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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



## 2020

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.*



## CONTENTS

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Condensed Consolidated Statement of Changes in Equity	4
Notes to the Condensed Consolidated Financial Statements	5
Management Discussion and Analysis	13
Other Information	16

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 2020 (the “Period”), together with the comparative unaudited figures for the corresponding period in 2019, as follows:

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

FOR THE THREE MONTHS ENDED 30 JUNE 2020

		Three months ended 30 June	
	NOTES	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	4	60,320	70,629
Cost of sales		(49,203)	(56,707)
Gross profit		11,117	13,922
Other income	5	585	128
Other gains and losses, net	5	76	519
Selling and distribution expenses		(3,615)	(4,187)
Administrative expenses		(3,433)	(4,307)
Finance costs	6	(1,753)	(2,422)
Profit before tax	7	2,977	3,653
Income tax expense	8	(421)	(604)
Profit and total comprehensive income for the Period attributable to the owners of the Company		2,556	3,049
Earnings per share Basic and diluted	9	HK0.63 cent	HK0.76 cent

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 30 JUNE 2020**

	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 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
At 1 April 2019 (audited)	4,000	76,298	27,458	79,468	187,224	-	187,224
Profit and total comprehensive income for the period (unaudited)	-	-	-	3,049	3,049	-	3,049
At 30 June 2019 (unaudited)	4,000	76,298	27,458	82,517	190,273	-	190,273

*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 2020

### 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, Uglard 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 are Shirz Limited, a limited company incorporated in the British Virgin Islands (the “BVI”) which holds 42% equity interests in the Company 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 which holds 28% equity interests in the Company and wholly owned by Mr. Roy Ting, spouse of Ms. Shirley Wong (Mr. Roy Ting, Ms. Shirley Wong, Shirz Limited and Sunshine Consultancy, 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 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 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020.

#### 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 2020 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has 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 and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 in the current period. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations.

##### *Definition of a lease*

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 when determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

### *As a lessee*

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at the amounts equal to the related lease liabilities by applying HKFRS 16.18(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group was applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.7%.

	<b>At 1 April 2019</b>
	<i>HK\$'000</i>
	<i>Note</i>
Operating lease commitments disclosed as at 31 March 2019	7,114
Lease liabilities discounted at relevant incremental borrowing rates	6,827
Less: Recognition exemption – short-term leases	(2,718)
Add: Obligations under finance leases recognised at 31 March 2019	<i>(a)</i> 303
Lease liabilities as at 1 April 2019	4,412
Analysed as	
Current	2,211
Non-current	2,201
	4,412

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprises the following:

	<i>Note</i>	<b>Right-of-use assets</b> <i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		4,109
Amounts included in property and equipment under HKAS 17		
– Assets previously under finance leases	<i>(a)</i>	926
Adjustments on rental deposits at 1 April 2019	<i>(b)</i>	49
		<hr/>
Right-of-use assets as at 1 April 2019		5,084
		<hr/>
By class:		
Properties		4,158
Motor vehicles		926
		<hr/>

- (a) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 April 2019 amounting to HK\$926,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of HK\$248,000 and HK\$55,000 to lease liabilities as current and non-current liabilities respectively at 1 April 2019.
- (b) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied under other receivables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK\$49,000 was adjusted to refundable rental deposits paid and right-of-use assets.

#### 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 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 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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Wine products	55,207	66,521
Other alcoholic beverages	5,096	3,628
Wine accessory products	17	480
	<b>60,320</b>	<b>70,629</b>

##### 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 2019.

5. OTHER INCOME/OTHER GAINS AND LOSSES, NET

Other income

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Bank interest income	–	92
Others	585	36
	<b>585</b>	<b>128</b>

Other gains and losses, net

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Net exchange gains	76	519

6. FINANCE COSTS

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
The finance costs represent interest on:		
– bank borrowings	1,636	2,224
– lease liabilities	117	198
	<b>1,753</b>	<b>2,422</b>

## 7. PROFIT BEFORE TAXATION

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories recognised as an expense	49,203	56,707
Depreciation of property and equipment	488	998
Depreciation of right-of-use assets	1,295	1,401
Directors' remuneration	318	318
Other staff costs		
Salaries and other benefits	2,719	2,656
Retirement benefits scheme contributions	118	124
Total staff costs	3,155	3,098

## 8. INCOME TAX EXPENSE

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Hong Kong Profits Tax:		
– Current tax	435	738
Deferred tax credit	(14)	(134)
	421	604

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	
	2020 HK\$'000	2019 HK\$'000
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	2,556	3,049

	Three months ended 30 June	
	2020 '000	2019 '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 2019 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 2019: 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.

During the Period, profit and total comprehensive income has decreased by approximately 16.2% to approximately HK\$2.6 million (three months ended 30 June 2019: approximately HK\$3.0 million).

### **Financial Review**

#### ***Revenue***

Revenue of the Group decreased by approximately 14.6% from approximately HK\$70.6 million for the three months ended 30 June 2019 to approximately HK\$60.3 million for the Period. The decrease was primarily caused by the outbreak of the novel coronavirus (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 13.2% from approximately HK\$56.7 million for the three months ended 30 June 2019 to approximately HK\$49.2 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 decreased by approximately 20.1% from approximately HK\$13.9 million for the three months ended 30 June 2019 to approximately HK\$11.1 million for the Period.

The overall gross profit margin remained relatively stable at approximately 19.7% and approximately 18.4% for the three months ended 30 June 2019 and 2020, respectively.

### ***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 approximately HK\$128,000 for the three months ended 30 June 2019 to approximately HK\$585,000 for the Period, which was mainly contributed by the anti-epidemic subsidies granted by the Hong Kong Government with the aim to, among others, to alleviate financial burden of businesses amid the COVID-19 Outbreak, during the Period.

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

The Group mainly recorded net exchange gains of approximately HK\$76,000 and approximately HK\$519,000 for the Period and for the three months ended 30 June 2019, 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 decreased from approximately HK\$4.2 million for the three months ended 30 June 2019 to approximately HK\$3.6 million for the Period. This decrease was primarily attributable to a decrease in rents and rates in connection with the rental concession granted by the landlords of the retail stores in light of the COVID-19 Outbreak.

### ***Administrative Expenses***

Administrative expenses of the Group decreased from approximately HK\$4.3 million for the three months ended 30 June 2019 to approximately HK\$3.4 million for the Period. This decrease was primarily attributable to a decrease in legal and professional fees.

### ***Finance Costs***

Finance costs decreased from approximately HK\$2.4 million for the three months ended 30 June 2019 to approximately HK\$1.8 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\$2.6 million (2019: approximately HK\$3.0 million).

### ***Dividend***

The Board does not recommend the payment of an interim dividend to the shareholders of the Company for the Period (2019: 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 the 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.

The Group has leased a new warehouse in Kwai Chung, in order to increase the Group's storage capacity, while continuing to identify a suitable property to be acquired as its self-owned warehouse. The Group also has opened its retail store in Tsim Sha Tsui in December 2018. Since the COVID-19 Outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across Hong Kong and other countries in the world. The Board expects that the global economy and retail environment remain uncertain and full of challenges. The Group has been closely monitoring the development of the COVID-19 Outbreak and will take 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 considering the establishment of the third retail shop, the Group will further take into account the retail environment, location, retail expenses and other factors.

## 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 2020, 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/ 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 168,000,000 Shares held by Shirz Limited. Ms. Shirley Wong is the spouse of Mr. Roy Ting and is therefore deemed to be interested in the 112,000,000 shares that Mr. Roy Ting 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 2020.

Save as disclosed above, as at 30 June 2020, 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 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 2020, 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	168,000,000 (L)	42%
Sunshine Consultancy	Beneficial owner	112,000,000 (L)	28%
Mr. Roy Ting <sup>(2)</sup>	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) Mr. Roy Ting is the sole shareholder of Sunshine Consultancy and he is therefore deemed to be interested in 112,000,000 Shares held by Sunshine Consultancy. Mr. Roy Ting is the spouse of Ms. Shirley Wong and is therefore deemed to be interested in the 168,000,000 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 2020.

Save as disclosed above, as at 30 June 2020, 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 23 January 2020, Wine's Link Limited ("Wine's Link"), a wholly-owned subsidiary of the Company, as borrower; Chong Hing 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 is comprising of a letter of credit facility and an overdraft facility, with a maximum facility of HK\$110,000,000 and HK\$3,000,000, respectively, which has been made available and will continue to be made available by Lender A to Wine's Link on the terms and conditions therein contained and subject to an annual review by the Lender A.

Pursuant to Facility Letter A, a specific performance covenant is imposed on the Controlling Shareholders (as defined hereunder) 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, the aggregate beneficial interest of the Controlling Shareholders in the Company is 70%.

Please refer to the announcement of the Company dated 4 February 2020 for more details.

On 7 May 2020, Wine's Link, a wholly-owned subsidiary of the Company, as borrower; Hang Seng 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 is comprising of a credit facility and a corporate credit card, with a maximum facility of HK\$30,000,000 and HK\$100,000, respectively, which are agreed to be made available by Lender B to Wine's Link on the terms and conditions contained therein and subject to, among others, an annual review by the Lender B at any time and the Lender B's overriding right of repayment on demand, including the right to call for cash cover on demand for prospective and contingent liabilities.

Pursuant to Facility Letter B, the Company shall procure the Controlling Shareholders 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, the aggregate beneficial interest of the Controlling Shareholders in the Company is 70%.

Please refer to the announcement of the Company dated 8 May 2020 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 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 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 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. 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.

## **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, 12 August 2020

*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.*

*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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