

# **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 THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2020**

### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

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*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 unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the nine months ended 31 December 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 AND NINE MONTHS ENDED 31 DECEMBER 2020*

		Three months ended 31 December		Nine months ended 31 December	
	NOTES	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	4	90,165	84,008	204,341	220,123
Cost of sales		(63,426)	(65,727)	(154,999)	(175,158)
Gross profit		26,739	18,281	49,342	44,965
Other income	5	797	246	2,567	505
Other gains and losses, net	5	(2,044)	(47)	(3,492)	1,535
Selling and distribution expenses		(4,061)	(4,614)	(11,547)	(13,113)
Administrative expenses		(4,810)	(3,643)	(11,881)	(12,132)
Finance costs	6	(1,304)	(2,328)	(4,204)	(6,599)
Profit before tax	7	15,317	7,895	20,785	15,161
Income tax expense	8	(2,875)	(1,389)	(3,867)	(2,686)
Total comprehensive income for the period		12,442	6,506	16,918	12,475
Profit and total comprehensive income for the period attributable to					
– Owners of the Company		12,596	6,506	17,118	12,478
– Non-controlling interests		(154)	–	(200)	(3)
		12,442	6,506	16,918	12,475
Earnings per share					
– Basic and diluted	9	HK3.15 cents	HK1.63 cents	HK4.28 cents	HK3.12 cents

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED 31 DECEMBER 2020**

	Attributable to owners of the Company				Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 <i>(Note)</i>	Accumulated profits 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)	-	-	-	17,118	17,118	(200)	16,918
At 31 December 2020 (unaudited)	4,000	76,298	27,458	108,530	216,286	(214)	216,072
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)	-	-	-	12,478	12,478	(3)	12,475
At 31 December 2019 (unaudited)	4,000	76,298	27,458	91,946	199,702	(3)	199,699

*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 NINE MONTHS ENDED 31 DECEMBER 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, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and 26th Floor, AIA Financial Centre, 712 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong respectively.

The shareholders of the Company 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, together with 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 accounting policies adopted in the preparation of the condensed consolidated financial statements for the nine months ended 31 December 2020 are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

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

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

- (c) Amendment to HKFRS 16 provides a 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. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the period ended 31 December 2020, certain monthly lease payments for the leases of the Group's retail stores have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 April 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the period ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK\$394,500 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 31 December 2020.

- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's condensed consolidated financial statements for the Period.

#### 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 31 December		Nine months ended 31 December	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Wine products	78,483	81,446	183,745	206,333
Other alcoholic beverages	11,580	2,502	20,337	13,110
Wine accessory products	102	60	259	680
	<b>90,165</b>	84,008	<b>204,341</b>	220,123

##### *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 nine months ended 31 December 2019.

5. OTHER INCOME/OTHER GAINS AND LOSSES, NET

*Other income*

	Three months ended 31 December		Nine months ended 31 December	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Bank interest income	1	111	1	322
Others	796	135	2,566	183
	<b>797</b>	246	<b>2,567</b>	505

*Other gains and losses, net*

	Three months ended 31 December		Nine months ended 31 December	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Net exchange gains/(losses)	(2,044)	(47)	(3,492)	1,535



## 6. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
The finance costs represent interest on:				
– bank borrowings	1,239	2,175	3,937	6,075
– obligation under finance leases	–	1	–	4
– lease liabilities	65	152	267	520
	<b>1,304</b>	2,328	<b>4,204</b>	6,599

## 7. PROFIT BEFORE TAXATION

	Three months ended 31 December		Nine months ended 31 December	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Profit before taxation has been arrived at after charging:				
Cost of inventories recognised as an expense	63,426	65,727	154,999	175,158
Depreciation of property and equipment	451	588	1,380	2,478
Depreciation of right-of-use assets	1,277	1,303	3,875	4,081
Directors' remuneration	318	318	954	954
Other staff costs				
Salaries and other benefits	3,129	2,937	8,710	8,434
Retirement benefits scheme contributions	132	130	373	384
Total staff costs	<b>3,579</b>	3,385	<b>10,037</b>	9,772
Lease payments under operating leases in respect of land and buildings				
Short-term lease	–	844	–	2,415

## 8. INCOME TAX EXPENSE

	Three months ended 31 December		Nine months ended 31 December	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Hong Kong Profits Tax:				
– Current tax	2,929	1,449	3,969	2,978
Deferred tax credit	(54)	(60)	(102)	(292)
	<b>2,875</b>	1,389	<b>3,867</b>	2,686

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 the owners of the Company is based on the following data:

	Three months ended 31 December		Nine months ended 31 December	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Earnings:				
Profit for the period attributable to the owners of the Company for the purposes of basic earnings per share	12,596	6,506	17,118	12,475

	<b>Three months ended 31 December</b>		<b>Nine months ended 31 December</b>	
	<b>2020 '000 (Unaudited)</b>	2019 '000 (Unaudited)	<b>2020 '000 (Unaudited)</b>	2019 '000 (Unaudited)
Number of shares:				
Number of ordinary shares for the purpose of basic earnings per share	<b>400,000</b>	400,000	<b>400,000</b>	400,000

No diluted earnings per share for the Period and the nine months ended 31 December 2019 was presented as there were no potential 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 (nine months ended 31 December 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.

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

### **Financial Review**

#### ***Revenue***

Revenue of the Group decreased by approximately 7.2% from approximately HK\$220.1 million for the nine months ended 31 December 2019 to approximately HK\$204.3 million for the Period. The decrease was primarily caused by 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 recognise cost of sales upon the conclusion of a sales transaction. The cost of sales decreased by approximately 11.5% from approximately HK\$175.2 million for the nine months ended 31 December 2019 to approximately HK\$155.0 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 9.7% from approximately HK\$45.0 million for the nine months ended 31 December 2019 to approximately HK\$49.3 million.

The overall gross profit margin increased and amounted to approximately 24.1% and approximately 20.4% for the nine months ended 31 December 2020 and 2019, respectively. The Group recorded a relatively higher gross profit margin during the Period which has 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.

### ***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\$505,000 for the nine months ended 31 December 2019 to approximately HK\$2.6 million for the Period, which was mainly contributed by the anti-epidemic subsidies granted by the Hong Kong Government with the aim to, among others, alleviate financial burden of businesses amid the COVID-19 Outbreak, during the Period.

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

The Group recorded net exchange gains of approximately HK\$1.5 million and net exchange losses of approximately HK\$3.5 million for the nine months ended 31 December 2019 and 2020, respectively.

These foreign exchange gains and losses 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\$13.1 million for the nine months ended 31 December 2019 to approximately HK\$11.5 million for the Period. This decrease 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.

### ***Administrative Expenses***

Administrative expenses of the Group remained relatively stable at approximately HK\$12.1 million and approximately HK\$11.9 million for the nine months ended 31 December 2019 and the Period, respectively.

### ***Finance Costs***

Finance costs decreased from approximately HK\$6.6 million for the nine months ended 31 December 2019 to approximately HK\$4.2 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 total comprehensive income attributable to the owners of the Company for the Period amounted to approximately HK\$17.1 million (2019: approximately HK\$12.5 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 announcement, the Group did not have any acquisition or disposals of subsidiaries, associates or joint ventures.

### ***Future Prospects***

The Shares were successfully listed on GEM on 12 January 2018 (the “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 the corporate profile and market recognition. In addition, the creditworthiness will be enhanced from the suppliers’ perspective, which may in turn allow the Group to have greater bargaining power over negotiations to bargain for longer trade and credit terms. It also enables the Group to gain direct access to the capital market to raise funds for future expansion.

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

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 31 December 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 interest	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 31 December 2020.

Save as disclosed above, as at 31 December 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 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.

**Interests and Short Positions of the substantial shareholders of the Company and other persons 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 31 December 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:

<b>Name of shareholders</b>	<b>Nature of interests</b>	<b>Number of Shares held<sup>(1)</sup></b>	<b>Percentage of shareholding in the Company's issued share capital<sup>(3)</sup></b>
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 Company Limited ("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 31 December 2020.



Save as disclosed above, as at 31 December 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 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 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 announcement, 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 announcement, 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 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 announcement, 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 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. The Company confirms that, as at the date of this announcement, 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" 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 Period 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.

## **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, 9 February 2021

*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 Ms. Chan Man Ki Maggie, M.H., 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).*