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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)**

## INSIDE INFORMATION AND BUSINESS UPDATE IN RELATION TO THE OUTBREAK OF THE COVID-19

This announcement is made by Grace Wine Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### INSIDE INFORMATION

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to provide an update to the shareholders of the Company (the "**Shareholders**") and potential investors about the Group's latest business operations and financial position. Due to the outbreak of the Coronavirus Disease 2019 ("**COVID-19**") in the People's Republic of China (the "**PRC**") and the corresponding measures imposed by the PRC authorities to contain the spread of the COVID-19, such as suspending or limiting services of transportation facilities in certain areas of the PRC and extending the Chinese New Year holidays, business activities in the PRC have generally been suspended or slowed down, and the Directors expect the Company to record a significant decrease in sales of the Group's wine products in the PRC for the three months ending 31 March 2020 ("**1Q2020**"). Given a significant majority of the Group's sales of wine products are derived from the PRC, such expected decrease in sales may have an adverse impact on the Group's financial performance for 1Q2020, which could be material. The Directors expect the Company to record a significant decrease in the Group's revenue and an increase in its net loss for 1Q2020 as compared with that for the three months ended 31 March 2019. The Group is closely observing the development of the outbreak of the COVID-19 while carrying out cost control measures to alleviate the overall impact of the outbreak on the business operations and financial position of the Group. The Company will issue further announcement(s) on the extent of the decrease in revenue and increase in net loss for 1Q2020 in accordance with the requirements of the GEM Listing Rules.

## BUSINESS UPDATE IN RELATION TO THE OUTBREAK OF THE COVID-19

As at the date of this announcement, there has been no major disruption or obstacle to the operation of the Group's grape cultivation facilities and wine-making facilities in Ningxia, the PRC and/or Shanxi, the PRC. To the best of the Directors' knowledge, there have been no confirmed cases of COVID-19 within the Group's workforce in the PRC.

In light of the expected decrease in sales for 1Q2020 and the possible persistence of such adverse situation in the coming months, the Group has been closely monitoring its cash flow to ensure the sufficiency of its short-term liquidity. As at the date of this announcement, the Directors do not foresee any material liquidity issues for the Company as a result of the COVID-19 outbreak. Nonetheless, the management continues to evaluate various measures to preserve cash and enhance the Group's liquidity position and will exercise such measures as and when appropriate. The Group has also been monitoring its inventory levels on an ongoing basis. As at the date of this announcement, the Group does not foresee a material risk of obsolete inventories as a result of the current circumstances.

As at the date of this announcement, the Directors do not foresee any major obstacles in meeting the schedule of the audit work of the Group's annual results for the year ended 31 December 2019 in order to comply with financial reporting requirements under the GEM Listing Rules.

The Directors will continue to monitor the Company's circumstances and outlook and will inform the Shareholders and potential investors should there be any significant development on the above matters in accordance with the requirements of the GEM Listing Rules.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 25 February 2020

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

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

*This announcement will remain on the "Latest Company Announcements" 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.*