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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)*

**(Stock code: 8509)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**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 and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, 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 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.*

The board of Directors (the “Board”) hereby presents the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2018 (the “Year”), together with the comparative figures for the year ended 31 March 2017, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED 31 MARCH 2018*

	<i>Notes</i>	<b>Year ended 31 March</b>	
		<b>2018</b>	<b>2017</b>
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Revenue	3	<b>323,127</b>	281,639
Cost of sales		<b>(265,274)</b>	(244,664)
Gross profit		<b>57,853</b>	36,975
Other income		<b>105</b>	241
Other gains and losses, net		<b>(3,873)</b>	1,638
Selling and distribution expenses		<b>(9,750)</b>	(8,989)
Administrative expenses		<b>(14,183)</b>	(11,464)
Listing expenses		<b>(10,503)</b>	(7,540)
Finance costs	4	<b>(3,407)</b>	(4,935)
Profit before taxation	5	<b>16,242</b>	5,926
Income tax expense	6	<b>(4,663)</b>	(2,228)
Profit and total comprehensive income for the year attributable to the owners of the Company		<b><u>11,579</u></b>	<u>3,698</u>
Earnings per share – Basic (HK cents)	7	<b><u>3.79</u></b>	<u>1.32</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 MARCH 2018**

		<b>At 31 March</b>	
		<b>2018</b>	2017
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets</b>			
Property and equipment		6,001	9,220
Deferred tax assets		58	180
Deposits and prepayments		3,187	1,864
		<u>9,246</u>	<u>11,264</u>
<b>Current assets</b>			
Inventories		137,665	83,668
Trade receivables	9	50,513	13,330
Other receivables, deposits and prepayments		29,692	31,364
Amount due from a shareholder		–	1,317
Amounts due from related parties		2,348	18
Derivative financial instruments		–	13
Pledged bank deposits		2,000	2,000
Bank balances and cash		65,897	27,865
		<u>288,115</u>	<u>159,575</u>
<b>Current liabilities</b>			
Trade payables	10	4,711	414
Other payables and accrued charges		6,144	7,917
Amount due to a related party		–	561
Tax payable		2,640	923
Bank borrowings		127,586	95,895
Obligations under finance leases		693	713
Derivative financial instruments		–	13
		<u>141,774</u>	<u>106,436</u>
<b>Net current assets</b>		<u>146,341</u>	<u>53,139</u>
<b>Total assets less current liabilities</b>		<u><u>155,587</u></u>	<u><u>64,403</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***FOR THE YEAR ENDED 31 MARCH 2018*

	<b>At 31 March</b>	
	<b>2018</b>	<b>2017</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Non-current liabilities</b>		
Obligations under finance leases	<b>303</b>	996
Provisions	<b>500</b>	500
	<u><b>803</b></u>	<u>1,496</u>
<b>Net assets</b>	<u><b>154,784</b></u>	<u>62,907</u>
<b>Capital and reserves</b>		
Issued share capital	<b>4,000</b>	–
Reserves	<b>150,784</b>	62,907
	<u><b>154,784</b></u>	<u>62,907</u>
<b>Equity attributable to the owners of the Company</b>	<u><b>154,784</b></u>	<u>62,907</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Issued share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> <i>(Note)</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2016	–	–	27,458	31,751	59,209
Profit and total comprehensive income for the year	–	–	–	3,698	3,698
At 31 March 2017	–	–	27,458	35,449	62,907
Profit and total comprehensive income for the year	–	–	–	11,579	11,579
Issue of shares	1,200	88,800	–	–	90,000
Capitalisation issue	2,800	(2,800)	–	–	–
Transaction costs attributable to issue of shares	–	(9,702)	–	–	(9,702)
At 31 March 2018	<u>4,000</u>	<u>76,298</u>	<u>27,458</u>	<u>47,028</u>	<u>154,784</u>

*Note:* Other reserve represents the balance 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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*FOR THE YEAR ENDED 31 MARCH 2018*

### **1. GENERAL, GROUP REORGANISATION, AND BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The Company was incorporated in Cayman Islands and registered as an exempted company with limited liability under the Cayman Companies Law on 22 September 2016. The address of the Company's registered office is at PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands, and the principal place of business is in 26th Floor, AIA Financial Centre, 712 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong.

The immediate holding companies of the Company are Shirz Limited ("Shirz"), a limited company incorporated in the British Virgin Islands (the "BVI") and wholly owned by Ms. Wong Chi Lou Shirley ("Ms. Shirley Wong"), and Sunshine Consultancy Company Limited ("Sunshine Consultancy"), a limited company incorporated in the BVI and wholly owned by Mr. Roy Ting, spouse of Ms. Shirley Wong (Mr. Roy Ting together with Ms. Shirley Wong collectively known as the "Controlling Shareholders").

The Company is an investment holding company. Wine's Link Limited ("Wine's Link"), being its major operating subsidiary is principally engaged in trading of premium wine and wine cellar.

The consolidated financial statements are presented in Hong Kong dollar ("HK\$") which is also the functional currency of the Company.

Before the group reorganisation, Wine's Link is controlled by the Controlling Shareholders.

In preparation of the listing of the Company's shares on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing"), the companies comprising the Group underwent a group reorganisation (the "Reorganisation") and detailed below, 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 consolidated financial statements have been prepared as if the Company had always been the holding company of the Group.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the years ended 31 March 2017 and 2018 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the year, or since the respective dates of incorporation, which is a shorter period.

The consolidated statement of financial position of the Group as at 31 March 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

Details of the Reorganisation as described below.

- (i) On 23 March 2016, Starlight Worldwide was incorporated under the laws of the BVI as a limited liability company with an authorised share capital of United States Dollar (“USD”) 50,000 divided into 50,000 ordinary shares with par value of USD1 each. Upon incorporation, 4 shares, 4 shares and 2 shares of Starlight Worldwide were allotted and issued at par value to Ms. Shirley Wong, Mr. Roy Ting and Mr. Ting Ping Sing (“Mr. PS Ting”), the grandfather of Mr. Roy Ting respectively.
- (ii) On 31 March 2016, Ms. Shirley Wong, Mr. Roy Ting and Mr. PS Ting transferred their entire shareholding in Wine’s Link to Starlight Worldwide in consideration of the allotment and issue of 36 shares, 36 shares and 18 shares of Starlight Worldwide to Ms. Shirley Wong, Mr. Roy Ting and Mr. PS Ting respectively. Upon completion of the transfer, Wine’s Link became a wholly-owned subsidiary of Starlight Worldwide.
- (iii) On 22 September 2016, the Company was incorporated under the laws of the Cayman Islands as an exempted company with an initial authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares with par value of HK\$0.01 each. Upon incorporation of the Company, 1 share at par value was issued and allotted to the initial subscriber, which was in turn transferred to Shirz on the same day. On 3 October 2016, 29 shares and 20 shares were allotted and issued at par to Shirz and Sunshine Consultancy respectively. Upon completion of such transfer and allotment, the Company was owned as to 60% by Shirz and 40% by Sunshine Consultancy respectively.
- (iv) On 14 October 2016, Mr. PS Ting transferred all of his 20 shares in Starlight Worldwide to Ms. Shirley Wong at nil consideration. Upon completion of such transfer, Starlight Worldwide was owned as to 60% by Ms. Shirley Wong and 40% by Mr. Roy Ting respectively.
- (v) On 18 December 2017, Ms. Shirley Wong and Mr. Roy Ting transferred their entire interest in Starlight Worldwide in consideration of allotment and issue of 30 shares and 20 shares of the Company to Shirz and Sunshine Consultancy respectively. Upon completion of the transfer, Starlight Worldwide became a wholly-owned subsidiary of the Company.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

For the purpose of preparing and presenting the consolidated financial statements for the year ended 31 March 2018, the Group has adopted the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are effective for the Group’s financial year beginning on 1 April 2017.

### New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>4</sup>
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Amendments to HKFRS 2	Clarification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint venture <sup>3</sup>
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement <sup>2</sup>
Amendments to HKAS 28	Long term Interests in Associates and Joint Ventures <sup>2</sup>
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 cycle <sup>1</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021.



### 3. 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 during the year. For the purposes of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive of the Group) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

#### Revenue from major products

	Year ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Wine products	301,197	263,816
Other alcoholic beverages	21,881	17,317
Wine accessory products	49	506
	<u>323,127</u>	<u>281,639</u>

#### 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 years.

#### 4. FINANCE COSTS

	Year ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
The finance costs represent interest on:		
– bank borrowings	3,358	4,865
– obligations under finance leases	49	70
	<u>3,407</u>	<u>4,935</u>

#### 5. PROFIT BEFORE TAXATION

	Year ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	700	100
Cost of inventories recognised as an expense	265,274	244,664
Depreciation of property and equipment	3,485	2,656
Directors' remuneration	941	747
Other staff costs		
Salaries and other benefits	7,342	6,466
Retirement benefits scheme contributions	327	323
Total staff costs	8,610	7,536
Minimum lease payments under operating leases in respect of land and buildings	4,393	3,338

## 6. INCOME TAX EXPENSE

	Year ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Hong Kong Profits Tax:		
– Current tax	4,640	2,216
– (Over)underprovision in prior year	(99)	34
Deferred tax charge (credit)	122	(22)
	<u>4,663</u>	<u>2,228</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

## 7. EARNINGS PER SHARE

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

	Year ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Earnings:		
Profit for the year attributable to the owners of the Company for the purposes of basic earnings per share	<u>11,579</u>	<u>3,698</u>

	Year ended 31 March	
	2018	2017
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>305,643</u>	<u>280,000</u>

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the capitalisation issue had been effective on 1 April 2016.

No diluted earnings per share for both years were presented as there were no potential ordinary shares in issue during both years.

## 8. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company or other group entities comprising the Group during the year, nor has any dividend been proposed since the end of each reporting period.

## 9. TRADE RECEIVABLES

The Group's credit terms of 30-120 days is granted to 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 31 March	
	2018	2017
	HK\$'000	HK\$'000
0-30 days	21,583	9,093
31-60 days	6,851	1,542
61-90 days	19,045	129
91-180 days	2,619	340
181-365 days	415	2,203
Over 1 year	–	23
	<u>50,513</u>	<u>13,330</u>

## 10. TRADE PAYABLES

The credit period on purchases of goods is up to 30 days. The following is an ageing analysis of trade payables based on the invoice date at the end of each reporting period:

	As at 31 March	
	2018	2017
	HK\$'000	HK\$'000
Trade payables:		
0-30 days	4,243	405
Over 30 days	468	9
	<u>4,711</u>	<u>414</u>

## 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 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 increased by approximately 14.7% from approximately HK\$281.6 million for the year ended 31 March 2017 to HK\$323.1 million for the year ended 31 March 2018. The increase was mainly attributable to the increase in sales of wine products, in particular Premium Collectible Red Wine.

#### *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 recognise cost of sales upon the conclusion of a sales transaction. The cost of sales increased to approximately HK\$265.3 million for the year ended 31 March 2018 from approximately HK\$244.7 million for the year ended 31 March 2017 representing an increase of approximately 8.4%. The increase in cost of sales was directly correlated with the increase in revenue for the year ended 31 March 2018.

#### *Gross profit and gross profit margin*

The gross profit represents revenue less cost of sales. For the year ended 31 March 2018, the gross profit of the Group increased by approximately 56.5% from approximately HK\$37.0 million for the year ended 31 March 2017 to approximately HK\$57.9 million.

The overall gross profit margin increased and amounted to 13.1% and 17.9% for the years ended 31 March 2017 and 2018, respectively. The Group recorded a relatively higher gross profit margin during the year ended 31 March 2018 which was mainly due to the increase in the sales of certain highly sought-after Premium Collectible Red Wine which yielded a relatively higher gross profit margin, such as Château Mouton Rothschild, and Château Lafite Rothschild, during the year ended 31 March 2018.

### ***Other income***

Other income of the Group consisted primarily of (i) bank interest generated from the bank balances and (ii) interest income generated from key-man insurance policies. Other income decreased by approximately 56.4% from approximately HK\$0.2 million for the year ended 31 March 2017 to approximately HK\$0.1 million for the year ended 31 March 2018 as the Group ceased to receive any interest income from deposits and prepayments for life insurance policies for the year ended 31 March 2018.

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

The Group recorded net gains of HK\$1.6 million and net losses of HK\$3.9 million for the years ended 31 March 2017 and 2018, respectively.

During the year ended 31 March 2017, the net exchange loss of HK\$1.9 million arising from the Group's historical pledged GBP bank deposits included in "net exchange losses" was offset by the deed of undertaking and indemnities of Mr. Roy Ting.

The net exchange losses increased and amounted to HK\$0.4 million and HK\$3.3 million for the years ended 31 March 2017 and 2018, respectively. It was 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.

Besides, the Group has recorded a net gain of HK\$0.2 million and a net loss of HK\$0.5 million on disposals of property and equipment for the year ended 31 March 2017 and 2018, respectively.

### ***Selling and distribution expenses***

Selling and distribution expenses of the Group remained relatively stable at HK\$9.0 million and HK\$9.8 million for the years ended 31 March 2017 and 2018, respectively.

### ***Administrative expenses***

Administrative expenses of the Group increased from approximately HK\$11.5 million for the year ended 31 March 2017 to HK\$14.2 million for year ended 31 March 2018. This increase was primarily attributable to (i) an increase in rents and rates and building management fees in connection with the Group's head office in Hong Kong; (ii) an increase in salaries and allowances in connection with the Directors and administrative staff; and (iii) an increase in depreciation attributable to the administrative expenses. These increases were partially offset by a decrease in entertainment expenses.

### ***Finance Costs***

Finance costs decreased by approximately 30.6% from HK\$4.9 million for the year ended 31 March 2017 to approximately HK\$3.4 million for the year ended 31 March 2018. This decrease was primarily attributable to the repayment of the interest-bearing bank borrowings in October 2016.

### ***Income tax expense***

Income tax expense of the Group increased by approximately 113.6% from approximately HK\$2.2 million for the year ended 31 March 2017 to approximately HK\$4.7 million for the year ended 31 March 2018. The increase was mainly attributable to the increase of estimated assessable profit for the year ended 31 March 2018 compared to the corresponding period in 2017.

### ***Profit and Total Comprehensive Income for the Year 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 year ended 31 March 2018 amounted to approximately HK\$11.6 million (2017: HK\$3.7 million).

### ***Dividend***

The Board does not recommend the payment of a final dividend to the shareholders of the Company for the year ended 31 March 2018 (2017: nil).

### **Liquidity and Financial Resources**

During the year ended 31 March 2018, 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 2017 and 2018, the Group had net current assets of approximately HK\$53.1 million and HK\$146.3 million, respectively, including bank balances and cash of approximately HK\$27.9 million and HK\$65.9 million, respectively. The Group's current ratio (current assets divided by current liabilities increased from approximately 1.5 as at 31 March 2017 to approximately 2.0 as at 31 March 2018. Such increase was mainly due to the positive cash flow generated by the issuance of shares, partly offset by the cash used in operations.

Gearing ratio is calculated by dividing total borrowings (including non-trade amounts due to related parties, bank borrowings and obligations under finance leases) by total equity as at the end of the year. The Group's gearing ratio were approximately 156.1% and 83.1% as at 31 March 2017 and 2018, 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.

## **Commitments**

The Group's capital commitments are primarily related to the purchase of property and equipment primarily consisting of the leasehold improvements in respect of the head office and computer equipment. The Group's operating lease commitments are related to future minimum lease payments in respect of the office premises, warehouse and retail store under non-cancellable operating lease arrangement.

The Group's capital commitments amounted to approximately HK\$0.9 million and HK\$0.6 million as at 31 March 2017 and 2018, respectively.

The Group's operating lease commitments amounted to approximately HK\$9.7 million and HK\$14.9 million as at 31 March 2017 and 2018, respectively.

## **Capital Structure**

The Shares were successfully listed on the GEM on the Listing Date. There has been no changes in the capital structure of the Group since then. The share capital of the Company only comprises of ordinary shares.

As at 31 March 2018, the Company had 400,000,000 Shares in issue.

## **Significant Investments**

As at 31 March 2018, there was no significant investments held by the Group.

## **Material Acquisitions or Disposals of Subsidiaries, Associates or Joint Ventures**

On 18 December 2017, the Group completed the group reorganization undertaken by the Group in the preparation for the Listing (the "Reorganisation"), details of which are set out in the prospectus of the Company dated 29 December 2017 (the "Prospectus"). Subsequent to the completion of the Reorganization and up to 31 March 2018, 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, the Group currently has no other plan for material investments and capital assets.

## **Contingent Liabilities**

As at 31 March 2017 and 2018, the Company provided corporate guarantee to a bank (the “Guarantee”) in respect of entire banking facilities granted to Success Dragon International Industrial Limited (“Success Dragon”) in addition to the personal guarantees provided by Ms. Shirley Wong, Ms. Yeung Chi Hung, Mr. Roy Ting and Mr. PS Ting and the properties owned by Success Dragon. The banking facilities are only available to Success Dragon. As at 31 March 2017 and 2018, the outstanding loan balance of Success Dragon was amounted to HK\$15,306,000 and HK\$14,557,000 respectively. Before the listing, the Company has obtained the consent letters from the banks in releasing the Guarantee upon the listing. After the listing, the Company has actively handled respective procedures of the release with the banks. The banks are in the final stage of processing the administrative works in releasing the Guarantee.

Save as disclosed above, the Group did not have material contingent liabilities as at 31 March 2017 and 2018.

## **Foreign Exchange Exposure**

The Group is subject to relatively larger 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 of 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 have 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 EUR, 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.

### **Pledge of Assets**

As at 31 March 2018, the Group had pledged bank deposits amounted to HK\$2 million (2017: HK\$2 million).

### **Employees and Remuneration Policies**

The total number of employees were 45 and 37 as at 31 March 2017 and 2018, respectively. The Group's standard remuneration package includes base salary, discretionary bonus and medical insurance and contributions to retirement schemes. For the years ended 31 March 2017 and 2018, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$7.5 million and HK\$8.6 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 the Listing Date. The Board considers that such public listing status on the Stock Exchange is beneficial to the Company and the Shareholders 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.

The Group is strengthening the warehouse storage capability, including acquisition of a new warehouse in Hong Kong as well as to expand the retail network in Hong Kong by establishing an additional retail store and a flagship store. The Group aims to continue strengthening the leading position in the wine industry in Hong Kong.

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

Save for the listing of the Shares on GEM on the Listing Date, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company during the Year and up to the date of this announcement.

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

During the year ended 31 March 2018 and up to the date of this announcement, 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 in favour of the Company (for the Company and for the benefit of its subsidiaries) regarding certain non-competition undertakings. Details of the Deed of Non-competition were disclosed in the section headed "Relationship with Controlling Shareholders – Non-competition undertaking" to 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 year ended 31 March 2018 and up to the date of this announcement.

## **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. As at the date of this announcement, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code.

## **Interests of Compliance Adviser**

As notified by the Company's compliance adviser, Innovax Capital Limited (the "Compliance Adviser"), save for the compliance adviser agreement dated 7 August 2017 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates had any interest in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 March 2018.

## **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 5.28 of the GEM Listing Rules. 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 has three members comprising Mr. Wong Hin Wing, Mr. Cheng Yiu Tong 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 year ended 31 March 2018 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.

## **Scope of Work of Messrs. Deloitte Touche Tohmatsu**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 22 June 2018

*As at the date of this announcement, 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 Mr. Cheng Yiu Tong, G.B.M., G.B.S., J.P., Mr. Chan Wai Yan Ronald and Mr. Wong Hin Wing.*

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