,000,000 Shares as at 31 December 2025.
4. The number of Shares that may be issued in respect of share options during FY2025 was 12,400,000 Shares.
5. The number of Shares that may be issued in respect of share options granted under the Share Option Scheme during FY2025 divided by the weighted average number of the Shares in issue for the Year is 1.40%.
6. The closing price of the Shares immediately before the date of grant of share options under the Share Option Scheme on 17 May 2021 and 17 May 2022 were HK\$0.185 and HK\$0.164 respectively.
7. Details of the accounting standard and policy adopted are set out in Note 2.4 to Financial Statements.

## DIRECTORS

The Directors during the year ended 31 December FY2025 and up to the date of this report were:

### Executive Directors

Mr. Liu Yunqiang (*Chairman and Chief Executive Officer*) (appointed on 3 February 2026)

Ms. Judy Chan

Ms. Xiong Xia (appointed on 3 February 2026)

Mr. Zhao Mingjun (appointed on 3 February 2026)

### Non-executive Directors

Dr. Cheung Chai Hong

Mr. Zhao Guodong (appointed on 3 February 2026)

Mr. Chow Christer Ho (resigned on 24 February 2026)

### Independent non-executive Directors

Mr. Leung Ming Shu (appointed on 3 February 2026)

Dr. Wang Renrong (appointed on 3 February 2026)

Dr. Xu Yan (appointed on 3 February 2026)

Mr. James Douglas Richard Field (resigned on 24 February 2026)

Mr. Chan Tze King Vincent (resigned on 24 February 2026)

Mr. Kong Chi Hang Maurice (resigned on 24 February 2026)

Pursuant to the Articles, one-third of the Directors (whether executive or non-executive) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first annual general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the first annual general meeting of the Company and shall then be eligible for re-election.

## Report of Directors

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

As at the date of this annual report, the change in the Directors' information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules is set out below:

With effect from 24 February 2026:

- (1) Mr. Chow Christer Ho has resigned as a non-executive Director and a member of each of the audit committee of the Company (the "Audit Committee") and the investment committee of the Company (the "Investment Committee");
- (2) Mr. James Douglas Richard Field has resigned as an independent non-executive Director, the chairperson of the remuneration committee of the Company (the "Remuneration Committee") and a member of each of the Audit Committee and the nomination committee (the "Nomination Committee") of the Company;
- (3) Mr. Chan Tsz King Vincent has resigned as an independent non-executive Director, the chairperson of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee;
- (4) Mr. Kong Chi Hang Maurice has resigned as an independent non-executive Director;
- (5) Ms. Judy Chan has ceased to be the chairperson of the Nomination Committee and Investment Committee and has been appointed as a member of the Remuneration Committee;
- (6) Ms. Xiong Xia has been appointed as a member of the Nomination Committee;
- (7) Dr. Cheung Chai Hong has ceased to be a member of the Remuneration Committee and Investment Committee;
- (8) Mr. Zhao Guodong has been appointed as a member of the Audit Committee;
- (9) Mr. Leung Ming Shu has been appointed as the chairperson of the Audit Committee and a member of the Nomination Committee;
- (10) Dr. Wang Renrong has been appointed as the chairperson of the Remuneration Committee and a member of the Audit Committee; and
- (11) Dr. Xu Yan has been appointed as the chairperson of the Nomination Committee and a member of the Remuneration Committee.

Saved as disclosed in this annual report, the Company is not aware of any changes in the Directors' information.





## Report of Directors

### DIRECTORS' SERVICE CONTRACTS

Our executive Director has signed a service agreement with the Company for a term of three years (subject to automatic renewal upon its expiry and termination in certain circumstances as stipulated in the service agreement). Each of our non-executive Directors and independent non-executive Directors has signed a letter of appointment with us for a term of three years (subject to automatic renewal upon its expiry and termination in certain circumstances as stipulated in the relevant letters of appointment). None of the Directors (including those proposed for re-election at the AGM) has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

### INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence. The Nomination Committee has assessed the independence of the independent non-executive Directors and affirmed that all independent non-executive Directors remained independent.

# Report of Directors

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

As at 31 December 2025, 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 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 Share(s) held <sup>(1)</sup>	Approximate shareholding percentage
Ms. Judy Chan <sup>(2)</sup>	Interest in controlled corporation <sup>(2)</sup>	287,945,000 (L)	35.97%
	Beneficial owner <sup>(3)</sup>	8,000,000 (L)	1.00%

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 287,945,000 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.





## Report of Directors

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under the SFO), or pursuant to section 352 of the SFO, which were required to be recorded in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, which were to be notified to the Company and the Stock Exchange.

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

So far as the Directors and the chief executive of the Company are aware, as at 31 December 2025, other than the Directors, 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 of shareholder	Capacity/Nature of interest	Number of ordinary shares held	Approximate percentage
Hill Valley Investment Co Ltd <sup>1</sup>	Beneficial interest	589,480,000 (L)	73.63%
Yang Lingjiang <sup>1</sup>	Interest in controlled corporation	589,480,000 (L)	73.63%
Qu Lin <sup>1</sup>	Interest of spouse	589,480,000 (L)	73.63%
Macmillan Equity Limited <sup>2</sup>	Security interest in shares	287,945,000 (L)	35.97%
Palgrave Enterprises Limited <sup>3</sup>	Security interest in shares	121,226,000 (L)	15.14%
Ms. Wong Shu Ying <sup>3,4</sup>	Interest in controlled corporation	121,226,000 (L)	15.14%
	Security interest in shares	3,465,000 (L)	0.43%
Mr. Chan Chun Keung <sup>5</sup>	Interest of spouse	124,691,000 (L)	15.57%
Mr. Ting Tan Ming	Beneficial interest	47,290,000 (L)	5.91%

Notes:

- Hill Valley Investment Co Ltd ("Hill Valley") is beneficially and wholly owned by Mr. Yang Lingjiang ("Mr. Yang"). Ms. Qu Lin ("Ms. Qu") is the spouse of Mr. Yang. Accordingly, Mr. Yang and Ms. Qu are deemed to be interested in the 589,480,000 Shares beneficially held by Hill Valley by virtue of the Securities and Futures Ordinance ("SFO").
- Macmillan Equity is wholly-owned by Ms. Chan. By virtue of the SFO, Ms. Chan is deemed to be interested in 287,945,000 Shares charged by Hill Valley in favour of Macmillan pursuant to the deed of share charge dated 10 December 2025.
- Palgrave Enterprises Limited ("Palgrave") is wholly-owned by Ms. Wong Shu Ying ("Ms. Wong"). By virtue of the SFO, Ms. Wong is deemed to be interested in the 121,226,000 Shares charged by Hill Valley in favour of Palgrave pursuant to the deed of share charge dated 10 December 2025.

## Report of Directors

4. Hill Valley has charged 3,465,000 Shares in favour of Ms. Wong pursuant to the deed of share charge dated 10 December 2025.
5. Mr. Chan Chun Keung, the spouse of Ms. Wong, is deemed to be interested in 124,691,000 Shares in which Ms. Wong is interested by virtue of the SFO.
6. The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any person or corporation (other than the Directors and the Chief Executives) who had any interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein.

### RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed above, at no time during the Year, 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 the Year 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).

### EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme, no equity-linked agreements were entered into during the Year or subsisted at the end of the Year.

### COMPETING INTERESTS

During the Year, 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.

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.







# Report of Directors

## CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

During the year ended 31 December 2025, there had been no contract of significance between the Company or any of its subsidiaries and a Controlling Shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 36 to Consolidated Financial Statements in this annual report, none of the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of our Group, to which our Company or any of its subsidiaries was a party during the year ended 31 December 2025.

## RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2025 are set out in Note 36 to Consolidated Financial Statements.

Such related party transactions did not fall under the definition of “connected transaction” or “continuing connected transaction” (as defined under Chapter 20 of the GEM Listing Rules) or are fully exempt continuing connected transactions under Rule 20.74(1) or Rule 20.96 of the GEM Listing Rules.

## CONNECTED TRANSACTIONS

On 5 December 2024 and 21 January 2025, the Company (as seller) and Ms. Judy Chan (as purchaser) entered into (i) the agreements (the “Pacific Surplus Agreements”) pursuant to which, among others, the Company conditionally agreed to sell, and Ms. Judy Chan conditionally agreed to acquire, 100% of the entire issued share capital of Pacific Surplus Limited, as well as an interest-free shareholder’s loan provided by the Company to Maxco Asia Limited, for the consideration which amounts to HK\$71,280,000; and (ii) the agreements (the “Epic Wealth Agreements”) pursuant to which, among others, the Company conditionally agreed to sell, and Ms. Judy Chan conditionally agreed to acquire, 30% of the issued share capital of Epic Wealth Holdings Limited, for the consideration which amounts to HK\$38,880,000. As Ms. Chan is the Chairlady, an executive Director, the chief executive officer and a controlling shareholder of the Company and therefore a connected person of the Company, the transactions contemplated under each of the Pacific Surplus Agreements and the Epic Wealth Agreements constitute connected transactions of the Company under Chapter 20 of the GEM Listing Rules. Please refer to the announcements of the Company dated 5 December 2024, 21 January 2025, and 19 February 2025, and the circular of the Company dated 24 January 2025 for further details.

During the year ended 31 December 2025 and up to the date of this report, save as disclosed above, the Group has not completed any “one-off connected transaction” or “continuing connected transaction” (as defined under Chapter 20 of the Listing Rules) which is subject to reporting and annual review requirements under the GEM Listing Rules. The transactions disclosed in Note 36 to the Consolidated Financial Statements in this annual report as related party transactions did not fall under the definition of “connected transaction” or “continuing connected transaction” (as defined under Chapter 20 of the GEM Listing Rules) or are fully exempt continuing connected transactions under Rule 20.74(1) or Rule 20.96 of the GEM Listing Rules.

# Report of Directors

## CORPORATE GOVERNANCE

The Company has complied with all applicable principles and the code provisions of the CG Code as set out in Part 2 of Appendix C1 to the GEM Listing Rules during FY2025 (except for the deviation from CG code provision C.2.1). Details of the Company's corporate governance practices are set out in the section "Corporate Governance Report" of this annual report.

Besides, to maintain high standards of corporate governance, the Company regularly reviews and maintains a sensitivity list identifying factors or developments which are likely to give rise to the emergence of inside information or development of a false market for its securities. Where applicable, the Company will publish relevant announcement relating to the Company's operation, including the information on harvest results of self-cultivated grapes, on a timely manner.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group is committed to support environmental protection to ensure business development and sustainability. The Group has implemented green office practices to reduce the consumption of energy and natural resources. These practices include the use of recycled paper, reduce energy consumption by switching off idle lightings, computers and electrical appliances and the use of environmentally friendly products whenever possible. The Environmental, Social and Governance Report are set out in the section headed as the same in this annual report.

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS AND RELATIONSHIPS WITH KEY SHAREHOLDERS

The Company has complied with all applicable laws and regulations in all material respects and maintained good relationship with its customers, suppliers, employees and investors. During the year ended 31 December 2025, there were no material and significant dispute between the Group and its employees, customers and/or suppliers.

## PERMITTED INDEMNITY PROVISIONS

The Articles provide that every Director shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or willful defaults. The Company has arranged for appropriate insurance coverage in respect of potential legal actions against its Directors and senior management.

## EMOLUMENT POLICY

The remuneration policy of the Group is to reward its employees and executives based on, among other things, the Group's operating results, individual performance and comparable market statistics. Remuneration package typically comprises of salaries, contribution to pension schemes and discretionary bonuses.

The Remuneration Committee will review annually the remuneration of all the Directors to ensure that it is attractive enough to attract and retain a competent team of executive members. The Director's fee for each of the Directors is subject to the Board's review from time to time in its discretion after taking into account the recommendation of the Remuneration Committee. The remuneration package of each of the Directors is determined by reference to market terms, seniority, experiences, duties and responsibilities of that Director within the Group.





# Report of Directors

## RETIREMENT BENEFITS PLAN

Details of retirement benefits plan of the Group for the year ended 31 December 2025 are set out in Note 2.4 to Consolidated Financial Statements.

## REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the Directors' remuneration and the five highest paid individuals for the year ended 31 December 2025 are set out in Notes 8 and 9 to Consolidated Financial Statements.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of at least 25% of the issued Shares as at the latest practicable date prior to the issue of this annual report as required under the GEM Listing Rules.

## EVENTS AFTER THE REPORTING PERIOD

Hill Valley has become the controlling shareholder of the Company pursuant to a sale and purchase agreement dated 10 December 2025 entered into by and among the Macmillan Equity Limited, Palgraves Enterprises Limited and Ms. Wong Shu Ying (as vendor) and Hill Valley (as purchaser) in relation to the sale and purchase of the 589,480,000 Shares, as set out in the announcement of the Company dated 30 December 2025. Pursuant to Rule 26.1 and Rule 13.5 of the Takeovers Code, Hill Valley was required to make mandatory unconditional cash offers to acquire all issued Shares other than those already owned and/or agreed to be acquired by Hill Valley to cancel all the outstanding share options of the Company. The mandatory cash offer was closed on 24 February 2026. Please refer to the composite document of the Company dated 3 February 2026 and the announcement of the Company dated 24 February 2026 for details of the mandatory unconditional cash offers.

Save as disclosed above, the Group has no significant events subsequent to 31 December 2025 and up to the date of this report.

## AUDITOR

Ernst & Young will retire, and being eligible, offer themselves for re-appointment at the AGM. A resolution for their re-appointment as auditor of the Company will be proposed at the AGM. There has been no change of auditor of the Company since the Listing Date.

By order of the Board

**Grace Wine Holdings Limited**

**Liu Yunqiang**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 20 March 2026

# Independent Auditor's Report



**Ernst & Young**  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

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## To the shareholders of Grace Wine Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Grace Wine Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 106 to 201, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.





# Independent Auditor's Report

**To the shareholders of Grace Wine Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

## KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<i>Valuation of biological assets</i>	
<p>As disclosed in note 19 to the consolidated financial statements, the Group had biological assets during the year comprising of grapes growing on bearer plants, and accounted for at fair value less costs to sell through to the point of harvest. At the point of harvest, the valuation of the grapes was approximately RMB3.8 million. The estimation of the fair value less costs to sell of the biological assets requires significant management judgements and estimates.</p> <p>Independent external valuations were obtained to assist management with their estimate of the fair value of the biological assets. Key assumptions adopted included the estimated market prices and growing costs.</p> <p>Related disclosures are included in notes 2.4, 3 and 19 to the consolidated financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Evaluating the independent external valuer's competence, capability and objectivity;</li> <li>• Evaluating the appropriateness of the methodologies used in valuing the biological assets by involving our internal valuation specialists;</li> <li>• Evaluating the appropriateness of the key assumptions and inputs, including the estimated market prices and growing costs, based on market available data and the historical performance of the Group; and</li> <li>• Assessing the adequacy of the fair value disclosures in relation to the biological assets.</li> </ul>

# Independent Auditor's Report

To the shareholders of Grace Wine Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

## KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment assessment of non-current non-financial assets</i>	
<p>As at 31 December 2025, the Group's non-current non-financial assets included property, plant and equipment, right-of-use assets and goodwill with carrying amount of RMB44.1 million, RMB13.1 million and RMB1.4 million, respectively.</p> <p>In accordance with HKAS 36 <i>Impairment of Assets</i>, the Group is required to (i) test goodwill for impairment at least annually, based on the recoverable amount of the cash-generating unit ("CGU") to which the goodwill is allocated; and (ii) perform impairment assessment for non-current non-financial assets (other than goodwill), where an indication of impairment exists.</p> <p>Impairment assessments have been performed by the independent external professionally qualified valuer engaged by the Group, their recoverable amounts were valued either at the higher of the value in use or fair value less costs of disposals.</p> <p>Determining the value-in-use and the fair value less costs of disposals of the CGUs required significant management judgements and estimates and adoption of market comparable, including those with respect to the pre-tax discounted cash flow projections based on financial budgets approved by management and an appropriate discount rate to calculate the present value of the projected cash flow.</p> <p>Based on the results of the impairment assessments, the recoverable amounts of the non-current non-financial assets of the remaining CGUs were higher than their carrying amounts as at 31 December 2025, thus, no impairment has been provided for the year.</p> <p>Related disclosures are included in notes 2.4, 3 and 16 to the consolidated financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Evaluating the appropriateness of the methodologies used in valuing the recoverable amount of the non-current non-financial assets;</li> <li>• Evaluating the independent external valuer's competence, capability and objectivity;</li> <li>• Obtaining and reviewing the value-in-use and fair value less costs of disposal calculation for arithmetical accuracy and reasonableness of the assumptions used based on market available data for similar products or assets;</li> <li>• Involving our internal valuation specialists to assist us to assess the methodologies applied and the key assumptions made, including the discount rate and terminal growth rate;</li> <li>• Performing a sensitivity analysis for the value in use of the CGUs; and</li> <li>• Assessing the adequacy of the disclosures in relation to the impairment assessment.</li> </ul>





# Independent Auditor's Report

## To the shareholders of Grace Wine Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

# Independent Auditor's Report

## To the shareholders of Grace Wine Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.







## Independent Auditor's Report

### To the shareholders of Grace Wine Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tsang, Chin Hang (practising certificate number: P06370).

### Ernst & Young

*Certified Public Accountants*

Hong Kong

20 March 2026

# Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CONTINUING OPERATIONS</b>			
REVENUE	5	<b>34,881</b>	31,881
Cost of sales		<b>(9,789)</b>	(8,210)
Gross profit		<b>25,092</b>	23,671
Other income and gains, net	5	<b>667</b>	3,095
Selling and distribution expenses		<b>(9,565)</b>	(11,956)
Administrative expenses		<b>(17,691)</b>	(18,641)
Other expenses, net		<b>(474)</b>	(64)
Finance costs	7	<b>(35)</b>	(56)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	<b>(2,006)</b>	(3,951)
Income tax expense	10	<b>(1,181)</b>	(5,682)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		<b>(3,187)</b>	(9,633)
<b>DISCONTINUED OPERATION</b>			
Profit/(loss) for the year from a discontinued operation	11	<b>569</b>	(31,385)
LOSS FOR THE YEAR		<b>(2,618)</b>	(41,018)
Loss for the year attributable to:			
Owners of the Company		<b>(2,163)</b>	(41,018)
Non-controlling interests		<b>(455)</b>	–
		<b>(2,618)</b>	(41,018)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	13		
Basic and diluted (RMB cents)			
– For loss for the year		<b>(0.27)</b>	(5.12)
– For loss from continuing operations		<b>(0.34)</b>	(1.20)





## Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
LOSS FOR THE YEAR		<b>(2,618)</b>	(41,018)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>947</b>	(3,222)
Reclassification adjustments for foreign operations disposed of during the year	30	<b>528</b>	–
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		<b>1,475</b>	(3,222)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Equity investment designated at fair value through other comprehensive income:			
Change in fair value		<b>(375)</b>	62
Income tax effect		<b>94</b>	(16)
		<b>(281)</b>	46
Exchange differences on translation of the Company's financial statements		<b>(1,948)</b>	3,420
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		<b>(2,229)</b>	3,466
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<b>(754)</b>	244
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<b>(3,372)</b>	(40,774)
Total comprehensive loss for the year attributable to:			
Owners of the Company		<b>(3,180)</b>	(40,774)
Non-controlling interests		<b>(192)</b>	–
		<b>(3,372)</b>	(40,774)

# Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	<b>44,109</b>	144,745
Right-of-use assets	15(a)	<b>13,088</b>	19,211
Goodwill	16	<b>1,361</b>	1,361
Equity investment designated at fair value through other comprehensive income	17	<b>687</b>	1,062
Deferred tax assets	26	<b>3,323</b>	3,802
<b>Total non-current assets</b>		<b>62,568</b>	170,181
<b>CURRENT ASSETS</b>			
Inventories	18	<b>99,681</b>	99,240
Biological assets	19	–	–
Trade receivables	20	<b>795</b>	777
Prepayments, deposits and other receivables	21	<b>4,318</b>	13,875
Cash and cash equivalents	22	<b>21,747</b>	34,488
<b>Total current assets</b>		<b>126,541</b>	148,380
<b>CURRENT LIABILITIES</b>			
Trade payables	23	<b>933</b>	1,258
Other payables and accruals	24	<b>6,762</b>	16,300
Interest-bearing bank borrowings	25	–	3,343
Lease liabilities	15(b)	<b>297</b>	233
Tax payable		<b>5,120</b>	5,724
<b>Total current liabilities</b>		<b>13,112</b>	26,858
<b>NET CURRENT ASSETS</b>		<b>113,429</b>	121,522
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>175,997</b>	291,703





## Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	25	–	59,043
Lease liabilities	15(b)	<b>2,580</b>	2,435
Deferred tax liabilities	26	<b>4,616</b>	4,093
<b>Total non-current liabilities</b>		<b>7,196</b>	65,571
<b>Net assets</b>		<b>168,801</b>	226,132
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	27	<b>675</b>	675
Reserves	28	<b>87,837</b>	225,457
<b>Non-controlling interest</b>		<b>88,512</b>	226,132
		<b>80,289</b>	–
<b>Total equity</b>		<b>168,801</b>	226,132

**Liu Yunqiang**  
Director

**Judy Chan**  
Director

# Consolidated Statement of Changes in Equity

Year ended 31 December 2025

Notes	Attributable to owners of the Company								Non-controlling interests	Total equity	
	Share capital	Share premium	Capital reserve	Investment revaluation reserve	Share option reserve	Statutory reserve funds	Exchange fluctuation reserve	Retained profits			Total
	RMB'000 (note 27)	RMB'000	RMB'000 (note 28(i))	RMB'000	RMB'000 (note 29)	RMB'000 (note 28(ii))	RMB'000 (note 28(iii))	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	675	137,720	2,765	-	848	16,950	(5,876)	113,738	266,820	-	266,820
Loss for the year	-	-	-	-	-	-	-	(41,018)	(41,018)	-	(41,018)
Other comprehensive income/(loss) for the year:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(3,222)	-	(3,222)	-	(3,222)
Exchange differences on translation of the Company's financial statements	-	-	-	-	-	-	3,420	-	3,420	-	3,420
Equity investment designated at fair value through other comprehensive income:											
Change in fair value	-	-	-	62	-	-	-	-	62	-	62
Income tax effect	-	-	-	(16)	-	-	-	-	(16)	-	(16)
Total comprehensive income/(loss) for the year	-	-	-	46	-	-	198	(41,018)	(40,774)	-	(40,774)
Equity-settled share option arrangements	29	-	-	-	86	-	-	-	86	-	86
Transfer from retained profits		-	-	-	-	181	-	(181)	-	-	-
At 31 December 2024 and 1 January 2025	<b>675</b>	<b>137,720*</b>	<b>2,765*</b>	<b>46*</b>	<b>934*</b>	<b>17,131*</b>	<b>(5,678)*</b>	<b>72,539*</b>	<b>226,132</b>	<b>-</b>	<b>226,132</b>
Loss for the year	-	-	-	-	-	-	-	(2,163)	(2,163)	(455)	(2,618)
Other comprehensive income/(loss) for the year:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	684	-	684	263	947
Reclassification adjustments for foreign operations disposed of during the year	30	-	-	-	-	-	528	-	528	-	528
Exchange differences on translation of the Company's financial statements	-	-	-	-	-	-	(1,948)	-	(1,948)	-	(1,948)
Equity investment designated at fair value through other comprehensive income:											
Change in fair value	-	-	-	(375)	-	-	-	-	(375)	-	(375)
Income tax effect	-	-	-	94	-	-	-	-	94	-	94
Total comprehensive loss for the year	-	-	-	(281)	-	-	(736)	(2,163)	(3,180)	(192)	(3,372)
Equity-settled share option arrangements	29	-	-	-	11	-	-	-	11	-	11
Disposal of partial interests of subsidiaries	31	-	(45,158)	-	-	-	-	-	(45,158)	80,481	35,323
2025 special dividends	12	(89,293)	-	-	-	-	-	-	(89,293)	-	(89,293)
At 31 December 2025	<b>675</b>	<b>48,427*</b>	<b>(42,393)*</b>	<b>(235)*</b>	<b>945*</b>	<b>17,131*</b>	<b>(6,414)*</b>	<b>70,376*</b>	<b>88,512</b>	<b>80,289</b>	<b>168,801</b>

\* These reserve accounts comprise the consolidated reserves of RMB87,837,000 (2024: RMB225,457,000) in the consolidated statement of financial position.





# Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax			
– From continuing operations		<b>(2,006)</b>	(3,951)
– From a discontinued operation	11	<b>569</b>	(31,385)
Adjustments for:			
Finance costs		<b>113</b>	1,152
Bank interest income		<b>(254)</b>	(219)
Depreciation of property, plant and equipment		<b>7,691</b>	11,003
Depreciation of right-of-use assets		<b>253</b>	1,833
Gain on disposal of items of plant and equipment, net	5	<b>(92)</b>	(38)
Gain on disposal of subsidiaries	11	<b>(2,458)</b>	–
Gains arising from changes in fair value of agricultural produce at the point of harvest	6	<b>(1,206)</b>	(1,517)
Government grants		<b>(72)</b>	(1,121)
Impairment of property, plant and equipment		–	21,741
Impairment of right-of-use assets		–	1,281
Impairment of goodwill		–	2,726
Impairment of trade receivables, net	6	<b>1</b>	3
Write-off of property, plant and equipment	6	–	60
Write-off of inventories	6	–	217
Equity-settled share option expense	29	<b>11</b>	86
		<b>2,550</b>	1,871
Increase in inventories		<b>(6,031)</b>	(12,652)
Additions to biological assets		<b>(1,962)</b>	(2,667)
(Increase)/decrease in trade receivables		<b>(29)</b>	144
(Increase)/decrease in prepayments, deposits and other receivables		<b>(2,743)</b>	1,244
(Decrease)/increase in trade payables		<b>(325)</b>	1,253
Decrease in other payables and accruals		<b>(6,470)</b>	(3,846)
Receipt of government grants		<b>72</b>	1,121
Cash used in operations		<b>(14,938)</b>	(13,532)
Interest received		<b>254</b>	219
Interest paid		<b>(637)</b>	(1,975)
PRC income tax paid		<b>(604)</b>	(1,916)
Net cash flows used in operating activities		<b>(15,925)</b>	(17,204)

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Net cash flows used in operating activities		<b>(15,925)</b>	(17,204)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		<b>(5,393)</b>	(5,212)
Increase in right-of-use assets		–	(205)
Increase in construction in progress		<b>(61)</b>	(12,524)
Proceeds from disposal of items of property, plant and equipment		<b>694</b>	38
Net cash inflow from disposal of subsidiaries	30	<b>62,219</b>	–
Net cash inflow from disposal of partial interests of subsidiaries	31	<b>35,323</b>	–
Net cash flows from/(used in) investing activities		<b>92,782</b>	(17,903)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		–	29,819
Repayment of bank loans		–	(2,100)
Principal portion of lease payments	32(b)	<b>(359)</b>	(181)
Dividend paid	12	<b>(89,293)</b>	–
Net cash flows (used in)/from financing activities		<b>(89,652)</b>	27,538
NET DECREASE IN CASH AND CASH EQUIVALENTS		<b>(12,795)</b>	(7,569)
Cash and cash equivalents at beginning of year		<b>34,488</b>	41,870
Effect of foreign exchange rate changes, net		<b>54</b>	187
CASH AND CASH EQUIVALENTS AT END OF YEAR		<b>21,747</b>	34,488
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	<b>21,747</b>	34,488







# Notes to Financial Statements

Year ended 31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

Grace Wine Holdings Limited (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, spirits and other alcoholic products.

On 10 December 2025, the former immediate and ultimate holding company of the Company, Macmillan Equity Limited, which is a company incorporated in the British Virgin Islands (“BVI”) with its entire share capital held by Ms. Judy Chan, entered into the a sale and purchase agreement (the “SPA”) with Hill Valley Investment Co Ltd (“Hill Valley”), an independent third party company also incorporated in the BVI with its entire share capital held by Mr. Yang Lingjiang (“Mr. Yang”). Pursuant to the SPA, Hill Valley conditionally agreed to acquire 411,350,000 shares, approximately 51.38% of the total issued share capital of the Company, from Macmillan Equity Limited. The transaction was completed on 12 December 2025. Together with the Company’s shares acquired by Hill Valley from other shareholders, Hill Valley acquired 73.63% of the total issued share capital of the Company and became the immediate and ultimate holding company of the Company and Mr. Yang became the ultimate controlling shareholder of the Company.

### Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Company name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Dragonet Limited	Hong Kong 3 September 1997	HK\$100	–	70	Investment holding and distribution of wine products
Shanxi Grace Vineyard Co., Limited** (山西怡園酒莊有限公司) ("Shanxi Grace Vineyard")	People’s Republic of China (the “PRC”)/ Chinese mainland 7 August 1998	RMB46,800,000	–	70	Production and distribution of wine products
Shanxi Ziyuan Agricultural Development Co., Limited** (山西紫源農業開發有限公司)	PRC/Chinese mainland 21 November 2013	HK\$1,300,000	–	70	Planting of vines and sale of wine grapes

# Notes to Financial Statements

Year ended 31 December 2025

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### Information about subsidiaries (Continued)

Company name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Deep Blue Wine Trading (Shanghai) Limited** (創平酒業貿易(上海)有限公司)	PRC/Chinese mainland 14 July 2010	US\$200,000	–	70	Distribution of wine products
Ningxia Grace Vineyard Co., Limited** (寧夏怡園酒莊有限公司)	PRC/Chinese mainland 12 September 2012	RMB50,000,000	–	70	Production of wine products
Xiamen Taofu Trading Co., Limited** (廈門萄福貿易有限公司)	PRC/Chinese mainland 29 September 2012	US\$165,000	–	70	Distribution of wine products
Taiyuanshi Taofu Trading Co., Limited** (太原市萄福貿易有限公司)	PRC/Chinese mainland 9 July 2019	RMB100,000	–	70	Distribution of wine products
Fuzhou Yiyuan Lanzheng Ltd** (福州怡園蘭正酒業有限公司)	PRC/Chinese mainland 6 January 2021	RMB100,000,000	–	70	Distribution of wine products
Ningxia Yanyu Agricultural Development Co. Ltd.** (寧夏岩峪農業開發有限公司)	PRC/Chinese mainland 15 October 2010	HK\$350,000	–	70	Planting of vines and sale of wine grapes

\* Registered as wholly-foreign-owned enterprises under the law of the PRC.

# Official names of these entities are in Chinese. The English translations of the names are for identification purposes only.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.





# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for biological assets and equity investment which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### ***Basis of consolidation (Continued)***

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 2.2 Changes in accounting policies and disclosures

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.





# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Issued but not yet effective HKFRS Accounting Standards

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> <sup>2</sup>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Issued but not yet effective HKFRS Accounting Standards (Continued)

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.





# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Issued but not yet effective HKFRS Accounting Standards (Continued)

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the “own-use” requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity’s financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation’s comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Issued but not yet effective HKFRS Accounting Standards (Continued)

*Annual Improvements to HKFRS Accounting Standards – Volume 11* set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.







# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies

#### ***Business combinations and goodwill***

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### ***Business combinations and goodwill (Continued)***

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

#### ***Fair value measurement***

The Group measures its biological assets and equity investment at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.





# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Fair value measurement (Continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Impairment of non-financial assets*

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarter building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation had no impairment loss been recognised for the asset in prior years). A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.





# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Related parties*

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group; or
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group; or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Property, plant and equipment and depreciation*

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	5% to 20%
Leasehold improvements	5% to 10%
Plant and machinery	9% to 48%
Furniture and fixtures	10% to 48%
Motor vehicles	20% to 33.3%
Vineyard infrastructure	10%
Bearer plants	Over the shorter of the lease terms and 5%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.





# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### **Biological assets**

Biological assets comprise grapes before harvest in leased farms and are classified as current assets due to the short development period, prior to harvest.

Biological assets are stated at fair value less costs to sell from initial recognition up to the point of harvest, except where fair value cannot be measured reliably due to unavailability of quoted market prices and for which alternative fair value measurements are determined to be unreliable, in which case the assets are held at growing costs incurred less any accumulated impairment losses.

Once the fair value becomes reliably measurable, the biological assets are measured at fair value less costs to sell and changes in fair value are recognised in the consolidated statement of profit or loss for the period in which they arise.

Biological assets that meet the definition of bearer plants (i.e., grapevines) are within the scope of HKAS 16 *Property, Plant and Equipment*. Bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment before they are in the location and condition necessary to be capable of operating in the manner intended by management. After initial recognition, bearer plants are measured at cost less any impairment before maturity. Subsequently when the bearer plants are mature, they are measured at cost, less any accumulated depreciation and impairment, with changes recognised in profit or loss.

The grapevines are presented and accounted for as bearer plants. Please refer to “Property, plant and equipment” above. However, the fresh fruit bunches growing on the grapevines are accounted for as biological assets up to the point of harvest. Harvested grapes are transferred to inventories at fair value less costs to sell at the point of harvest. Fair value at the point of harvest is based on the selling prices for similar fruits prevailing in the market as at or close to the harvest dates.

Costs to sell include the incremental selling costs, including auctioneers’ fees, commission paid to brokers and dealers and estimated costs of transport to the market but exclude finance costs and income taxes.

# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land	50 years
Buildings	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.







# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Leases (Continued)*

#### **Group as a lessee (Continued)**

##### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

##### (c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Investments and other financial assets*

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.





# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Investments and other financial assets (Continued)*

##### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as below:

##### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

##### *Financial asset designated at fair value through other comprehensive income (equity investment)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investment as equity investment designated at fair value through other comprehensive income when it meets the definition of equity under HKAS 32 *Financial Instruments: Presentation* and is not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investment designated at fair value through other comprehensive income is not subject to impairment assessment.

##### ***Derecognition of financial assets***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Derecognition of financial assets (Continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### *Impairment of financial assets*

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.





# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Impairment of financial assets (Continued)*

##### **General approach (Continued)**

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

##### **Simplified approach**

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Financial liabilities*

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, amounts due to related parties, lease liabilities and interest-bearing bank borrowings.

##### **Subsequent measurement of financial liabilities at amortised cost (trade and other payables, and borrowings)**

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

##### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.





# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### *Inventories*

Inventories are stated at the lower of cost or the deemed cost for agricultural produce harvested from biological assets and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### *Cash and cash equivalents*

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

#### *Provisions*

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Income tax*

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.







# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Income tax (Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### *Government grants*

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in the profit or loss on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Revenue recognition*

##### **Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

##### **Sale of goods**

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and the payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.





# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Revenue recognition (Continued)*

##### **Other income**

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

##### **Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

##### **Share-based payments**

##### **Share options granted to employees**

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Share-based payments (Continued)*

##### **Share options granted to employees (Continued)**

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

#### **Other employee benefits**

##### **Pension schemes**

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.





# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### ***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### ***Dividends***

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare Interim dividends. Consequently, Interim dividends are recognised immediately as a liability when they are proposed and declared.

#### ***Foreign currencies***

The Company's functional currency is Hong Kong dollars ("HK\$"). Because most of the subsidiaries' functional currencies are RMB, the financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

# Notes to Financial Statements

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Foreign currencies (Continued)*

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of operations with functional currencies other than RMB are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.





# Notes to Financial Statements

Year ended 31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements, estimates and assumptions, that have the most significant effect on the amounts recognised in the financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out below:

### Fair value measurements and valuation processes of biological assets

The biological assets of the Group are measured at fair value less costs to sell for financial reporting purposes. The directors of the Company have engaged a qualified external valuer to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of biological assets, the Group uses market-observable data to the extent that they are available. Where Level 1 inputs are not available, the Group engages an independent qualified valuer to perform the valuation. Management works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model. Management reports the external valuer's findings to the board of directors of the Company.

### Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of the reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

### Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2025 was RMB1,361,000 (2024: RMB1,361,000), further details are included in note 16.

# Notes to Financial Statements

Year ended 31 December 2025

## 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. For management purposes, the resources are allocated to two reporting segments, namely (i) production of wines, and (ii) production of spirits (disposed of during the year and classified as a discontinued operation, notes 11 and 30).

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 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, gain on disposal of subsidiaries and corporate income/(expenses) are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents, equity investment designated at fair value through other comprehensive income and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, amounts due to related parties, deferred tax liabilities, and other unallocated corporate liabilities as these liabilities are managed on a group basis.

	Continuing operations		Discontinued operation		Inter-segment		Total	
	Production of wines		Production of spirits		elimination			
	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment revenue:</b>								
Sales	34,881	31,881	159	5,516	-	(2,844)	35,040	34,553
Other revenue	425	2,899	25	60	-	-	450	2,959
<b>Total segment revenue</b>	<b>35,306</b>	<b>34,780</b>	<b>184</b>	<b>5,576</b>	<b>-</b>	<b>(2,844)</b>	<b>35,490</b>	<b>37,512</b>
<b>Segment results</b>	<b>2,682</b>	<b>2,966</b>	<b>(1,912)</b>	<b>(32,904)</b>			<b>770</b>	<b>(29,938)</b>
<b>Reconciliation:</b>								
Interest income							254	219
Gain on disposal of subsidiaries							2,458	-
Corporate and other unallocated expenses							(4,841)	(4,503)
Finance costs (other than interest on lease liabilities)							(78)	(1,114)
<b>Loss before tax</b>							<b>(1,437)</b>	<b>(35,336)</b>







# Notes to Financial Statements

Year ended 31 December 2025

## 4. SEGMENT INFORMATION (CONTINUED)

### Operating segments (Continued)

	Continuing operations Production of wines		Discontinued operation Production of spirits		Inter-segment elimination		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment assets</b>	<b>159,606</b>	166,764	-	109,919			<b>159,606</b>	276,683
<b>Reconciliation:</b>								
Corporate and other unallocated assets							<b>29,503</b>	41,878
<b>Total assets</b>							<b>189,109</b>	318,561
<b>Segment liabilities</b>	<b>(6,475)</b>	(8,024)	-	(64,175)			<b>(6,475)</b>	(72,199)
<b>Reconciliation:</b>								
Corporate and other unallocated liabilities							<b>(13,833)</b>	(20,230)
<b>Total liabilities</b>							<b>(20,308)</b>	(92,429)
<b>Other segment information</b>								
Depreciation of property, plant and equipment	<b>(6,560)</b>	(6,454)	<b>(1,131)</b>	(4,549)			<b>(7,691)</b>	(11,003)
Depreciation of right-of-use assets	<b>(204)</b>	(1,431)	<b>(49)</b>	(402)			<b>(253)</b>	(1,833)
Impairment of property, plant and equipment	-	-	-	(21,741)			-	(21,741)
Impairment of right-of-use assets	-	-	-	(1,281)			-	(1,281)
Impairment of goodwill	-	-	-	(2,726)			-	(2,726)
Impairment of trade receivables, net	<b>(1)</b>	(3)	-	-			<b>(1)</b>	(3)
Corporate and other unallocated depreciation							-	(141)
							<b>(7,945)</b>	(38,728)
Gains arising from changes in fair value of agricultural produce at the point of harvest	<b>1,206</b>	1,517	-	-			<b>1,206</b>	1,517
Write-off inventories	-	(217)	-	-			-	(217)
Write-off of property, plant and equipment	-	(60)	-	-			-	(60)
Capital expenditures <sup>#</sup>	<b>4,878</b>	2,617	<b>1,100</b>	15,942			<b>5,978</b>	18,559

<sup>#</sup> Capital expenditure consists of additions to property, plant and equipment.

# Notes to Financial Statements

Year ended 31 December 2025

## 4. SEGMENT INFORMATION (CONTINUED)

### Geographical information

	2025 RMB'000	2024 RMB'000
<i>Revenue from external customers from continuing operations</i>		
Chinese mainland	33,962	30,819
Other jurisdictions	919	1,062
Total revenue from continuing operations	34,881	31,881

Over 90% of the Group's non-current assets were based in the Chinese mainland.

### Information about major customers

Revenue from major customers of the Group which individually accounted for 10% or more of the Group's revenue was derived from the production of wines segment. The respective revenue generated from the customers for each reporting period is set out below:

	2025 RMB'000	2024 RMB'000
Customer 1	5,379	N/A

During the prior year, there was no customer from which revenue accounted for 10% or more of the total revenue of the Group.

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

An analysis of revenue from continuing operations is as follows:

	2025 RMB'000	2024 RMB'000
<b>Revenue from contracts with customers</b>		
Sales of goods	34,881	31,881

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

The performance obligation for sales of goods is satisfied within one year upon delivery of wine products.





# Notes to Financial Statements

Year ended 31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 RMB'000	2024 RMB'000
Sales of goods	664	1,432

An analysis of other income and gains, net from continuing operations is as follows:

	2025 RMB'000	2024 RMB'000
<b>Other income</b>		
Bank interest income	242	195
Government grants*	69	1,114
Consultation servicing income	–	1,540
Others	151	208
Total other income	462	3,057
<b>Gains</b>		
Gain on disposal of items of property, plant and equipment, net	92	38
Foreign exchange differences, net	113	–
Total gains	205	38
Total other income and gains, net	667	3,095

\* The Group received various government grants for promoting the wine industry and supporting agricultural development. There are no unfulfilled conditions or contingencies relating to these grants.

# Notes to Financial Statements

Year ended 31 December 2025

## 6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		<b>3,205</b>	2,886
Lease payments not included in the measurement of lease liabilities	15(c)	<b>239</b>	921
Auditor's remuneration		<b>1,165</b>	1,200
Employee benefit expense (including directors' remuneration (note 8)):			
Wages and salaries		<b>10,841</b>	13,567
Pension scheme contributions (defined contribution schemes)*		<b>2,266</b>	2,566
Equity-settled share option expense	29	<b>11</b>	86
<b>Total</b>		<b>13,118</b>	16,219
Depreciation of property, plant and equipment		<b>6,608</b>	6,556
Less: amount capitalised into inventories		<b>(24)</b>	(102)
<b>Total</b>		<b>6,584</b>	6,454
Depreciation of right-of-use assets		<b>867</b>	1,764
Less: amount capitalised into biological assets		<b>(663)</b>	(333)
<b>Total</b>		<b>204</b>	1,431
Foreign exchange differences, net		<b>(113)</b>	149
Impairment of trade receivables, net	20	<b>1</b>	3
Write-off of inventories**		<b>–</b>	217
Write-off of property, plant and equipment		<b>–</b>	60
Gains arising from changes in fair value of agricultural produce at the point of harvest**	19	<b>(1,206)</b>	(1,517)

\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

\*\* The above items are included in "Cost of sales" in the consolidated statement of profit or loss.





# Notes to Financial Statements

Year ended 31 December 2025

## 7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Interest on bank loans	–	28
Interest on lease liabilities	<b>35</b>	38
Total interest expense on financial liabilities not at fair value through profit or loss	<b>35</b>	66
Less: Interest capitalised	–	(10)
Total	<b>35</b>	56

## 8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Fees	<b>478</b>	519
Other emoluments:		
Salaries, allowances and benefits in kind	<b>360</b>	360
Equity-settled share option expense	–	33
Subtotal	<b>360</b>	393
Total	<b>838</b>	912

# Notes to Financial Statements

Year ended 31 December 2025

## 8. DIRECTORS' REMUNERATION (CONTINUED)

### (a) Executive director

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share option expense RMB'000	Total remuneration RMB'000
<b>Year ended 31 December 2025</b>				
Judy Chan	–	360	–	360
<b>Year ended 31 December 2024</b>				
Judy Chan	–	360	33	393

During the year ended 31 December 2025, the executive director of the Company did not waive any emoluments (2024: waived emoluments of RMB831,000).

### (b) Non-executive directors

	Notes	2025 RMB'000	2024 RMB'000
<b>Fees</b>			
Chow Christer Ho	(i)	92	93
Cheung Chai Hong		92	93
James Douglas Richard Field	(ii)	–	54
Total		184	240

Notes:

- (i) Resigned on 24 February 2026.
- (ii) Appointed as a non-executive director on 5 June 2024, redesignated to independent non-executive director on 3 June 2025 and resigned on 24 February 2026.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2024: Nil).





# Notes to Financial Statements

Year ended 31 December 2025

## 8. DIRECTORS' REMUNERATION (CONTINUED)

### (c) Independent non-executive directors

	Notes	2025 RMB'000	2024 RMB'000
<b>Fees</b>			
James Douglas Richard Field	(i)	92	–
Chan Tsz King, Vincent	(ii)	54	–
Kong Chi Hang Maurice	(iii)	31	–
Ho Kent Ching-tak	(iv)	39	93
Lim Leung Yau Edwin	(iv)	39	93
Alec Peter Tracy	(iv)	39	93
<b>Total</b>		<b>294</b>	<b>279</b>

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2024: Nil).

Notes:

- (i) Appointed as a non-executive director on 5 June 2024, redesignated as an independent non-executive director on 3 June 2025 and resigned on 24 February 2026.
- (ii) Appointed as an independent non-executive director on 3 June 2025 and resigned on 24 February 2026.
- (iii) Appointed as an independent non-executive director on 1 September 2025 and resigned on 24 February 2026.
- (iv) Retired on 3 June 2025.

# Notes to Financial Statements

Year ended 31 December 2025

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2024: one) director. The details of directors' remuneration are set out in note 8 above. Details of the remuneration of the remaining four (2024: four) highest paid employees who are non-directors during the year are as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Salaries, allowances and benefits in kind	<b>1,567</b>	1,708
Performance related bonuses	<b>48</b>	30
Pension scheme contributions	<b>128</b>	105
Total	<b>1,743</b>	1,843

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	<b>Number of employees</b>	
	<b>2025</b>	2024
Nil to HK\$1,000,000	<b>4</b>	4

During the year, no remuneration was paid by the Group to the directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).







# Notes to Financial Statements

Year ended 31 December 2025

## 10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. No provision for Hong Kong profits tax has been made for the year as the Group did not generate any assessable profits arising in Hong Kong during the year (2024: Nil).

Under the Law of the PRC on Corporate Income Tax (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate for the PRC subsidiaries is 25% (2024: 25%).

According to relevant CIT Law and Implementation Regulation of the CIT Law, a wholly-owned subsidiary in agricultural operation in the PRC was exempted from CIT on profits derived from fruit cultivation for the years ended 31 December 2025 and 2024, subject to annual review by the local PRC tax authority and any future changes in the relevant tax exemption policies or regulations.

	Note	2025 RMB'000	2024 RMB'000
Current – Chinese mainland			
Charge for the year		22	4,111
Under provision in prior years		37	30
Deferred	26	1,122	1,541
Total tax charge for the year from continuing operations		1,181	5,682
Total tax charge for the year from a discontinued operation		–	–
Total		1,181	5,682

# Notes to Financial Statements

Year ended 31 December 2025

## 10. INCOME TAX (CONTINUED)

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

2025

	Chinese mainland		Hong Kong		Total	
	RMB'000	%	RMB'000	%	RMB'000	%
Profit/(loss) before tax from continuing operations	2,528		(4,534)		(2,006)	
Profit/(loss) before tax from a discontinued operation	(1,839)		2,408		569	
<b>Total</b>	<b>689</b>		<b>(2,126)</b>		<b>(1,437)</b>	
Tax at the statutory tax rate	172	25.0	(351)	16.5	(179)	12.5
Lower tax rate for specific provinces or enacted by local authority	(20)		-		(20)	
Adjustments in respect of current tax of previous year	37		-		37	
Income not subject to tax	(197)		(405)		(602)	
Temporary difference not recognised	(618)		-		(618)	
Expenses not deductible for tax	628		16		644	
Tax losses not recognised	1,179		740		1,919	
<b>Tax charge for the year</b>	<b>1,181</b>	<b>171.4</b>	<b>-</b>	<b>-</b>	<b>1,181</b>	<b>(82.2)</b>
Tax charge from continuing operations	1,181		-		1,181	
Tax charge from a discontinued operation	-		-		-	





# Notes to Financial Statements

Year ended 31 December 2025

## 10. INCOME TAX (CONTINUED)

2024

	Chinese mainland		Hong Kong		Total	
	RMB'000	%	RMB'000	%	RMB'000	%
Profit/(loss) before tax from continuing operations	4,241		(8,192)		(3,951)	
Loss before tax from a discontinued operation	(31,218)		(167)		(31,385)	
<b>Total</b>	<b>(26,977)</b>		<b>(8,359)</b>		<b>(35,336)</b>	
Tax at the statutory tax rate	(6,744)	25.0	(1,375)	16.5	(8,119)	23.0
Lower tax rate for specific provinces or enacted by local authority	(358)		–		(358)	
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	3,930		–		3,930	
Adjustments in respect of current tax of previous year	30		–		30	
Income not subject to tax	395		–		395	
Temporary difference not recognised	(216)		–		(216)	
Expenses not deductible for tax	5,755		489		6,244	
Tax losses not recognised	2,890		886		3,776	
<b>Tax charge for the year</b>	<b>5,682</b>	<b>(21.1)</b>	<b>–</b>	<b>–</b>	<b>5,682</b>	<b>(16.1)</b>
Tax charge from continuing operations	5,682		–		5,682	
Tax charge from a discontinued operation	–		–		–	

# Notes to Financial Statements

Year ended 31 December 2025

## 11. DISCONTINUED OPERATION

On 5 December 2024 and 21 January 2025, the Company (as seller) entered into a sale and purchase agreement and its supplemental agreement, respectively, with Ms. Judy Chan (“Ms. Chan”), the former chairlady, an executive director and the former controlling shareholder of the Company (as purchaser), pursuant to which the Company has conditionally agreed to sell, and Ms. Chan has conditionally agreed to acquire, the entire issued share capital of Pacific Surplus Limited and its subsidiaries together with a shareholder’s loan (the “Pacific Surplus Disposal”), being proposed disposal of the distillery business, for a total consideration of HK\$71.28 million (equivalent to RMB66.6 million).

The transaction was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 19 February 2025 and was completed on 28 March 2025 (the “Completion Date”). Therefore, the Company ceased its control over Pacific Surplus Limited and its subsidiaries (the “Pacific Surplus Group”) on the Completion Date, and the production of the spirits segment operated by the Pacific Surplus Group was classified as a discontinued operation during the year.

The results of the Pacific Surplus Group dealt with in the audited consolidated financial statements for the years ended 31 December 2025 and 2024 are summarised as follows:

	Note	For the period ended 28 March 2025 RMB'000	For the year ended 31 December 2024 RMB'000
Revenue		159	5,516
Cost of sales		(61)	(2,885)
Other income		37	83
Selling and distribution expenses		(22)	(92)
Administrative expenses		(1,924)	(7,158)
Impairment losses of non-current non-financial assets	16	–	(25,748)
Other expenses, net		–	(5)
Finance cost		(78)	(1,096)
Loss before tax		(1,889)	(31,385)
Income tax expense		–	–
Loss for the period/year		(1,889)	(31,385)
Gain on disposal of subsidiaries		2,458	–
Profit/(loss) for the period/year from a discontinued operation		569	(31,385)
Attributable to:			
Owners of the Company		569	(31,385)
Non-controlling interests		–	–
		569	(31,385)





# Notes to Financial Statements

Year ended 31 December 2025

## 11. DISCONTINUED OPERATION (CONTINUED)

### Earnings/(loss) per share from a discontinued operation

	2025 RMB cents	2024 RMB cents
Basic and diluted	0.07	(3.92)

The calculation of the basic earnings/(loss) per share amount from a discontinued operation is based on the profit for the year from a discontinued operation attributable to owners of the Company of RMB569,000 (2024: loss of RMB31,385,000), and the weighted average number of ordinary shares of 800,600,000 (2024: 800,600,000) outstanding during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts from a discontinued operation presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the impact of the share options outstanding during the years ended 31 December 2025 and 2024 had no dilutive effect on the basic earnings/(loss) per share amounts presented.

## 12. DIVIDENDS

Save as disclosed in notes 11, 30 and 31, in addition to the Pacific Surplus Disposal, on 5 December 2024 and 21 January 2025, the Company (as seller) entered into a sale and purchase agreement and its supplemental agreement, respectively, with Ms. Chan, the former chairlady, an executive director and the former controlling shareholder of the Company (as purchaser), pursuant to which the Company has conditionally agreed to sell, and Ms. Chan has conditionally agreed to acquire, 30% of the issued share capital of Epic Wealth Holdings Limited and its subsidiaries (the "Epic Wealth Group") for a total consideration HK\$38.88 million (equivalent to RMB35.3 million) (the "Epic Wealth Disposal").

Upon completion of each of the Pacific Surplus Disposal and the Epic Wealth Disposal, special dividends of HK7.802 cents per share and HK4.256 cents per share shall be declared, distributed and paid to the shareholders, respectively.

The transactions were approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 19 February 2025 and was completed on 28 March 2025. As a result, a total of RMB89,293,000 special dividends was then declared, distributed and paid to the shareholders accordingly during the year.

The board of directors does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

# Notes to Financial Statements

Year ended 31 December 2025

## 13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company and loss for the year from continuing operations attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

The calculations of basic and diluted loss per share are based on:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>Loss:</b>		
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	<b>(2,163)</b>	(41,018)
Loss for the year from continuing operations attributable to owners of the Company, used in the basic and diluted loss per share calculation	<b>(2,732)</b>	(9,633)
	<b>Number of shares</b>	
	<b>2025</b>	2024
<b>Shares:</b>		
Weighted average number of ordinary shares outstanding during they ear, used in the basic and diluted loss per share calculation	<b>800,600,000</b>	800,600,000

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the impact of the share options outstanding during the years ended 31 December 2025 and 2024 had no dilutive effect on the basic loss per share amounts presented.





# Notes to Financial Statements

Year ended 31 December 2025

## 14. PROPERTY, PLANT AND EQUIPMENT

Notes	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Vineyard infrastructure RMB'000	Bearer plants RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December 2025</b>									
At 31 December 2024 and 1 January 2025:									
Cost	191,836	7,739	63,033	26,671	2,764	-	4,008	1,335	297,386
Accumulated depreciation and impairment	(75,134)	(6,475)	(46,049)	(18,409)	(2,324)	-	(4,008)	(242)	(152,641)
Net carrying amount	116,702	1,264	16,984	8,262	440	-	-	1,093	144,745
At 1 January 2025, net of accumulated depreciation and impairment	116,702	1,264	16,984	8,262	440	-	-	1,093	144,745
Additions	4,274	257	105	660	97	-	-	585	5,978
Disposals and write-off	(602)	-	-	-	-	-	-	-	(602)
Disposal of subsidiaries	(78,195)	-	(14,417)	(4,084)	-	-	-	(1,601)	(98,297)
Depreciation provided during the year	(3,935)	(447)	(1,336)	(1,806)	(191)	-	-	-	(7,715)
Transfers	-	-	63	-	-	-	-	(63)	-
At 31 December 2025, net of accumulated depreciation	38,244	1,074	1,399	3,032	346	-	-	14	44,109
At 31 December 2025:									
Cost	95,806	6,891	43,094	20,180	2,687	-	4,008	14	172,680
Accumulated depreciation	(57,562)	(5,817)	(41,695)	(17,148)	(2,341)	-	(4,008)	-	(128,571)
Net carrying amount	38,244	1,074	1,399	3,032	346	-	-	14	44,109
<b>31 December 2024</b>									
At 1 January 2024:									
Cost	157,367	6,867	67,110	22,496	2,718	500	4,008	26,369	287,435
Accumulated depreciation	(53,055)	(6,324)	(46,288)	(16,299)	(1,947)	(495)	(3,935)	-	(128,343)
Net carrying amount	104,312	543	20,822	6,197	771	5	73	26,369	159,092
At 1 January 2024, net of accumulated depreciation	104,312	543	20,822	6,197	771	5	73	26,369	159,092
Additions	344	871	1,178	2,824	-	-	-	13,342	18,559
Disposals and write-off	-	-	(57)	(3)	-	-	-	-	(60)
Depreciation provided during the year	(6,447)	(150)	(2,456)	(1,710)	(264)	(5)	(73)	-	(11,105)
Impairment provided during the year	(17,337)	-	(2,859)	(1,241)	(67)	-	-	(237)	(21,741)
Transfers	35,830	-	356	2,195	-	-	-	(38,381)	-
At 31 December 2024, net of accumulated depreciation	116,702	1,264	16,984	8,262	440	-	-	1,093	144,745
At 31 December 2024:									
Cost	191,836	7,739	63,033	26,671	2,764	-	4,008	1,335	297,386
Accumulated depreciation and impairment	(75,134)	(6,475)	(46,049)	(18,409)	(2,324)	-	(4,008)	(242)	(152,641)
Net carrying amount	116,702	1,264	16,984	8,262	440	-	-	1,093	144,745

# Notes to Financial Statements

Year ended 31 December 2025

## 15. LEASES

### The Group as a lessee

The Group has lease contracts for certain of its offices, staff quarters and warehouses used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 2 and 5 years. Other buildings generally have lease terms of 12 months or less. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Notes	Leasehold land RMB'000	Buildings RMB'000	Total RMB'000
As at 1 January 2024		21,644	212	21,856
Additions		205	597	802
Impairment provided during the year	16	(1,281)	–	(1,281)
Depreciation charge		(1,895)	(271)	(2,166)
As at 31 December 2024 and 1 January 2025		<b>18,673</b>	<b>538</b>	<b>19,211</b>
Additions		–	<b>568</b>	<b>568</b>
Disposal of subsidiaries	30	<b>(5,775)</b>	–	<b>(5,775)</b>
Depreciation charge		<b>(577)</b>	<b>(339)</b>	<b>(916)</b>
As at 31 December 2025		<b>12,321</b>	<b>767</b>	<b>13,088</b>







# Notes to Financial Statements

Year ended 31 December 2025

## 15. LEASES (CONTINUED)

### The Group as a lessee (Continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	2,668	2,252
New lease	568	597
Accretion of interest recognised during the year	35	38
Payments	(394)	(219)
Carrying amount at 31 December	2,877	2,668
Analysed into:		
Current portion	297	233
Non-current portion	2,580	2,435

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

#### (c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	35	38
Impairment provided on right-of-use assets (note 16)	–	1,281
Depreciation charge of right-of-use assets	916	2,166
Expense relating to short-term leases (included in administrative expenses)	239	921
Total amount recognised in profit or loss	1,190	4,406

# Notes to Financial Statements

Year ended 31 December 2025

## 16. GOODWILL

	2025 RMB'000	2024 RMB'000
At the beginning of the year:		
Cost	4,087	4,087
Accumulated impairment	(2,726)	–
Net carrying amount	1,361	4,087
Carrying amount at the beginning of the year, net of accumulated impairment	1,361	4,087
Impairment provided during the year	–	(2,726)
Net carrying amount at the end of the year	1,361	1,361
At the end of the year:		
Cost	1,361	4,087
Accumulated impairment	–	(2,726)
Net carrying amount	1,361	1,361

### Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Online sales cash-generating unit; and
- Production of spirits cash-generating unit (disposed of during the year)

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Online sales		Production of spirits		Total	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Carrying amount of goodwill	1,361	1,361	–	–	1,361	1,361





# Notes to Financial Statements

Year ended 31 December 2025

## 16. GOODWILL (CONTINUED)

### Impairment testing of goodwill (Continued)

#### *Online sales cash-generating unit*

The recoverable amount of the online sales cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections is 16.5% (2024: 16.1%). The growth rate used to extrapolate the cash flows beyond the five-year period is 2.0% (2024: 2.2%).

Assumptions were used in the value-in-use calculation of the online sales cash-generating unit for 31 December 2025 and 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

**Budgeted gross margins** – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, and expected market development.

**Discount rate** – the discount rate used is before tax and reflects specific risks relating to the relevant unit.

**Growth rate** – the growth rate is based on management expectation of the long-term forecast growth rate of the product.

#### *Production of spirits cash-generating unit*

On 5 December 2024 and 21 January 2025, the Company entered into agreements with Ms. Chan, former chairlady, executive director and former controlling shareholder of the Company, pursuant to which the Company has conditionally agreed to sell, and Ms. Chan has conditionally agreed to acquire, the entire issued share capital of Pacific Surplus Limited and its subsidiaries (the “Pacific Surplus Group”, which engage in the Group’s production of spirits business), for HK\$71.28 million (the “Pacific Surplus Consideration”). The disposal transaction is referred to as the “Pacific Surplus Disposal”. According to the poll results announcement of the Company of the extraordinary general meeting held on 19 February 2025, the independent shareholders of the Company have approved the disposal. Please refer to the details of the disposal transaction in the Company’s circular (the “VSD Circular”) dated 24 January 2025.

Based on the management’s estimation as at 31 December 2024, the disposal would result in a loss on disposal to the Group upon completion. This event constituted impairment indicator of the non-current non-financial assets attributable to the relevant CGU, including property, plant and equipment, right-of-use assets and goodwill. Accordingly, the Group carried out impairment test of these assets attributable the related CGU as at 31 December 2024 in accordance with HKAS 36 *Impairment of Assets*.

# Notes to Financial Statements

Year ended 31 December 2025

## 16. GOODWILL (CONTINUED)

### Impairment testing of goodwill (Continued)

#### Production of spirits cash-generating unit (Continued)

Under the impairment assessment performed during the year ended 31 December 2024, considering the fact that the Pacific Surplus Group would be disposed of by the Group subsequent to the reporting period, the value in use of the related assets (including property, plant and equipment, right-of-use assets and goodwill) would consist mainly of the net disposal proceeds, as the future cash flows from continuing use of the assets until its disposal were insignificant. Thus, when determining the recoverable amount of the non-current non-financial assets of the production of spirits business, the directors based on the Pacific Surplus Consideration, which was determined based on a valuation performed by the independent external valuer, APAC Asset Valuation and Consulting Limited, on an asset-based approach based on the adjusted net asset value after marketability adjustments of the Pacific Surplus Group, of which all individual asset and liability account categories were analysed and valued separately. Details of the determination of the Pacific Surplus Consideration and letter from the independent financial adviser were disclosed in the VSD Circular.

In determining the impairment amount, the management allocated the Pacific Surplus Consideration to the Group's financial assets, financial liabilities and non-current non-financial assets and based on the calculation, impairment losses with an aggregate amount of HK\$25.7 million were required to be recognised on the non-current non-financial assets of Pacific Surplus Group during the year ended 31 December 2024. The management firstly reduced the carrying amount of goodwill, and pro rata the remaining impairment amount to the property, plant and equipment and right-of-use assets of the Pacific Surplus Group. Based on the results of the impairment assessment, impairment losses of RMB2.7 million, RMB21.7 million and RMB1.3 million were provided to the goodwill, property, plant and equipment and right-of-use assets of the CGU, respectively, for the year ended 31 December 2024.

## 17. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Unlisted equity investment, at fair value Pushan (Beijing) International Trading Co. Ltd.* (葡善(北京)國際貿易有限公司)	687	1,062

\* Official name of the entity is in Chinese. The English translation of the name is for identification purposes only.

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be strategic in nature.





# Notes to Financial Statements

Year ended 31 December 2025

## 18. INVENTORIES

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Raw materials	<b>3,512</b>	4,337
Work in progress	<b>90,812</b>	83,454
Finished goods	<b>5,357</b>	11,449
<b>Total</b>	<b>99,681</b>	99,240

## 19. BIOLOGICAL ASSETS

Movements of biological assets, representing grapes growing on bearer plants, are summarised as follows:

	Note	<b>2025</b>	2024
		<b>RMB'000</b>	RMB'000
At the beginning of the year		–	–
Increase due to cultivation		<b>2,625</b>	2,769
Gains arising from changes in fair value of agricultural produce at the point of harvest	6	<b>1,206</b>	1,517
Transfer of harvested grapes to inventories		<b>(3,831)</b>	(4,286)
<b>At the end of the year</b>		<b>–</b>	–

During the year, the Group harvested 488.0 tonnes (2024: 460.9 tonnes) of grapes. The directors measured the fair value less costs to sell of grapes at harvest based on market prices as at or close to the harvest dates.

Cultivation costs incurred are accounted for as additions to the biological assets. All grapes are harvested annually from late August to October of 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. The market approach is adopted to value the harvested grapes (the "Agricultural Produce") and the cost approach is adopted to value the immature grapes (the "Immature Grapes") during the growing period. The costs of direct raw materials, direct labour, labour service, cultivation cost incurred during the growing period, including fertilisers, water, pesticides and other direct costs including rentals of the farmland, have been considered in the determination of the fair values during the growing period and these costs approximate to their fair values. During the harvesting period, the market approach is adopted whereby the fair values of the Agricultural Produce are calculated to be the product of the market price and estimated quantities of the Agricultural Produce after deducting reasonable costs related to selling.

# Notes to Financial Statements

Year ended 31 December 2025

## 19. BIOLOGICAL ASSETS (CONTINUED)

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 the Immature Grapes and the market price for harvested grapes.

During the year, no transfers occurred between levels in the hierarchy.

The fair values were determined by an independent professionally qualified valuer, Avista Valuation Advisory Limited, with reference to market-determined prices, cultivation areas, species, growing conditions, and costs incurred. Avista Valuation Advisory Limited is located at 23rd Floor, Siu On Centre, 188 Lockhart Road, Wanchai, Hong Kong.

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 techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	Range
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	Not applicable
Agricultural Produce	Level 3	Market approach  The key input is: Market price per kilogram ("kg") of grapes	Market price of grapes	The higher the market price, the higher the fair value	2025: RMB7.43 per kg to RMB10.12 per kg; (2024: RMB8.93 per kg to RMB12.17 per kg); varies for different types of grapes





# Notes to Financial Statements

Year ended 31 December 2025

## 20. TRADE RECEIVABLES

	Note	2025 RMB'000	2024 RMB'000
Trade receivables from third parties		801	782
Impairment		(6)	(5)
Net carrying amount	(i)	795	777

The Group's trading terms with its customers are normally payment in advance, except for the online sales customers and customers with long trading history, which are on credit. The credit period is generally for a period from one to six months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Note:

(i) **Trade receivables**

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

	2025 RMB'000	2024 RMB'000
Within 60 days	795	777

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	5	2
Impairment losses, net	1	3
At end of year	6	5

# Notes to Financial Statements

Year ended 31 December 2025

## 20. TRADE RECEIVABLES (CONTINUED)

Note: (Continued)

### (i) Trade receivables (Continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and credit rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

#### As at 31 December 2025

	Past due					Total
	Current	Less than 1 month	1 to 3 months	4 to 6 months	Over 6 months	
Expected credit loss rate	0.70%	–	–	–	–	0.70%
Gross carrying amount (RMB'000)	801	–	–	–	–	801
Expected credit losses (RMB'000)	6	–	–	–	–	6

#### As at 31 December 2024

	Past due					Total
	Current	Less than 1 month	1 to 3 months	4 to 6 months	Over 6 months	
Expected credit loss rate	0.68%	–	–	–	–	0.68%
Gross carrying amount (RMB'000)	782	–	–	–	–	782
Expected credit losses (RMB'000)	5	–	–	–	–	5







# Notes to Financial Statements

Year ended 31 December 2025

## 21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments	762	1,096
Deposits and other receivables	2,556	1,360
VAT recoverable	1,000	11,419
Total	4,318	13,875

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. Where applicable, an impairment analysis is performed on deposits and other receivables at each reporting date by considering the probability of default of comparable companies with published credit ratings. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forward-looking information, as appropriate.

As at 31 December 2025 and 2024, the Group has concluded that the probability of default and loss rate are low and the financial impact of expected credit losses for deposits and other receivables under HKFRS 9 was insignificant for the years ended 31 December 2025 and 2024. The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

# Notes to Financial Statements

Year ended 31 December 2025

## 22. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	21,747	34,488

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to RMB20,484,000 (2024: RMB30,798,000). The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

## 23. TRADE PAYABLES

As at the end of the reporting period, an ageing analysis of the trade payables, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 30 days	185	478
31 to 90 days	748	780
Total	933	1,258

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





# Notes to Financial Statements

Year ended 31 December 2025

## 24. OTHER PAYABLES AND ACCRUALS

	Notes	2025 RMB'000	2024 RMB'000
Accruals		966	1,693
Other payables	(i)	2,910	3,155
Contract liabilities	(ii)	777	664
Due to related parties	(iii)	2,109	10,788
<b>Total</b>		<b>6,762</b>	<b>16,300</b>

Notes:

- (i) Other payables are non-interest-bearing and have an average term of 30 to 90 days.
- (ii) Details of contract liabilities are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
<i>Short-term advances received from customers</i>			
Sales of goods	777	664	1,432

Contract liabilities mainly represent short-term advances received to deliver wine products. The increase (2024: decrease) in contract liabilities in 2025 was mainly due to increase (2024: decrease) in the short-term advances received from customers in relation to the delivery of goods at the end of the year.

- (iii) Due to related parties:

	Notes	2025 RMB'000	2024 RMB'000
Sanlion International Investment Limited	(a)	45	47
Hill Valley Investment Co Ltd	(b)	39	–
Judy Chan		1,989	7,000
Chan Kwan		36	3,741
<b>Total</b>		<b>2,109</b>	<b>10,788</b>

Notes:

- (a) Each of Chan Chun Keung, Judy Chan, Wong Shu Ying, Chan Kwan and Chan Pak Lim Brian (brother of Judy Chan) effectively holds 60%, 10%, 10%, 10% and 10% equity interests in this company, respectively.
- (b) Hill Valley Investment Co Ltd holds 73.63% shareholdings of the company.

The outstanding balances with related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

# Notes to Financial Statements

Year ended 31 December 2025

## 25. INTEREST-BEARING BANK BORROWINGS

	Notes	31 December 2025			31 December 2024		
		Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>							
Bank loan – secured	(a), (b)	-	-	-	LPR+0.35	2025	3,143
Bank loan – secured	(a), (c)	-	-	-	LPR+0.3	2025	200
Total – current				-			3,343
<b>Non-current</b>							
Bank loan – secured	(a), (b)	-	-	-	LPR+0.35	2025–2033	49,243
Bank loan – secured	(a), (c)	-	-	-	LPR+0.3	2025–2027	9,800
Total – non-current				-			59,043
				-			62,386
					<b>2025</b>	<b>2024</b>	
					<b>RMB'000</b>	<b>RMB'000</b>	
Analysed into:							
Bank loans:							
Within one year or on demand					-		200
In the second year					-		11,760
In the third to fifth years, inclusive					-		8,493
Beyond five years					-		41,933

Notes:

- (a) As at 31 December 2024, all borrowings were denominated in RMB.
- (b) As at 31 December 2024, the Group's bank borrowing of RMB52,386,000 was secured by the pledge of the Group's property, plant and equipment of RMB52,029,000 and right-of-use asset of RMB6,909,000 and the premises of Wong Shu Ying and Chan Kwan, and guaranteed by Judy Chan.
- (c) As at 31 December 2024, the Group's bank borrowing of RMB10,000,000 was secured by the pledge of the Group's property, plant and equipment of RMB52,029,000 and right-of-use asset of RMB6,909,000 and guaranteed by Judy Chan and Shanxi Grace Vineyard.





# Notes to Financial Statements

Year ended 31 December 2025

## 26. DEFERRED TAX

The movements in deferred tax assets/(liabilities) during the year are as follows:

	Fair value of agricultural produce at the date of harvest	Withholding taxes	Fair value adjustments arising from acquisition of subsidiaries	Revaluation of equity investment at fair value through other comprehensive income	Depreciation in excess of related depreciation allowance	Right-of-use assets	Unrealised profits from intra-group transactions	Impairment of financial asset	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	(1,037)	(2,750)	(26)	-	183	(26)	4,921	1	1,266
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	(384)	100	-	-	-	18	(1,274)	(1)	(1,541)
Deferred tax charged to other comprehensive income during the year	-	-	-	(16)	-	-	-	-	(16)
At 31 December 2024 and 1 January 2025	<b>(1,421)</b>	<b>(2,650)</b>	<b>(26)</b>	<b>(16)</b>	<b>183</b>	<b>(8)</b>	<b>3,647</b>	<b>-</b>	<b>(291)</b>
Deferred tax charged to the statement of profit or loss during the year (note 10)	<b>(373)</b>	<b>(170)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7)</b>	<b>(572)</b>	<b>-</b>	<b>(1,122)</b>
Deferred tax credited to other comprehensive income during the year	<b>-</b>	<b>-</b>	<b>-</b>	<b>94</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94</b>
Disposal of subsidiaries (note 30)	<b>-</b>	<b>-</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26</b>
At 31 December 2025	<b>(1,794)</b>	<b>(2,820)</b>	<b>-</b>	<b>78</b>	<b>183</b>	<b>(15)</b>	<b>3,075</b>	<b>-</b>	<b>(1,293)</b>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	<b>3,323</b>	3,802
Net deferred tax liabilities recognised in the consolidated statement of financial position	<b>(4,616)</b>	(4,093)
Net deferred tax liabilities	<b>(1,293)</b>	(291)

# Notes to Financial Statements

Year ended 31 December 2025

## 26. DEFERRED TAX (CONTINUED)

Deferred tax assets have not been recognised in respect of following items:

	2025 RMB'000	2024 RMB'000
Tax losses	95,130	85,647
Deductible temporary differences	–	750
	<b>95,130</b>	<b>86,397</b>

The Group had tax losses arising in Hong Kong of RMB73,719,000 (2024: RMB69,198,000) which are subject to the confirmation from the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group had tax losses arising in the Chinese mainland of RMB10,781,000 (2024: RMB16,449,000) as at 31 December 2025, that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in the Chinese mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

## 27. SHARE CAPITAL

	2025			2024		
	Number of shares	HK\$'000	RMB'000 equivalent	Number of shares	HK\$'000	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	800,600,000	801	675	800,600,000	801	675

### Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 29 to the financial statements.





# Notes to Financial Statements

Year ended 31 December 2025

## 28. RESERVES

The amounts of the Group's reserves and movements therein for the reporting period are presented in the consolidated statement of changes in equity.

### (i) Capital reserve

The capital reserve represents the excess of capital contribution over the registered capital upon the capital injection of subsidiaries of the Group established in the PRC, capital contribution from shareholders on share-based payment expenses and the loss of RMB45,158,000 recognised for the disposal of partial interests of subsidiaries, which which represented the difference between the consideration received and 30% of the net assets value of the Epic Wealth Group that attributable to the Group as at the disposal date..

### (ii) Statutory reserve funds

In accordance with the Law of the PRC for Enterprises with Foreign Investments and the articles of association of subsidiaries of the Group established in the PRC, appropriations from net profits, after offsetting accumulated losses brought forward from prior years, should be made to the reserve funds before distributions are made to the owners. The percentage of net profits to be appropriated to the reserve funds should not be less than 10% of the net profits. When the balance of the reserve funds reaches 50% of the paid-up capital, no further appropriations are required to be made.

### (iii) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign currency exchange differences arising from the translation of the financial statements.

## 29. SHARE OPTION SCHEME

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 for 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 have 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 as at 27 June 2018 (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.

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.

# Notes to Financial Statements

Year ended 31 December 2025

## 29. SHARE OPTION SCHEME (CONTINUED)

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.

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

In May 2022, 3,000,000 share options were granted under the Scheme, at an exercise price of HK\$0.170 per share. 30% of the share options vested on 17 May 2023. The remaining 30% and 40% of the share options will vest on 17 May 2024 and 17 May 2025, respectively, on the condition that the employee of the Company remains 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 3,000,000. The options will lapse on the tenth anniversary of the grant date.







# Notes to Financial Statements

Year ended 31 December 2025

## 29. SHARE OPTION SCHEME (CONTINUED)

- (i) The following share options was outstanding under the Scheme during the year:

	2025		2024	
	Weighted average exercise price per share HK\$	Number of options '000	Weighted average exercise price per share HK\$	Number of options '000
At 1 January and 31 December	0.182	12,400	0.182	12,400

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

### 2025

Number of options '000	Exercise price* HK\$ per share	Exercise period
2,400	0.186	17 May 2022–16 May 2031
3,000	0.186	17 May 2023–16 May 2031
4,000	0.186	17 May 2024–16 May 2031
900	0.170	17 May 2023–16 May 2032
900	0.170	17 May 2024–16 May 2032
1,200	0.170	17 May 2025–16 May 2032
12,400		

# Notes to Financial Statements

Year ended 31 December 2025

## 29. SHARE OPTION SCHEME (CONTINUED)

(ii) (Continued)

2024

Number of options '000	Exercise price* HK\$ per share	Exercise period
2,400	0.186	17 May 2022–16 May 2031
3,000	0.186	17 May 2023–16 May 2031
4,000	0.186	17 May 2024–16 May 2031
900	0.170	17 May 2023–16 May 2032
900	0.170	17 May 2024–16 May 2032
1,200	0.170	17 May 2025–16 May 2032
12,400		

\* The exercise price of the share options is subject to adjustment in the case of right or bonus issues, or other similar changes in the Company's share capital.

The Group recognised a share option expense of RMB11,000 (equivalent to approximately HK\$12,000) (for the year ended 31 December 2024: RMB86,000 (equivalent to HK\$93,000)) for the year ended 31 December 2025.

At the end of the reporting period, the Company had 12,400,000 share options outstanding. If the outstanding share options were exercised in full, an additional 12,400,000 ordinary shares of the Company will be issued, resulting in additional share capital of RMB11,000 (equivalent to approximately HK\$12,400) and share premium of RMB2,021,000 (equivalent to approximately HK\$2,246,000) (before issue expenses), respectively.





# Notes to Financial Statements

Year ended 31 December 2025

## 30. DISPOSAL OF SUBSIDIARIES

As detailed in note 11 to the financial statements, the Group disposed of the Pacific Surplus Group during the year. The assets and liabilities of the Pacific Surplus Group as at the Completion date were as follows:

	Notes	Completion Date RMB'000
Net assets disposed of:		
Property, plant and equipment	14	98,297
Right-of-use assets	15(a)	5,775
Inventories		9,445
Trade receivables		11
Prepayments, deposits and other receivables		12,242
Cash and bank balances		2,751
Other payables and accruals		(3,069)
Interest-bearing bank borrowings	32(b)	(62,386)
Deferred tax liabilities	26	(26)
		63,040
Exchange fluctuation reserve realised		(528)
Expenses incurred for the disposal		1,671
Gain on disposal of subsidiaries, included in a discontinued operation		2,458
<b>Total consideration</b>		<b>66,641</b>
Satisfied by cash		66,641

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2025 RMB'000
Cash consideration	66,641
Cash and bank balances disposed of	(2,751)
Expenses incurred for the disposal	(1,671)
<b>Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries</b>	<b>62,219</b>

# Notes to Financial Statements

Year ended 31 December 2025

## 31. DISPOSAL OF PARTIAL INTERESTS OF SUBSIDIARIES

On 5 December 2024 and 21 January 2025, the Company (as seller) entered into a sale and purchase agreement and its supplemental agreement with Ms. Chan, the former chairlady, an executive director and the former controlling shareholder of the Company (as purchaser), pursuant to which the Company has conditionally agreed to sell, and Ms. Chan has conditionally agreed to acquire, 30% of the issued share capital of the Epic Wealth Group for a total consideration of HK\$38.88 million (equivalent to RMB35.3 million).

The transaction was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 19 February 2025 and was completed on 28 March 2025.

Upon completion of the transaction, a loss of RMB45,158,000 was recognised in capital reserve, which represented the difference between the consideration received and 30% of the net assets value of the Epic Wealth Group that attributable to the Group as at the disposal date.

## 32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Epic Wealth Group were considered subsidiaries that have material non-controlling interests during the year ended 31 December 2025, and summary financial information of which is set out below:

	2025
Percentage of equity interest held by non-controlling interests	30%

	2025 RMB'000
Consolidated loss for the year allocated to non-controlling interests	(455)
Dividends paid to non-controlling interests of the Company	–
Accumulated balances of non-controlling interests at the reporting date	(80,289)





## Notes to Financial Statements

Year ended 31 December 2025

### 32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised consolidated financial information of the Epic Wealth Group. The amounts disclosed are before any inter-company eliminations:

	2025 RMB'000
Revenue	34,881
Total expenses	(36,398)
Loss for the year	(1,517)
Total comprehensive loss for the year	(640)
Current assets	260,914
Non-current assets	172,800
Current liabilities	(158,862)
Non-current liabilities	(7,222)
Net cash flows used in operating activities	(2,291)
Net cash flows used in investing activities	(4,760)
Net cash flows used in financing activities	(359)
Net decrease in cash and cash equivalents	(7,410)

# Notes to Financial Statements

Year ended 31 December 2025

## 33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year ended 31 December 2025, the Group had non-cash transactions to right-of-use assets and lease liabilities of RMB568,000 and RMB568,000 (2024: RMB802,000 and RMB597,000), respectively, in respect of lease arrangements for buildings and leasehold land.

### (b) Changes in liabilities arising from financing activities

The table below details the cash flows and non-cash changes in the Group's liabilities arising from financing activities. Except as disclosed below, there were no non-cash changes in the Group's liabilities arising from financing activities.

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	34,667	2,252	36,919
New lease	–	597	597
Interest expense	–	38	38
Interest paid classified as operating cash flows	–	(38)	(38)
Financing cash flows	27,719	(181)	27,538
At 31 December 2024 and 1 January 2025	<b>62,386</b>	<b>2,668</b>	<b>65,054</b>
New lease	–	568	568
Interest expense	–	35	35
Interest paid classified as operating cash flows	–	(35)	(35)
Disposal of subsidiaries (note 30)	<b>(62,386)</b>	–	<b>(62,386)</b>
Financing cash flows	–	<b>(359)</b>	<b>(359)</b>
At 31 December 2025	–	<b>2,877</b>	<b>2,877</b>





# Notes to Financial Statements

Year ended 31 December 2025

## 34. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no significant contingent liabilities (2024: Nil).

## 35. COMMITMENTS

(a) The Group had the following contractual commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Construction in progress	–	131

(b) The Group has no lease contracts for offices that have not yet commenced as at 31 December 2025 (2024: Nil).

(c) The Group has lease commitments for short-term leases of RMB73,000 (2024: Nil) as at 31 December 2025.

## 36. RELATED PARTY TRANSACTIONS

(a) In addition to those transactions and balances disclosed elsewhere in the financial statements, the Group had the following material transactions with related parties during the year:

	Note	2025 RMB'000	2024 RMB'000
<b>Sales of products</b>			
– Chan Kwan		74	24
– Chan Chun Keung		7	82
– Judy Chan		3	36
– Rugao Hengfa Wastewater Treatment Company Limited (“Rugao Hengfa”)	(i)	188	–

# Notes to Financial Statements

Year ended 31 December 2025

## 36. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (continued)

Note:

- (i) Rugao Hengfa is a subsidiary of ELL Environmental Holdings Limited (“ELL Environmental”). Chan Kwan serves as an executive director of ELL Environmental.

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

The above transactions also constitute connected transactions as defined in Chapter 20 of the GEM Listing Rules.

- (b) The Group has paid Dragonfield Management Limited amounting to RMB150,000 (2024: RMB170,000) for leases of commercial premises for use as offices during the year. Dragonfield Management Limited is held by Chan Chun Keung, Judy Chan, Wong Shu Ying, Chan Kwan and Chan Pak Lim Brian with effective equity interests of 60%, 10%, 10%, 10% and 10%, respectively. The payment in respect of other administrative services provided by Dragonfield Management Limited during the year on behalf of the Group was RMB1,676,000 (2024: RMB1,573,000).
- (c) Details of the Group’s balances with the related parties are included in note 24 to the financial statements.
- (d) Compensation of key management personnel of the Group:

	<b>2025</b>	2024
	<b>RMB’000</b>	RMB’000
Fee	<b>184</b>	240
Salaries, allowances and benefits in kind	<b>1,567</b>	1,708
Performance related bonuses	<b>48</b>	30
Pension scheme contributions	<b>128</b>	185
Equity-settled share option expense	–	33
Total	<b>1,927</b>	2,196

Further details of directors’ emoluments are included in note 8 to the financial statements.







# Notes to Financial Statements

Year ended 31 December 2025

## 37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**2025**

### *Financial assets*

	Financial asset at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	795	795
Financial assets included in prepayments, deposits and other receivables	–	2,556	2,556
Equity investment designated at fair value through other comprehensive income	687	–	687
Cash and cash equivalents	–	21,747	21,747
<b>Total</b>	<b>687</b>	<b>25,098</b>	<b>25,785</b>

### *Financial liabilities*

	Financial liabilities at amortised cost RMB'000
Trade payables	933
Financial liabilities included in other payables and accruals	3,802
Lease liabilities	2,877
<b>Total</b>	<b>7,612</b>

# Notes to Financial Statements

Year ended 31 December 2025

## 37. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2024

### Financial assets

	Financial asset at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	777	777
Financial assets included in prepayments, deposits and other receivables	–	1,360	1,360
Equity investment designated at fair value through other comprehensive income	1,062	–	1,062
Cash and cash equivalents	–	34,488	34,488
<b>Total</b>	<b>1,062</b>	<b>36,625</b>	<b>37,687</b>

### Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	1,258
Financial liabilities included in other payables and accruals	14,936
Interest-bearing bank borrowings	62,386
Lease liabilities	2,668
<b>Total</b>	<b>81,248</b>





# Notes to Financial Statements

Year ended 31 December 2025

## 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amount		Fair value	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial asset</b>				
Equity investment designated at fair value through other comprehensive income	687	1,062	687	1,062

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the executive directors and the Audit Committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the executive directors. The valuation process and results are discussed with the Audit Committee twice a year for interim and annual financial reporting.

The fair value of the financial asset is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value:

For the fair value of the unlisted equity investment, management has estimated the fair value of the investment by using an asset-based approach as its major assets approximate to fair value due to the short term maturities.

# Notes to Financial Statements

Year ended 31 December 2025

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

### Foreign currency risk

Foreign currency risk refers to the risk on the fluctuation of fair value or future cash flows of financial instruments which arose from changes in exchange rates.

The Group's businesses are mainly located in the Chinese mainland and are mainly transacted and settled in RMB. Accordingly, the directors considered that the Group's foreign currency exchange risk is insignificant. Certain sales and purchases were settled in other currencies including Hong Kong dollar, United States dollar, Euro and British Pound. The fluctuation of the exchange rates of such currencies against RMB will affect the Group's results of operations. In addition, the RMB is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of the currency out of the Chinese mainland. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate PRC Government authorities is required where RMB is to be converted into foreign currencies and remitted out of the Chinese mainland to pay for capital account items, such as the repayment of bank loans denominated in foreign currencies.





# Notes to Financial Statements

Year ended 31 December 2025

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Foreign currency risk (Continued)

Currently, the Group's PRC subsidiaries may purchase foreign exchange for settlement of current account transactions, including payment of dividends to the shareholders of the PRC subsidiaries, with the prior approval of the State Administration for Foreign Exchange. The Group's PRC subsidiaries may also retain foreign exchange in their current accounts to satisfy foreign exchange liabilities or to pay dividends. Since foreign exchange transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange, this could affect the Group's subsidiaries' ability to obtain the required foreign currency amounts through debt or equity financing, including by means of loans or capital contributions from the Company. There are limited hedging instruments available in the PRC to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risks. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Group may not be able to hedge the Group's exposure successfully, or at all. A reasonably possible change of 5% in the exchange rate between the Hong Kong dollar and RMB would have no material impact on the Group's loss during the year and there would be no material impact on the Group's equity.

### Credit risk

#### *Maximum exposure and year-end staging*

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which mainly comprise cash and cash equivalents, trade receivables, and prepayments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Group has no significant concentration of credit risk on prepayments, deposits and other receivables, with exposure spread over a large number of counterparties and customers.

# Notes to Financial Statements

Year ended 31 December 2025

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit risk (Continued)

#### Maximum exposure and year-end staging (Continued)

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month	Lifetime ECLs			Total
	ECLs	Simplified			
	Stage 1	Stage 2	Stage 3	approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	801	801
Financial assets included in prepayments, deposits and other receivables					
– Normal**	2,556	–	–	–	2,556
Cash and cash equivalents					
– Not yet past due	21,747	–	–	–	21,747
<b>Total</b>	<b>24,303</b>	<b>–</b>	<b>–</b>	<b>801</b>	<b>25,104</b>





# Notes to Financial Statements

Year ended 31 December 2025

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit risk (Continued)

#### Maximum exposure and year-end staging (Continued)

As at 31 December 2024

	12-month	Lifetime ECLs			Total
	ECLs	ECLs			
	Stage 1	Stage 2	Stage 3	Simplified	
	RMB'000	RMB'000	RMB'000	approach	RMB'000
				RMB'000	
Trade receivables*	–	–	–	782	782
Financial assets included in prepayments, deposits and other receivables					
– Normal**	1,360	–	–	–	1,360
Cash and cash equivalents					
– Not yet past due	34,488	–	–	–	34,488
<b>Total</b>	<b>35,848</b>	<b>–</b>	<b>–</b>	<b>782</b>	<b>36,630</b>

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the financial statements.

\*\* The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 20 to the financial statements.

# Notes to Financial Statements

Year ended 31 December 2025

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Liquidity risk

Liquidity risk refers to the risk that an enterprise may encounter difficulties to obtain adequate finance to repay the debt related to financial instruments. Liquidity risk may arise from the inability to dispose of financial assets promptly, counterparties being unable to repay their contracted debt obligations, the repayment of debts before the maturity dates of debt obligations, or the inability to generate the expected cash flows.

In the management of the liquidity risk, the Group monitors and maintains a level of cash deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group's objective is to maintain a balance between continuity of funding and flexibility through the funding from related parties. In the opinion of the directors of the Company, the Group expects to have adequate sources of funding to finance the Group and manage the liquidity position.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

#### As at 31 December 2025

	Within 1 year or on demand RMB'000	Between 1–5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade payables	933	–	–	933
Other payables and accruals	3,802	–	–	3,802
Lease liabilities	297	542	2,165	3,004
Total	5,032	542	2,165	7,739







# Notes to Financial Statements

Year ended 31 December 2025

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Liquidity risk (Continued)

As at 31 December 2024

	Within 1 year or on demand RMB'000	Between 1–5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade payables	1,258	–	–	1,258
Other payables and accruals	14,936	–	–	14,936
Lease liabilities	287	239	2,194	2,720
Interest-bearing bank borrowings	2,762	28,496	48,021	79,279
<b>Total</b>	<b>19,243</b>	<b>28,735</b>	<b>50,215</b>	<b>98,193</b>

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, and to maintain healthy capital ratios in order to support its business.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group's gearing ratio is measured by total external borrowings divided by total equity. The gearing ratios as at each of the end of the reporting periods were as follows:

	Note	<b>2025</b> RMB'000	2024 RMB'000
Interest-bearing bank borrowings	25	–	62,386
Total equity		<b>168,801</b>	226,132
Gearing ratio		–	27.6%

# Notes to Financial Statements

Year ended 31 December 2025

## 40. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation and disclosures.

## 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	1,546	15,630
CURRENT ASSETS		
Due from subsidiaries	150,030	157,896
Cash and bank balances	46	182
Total current assets	150,076	158,078
CURRENT LIABILITIES		
Other payables and accruals	157	125
Due to subsidiaries	133,891	54,586
Total current liabilities	134,048	54,711
NET CURRENT ASSETS	16,028	103,367
Net assets	17,574	118,997
EQUITY		
Issued capital	675	675
Reserves (note)	16,899	118,322
Total equity	17,574	118,997





# Notes to Financial Statements

Year ended 31 December 2025

## 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	137,720	2,672	848	10,529	(34,628)	117,141
Loss for the year	-	-	-	-	(2,325)	(2,325)
Other comprehensive income for the year:						
Exchange differences on translation of financial statements	-	-	-	3,420	-	3,420
Total comprehensive income for the year	-	-	-	3,420	(2,325)	1,095
Equity-settled share option arrangements	-	-	86	-	-	86
At 31 December 2024 and 1 January 2025	<b>137,720</b>	<b>2,672</b>	<b>934</b>	<b>13,949</b>	<b>(36,953)</b>	<b>118,322</b>
Loss for the year	-	-	-	-	(10,193)	(10,193)
Other comprehensive loss for the year:						
Exchange differences on translation of financial statements	-	-	-	(1,948)	-	(1,948)
Total comprehensive loss for the year	-	-	-	(1,948)	(10,193)	(12,141)
Equity-settled share option arrangements	-	-	11	-	-	11
2025 special dividend	(89,293)	-	-	-	-	(89,293)
At 31 December 2025	<b>48,427</b>	<b>2,672</b>	<b>945</b>	<b>12,001</b>	<b>(47,146)</b>	<b>16,899</b>

## 42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 March 2026.

## Financial Summary

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the Company's audited consolidated financial statements, is set out below:

### RESULTS

	2025 RMB'000	Year ended 31 December			
		2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	<b>35,040</b>	34,553	64,985	62,119	84,693
(Loss)/profit before tax	<b>(1,437)</b>	(35,336)	11,461	887	11,895
Income tax expense	<b>(1,181)</b>	(5,682)	(1,241)	(1,485)	(4,155)
(Loss)/profit for the year	<b>(2,618)</b>	(41,018)	10,220	(598)	7,740

### ASSETS AND LIABILITIES

	2025 RMB'000	As at 31 December			
		2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total assets	<b>189,109</b>	318,561	331,197	330,835	309,326
Total liabilities	<b>20,308</b>	92,429	64,377	74,564	49,222
Total equity	<b>168,801</b>	226,132	266,820	256,271	260,104

