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WINE'S LINK INTERNATIONAL HOLDINGS LIMITED

威揚酒業國際控股有限公司

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

*(於開曼群島註冊成立之有限公司)*

Stock Code | 股份代號：8509



## 2021

1<sup>st</sup> Quarterly Report

第一季度業績報告



## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “Directors”) of Wine’s Link International Holdings Limited (the “Company”) 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 (the “GEM Listing Rules”) for the purposes 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.*



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The board of Directors (the “Board”) hereby presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 30 June 2021 (the “Period”), together with the comparative unaudited figures for the corresponding period in 2020, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 30 JUNE 2021

		Three months ended 30 June	
	NOTES	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	4	60,778	60,320
Cost of sales		(45,594)	(49,203)
Gross profit		15,184	11,117
Other income	5	36	585
Other gains and losses, net	5	(920)	76
Selling and distribution expenses		(4,165)	(3,615)
Administrative expenses		(6,665)	(3,433)
Finance costs	6	(594)	(1,753)
Profit before tax	7	2,876	2,977
Income tax expense	8	(862)	(421)
Profit and total comprehensive income for the period		2,014	2,556
Profit and total comprehensive income for the period attributable to			
– Owners of the Company		2,240	2,556
– Non-controlling interests		(226)	–
		2,014	2,556
Earnings per share			
Basic and diluted	9	HK0.56 cent	HK0.63 cent

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30 JUNE 2021

	Attributable to owners of the Company					Non-controlling interest HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note)	Accumulated profits HK\$'000	Total HK\$'000		
At 1 April 2021 (audited)	4,000	76,298	27,458	119,367	227,123	(402)	226,721
Profit and total comprehensive income for the Period (unaudited)	-	-	-	2,240	2,240	(226)	2,014
At 30 June 2021 (unaudited)	4,000	76,298	27,458	121,607	229,363	(628)	228,735
At 1 April 2020 (audited)	4,000	76,298	27,458	91,412	199,168	(14)	199,154
Profit and total comprehensive income for the period (unaudited)	-	-	-	2,556	2,556	-	2,556
At 30 June 2020 (unaudited)	4,000	76,298	27,458	93,968	201,724	(14)	201,710

*Note:* Other reserve represents the balance of HK\$7,458,000 in relation to the shareholder's contribution in relation to derivative financial instruments entered between Mr. Ting Chi Wai Roy ("Mr. Roy Ting"), one of the beneficiary owners of the Company, and the Group during the year ended 31 March 2016 and the effect of reorganisation of HK\$20,000,000 during the year ended 31 March 2016.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2021

### 1. GENERAL

The Company was incorporated in Cayman Islands and registered as an exempted company with limited liability under the Cayman Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 22 September 2016 and the shares of the Company (the “Shares”) have been listed on GEM of The Stock Exchange of Hong Kong Limited. The address of the Company’s registered office and the principal place of business are PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands and 26th Floor, AIA Financial Centre, 712 Prince Edward Road East, San Po Kong, Kowloon Hong Kong respectively.

The shareholders of the Company include Shirz Limited, a limited company incorporated in the British Virgin Islands (the “BVI”) which holds 70% equity interests in the Company and is wholly owned by Ms. Wong Chi Lou Shirley (“Ms. Shirley Wong”).

The Company is an investment holding company. Wine’s Link Limited (“Wine’s Link”), being its major operating subsidiary is primarily engaged in the wholesale and retail of a wide spectrum of wine products and other alcoholic beverages in Hong Kong.

The unaudited condensed consolidated financial statements for the Period are presented in Hong Kong dollar (“HK\$”) which is also the functional currency of the Company.

### 2. BASIS OF PREPARATION

Pursuant to the group reorganisation as detailed in the section headed “History, Reorganisation and Corporate Structure – Reorganisation” in the prospectus of the Company dated 29 December 2017, the Company has become the holding company of the companies now comprising the Group by interspersing the Company and Starlight Worldwide Investment Limited (“Starlight Worldwide”), a limited company incorporated in the BVI, between the Controlling Shareholders and Wine’s Link. The Group, comprising the Company and its subsidiaries, resulting from the Reorganisation is regarded as a continuing entity, accordingly, the condensed consolidated financial statements have been prepared as if the Company had always been the holding company of the Group.

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended 30 June 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2021.

#### Application of new and amendments to HKFRSs

In the current period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group has early applied the Amendment to HKFRS 16 “COVID-19-Related Rent Concessions” and Amendment to HKFRS 16 “COVID-19-Related Rent Concessions beyond 30 June 2021”.

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

#### 3.1 Impacts on application of Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The Group has applied the Amendments to HKAS 1 and HKAS 8 in the current period. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements.



### 3.2 Impacts on early application of Amendment to HKFRS 16 “COVID-19-Related Rent Concessions” and Amendment to HKFRS 16 “COVID-19-Related Rent Concessions beyond 30 June 2021”

The Group has early applied the amendments in the current period. The amendments to HKFRS 16 “COVID-19-Related Rent Concession” introduce a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The amendment to HKFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021” extends the availability of the practical expedient described below so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 “Leases” if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendments had no impact to the opening accumulated profits at 1 April 2021.



#### 4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers, less discount. The Group's operations are solely derived from sale and distribution of wine products, other alcoholic beverages and wine accessory products in Hong Kong. For the purposes of resources allocation and performance assessment, the chief executive of the Group reviews the overall results and financial position of the Group as a whole prepared in accordance with accounting policies which conform to HKFRSs. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

##### Revenue from major products

	Three months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Wine products	57,936	55,207
Other alcoholic beverages	2,558	5,096
Wine accessory products	284	17
	<b>60,778</b>	60,320

##### Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of goods delivered and the Group's property and equipment are all located in Hong Kong by physical location of assets.

##### Information about major customers

No individual customer was accounted for over 10% of the Group's total revenue during both the Period and the three months ended 30 June 2020.

5. OTHER INCOME/OTHER GAINS AND LOSSES, NET

Other income

	Three months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Bank interest income	1	–
Others	35	585
	<b>36</b>	<b>585</b>

Other gains and losses, net

	Three months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Net exchange (losses) gains	(920)	76

6. FINANCE COSTS

	Three months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
The finance costs represent interest on:		
– bank borrowings	525	1,636
– lease liabilities	69	117
	<b>594</b>	<b>1,753</b>

## 7. PROFIT BEFORE TAXATION

	Three months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories recognised as an expense	45,594	49,203
Depreciation of property and equipment	380	488
Depreciation of right-of-use assets	1,176	1,295
Directors' remuneration	318	318
Other staff costs		
Salaries and other benefits	3,291	2,719
Retirement benefits scheme contributions	135	118
Total staff costs	3,744	3,155

## 8. INCOME TAX EXPENSE

	Three months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Hong Kong Profits Tax:		
– Current tax	925	435
– Under provision in prior years	14	–
Deferred tax credit	(77)	(14)
	862	421

The Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for the qualifying group entity. The profits of the group entities not qualifying for the two-tiered profits tax regime will be taxed of a flat rate of 16.5%.

## 9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Three months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	2,240	2,556

	Three months ended 30 June	
	2021 '000	2020 '000
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	400,000	400,000

No diluted earnings per share for the Period and the three months ended 30 June 2020 was presented as the Group had no potentially dilutive ordinary shares in issue during these periods.

## 10. DIVIDEND

No dividend was paid, declared or proposed for shareholders of the Company during the Period. The Board does not recommend the payment of any dividend for the Period (three months ended 30 June 2020: nil).



## MANAGEMENT DISCUSSION AND ANALYSIS

### **Business Review**

The business of the Group primarily involves the wholesale and retail of a wide spectrum of wine products and other alcoholic beverages in Hong Kong with a focus on premium collectible red wine, i.e. red wine with selling prices at or above HK\$1,000 per bottle (the “Premium Collectible Red Wine”). The Group has a comprehensive product portfolio consisting of (i) wine products such as Premium Collectible Red Wine, fine red wine and white wine; (ii) other alcoholic beverages such as champagne, whisky and sake; and (iii) wine accessory products such as wine decanters, wine glasses and wine openers, for customers’ selection.

As a result of the outbreak of the novel coronavirus (COVID-19) pandemic (the “COVID-19 Outbreak”) during the Period, a series of precautionary and control measures have been and continued to be implemented across Hong Kong and other countries in the world. Luckily, the wine industry in Hong Kong has seen an increasing trend, driven by the expansion of off-trade distribution channels such as grocery stores and convenience stores. The rising interest of general customers in wine, resulting from the proven health benefits and high affordability of wine products, is expected to benefit the wine industry and the Group. The Board believes that the Group can capture the opportunity arising from the increasing trend in the wine industry.

### **Financial Review**

#### ***Revenue***

Revenue of the Group remained relatively stable at approximately HK\$60.3 million and approximately HK\$60.8 million for the three months ended 30 June 2020 and for the Period, respectively.

#### ***Cost of Sales***

The Group’s cost of sales consists of the procurement of wine products and other alcoholic beverages from the suppliers. The Group recognises cost of sales upon the conclusion of a sales transaction. The cost of sales decreased by approximately 7.3% from approximately HK\$49.2 million for the three months ended 30 June 2020 to approximately HK\$45.6 million for the Period.



### ***Gross Profit and Gross Profit Margin***

The gross profit represents revenue less cost of sales. For the Period, the gross profit of the Group increased by approximately 36.6% from approximately HK\$11.1 million for the three months ended 30 June 2020 to approximately HK\$15.2 million for the Period.

The overall gross profit margin increased and amounted to approximately 18.4% and approximately 25.0% for the three months ended 30 June 2020 and 2021, respectively. The Group recorded a relatively higher gross profit margin during the Period mainly due to the increase in gross profit margin on the sales of certain highly sought-after Premium Collectible Red Wine.

### ***Other Income***

Other income of the Group consisted primarily of (i) bank interest generated from the bank balances and (ii) sundry income. Other income decreased from approximately HK\$585,000 for the three months ended 30 June 2020 to approximately HK\$36,000 for the Period. Should the anti-epidemic subsidies granted by the Hong Kong Government with the aim to, among others, alleviate financial burden of businesses amid the COVID-19 Outbreak for the three months ended 30 June 2020 be excluded, the other income remained relatively stable during these periods.

### ***Other Gains and Losses, Net***

The Group mainly recorded net exchange losses of approximately HK\$920,000 and net exchange gains of approximately HK\$76,000 for the Period and for the three months ended 30 June 2020, respectively.

These foreign exchange gains were primarily arising from the foreign currency fluctuations in respect of the foreign currency denominated trust receipt loans for the settlement of wine product purchased from the overseas suppliers.



### ***Selling and Distribution Expenses***

Selling and distribution expenses of the Group remained relatively stable at approximately HK\$3.6 million and approximately HK\$4.2 million for the three months ended 30 June 2020 and for the Period, respectively.

### ***Administrative Expenses***

Administrative expenses of the Group increased from approximately HK\$3.4 million for the three months ended 30 June 2020 to approximately HK\$6.7 million for the Period. This increase was primarily attributable to an increase in legal and professional fees.

### ***Finance Costs***

Finance costs decreased from approximately HK\$1.8 million for the three months ended 30 June 2020 to approximately HK\$0.6 million for the Period. This decrease was primarily attributable to the decrease in the trust receipt loans made for the Period.

### ***Profit and Total Comprehensive Income for the Period***

For the reasons mentioned above, profit and the total comprehensive income attributable to the owners of the Company for the Period amounted to approximately HK\$2.2 million (2020: approximately HK\$2.6 million).

### ***Dividend***

The Board does not recommend the payment of an interim dividend to the shareholders of the Company for the Period (2020: nil).

### ***Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies***

During the Period and up to the date of this report, the Group did not have any acquisition or disposals of subsidiaries, associates or joint ventures.



## FUTURE PROSPECTS

The Shares were successfully listed on GEM on 12 January 2018. The Board considers that such public listing status on the Stock Exchange is beneficial to the Company and the shareholders of the Company as a whole as the listing status on the Stock Exchange is a complementary way of advertising the Group which reinforces the corporate profile and market recognition. In addition, the creditworthiness will be enhanced from the suppliers' perspective, which may in turn allow the Group to have greater bargaining power over negotiations to bargain for longer trade and credit terms. It also enables the Group to gain direct access to the capital market to raise funds for future expansion.

During the Period, the Group has made steady progress in refining and expanding its business, putting more emphasis on increasing storage capacity for its products, diversifying and creating new sales channels and expanding its business geographically. Apart from leasing a warehouse in Kwai Chung, the Group has been actively seeking a suitable property to be acquired as its self-owned warehouse with an aim to increase storage of its products. Further, taking into account the continuing growth potential of e-commerce in recent periods and to diversify the Group's income streams as well as achieve a synergy effect with its existing businesses, the Group also (i) successfully implemented its e-commerce platform; and (ii) developed and launched an online auction platform in order to further enhance sales of the Group's fine and luxury wine (i.e. red wine with selling prices at or above HK\$10,000 per bottle). These new sales channels may ultimately enhance the financial performance of the Group. During the Period, the Group has also expanded its business geographically by setting up an office in Shanghai, the PRC, to promote its products and expand its sales network through various marketing and sales activities including wine dinners, master classes, wine trips and excursions. The Group believes that the aforesaid developments will optimise the business portfolio of the Group and bolster a sustainable and healthy performance of the Group in the long run.



## OTHER INFORMATION

### Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Specified Undertaking of the Company or any Other Associated Corporations

As at 30 June 2021, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name of Director	Nature of interests	Number of Shares held <sup>(1)</sup>	Percentage of shareholding in the Company's issued share capital <sup>(3)</sup>
Ms. Shirley Wong <sup>(2)</sup>	Interest in controlled corporation	280,000,000 (L)	70%

*Notes:*

- (1) The letter "L" denotes a long position in the Shares.
- (2) Ms. Shirley Wong is the sole shareholder of Shirz Limited and she is therefore deemed to be interested in the Shares held by Shirz Limited.
- (3) The approximate percentage were calculated based on 400,000,000 Shares in issue as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, none of the Directors nor chief executive of the Company has registered any interests and 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) (i) 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 they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Specified Undertaking of the Company or any Other Associated Corporations

So far as the Directors are aware, as at 30 June 2021, the following persons (not being Directors or chief executive of the Company) has an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholder	Nature of interests	Number of Shares held <sup>(1)</sup>	Percentage of shareholding in the Company's issued share capital <sup>(3)</sup>
Shirz Limited	Beneficial owner	280,000,000 (L)	70%
Mr. Roy Ting <sup>(2)</sup>	Interest in spouse	280,000,000 (L)	70%

*Notes:*

- (1) The letter "L" denotes a long position in the Shares.
- (2) Mr. Roy Ting is the spouse of Ms. Shirley Wong and is therefore deemed to be interested in all the Shares that Ms. Shirley Wong is interested in pursuant to the SFO.
- (3) The approximate percentage were calculated based on 400,000,000 Shares in issue as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other persons (not being Directors or chief executive of the Company) who had, or deemed to have, any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO.



### **Loan Agreement with Covenant Relating to Specific Performance of the Controlling Shareholders**

On 10 March 2021, Wine's Link Limited ("Wine's Link"), a wholly-owned subsidiary of the Company, as borrower; Hang Seng Bank Limited ("Lender A"), as lender; and the Company as guarantor, entered into a banking facility letter (the "Facility Letter A"). This Facility Letter A comprises a revolving loan facility, a credit facility and a corporate credit card, with a maximum facility of HK\$50,000,000, HK\$30,000,000 and HK\$100,000, respectively, which are agreed to be made available by the Lender A to Wine's Link on the terms and conditions contained therein and subject to, among others, review by the Lender A at any time and the Lender A's overriding right of repayment on demand, including the right to call for cash cover on demand for prospective and contingent liabilities.

Pursuant to the Facility Letter A, the Company shall procure Ms. Shirley Wong and Mr. Roy Ting to continue to be the single largest shareholder and jointly hold not less than 50% beneficial interest of the Company.

As at the date of this report, Ms. Shirley Wong and Mr. Roy Ting, by virtual of their spousal relationship, together hold 70% interest of the Company.

Please refer to the announcement of the Company dated 12 March 2021 for more details.

On 12 March 2021, Wine's Link, a wholly-owned subsidiary of the Company, as borrower; Chong Hing Bank Limited ("Lender B"), as lender; and the Company as guarantor, entered into a banking facility letter (the "Facility Letter B"). This Facility Letter B comprises a trade facility and an overdraft facility, with a maximum facility of HK\$35,000,000 and HK\$3,000,000, respectively, which are agreed to be made available by the Lender B to Wine's Link on the terms and conditions therein and subject to, among others, review by the Lender B from time to time and the Lender B's overriding right of repayment of demand.

Pursuant to the Facility Letter B, a specific performance covenant is imposed on Ms. Shirley Wong and Mr. Roy Ting to be the single largest shareholder and jointly hold not less than 50% beneficial interest of the Company.

As at the date of this report, Ms. Shirley Wong and Mr. Roy Ting, by virtual of their spousal relationship, together hold 70% interest of the Company.

Please refer to the announcement of the Company dated 12 March 2021 for more details.

### **Share Option Scheme**

The Company's share option scheme (the "Share Option Scheme") was adopted by the Company on 18 December 2017. The terms of the Share Option Scheme are in accordance with the provisions of chapter 23 of the GEM Listing Rules.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

## **Purchase, Sale or Redemption of Listed Securities of the Company**

During the Period and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

## **Directors' Interests in Competing Business**

During the Period and up to the date of this report, none of the Directors or their respective associates had any interest apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group and which requires disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

## **Deed of Non-competition**

A deed of non-competition dated 18 December 2017 (the "Deed of Non-competition") was entered into by Ms. Shirley Wong, Mr. Roy Ting, Shirz Limited and Sunshine Consultancy Company Limited in favour of the Company (for the Company and for the benefit of its subsidiaries) regarding certain non-competition undertakings. The Company confirms that, as at the date of this report, the Deed of Non-competition has been fully complied and enforced during the Period. Details of the Deed of Non-competition were disclosed in the section headed "Relationship with Controlling Shareholders – Non-competition undertaking" of the Prospectus.

## **Code of Conduct Regarding Securities Transactions by Directors**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code on Securities Dealings"). The Company, having made specific enquiry of all the Directors, confirmed that all the Directors have complied with the required standard of dealings as set out in the Code on Securities Dealings for the Period and up to the date of this report.

## **Corporate Governance Practices**

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company has adopted the principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules as its corporate governance practices. During the Period, save for the non-timely publication of the annual results announcement ("2021 Audited Results Announcement") and annual report ("2021 Annual Report") of the Company for the year ended 31 March 2021 which have already been fully remedied by the Company as at the date of this report, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code. The reason of such delay has been disclosed in the announcements of the Company dated 29 June 2021 and 5 July 2021 and the 2021 Audited Results Announcement and the 2021 Annual Report have already been published by the Company on 30 July 2021 and 1 August 2021, respectively. The Company would like to emphasize that such delay in publication of annual results announcement and annual report was a standalone and unfortunate incident which the Company determines to avoid in the future.



## Audit Committee

The audit committee of the Company (the “Audit Committee”) was established on 18 December 2017 with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and paragraph C3 of the CG Code. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control systems of the Group.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Wong Hin Wing, Ms. Chan Man Ki Maggie and Mr. Chan Wai Yan Ronald, of whom Mr. Wong Hin Wing has been appointed as the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited consolidated results of the Group for the Period and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board  
**Wine’s Link International Holdings Limited**  
**Yeung Chi Hung**  
*Chairman and non-executive Director*

Hong Kong, 13 August 2021

*As at the date of this report, the executive Directors are Ms. Wong Chi Lou Shirley and Mr. Chan Sze Tung; the non-executive Directors are Ms. Yeung Chi Hung, S.B.S., B.B.S., J.P. and Ms. Ho Tsz Wan; and the independent non-executive Directors are Ms. Chan Man Ki Maggie, M.H., J.P., Mr. Chan Wai Yan Ronald and Mr. Wong Hin Wing, M.H..*

*This report will remain on the “Latest Company Announcements” page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from the date of its publication. This report will also be published on the website of the Company ([www.wines-link.com](http://www.wines-link.com)).*

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