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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)

VOLUNTARY ANNOUNCEMENT UPDATE ON BUSINESS STRATEGIES AND DEVELOPMENT

This announcement is made by Grace Wine Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to keep shareholders and potential investors of the Company informed of the latest business development of the Group. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the prospectus (the “**Prospectus**”) of the Company dated 12 June 2018.

As disclosed in the Prospectus, the Group is an award-winning, established wine maker based in Shanxi, the PRC, and its wine products are principally sold through a network of distributors mainly to the PRC and also to Hong Kong and other international markets. In respect of the PRC market, the Group had entered into a distribution agreement with Shanxi Jiajia, an independent third party, pursuant to which Shanxi Jiajia acts as the exclusive distributor of the Group’s wine products in Shanxi, except for online sales.

As disclosed in the Company’s annual report for the year ended 31 December 2018 and the interim report for the six months ended 30 June 2019, the Group’s strategy is to explore and diversify its distribution channels. The Group has been proactively discussing with Shanxi Jiajia and other potential distributors on future collaboration to maximise its sales growth and may, in the future, enter into distribution agreements with new distributors. The Directors believe that the new distribution strategy in Shanxi will help extend the Group’s product outreach and improve brand awareness by leveraging on resources and distribution networks of various distributors. The Directors anticipate that the expansion of distribution channels will allow the Group to maximise market opportunities and facilitate its growth in the long run. Going forward, the Directors will continue to closely monitor the market situation of the wine industry and the operating and financial performance of the Group, in order to formulate beneficial and efficient strategies tailored for the Group’s business growth.

The management of the Company is optimistic about the new business strategy of the Group and would like to take this opportunity to express its gratitude to Shanxi Jiajia for its strong strategic support and collaboration throughout the years. The Company will update its shareholders and potential investors on further developments of its business strategies as and when necessary.

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

Hong Kong, 20 December 2019

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 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 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>.