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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)

DISCLOSEABLE TRANSACTION EQUIPMENT PURCHASE CONTRACT

The Board is pleased to announce that on 19 October 2021 (after trading hours), Fujian Dexi, an indirect wholly owned subsidiary of the Company, entered into the Equipment Purchase Contract with the Weihai Yuanhang, an independent third party, pursuant to which Weihai Yuanhang will supply and install the Equipment for the purpose of whisky production for a total contract sum of RMB9,575,000.

As one or more of the applicable percentage ratios in respect of the Equipment Purchase Contract exceeds 5% but are all below 25%, the entering into of the Equipment Purchase 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 EQUIPMENT PURCHASE CONTRACT

The principal terms of the Equipment Purchase Contract are set out as below:

- Date: 19 October 2021
- Parties:
- (i) Fujian Dexi, as purchaser; and
 - (ii) Weihai Yuanhang, as supplier.

Details of assets to be purchased and ancillary services:	Purchase and installation of the Equipment for the purpose of whisky production, including the malt and other raw materials intake and discharge system, package of tanks, heat exchanges and pumps, packages of chilling and cooling system, water treatment systems, workstations for mashing, distillation and fermentation, automation systems, clean-in-place systems, and the packages of valves and pipes.
Delivery date:	110 days after the Advance Payment (as defined below) is received by Weihai Yuanhang.
Contract price:	<p>The total contract price payable by Fujian Dexi is RMB9,575,000 (inclusive of VAT), which will be funded by net proceeds from the Listing and the Company's internal resources.</p> <p>The total contract price was determined after arm's length negotiations between Fujian Dexi and Weihai Yuanhang and on normal commercial terms with reference to (i) the prevailing market prices for the Equipment and (ii) the anticipated labour costs required for the installation of the Equipment.</p>
Payment terms:	<p>The total contract price shall be paid by Fujian Dexi to Weihai Yuanhang in the following manner:</p> <ul style="list-style-type: none"> (i) 30% of the total contract price shall be paid within 10 days upon signing of the Equipment Purchase Contract ("Advance Payment"), and the Equipment Purchase Contract takes effect from the day this amount is settled; (ii) 20% of the total contract price as delivery payment shall be paid prior to the delivery of the Equipment and upon Fujian Dexi's satisfactory inspection of the Equipment at Weihai Yuanhang's premises; (iii) 20% of the total contract price shall be paid after the delivery of the Equipment to Fujian Dexi's premises; (iv) 15% of the total contract price shall be paid after the completion of the installation of the Equipment which conforms to installation standards; (v) 10% of the total contract price shall be paid upon Fujian Dexi's satisfactory inspection and testing of the Equipment; and (vi) the remaining 5% of the total contract price shall be held as retention money and shall be paid by Fujian Dexi after expiry of the defect liability period, which is one year after the date of satisfactory inspection and trial production of the Equipment.

REASONS FOR ENTERING INTO THE EQUIPMENT PURCHASE 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 production 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 a distillery facility 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 business development, taking into account the increasing popularity of whisky and gin beverages 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 facility 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 Equipment purchased under the Equipment Purchase Contract is part of the capital investment for the construction of the distillery facility.

The Directors consider that the terms and conditions of the Equipment Purchase 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 Equipment Purchase Contract exceeds 5% but are all below 25%, the entering into of the Equipment Purchase 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 WEIHAI YUANHANG

Weihai Yuanhang was established in the PRC and is principally engaged in, among other things, provision of and general contracting work in relation to light industry technology equipment and system. Based on information publicly available as at the date of this announcement Weihai Yuanhang is a listed company on the National Equities Exchange and Quotations System of the PRC (stock code: 830772). To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Weihai Yuanhang and its ultimate controlling 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
“Director(s)”	the director(s) of the Company
“Equipment”	the machinery and equipment purchased under the Equipment Purchase Contract
“Equipment Purchase Contract”	the agreement (including all contract documents comprised therein) dated 19 October 2021 entered into between Fujian Dexi and Weihai Yuanhang in respect of the purchase and installation of the Equipment
“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)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“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
“RMB”	Renminbi, the lawful currency of 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
“Weihai Yuanhang”	Weihai Yuanhang Technology Development Co., Ltd.* (威海遠航科技發展股份有限公司), a listed company on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) in the PRC (stock code: 830772) established under the laws of the PRC with limited liability and an independent third party of the Company

By order of the Board
Grace Wine Holdings Limited
Judy Chan
Chairlady, Chief Executive Officer and Executive Director

Hong Kong, 19 October 2021

As at the date of this announcement, the Board comprises Ms. Judy Chan and Mr. Lam Wai Kit Ricky as executive Directors, Mr. Chow Christer Ho and Dr. Cheung Chai Hong as non-executive Directors and Mr. Ho Kent Ching-tak, Mr. Lim Leung Yau Edwin and Mr. Alec Peter Tracy as independent non-executive Directors.

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