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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

Interim Report

中期業績報告

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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 six months ended 30 September 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 AND SIX MONTHS ENDED 30 SEPTEMBER 2021

	Notes	Three months ended		Six months ended	
		30 September		30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	4	47,964	53,856	108,742	114,176
Cost of sales		(38,650)	(42,370)	(84,244)	(91,573)
Gross profit		9,314	11,486	24,498	22,603
Other income		3,174	1,185	3,210	1,770
Other gains and losses, net		433	(1,524)	(487)	(1,448)
Selling and distribution expenses		(4,154)	(3,871)	(8,319)	(7,486)
Administrative expenses		(5,002)	(3,638)	(11,667)	(7,071)
Finance costs	5	(816)	(1,147)	(1,410)	(2,900)
Profit before taxation	6	2,949	2,491	5,825	5,468
Income tax expense	7	(1,752)	(571)	(2,614)	(992)
Total comprehensive income for the period		1,197	1,920	3,211	4,476
Profit and total comprehensive income for the period attributable to					
– Owners of the Company		1,294	1,966	3,534	4,522
– Non-controlling interests		(97)	(46)	(323)	(46)
		1,197	1,920	3,211	4,476
Earnings per share					
– Basic and diluted	8	HK0.32 cent	HK0.49 cent	HK0.88 cent	HK1.13 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Non-current assets		
Property and equipment	3,327	3,751
Right-of-use assets	3,389	5,741
Deferred tax assets	822	774
Deposits	21,075	2,177
	28,613	12,443
Current assets		
Inventories	171,839	191,817
Trade receivables	51,302	37,758
Other receivables, deposits and prepayments	62,760	60,369
Amounts due from shareholders	145	32
Amounts due from related companies	465	471
Bank balances and cash	31,263	46,780
	317,774	337,227
Current liabilities		
Trade payables	5,501	11,582
Other payables and accrued charges	5,454	5,987
Contract liabilities	3,575	5,330
Tax payable	9,214	5,460
Bank borrowings	82,492	88,124
Bank overdrafts	6,118	–
Lease liabilities	3,811	4,732
Provisions	640	140
	116,805	121,355
Net current assets	200,969	215,872
Total assets less current liabilities	229,582	228,315

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2021

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Non-current liabilities		
Lease liabilities	–	1,444
Provisions	–	500
	–	1,944
Net assets	229,582	226,371
Capital and reserves		
Share capital	4,000	4,000
Reserves	226,307	222,773
Equity attributable to the owners of the Company	230,307	226,773
Non-controlling interests	(725)	(402)
Total equity	229,582	226,371

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Other reserve	Accumulated profits	Total		
	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021 (audited)	4,000	76,298	27,458	119,017	226,773	(402)	226,371
Profit and total comprehensive income for the Period (unaudited)	-	-	-	3,534	3,534	(323)	3,211
At 30 September 2021 (unaudited)	4,000	76,298	27,458	122,551	230,307	(725)	229,582
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)	-	-	-	4,522	4,522	(46)	4,476
At 30 September 2020 (unaudited)	4,000	76,298	27,458	95,934	203,690	(60)	203,630

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	For the six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	5,825	5,468
Adjustments for:		
Depreciation of property and equipment	830	929
Depreciation of right-of-use assets	2,352	2,598
Net loss on disposals of property and equipment	22	–
Finance costs	1,410	2,900
Interest income	(13)	–
Operating cash flows before movements in working capital	10,426	11,895
Decrease in inventories	19,978	13,858
Decrease (increase) in trade receivables	(13,544)	15,952
Increase in other receivables, deposits and prepayments	(2,846)	(12,352)
Increase in amount due from a shareholder	(113)	(9)
Increase (decrease) in trade payables	(6,081)	2,992
Decrease in other payables and accrued charges	(533)	(1,370)
Increase (decrease) in contract liabilities	(1,755)	3,961
Cash used in operations	5,532	34,927
Income tax refund (paid)	1,092	(2,569)
NET CASH FROM OPERATING ACTIVITIES	6,624	32,358

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	For the six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
INVESTING ACTIVITIES		
Bank interest received	10	–
Other interest received	3	–
Purchase of property and equipment	(480)	(119)
Prepayments for purchase of property	(18,411)	–
Repayments from related companies	6	–
Advances to related companies	–	(101)
NET CASH USED IN INVESTING ACTIVITIES	(18,872)	(220)
FINANCING ACTIVITIES		
Interest paid on bank borrowings	(1,286)	(2,698)
Interest paid on lease liabilities	(124)	(202)
New bank borrowings raised	163,735	80,705
Repayment of bank borrowings	(171,032)	(81,055)
Repayments of lease liabilities	(2,345)	(2,373)
NET CASH USED IN FINANCING ACTIVITIES	(11,052)	(5,623)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,300)	26,515
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	46,780	(2,517)
Effect of foreign exchange rate changes, net	1,665	–
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	25,145	23,998
represented by:		
bank balances and cash	31,263	23,998
bank overdrafts	(6,118)	–
	25,145	23,998

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 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 controlling shareholder of the Company is 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

The unaudited condensed consolidated financial statements of the Group for the Period have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 – *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements for the six months ended 30 September 2021 are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2021, except for the adoption of the following revised HKFRSs for the first time for the current period’s financial information.

Amendment to HKFRS 16

*Covid-19-Related Rent Concessions beyond
30 June 2021 (early adopted)*

The nature and impact of the revised HKFRSs are described below:

- (a) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient 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 amendment is effective and shall be applied retrospectively for annual periods beginning on or after 1 April 2021 with earlier application permitted. The Group early adopted the amendment from the accounting period beginning on 1 April 2020 and the amendment did not have any impact on the financial position and performance of the Group during the period as the Group did not get any rent concessions as a result of the covid-19 pandemic.

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 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Wine products	44,467	50,055	102,403	105,262
Other alcoholic beverages	2,963	3,661	5,521	8,757
Wine accessory products	534	140	818	157
	47,964	53,856	108,742	114,176

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 six months ended 30 September 2020.

5. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
The finance costs represent interest on:				
– bank borrowings	761	1,062	1,286	2,698
– lease liabilities	55	85	124	202
	816	1,147	1,410	2,900

6. PROFIT BEFORE TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit before taxation has been arrived at after charging:				
Cost of inventories recognised as an expense	38,650	42,370	84,244	91,573
Depreciation of property and equipment	450	441	830	929
Depreciation of right-of-use assets	1,176	1,303	2,352	2,598
Directors' remuneration	318	318	636	636
Other staff costs				
Salaries and other benefits	3,129	2,862	6,420	5,581
Retirement benefits scheme contributions	133	123	268	241
Total staff costs	3,580	3,303	7,324	6,458

7. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Hong Kong Profits Tax:				
– Current tax	782	605	1,707	1,040
– Under provision in prior years	941	–	955	–
Deferred tax charge/(credit)	29	(34)	(48)	(48)
	1,752	571	2,614	992

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%.

8. EARNINGS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Earnings:				
Profit for the period attributable to the owners of the Company for the purposes of basic earnings per share	1,294	1,966	3,534	4,522

	Three months ended 30 September		Six months ended 30 September	
	2021 '000 (Unaudited)	2020 '000 (Unaudited)	2021 '000 (Unaudited)	2020 '000 (Unaudited)
Number of shares:				
Number of ordinary shares for the purpose of basic earnings per share	400,000	400,000	400,000	400,000

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

9. DIVIDEND

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

10. TRADE RECEIVABLES

The Group's credit terms of 30-120 days is granted to its trade customers. The following is an ageing analysis of the trade receivables presented based on the invoice date which approximated the respective dates on which revenue was recognised at the end of each reporting period:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0-30 days	12,191	14,235
31-60 days	5,495	8,408
61-90 days	3,915	8,015
91-180 days	23,192	4,928
181-365 days	6,509	2,172
	51,302	37,758

11. TRADE PAYABLES

The credit period on purchases of goods is up to 90 days. The following is an ageing analysis of trade payables based on the invoice date at the end of each reporting period:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade payables:		
0-30 days	925	243
31-60 days	404	891
61-90 days	96	208
91-180 days	146	3,647
181-365 days	177	6,593
Over 365 days	3,753	-
	5,501	11,582

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.

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, allowing low to medium priced wine products to increasingly penetrate the market. 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 Group is enriching its product portfolio with wineries to offer more selection to the market, especially from French regions. The Group aims to continue strengthening the leading position in the wine industry, and at the same time, look for expansion opportunities to penetrate into other markets and increase the Group’s market share in different countries worldwide.

To reinforce the advantages of the Group and develop sustainability for its business, the Group is also strengthening its warehouse storage capability and the operation efficiency, including through leasing new warehouses in Hong Kong and acquiring a professional warehouse management system, which is designed specifically for warehouses operation in the wine industry. The Group has been closely monitoring the development of the COVID-19 outbreak and will take a prudent approach and adjust its business strategies to face the challenges when appropriate. The Group will also continue to evaluate the impact of the COVID-19 outbreak on its financial position and operating results from time to time. In view of the above measures, the Board believes that the Group is equipped to capture the opportunity arising from the increasing trend in the wine industry.

Financial Review

Revenue

Revenue of the Group decreased by approximately 4.8% from approximately HK\$114.2 million for the six months ended 30 September 2020 to approximately HK\$108.7 million for the Period. The decrease was primarily caused by the decrease in demand for our products as request of the outbreak of the COVID-19 pandemic (the “COVID-19 Outbreak”).

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 8.0% from approximately HK\$91.6 million for the six months ended 30 September 2020 to approximately HK\$84.2 million for the Period. The decrease in cost of sales was directly correlated with the decrease in revenue 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 8.4% from approximately HK\$22.6 million for the six months ended 30 September 2020 to approximately HK\$24.5 million.

The overall gross profit margin increased and amounted to approximately 19.8% and approximately 22.5% for the six months ended 30 September 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 increased from HK\$1.8 million for the six months ended 30 September 2020 to HK\$3.2 million for the Period, which was mainly contributed by the income derived from provision of services. This increase is partially offset by the decrease in epidemic subsidies during the Period, which was granted by the Hong Kong Government with the aim to, among others, alleviate financial burden of businesses amid the COVID-19 Outbreak, during the six months ended 30 September 2020.

Other Gains and Losses, Net

The Group recorded net losses of approximately HK\$0.5 million and approximately HK\$1.4 million for the six months ended 30 September 2021 and 2020, respectively. The net losses mainly consisted of the net exchange losses arising from the foreign currency fluctuations in respect of the foreign currency demonstrated trust receipt loans for the settlement of wine products purchased from the overseas suppliers.

Selling and distribution expenses

Selling and distribution expenses of the Group increased from approximately HK\$7.5 million for the six months ended 30 September 2020 to approximately HK\$8.3 million for the Period. This increase was primarily attributable to a decrease in rent and rates in connection with the rental concession granted by the landlords of the retail stores in light of the COVID-19 Outbreak during the six months ended 30 September 2020.

Administrative expenses

Administrative expenses of the Group increased from approximately HK\$7.1 million for the six months ended 30 September 2020 to approximately HK\$11.7 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\$2.9 million for the six months ended 30 September 2020 to approximately HK\$1.4 million for the Period. This decrease was primarily attributable to the decrease in the trust receipt loans made for the Period.

Income tax expense

Income tax expense of the Group increased by over 1.5 times from approximately HK\$1.0 million for the six months ended 30 September 2020 to approximately HK\$2.6 million for the Period. The increase was mainly attributable to the increase of estimated assessable profit for the Period compared to the corresponding period in 2020 and the additional assessment for prior years.

Profit and Total Comprehensive Income for the Period attributable to the owners of the Company

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\$3.5 million (2020: approximately HK\$4.5 million).

Dividend

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

Liquidity and Financial Resources

During the Period, the Group's operation and capital requirements were financed principally through a combination of cash flow generated from the operating activities and bank borrowings. As at 31 March 2021 and 30 September 2021, the Group had net current assets of approximately HK\$215.9 million and HK\$201.0 million, respectively, including bank balances and cash of approximately HK\$46.8 million and HK\$31.3 million, respectively. The Group's current ratio (current assets divided by current liabilities) remained stable at 2.8 and 2.7 as at 31 March 2021 and 30 September 2021, respectively.

Gearing ratio is calculated by dividing total borrowings (including bank borrowings and leases liabilities) by total equity as at the end of the Period. The Group's gearing ratio were approximately 41.6% and 40.3% as at 31 March 2021 and 30 September 2021, respectively.

Treasury Policies

The Group adopts prudent treasury policies. The Group's management performs an ongoing credit evaluation of the financial conditions of the customers in order to reduce the Group's exposure of credit risk. In addition to these ongoing credit evaluations, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

The Group has obtained bank facilities and borrowings with stable interest rates during the Period. The Group does not foresee any significant interest rate risks in near future.

The Group's transactions are mostly denominated in Hong Kong dollar except for some foreign currency denominated trust receipt loans for the settlement of the wine product purchases from suppliers outside Hong Kong. The Group's exposure to foreign currency risk may affect the results of operations and financial position. The management of the Company closely monitors its foreign exchange risk, for details, please refer to the section headed "Foreign Exchange Exposure" in this report.

Commitments

The Group's capital commitments are primarily related to the purchase of computer equipment and amounted to approximately HK\$0.1 million and HK\$0.1 million as at 31 March 2021 and 30 September 2021, respectively.

Share Capital Structure

There has been no changes in the share capital structure of the Group during the Period. The share capital of the Company only comprises of ordinary shares.

As at 30 September 2021, the Company had 400,000,000 Shares in issue.

Significant Investments

As at 30 September 2021, there was no significant investments held by the Group.

Material Acquisitions or Disposals of Subsidiaries, Associates or Joint Ventures

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 Plans for Material Investments and Capital Assets

Save as those disclosed in the prospectus of the Company dated 29 December 2017 (the "Prospectus"), the Group currently has no other plan for material investments and capital assets.

Contingent Liabilities

The Group did not have material contingent liabilities as at 31 March 2021 and 30 September 2021.

Foreign Exchange Exposure

The Group is subject to relatively large exposure to foreign currency risk as the Group had foreign currency denominated trust receipt loans for the settlement of the wine product purchases from suppliers outside Hong Kong. The Group's exposure to foreign currency risk may affect the results of operations and financial position.

The Group recognises the importance of managing the foreign currency exchange risk exposure. To this end, the Group has ceased holding any pledged bank deposits in foreign currencies since October 2016.

The finance and accounts team is in charge of implementing the internal control measures on foreign currency risk. This team monitors the exposure to foreign currency risk with reference to, among other things, (i) the monthly and annual cash flow forecasts; (ii) historical cash flows; (iii) actual receivables; (iv) sales orders; (v) payables; (vi) purchase orders; and (vii) the potential hedging plans.

In respect of the purchases denominated in foreign currencies, the Group manages the associated foreign currency exchange risk exposure by closely monitoring the movement of foreign currency exchange rates and performing regular reviews of the net foreign exchange exposure. The Group has established a tracking and reporting system which records the latest exchange rate fluctuation information to enable the Group to effectively monitor the exposure to exchange rate risks and adjust the procurement strategy accordingly. For example, if there is an appreciation in Euro, the Group may choose to procure French red wine products from suppliers in the United Kingdom or Switzerland instead of France to minimise the foreign currency risk exposure. The Group does not currently have a foreign currency hedging policy. In the event of any change in circumstances leading the Group to believe that the exposure to foreign currency risk has heightened, the Group will, upon approval by the Investment Management Committee, implement necessary measures and policies to manage such risk, for example by entering into foreign currency hedging transactions.

Important Events after the Period

Save as disclosed in this report, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to the Period and up to the date of this report.

Employees and Remuneration Policies

The total number of employees were 52 and 47 as at 31 March 2021 and 30 September 2021, respectively. The Group's standard remuneration package includes base salary, discretionary bonus and medical insurance and contributions to retirement schemes. For the six months ended 30 September 2020 and 2021, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$6.5 million and HK\$7.3 million, respectively.

Remuneration package is determined in light of the employees' qualification, position and seniority. To ensure the remuneration package remains competitive, the Group conducts annual assessment on each employee's remuneration package.

Future Prospects

The Shares were successfully listed on GEM on 12 January 2018 (the "Listing Date"). 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 its 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 entered into a sale and purchase agreement to purchase a property 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 People's Republic of China, 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.

Comparison of Business Strategies with Actual Business Progress and Use of Proceeds

Planned use of net proceeds ^(Note 1)	Amount of planned use of net proceeds <i>HK\$ million</i>	As at 30 September 2021		Expected timeline for the intended use ^(Note 4)
		Utilised amount of net proceeds (accumulated) <i>HK\$ million</i>	Unutilised amount of net proceeds <i>HK\$ million</i>	
Strengthen the warehouse storage capability ^(Note 2)	38.9	18.4	20.5	By 30 November 2021
Expand the retail network in Hong Kong through the establishment of a new retail store and a new flagship store ^(Note 3)	23.3	21.2	2.1	By 31 March 2022
General working capital	2.0	2.0	Nil	N/A
	64.2	41.6	22.6	

Notes:

1. The Board currently has no intention to change the planned use of net proceeds as disclosed in the Prospectus, the 2019 annual report, the 2020 annual report, the 2021 annual report and this interim report.
2. On 1 September 2021, Brilliant Raise Holdings Limited (a wholly-owned subsidiary of the Company) (“Brilliant Raise”) as purchaser, Storage Holding I Limited (“Storage Holding”) as vendor and the Company as guarantor entered into a sale and purchase agreement, pursuant to which Brilliant Raise agreed to purchase, and Storage Holding agreed to sell, the property comprising (i) Unit N-3 on 1st Floor and Staircases Nos. R4, R5 & R6 on Ground Floor of Block 3, Kwun Tong Industrial Centre, Nos. 448-458 Kwun Tong Road, Kowloon, Hong Kong; (ii) Unit Q-4 (including the Flat-roof appurtenant thereto) on 1st Floor of Block 4, Kwun Tong Industrial Centre, Nos. 436-446 Kwun Tong Road, Kowloon, Hong Kong; and (iii) Car Parking Spaces Nos. 55 and 56 on Ground Floor, Kwun Tong Industrial Centre, Nos. 436-484 Kwun Tong Road, Kowloon, Hong Kong at a consideration of HK\$129,200,000. The expected completion of the acquisition will be taken place on or before 30 November 2021. Details of the acquisition was set out in the announcement of the Company dated 1 September 2021 and circular of the Company dated 23 September 2021.
3. The Company has opened a retail store in Tsim Sha Tsui in the end of 2018. Due to the COVID-19 Outbreak across the globe since the early 2020, the prospect and business environment of the retailing industry in Hong Kong as well as global economy remain full of uncertainties and challenges. In light of the COVID-19 Outbreak, while the Group has been continuing to identify a suitable location to open its third retail store, the Group will carefully evaluate the impact of the COVID-19 Outbreak on the economy in Hong Kong, and will take into account the rental expenses and possible impact on the financial position of the Group before expanding its retail network.
4. The expected timeline for using the unutilised net proceeds is based on the best estimation of the present and future business market situations made by the Board. It will be subject to changes based on the current and future development of market conditions.
5. Figures as shown in this table have been subject to rounding adjustments and are approximate only.

Principal Risks and Uncertainties

Due to the price fluctuation of properties in Hong Kong, the Group is exposed to the risks of purchasing overpriced warehouse, which may adversely affect the financial condition of the Company. In addition, such price fluctuation may also affect the rental expenses to be paid for the leasing of the new flagship store going forward. Accordingly, the actual purchase price of the warehouse as well as the actual rental expenses of the flagship store may deviate from the estimated amounts as set out in the Prospectus. We shall make further disclosure on such deviation (if any) at the relevant time in accordance with the GEM Listing Rules.

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 September 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	Capacity/Nature of interest	Number of Shares held ⁽¹⁾	Percentage of shareholding in the Company's issued share capital ⁽³⁾
Ms. Shirley Wong ⁽²⁾	Interest in controlled corporation/Interest of spouse	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 was calculated based on 400,000,000 Shares in issue as at 30 September 2021.

Save as disclosed above, as at 30 September 2021, none of the Directors nor chief executive of the Company has registered an 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 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 September 2021, the following persons (not being Directors or chief executive of the Company) (i) which had or be deemed or taken to have an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) were recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholders	Capacity/Nature of interests	Number of Shares held ⁽¹⁾	Percentage of shareholding in the Company's issued share capital ⁽³⁾
Shirz Limited	Beneficial owner	280,000,000 (L)	70%
Mr. Roy Ting ⁽²⁾	Interest of 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 September 2021.

Save as disclosed above, as at 30 September 2021, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were 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 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 and there are no outstanding share option at the end of the Period.

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 have 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 interim 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 interim 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 and up to the date of this interim report, to the best knowledge of the Board, the Company complied with the code provisions in the CG Code.

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 condensed 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, 10 November 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 Listed Company Information” page of the GEM website (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).

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