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

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

**(Stock Code: 8146)**

**DISCLOSEABLE TRANSACTION**  
**CONSTRUCTION CONTRACT IN RELATION TO**  
**THE CONSTRUCTION OF THE DISTILLERY**

The Board is pleased to announce that on 28 April 2021 (after trading hours), Fujian Dexi, an indirect wholly-owned subsidiary of the Company, entered into the Construction Contract with the Contractor, an independent third party, pursuant to which the Contractor will undertake Construction Works in respect of the Distillery for a total contract sum of RMB23,853,211 (exclusive of VAT).

As one or more of the applicable percentage ratios in respect of the Construction Contract exceeds 5% but are all below 25%, the entering into of the Construction Contract constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules.

**THE CONSTRUCTION CONTRACT**

The principal terms of the Construction Contract are set out below:

Date: 28 April 2021

Parties:

- (1) Fujian Dexi Wine Company Limited\* (福建德熙酒業有限公司), as owner
- (2) Fujian Tongyuan Construction Project Co. Ltd.\* (福建省同源建設工程有限公司), as contractor

Scope of Construction Works:	Construction of the Distillery, comprising warehouse, technological innovation workshop, distillation plant, aging cellar and boiler room, together with installation of water and electricity and fire safety equipment.
Construction period:	The Construction Works are expected to commence on 30 April 2021 and complete on 30 August 2021.
Contract sum:	<p>The total contract sum payable by Fujian Dexi is RMB23,853,211 (exclusive of VAT), which will be funded by net proceeds from the Listing and the Company's internal resources.</p> <p>The total contract sum was determined after arm's length negotiations between Fujian Dexi and the Contractor and on normal commercial terms with reference to (i) the expected scope, complexity and quality of the Construction Works, (ii) the experience, competency and market position of the Contractor, (iii) the anticipated material and labour costs and (iv) the prevailing market prices for carrying out construction works of comparable scale and complexity.</p>
Payment terms:	<p>The total contract sum shall be settled by Fujian Dexi in the following manner:</p> <ul style="list-style-type: none"> <li>(a) upon Fujian Dexi's satisfactory review of the supervising engineer's progress evaluation report based on applications for payment and other supporting documents submitted by the Contractor, 80% of the total contract sum will be payable by Fujian Dexi;</li> <li>(b) upon completion of the Construction Works followed by, among others, satisfactory inspection by certain regulatory authorities, another 5% of the total contract sum will be payable by Fujian Dexi;</li> <li>(c) after completion of the settlement procedures of the Construction Works, another 12% of the total contract sum will be payable by Fujian Dexi; and</li> <li>(d) the remaining 3% of the total contract sum will be held as retention money and will be payable by Fujian Dexi after expiry of the defects liability period.</li> </ul>

## **REASONS FOR ENTERING INTO THE CONSTRUCTION CONTRACT**

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

As disclosed in the Company's announcement dated 4 September 2020, the Company allocated part of its unutilised net proceeds from the Listing to the construction of the Distillery at the acquired plant, as the management considered that an investment in the whisky and gin market is more favourable to the Group's long term development, taking into account the increasing popularity with spirits in the PRC. Given the limited supply of branded and domestically brewed quality whisky in the PRC, the management believes that the construction of the Distillery will allow the Group to produce quality whisky and gin to cater the growing demand for domestically produced branded spirits, especially in Fujian Province, the PRC where the Group can leverage its strong existing sales network to market self-manufactured whisky and gin to establish additional revenue streams.

The Directors consider that the terms and conditions of the Construction Contract are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Construction Contract exceeds 5% but are all below 25%, the entering into of the Construction Contract constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules.

## **INFORMATION ON THE CONTRACTOR**

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

## **INFORMATION ON THE COMPANY, THE GROUP AND FUJIAN DEXI**

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

The Group is an award-winning, established wine maker based in Shanxi, the PRC. Since commencing operations in 1997, the Group has been committed to making quality, value for money wine, catering to a wide range of customer taste and pricing preferences. The Group's portfolio of wine products targets at various consumers, from executive clientele and corporate customers with higher spending power to the more price-conscious mass market.

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

## DEFINITIONS

“Board”	the board of Directors
“Company”	Grace Wine Holdings Limited (Stock Code: 8146)
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Construction Contract”	the agreement (including all contract documents comprised therein) dated 28 April 2021 entered into between Fujian Dexi and the Contractor in respect of the Construction Works, the principal terms of which are set out in the paragraph headed “The Construction Contract” in this announcement
“Construction Works”	the construction works in respect of the Distillery to be carried out by the Contractor pursuant to the Construction Contract
“Contractor”	Fujian Tongyuan Construction Project Co. Ltd.* (福建省同源建设工程有限公司), a company established under the laws of the PRC with limited liability and an independent third party of the Company
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Distillery”	a distillery facility for the production of whisky and gin in Fujian Province, PRC
“Fujian Dexi”	Fujian Dexi Wine Company Limited* (福建德熙酒業有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries (as defined in the GEM Listing Rules)

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing”	the listing of the Company’s shares on GEM of the Stock Exchange on 27 June 2018
“PRC”	the People’s Republic of China
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	value-added tax

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

*Chairlady, Chief Executive Officer and Executive Director*

Hong Kong, 28 April 2021

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

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

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

\* for identification purpose only