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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)

**MAJOR TRANSACTION
ACQUISITION OF PROPERTY**

THE ACQUISITION

On 1 September 2021 (after trading hours), Brilliant Raise (a wholly-owned subsidiary of the Company) as purchaser, Storage Holding as vendor and the Company as guarantor entered into the Sale and Purchase Agreement, pursuant to which Brilliant Raise agreed to purchase, and Storage Holding agreed to sell, the Property at the Consideration of HK\$129,200,000.

GEM LISTING RULES IMPLICATION

As one or more of the applicable percentage ratio(s) (as defined in the GEM Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, such transaction constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Since no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Acquisition, the Company has obtained a written approval from Shirz Limited, the controlling shareholder of the Company, which held 280,000,000 Shares (representing approximately 70% of the entire issued share capital of the Company as at the date of this announcement) carrying rights to vote at a general meeting of the Company. Accordingly, such written shareholder's approval has been accepted in lieu of holding a general meeting for the approval of the Acquisition pursuant to Rule 19.44 of the GEM Listing Rules. As such, no general meeting of the Company will be convened to approve the Acquisition.

GENERAL

A circular containing, among other things, further details of the Acquisition is expected to be despatched to the Shareholders in accordance with the GEM Listing Rules for information purpose only. It is expected that the circular will be despatched to the Shareholders on or before 23 September 2021, so as to allow sufficient time for the preparation of the aforesaid information for inclusion in the circular.

BACKGROUND

On 1 September 2021 (after trading hours), Brilliant Raise (a wholly-owned subsidiary of the Company) as purchaser, Storage Holding as vendor and the Company as guarantor entered into the Sale and Purchase Agreement, pursuant to which Brilliant Raise agreed to purchase, and Storage Holding agreed to sell, the Property at the Consideration of HK\$129,200,000.

THE SALE AND PURCHASE AGREEMENT

Major terms of the Sale and Purchase Agreement are set out as follows:–

Subject matter: The Purchaser agreed to purchase, and the Vendor agreed to sell, a non-residential property comprising:–

- (i) Unit N-3 on 1st Floor and Staircases Nos.R4, R5 & R6 on Ground Floor of Block 3, Kwun Tong Industrial Centre, Nos.448-458 Kwun Tong Road, Kowloon, Hong Kong;
- (ii) Unit Q-4 (including the Flat-roof appurtenant thereto) on 1st Floor of Block 4, Kwun Tong Industrial Centre, Nos.436-446 Kwun Tong Road, Kowloon, Hong Kong; and
- (iii) Car Parking Spaces Nos.55 and 56 on Ground Floor, Kwun Tong Industrial Centre, Nos.436-484 Kwun Tong Road, Kowloon, Hong Kong.

The Property shall be sold to the Purchaser on an “as-is” basis and free from all encumbrances.

It is estimated that the total cost of the Acquisition, together with the transaction costs such as stamp duty, will be approximately HK\$135,553,000.

Consideration and payment terms: The Consideration of HK\$129,200,000 shall be settled by the Purchaser to the Vendor in the following manner:–

- (i) an initial deposit of HK\$6,460,000 shall be paid upon execution of the Sale and Purchase Agreement;
- (ii) a further deposit of HK\$6,460,000 shall be paid on or before 27 September 2021; and
- (iii) the balance of the Consideration (i.e. HK\$116,280,000) shall be paid on or before the Completion Date, and before 5:00 p.m.

Completion: Completion shall take place on or before 30 November 2021.

Liability for default: Should the Purchaser fail (other than due to the default of the Vendor) to complete the sale and purchase of the Property in accordance with the terms and conditions under the Sale and Purchase Agreement, the Vendor may forthwith determine the Sale and Purchase Agreement by giving notice of termination in writing to the Purchaser or its solicitors to such effect and shall be entitled to re-enter upon and repossess the Property. The Vendor shall be entitled to forfeit all parts of the Consideration paid to the Vendor absolutely without prejudice to any other rights and remedies of the Vendor.

Upon determination or rescission of the Sale and Purchase Agreement, the Vendor may resell the Property as it may think fit and any increase in price on resale shall belong to the Vendor. Without prejudice to the Vendor's right to recover the actual loss which may flow from the Purchaser's breach of the Sale and Purchase Agreement, should any deficiency in price arise from such resale, the Purchaser shall recover such deficiency (after taking into account the amount, if any, forfeited by the Vendor) and all expenses attending such resale or any attempted resale to the Vendor. The Vendor may also recover any other damages which it may have suffered, including but not limited to, damages representing interest paid or lost by it by reason of the Purchaser's failure.

Without prejudice to other provisions contained in the Sale and Purchase Agreement, if the Purchaser fails to complete the purchase of the Property on the Completion Date and the Vendor elects to accept late completion in lieu of its rights contained in other provisions in the Sale and Purchase Agreement, the Purchaser shall pay interest calculated from day to day on the balance of the Consideration due at the rate of 3% per annum above the prime rate of The Hongkong and Shanghai Banking Corporation Limited prevailing from time to time until the actual date of completion.

Should the Vendor (other than due to the default of the Purchaser) fail to complete the sale of the Property in accordance with the terms and conditions of the Sale and Purchase Agreement, the Vendor shall return all deposits and other moneys paid by the Purchaser within five (5) business days upon demand. The Purchaser shall also be entitled to recover from the Vendor damages (if any) which the Purchaser may sustain by reason of such failure on the part of the Vendor.

Guarantee:

Subject to the maximum liability of the Guarantor being limited to the principal sum of the amount of further deposit payable by the Purchaser under the Sale and Purchase Agreement, the Guarantor guarantees, unconditionally and irrevocably as primary obligor and not merely as surety, to the Vendor the due observance and performance of the Purchaser's obligations in respect of the payment of further deposit in accordance with the terms of the Sale and Purchase Agreement.

The Guarantor guarantees to pay, by way of indemnity, on demand, the further deposit payable under the Sale and Purchase Agreement or any part thereof which the Purchaser fails to pay to the Vendor in accordance with the terms of the Sale and Purchase Agreement.

If the Guarantor fails to pay any sum under the Sale and Purchase Agreement as detailed under the paragraph headed "The Sale and Purchase Agreement – Guarantee" in this announcement on its due date for payment, the Guarantor shall pay default interest on such sum from the due date to the date of payment (both before and after judgment) at the rate of 3% per annum above the prime rate of The Hongkong and Shanghai Banking Corporation Limited prevailing from time to time. Such interest shall accrue and be calculated daily (on a 365 day year basis), be payable on demand and be compounded monthly on the first day of each calendar month and will itself bear interest accordingly, provided that there shall not be any double counting of default interest payable by the Purchaser and/or the Guarantor.

BASIS OF DETERMINATION OF CONSIDERATION

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to the followings:–

- (i) the prevailing market price of comparable properties in the vicinity of the Property;
- (ii) the location and quality of the Property; and
- (iii) the preliminary property valuation on the Property in the amount of HK\$129,600,000 carried out by an independent professional valuer as at 31 July 2021.

The Consideration shall be funded partially by the internal resources of the Group and partially by a portion of the IPO Net Proceeds which was allocated for the purpose of settling the down payment for the acquisition of a warehouse in Hong Kong.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SALE AND PURCHASE AGREEMENT

The Group is primarily engaged in the wholesale and retail of a wide spectrum of wine products and other alcoholic beverages in Hong Kong. The Group has been leasing warehouse for wholesale and retail purposes but as the nature of the Group's business model requires the stocking up of considerably high level of wine inventories of various types and price ranges so that it can swiftly fulfil the diverse needs of the customers, the utilisation rates of the Group's existing leased warehouse are considerably high and close to reach the maximum storage capacity.

In light of the growing demand of wine products, the existing leased warehouse might not have extra storage capacity to accommodate the Group's anticipated sales growth and its plan to expand the retail network, of which new purchases of different varieties of wine products would be required to meet the diverse needs of its customers. The Directors are of the view that the Acquisition of the Property as a new warehouse will expand the storage capacity, thereby supporting the Group's anticipated business growth and in line with its long-term development plan. The Acquisition would not only prevent the Group from repeatedly incurring significant renovation expenses and time costs upon relocation due to the expiration of leases, but also reduce its operational risk and enhance the cost efficiency.

The Directors (including the independent non-executive Directors) consider that the Acquisition is carried out on normal commercial terms, and the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PROPERTY

The Property is in vacant possession as at the date of this announcement but had been leased out during the previous years. The unaudited net rental income generated from the Property before and after taxation for the two financial years immediately preceding the Acquisition are as follows:

	For the year ended 31 March	
	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net rental income before taxation	1,731	1,600
Net rental income after taxation	1,445	1,336

GENERAL INFORMATION OF THE PARTIES

The Group

The Company is an exempted company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on GEM of the Stock Exchange. The Group primarily engages in the wholesale and retail of a wide spectrum of wine products and other alcoholic beverages in Hong Kong.

The Purchaser is a company incorporated under the laws of Hong Kong with limited liability, and a wholly-owned subsidiary of the Company. The Purchaser principally engages in the business of property investment.

The Vendor

The Vendor is an exempted company incorporated in the Cayman Islands with limited liability and principally engages in the business of property investment. As at the date of this announcement, the Vendor is indirectly wholly-owned by Hanison Construction Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 896).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

GEM LISTING RULES IMPLICATIONS

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No Shareholder has a material interest in the Acquisition and is required to abstain from voting if the Company were to convene a general meeting for approving the Acquisition. The Company has obtained a written approval from Shirz Limited, the controlling shareholder of the Company, which held 280,000,000 Shares (representing approximately 70% of the entire issued share capital of the Company as at the date of this announcement) carrying rights to vote at a general meeting of the Company. Accordingly, such written shareholder's approval has been accepted in lieu of holding a general meeting for the approval of the Acquisition pursuant to Rule 19.44 of the GEM Listing Rules. As such, no general meeting of the Company will be convened to approve the Acquisition.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors
“Brilliant Raise” or “Purchaser”	Brilliant Raise Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Company” or “Guarantor”	Wine's Link International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM of the Stock Exchange (Stock code: 8509)

“Completion”	completion of the Acquisition
“Completion Date”	on or before 30 November 2021
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration of HK\$129,200,000 payable by the Purchaser in relation to the Acquisition
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a party independent of and not connected with the Company and its connected persons
“IPO Net Proceeds”	the net proceeds received by the Company from its initial public offering on GEM of the Stock Exchange on 12 January 2018
“percentage ratio(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Property”	a non-residential property comprising (1) Unit N-3 on 1st Floor and Staircases Nos.R4, R5 & R6 on Ground Floor of Block 3, Kwun Tong Industrial Centre, Nos.448-458 Kwun Tong Road, Kowloon, Hong Kong; (2) Unit Q-4 (including the Flat-roof appurtenant thereto) on 1st Floor of Block 4, Kwun Tong Industrial Centre, Nos.436-446 Kwun Tong Road, Kowloon, Hong Kong; and (3) Car Parking Spaces Nos.55 and 56 on Ground Floor, Kwun Tong Industrial Centre, Nos.436-484 Kwun Tong Road, Kowloon, Hong Kong

“Sale and Purchase Agreement”	the sale and purchase agreement dated 1 September 2021 entered into among the Purchaser, the Vendor and the Company in respect of the Acquisition
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Storage Holding” or “Vendor”	Storage Holding I Ltd, an exempted company incorporated in the Cayman Islands with limited liability
“%”	per cent

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

Hong Kong, 1 September 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 M.H..

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose 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.

This announcement will remain on the “Latest Listed Company Information” page on the GEM website at www.hkgem.com for at least seven days from the date of its posting. This announcement will also be published and remain on the website of the Company at www.wines-link.com.