

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2022

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.

*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 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.*

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 2022 (the “**Year**”), together with the comparative audited figures for the year ended 31 March 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	For the year ended	
		2022 HK\$'000	2021 HK\$'000
Revenue	3	222,377	299,623
Cost of sales		<u>(155,813)</u>	<u>(227,556)</u>
Gross profit		66,564	72,067
Other income		3,421	3,094
Other gains and losses, net		(138)	(469)
Impairment loss/(reversal of impairment loss) under expected credit loss model on trade receivables		(466)	363
Selling and distribution expenses		(16,870)	(15,072)
Administrative expenses		(23,576)	(20,213)
Finance costs	4	<u>(2,690)</u>	<u>(5,704)</u>
Profit before taxation	5	26,245	34,066
Income tax expense	6	<u>(5,668)</u>	<u>(6,849)</u>
Profit and total comprehensive income for the year		<u><u>20,577</u></u>	<u><u>27,217</u></u>
Profit (loss) and total comprehensive income (expense) for the year attributable to			
– Owners of the Company		21,244	27,605
– Non-controlling interests		<u>(667)</u>	<u>(388)</u>
		<u><u>20,577</u></u>	<u><u>27,217</u></u>
Earnings per share			
Basic (HK cents)	7	<u><u>5.31</u></u>	<u><u>6.90</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

		As at 31 March	
	Notes	2022	2021
		HK\$'000	HK\$'000
Non-current assets			
Property and equipment		136,209	3,751
Right-of-use assets		3,441	5,741
Deferred tax assets		947	774
Deposits		11,236	2,177
		<u>151,833</u>	<u>12,443</u>
Current assets			
Inventories		156,805	191,817
Trade receivables	9	49,138	37,758
Other receivables, deposits and prepayments		41,973	60,369
Amounts due from shareholders		–	32
Amounts due from related companies		468	471
Bank balances and cash		5,783	46,780
		<u>254,167</u>	<u>337,227</u>
Current liabilities			
Trade payables	10	1,546	11,582
Other payables and accrued charges		3,398	5,987
Contract liabilities		10,973	5,330
Tax payable		10,548	5,460
Bank borrowings		128,303	88,124
Lease liabilities		1,948	4,732
Provisions		640	140
		<u>157,356</u>	<u>121,355</u>
Net current assets		<u>96,811</u>	<u>215,872</u>
Total assets less current liabilities		<u>248,644</u>	<u>228,315</u>

	As at 31 March	
	2022	2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	1,696	1,444
Provisions	–	500
	<u>1,696</u>	<u>1,944</u>
Net assets	<u>246,948</u>	<u>226,371</u>
Capital and reserves		
Share capital	4,000	4,000
Reserves	244,017	222,773
	<u>248,017</u>	<u>226,773</u>
Equity attributable to owners of the Company	248,017	226,773
Non-controlling interests	(1,069)	(402)
	<u>246,948</u>	<u>226,371</u>
Total equity	<u>246,948</u>	<u>226,371</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	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 (Note)	Accumulated profits HK\$'000			
At 1 April 2020	4,000	76,298	27,458	91,412	199,168	(14)	199,154
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	27,605	27,605	(388)	27,217
At 31 March 2021	4,000	76,298	27,458	119,017	226,773	(402)	226,371
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	21,244	21,244	(667)	20,577
At 31 March 2022	<u>4,000</u>	<u>76,298</u>	<u>27,458</u>	<u>140,261</u>	<u>248,017</u>	<u>(1,069)</u>	<u>246,948</u>

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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL

Wine's Link International Holdings Limited (the "**Company**") was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the 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 have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the Company's registered office is at PO Box 309, Uglan 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 shareholders of the Company are Shirz Limited ("**Shirz**"), a limited company incorporated in the British Virgin Islands (the "**BVI**") which holds 70% equity interests in the Company and wholly owned by Ms. Wong Chi Lou Shirley ("**Ms. Shirley Wong**").

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are 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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("**HKFRSs**")

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE AND SEGMENTAL INFORMATION

Revenue

Disaggregation of revenue from contracts with customers was disclosed as follows:

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Sales of wines products		
– Wine products	186,049	271,979
– Other alcoholic beverages	35,378	26,880
– Wine accessory products	950	764
	<u>222,377</u>	<u>299,623</u>
Geographical markets:		
Hong Kong	222,228	299,623
PRC	149	–
	<u>222,377</u>	<u>299,623</u>
Timing of revenue recognition:		
A point in time	<u>222,377</u>	<u>299,623</u>

For sales of wines products, other alcoholic beverages and wine accessory products revenue is recognised when the control of goods is transferred, being when the goods are delivered to the customer's specific location. Transportation and other related activities that incurred before customers obtain control of the related products are considered as fulfilment activities. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the Group's right to consideration becomes unconditional, as only the passage of time is required before payment is due. The contracts signed with the customers are fixed price contracts. The normal credit term is 30 to 120 days upon delivery.

All the Group's contracts with customers with unsatisfied performance obligations have original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2022 and 2021 is not disclosed.

Segmental information

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 set out in annual report. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

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	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
The finance costs represent interest on:		
– bank borrowings	2,441	5,315
– lease liabilities	249	389
	<u>2,690</u>	<u>5,704</u>

5. PROFIT BEFORE TAXATION

	Year ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	723	1,450
Cost of inventories recognised as an expense	155,813	227,556
Depreciation of property and equipment	3,710	1,790
Depreciation of right-of-use assets	4,916	5,028
COVID-19-related rent concessions (included in selling and distribution expenses)	–	(428)
Directors' remuneration	1,440	1,272
Other staff costs		
Salaries and other benefits	12,886	11,946
Retirement benefits scheme contributions	553	501
Total staff costs	<u>14,879</u>	<u>13,719</u>

6. INCOME TAX EXPENSE

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong Profits Tax:		
– Current tax	6,072	6,383
– (Over) under provision in prior years	(231)	578
Deferred tax credit	(173)	(112)
	<u>5,668</u>	<u>6,849</u>

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 at a flat rate of 16.5%.

7. EARNINGS PER SHARE

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

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>21,244</u>	<u>27,605</u>

	Year ended 31 March	
	2022	2021
	'000	'000
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	<u>400,000</u>	<u>400,000</u>

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 both years, nor has any dividend been proposed since the end of each reporting period (2021: Nil).

9. TRADE RECEIVABLES

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Gross carrying amount	49,917	38,071
Less: allowance for credit losses	(779)	(313)
	<u>49,138</u>	<u>37,758</u>

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

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
0-30 days	9,706	14,235
31-60 days	7,929	8,408
61-90 days	13,682	8,015
91-180 days	14,922	4,928
181-365 days	2,899	2,172
	<u>49,138</u>	<u>37,758</u>

10. TRADE PAYABLES

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

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Trade payables:		
0-30 days	423	243
31-60 days	–	891
61-90 days	587	208
91-180 days	513	3,647
181-365 days	23	6,593
	<u>1,546</u>	<u>11,582</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. 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 outbreak of the novel coronavirus (COVID-19) pandemic (the “**COVID-19 Outbreak**”) which lasts during the past two years deeply affected the retail business in Hong Kong. Like other industries, the Group also faced difficulties in operating its wine business, especially during the Year. Despite the impact of the COVID-19 Outbreak on offline sales, the Group has seized the opportunity of launching our products online to capture the demands of customers for our products at home during the Year. The Board believes that the Group can capture the opportunity arising from the different trends in the wine industry in long term.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 25.8% from approximately HK\$299.6 million for the year ended 31 March 2021 to approximately HK\$222.4 million for the Year. The decrease was mainly due to the recent waves of pandemic which was widely spread during the Year. The HKSAR government imposed very strict control measures to avoid social gathering. As such, the demand of our products was largely decreased.

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 31.5% from approximately HK\$227.6 million for the year ended 31 March 2021 to approximately HK\$155.8 million for the Year. The decrease in cost of sales was directly correlated with the decrease in revenue for the Year.

Gross profit and gross profit margin

The gross profit represents revenue less cost of sales. For the Year, the gross profit of the Group decreased by approximately 7.6% from approximately HK\$72.1 million for the year ended 31 March 2021 to approximately HK\$66.6 million.

The overall gross profit margin increased and amounted to approximately 24.1% and approximately 29.9% for the years ended 31 March 2021 and 2022, respectively. The Group recorded a relatively higher gross profit margin during the Year mainly due to the increase in gross profit margin on the sales of certain self-owned brand of other alcoholic beverages in early 2022.

Other income

Other income of the Group consisted primarily of (i) bank interest generated from the bank balances and (ii) sundry income. Other income slightly increased from approximately HK\$3.1 million for the year ended 31 March 2021 to approximately HK\$3.4 million for the Year, which was mainly contributed by the income derived from provision of services.

Other Gains and Losses, Net

The Group recorded net losses of approximately HK\$0.1 million and approximately HK\$0.5 million for the years ended 31 March 2022 and 2021, respectively.

The net gains or losses mainly consisted of net exchange gains or losses 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 increased from approximately HK\$15.1 million for the year ended 31 March 2021 to approximately HK\$16.9 million for the Year. This increase was primarily attributable to the absence of the rental concession granted by the landlords of the retail stores in light of the COVID-19 Outbreak during the Year.

Administrative expenses

Administrative expenses of the Group increased from approximately HK\$20.2 million for the year ended 31 March 2021 to approximately HK\$23.6 million for the Year. This increase was primarily attributable to an increase in legal and professional fees.

Finance costs

Finance costs decreased by approximately 52.9% from approximately HK\$5.7 million for the year ended 31 March 2021 to approximately HK\$2.7 million for the Year. This decrease was primarily attributable to the decrease in the trust receipt loans raised during the Year.

Income tax expense

Income tax expense of the Group decreased by approximately 17.2% from approximately HK\$6.8 million for the year ended 31 March 2021 to approximately HK\$5.7 million for the Year. The decrease was mainly attributable to the decrease of estimated assessable profit for the Year compared against the year ended 31 March 2021.

Profit and Total Comprehensive Income for the Year attributable to 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 amounted to approximately HK\$21.2 million (2021: approximately HK\$27.6 million).

Dividend

The Board does not recommend the payment of a final dividend to the shareholders of the Company for the Year (2021: nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company (“AGM”) to be held on Friday, 12 August 2022, the register of members of the Company will be closed from Wednesday, 10 August 2022 to Friday, 12 August 2022, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 9 August 2022.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group’s operation and capital requirements were financed principally through a combination of cash flow generated from the operating activities, bank borrowings and a mortgage loan. As at 31 March 2021 and 2022, the Group had net current assets of approximately HK\$215.9 million and approximately HK\$96.8 million, respectively, including bank balances and cash of approximately HK\$46.8 million and approximately HK\$5.8 million respectively. The Group’s current ratio (current assets divided by current liabilities) decreased from approximately 2.8 as at 31 March 2021 to approximately 1.6 as at 31 March 2022 mainly due to the inclusion of a mortgage loan to current liabilities, in accordance with the demand clause in the loan agreement.

Gearing ratio is calculated by dividing total borrowings (including bank borrowings and lease liabilities) by total equity as at the end of the Year. The Group’s gearing ratio were approximately 41.6% and approximately 53.4% as at 31 March 2021 and 2022, 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 were primarily related to the purchase of property and equipment which amounted to approximately HK\$0.1 million as at 31 March 2021 and approximately HK\$0.2 million as at 31 March 2022.

CAPITAL STRUCTURE

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

As at 31 March 2022, the Company had 400,000,000 shares in issue.

SIGNIFICANT INVESTMENTS

As at 31 March 2022, there were no significant investments held by the Group.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

As at 31 March 2022 and up to the date of this announcement, the Group did not have any material acquisition or disposals of subsidiaries, associates or joint ventures.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Year 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.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2021 and 2022.

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 has ceased holding any pledged bank deposits in foreign currencies since October 2016.

The finance and accounts team of the Group 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 Company's investment management committee, implement necessary measures and policies to manage such risk, for example by entering into foreign currency hedging transactions.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees were 52 and 45 as at 31 March 2021 and 2022, respectively. The Group's standard remuneration package includes base salary, discretionary bonus, medical insurance and contributions to retirement schemes. For the years ended 31 March 2021 and 2022, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$13.7 million and approximately HK\$14.9 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 of the Company (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 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 Year, the Group has made steady progress in refining and expanding its business, putting more emphasis on increasing storage capacity for its products, diversifying and creating new sales channels and expanding its business geographically. Apart from leasing a warehouse in Kwai Chung, on 17 December 2021, the Group has completed the acquisition of a property in Kwun Tong as its self-owned warehouse with an aim to increase storage of its products. Further, taking into account the continuing growth potential of e-commerce in recent years and to diversify the Group's income streams as well as to achieve a synergy effect with its existing businesses, the Group also (i) successfully implemented its e-commerce platform; and (ii) developed and launched an online auction platform in order to further enhance sales of the Group's fine and luxury wine (i.e. red wine with selling prices at or above HK\$10,000 per bottle). These new sales channels may ultimately enhance the financial performance of the Group. During the Year, 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 Group has been closely monitoring the development of the COVID-19 Outbreak and will take a prudent approach and adjust its business strategies to face the challenges and uncertainties. The Government of the HKSAR has relaxed the social distancing measures since late April 2022 and allowing catering premises to accommodate eight persons at most per table in May 2022. The Group is well equipped to capture the opportunity from the relaxation of the control measures. In addition, in light of the COVID-19 Outbreak, the Board also resolved to change the use of the unutilised net proceeds of approximately HK\$2.1 million to general working capital in order to effectively meet the financial needs of the Group and enhance the flexibility in financial management of the Company. For further details, please refer to the announcement of the Company dated 10 June 2022.

LOAN AGREEMENTS WITH COVENANT RELATING TO SPECIAL PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

On 10 March 2021, Wine's Link Limited ("**Wine's Link**"), a wholly-owned subsidiary of the Company, as borrower; Hang Seng Bank Limited ("**Lender A**"), as lender; and the Company as guarantor, entered into a banking facility letter (the "**Facility Letter A**"). This Facility Letter A comprises a revolving loan facility, a credit facility and a corporate credit card, with a maximum facility of HK\$50,000,000, HK\$30,000,000 and HK\$100,000, respectively, which are agreed to be made available by the Lender A to Wine's Link on the terms and conditions contained therein and subject to, among others, review by the Lender A at any time and the Lender A's overriding right of repayment on demand, including the right to call for cash cover on demand for prospective and contingent liabilities.

Pursuant to the Facility Letter A, the Company shall procure Ms. Wong Chi Lou Shirley ("**Ms. Shirley Wong**") Ms. Shirley Wong and Mr. Ting Chi Wai Roy ("**Mr. Roy Ting**") Mr. Roy Ting to continue to be the single largest shareholder and jointly hold not less than 50% beneficial interest of the Company.

As at the date of this announcement, Ms. Shirley Wong and Mr. Roy Ting, by virtual of their spousal relationship, together hold 70% interest to the Company.

Please refer to the announcement of the Company dated 12 March 2021 for more details.

On 26 November 2021, Wine's Link, as borrower; Chong Hing Bank Limited ("**Lender B**"), as lender; and the Company as guarantor, entered into a banking facility letter (the "**Facility Letter B**") to renew the banking facilities granted by the Lender B on 12 March 2021. This Facility Letter B is comprising of a trade facility, a term loan and an overdraft facility, with a maximum facility of HK\$48,000,000, HK\$20,000,000 and HK\$3,000,000, 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, review by the Lender B from time to time and the Lender B's overriding right of repayment on demand.

Pursuant to Facility Letter B, the Company shall procure Ms. Shirley Wong and Mr. Roy Ting, the controlling shareholders of the Company continue to be the single largest shareholder and jointly hold not less than 50% beneficial interest of the Company.

Please refer to the announcements of the Company dated 12 March 2021 and 26 November 2021 for more details.

COMPETING INTERESTS

During the Year and up to the date of this announcement, none of the Directors or the controlling shareholders or substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group.

NON-COMPETITION UNDERTAKING

The Company confirms that the deed of non-competition (the "**Deed**") of each of Ms. Shirley Wong, Mr. Roy Ting, Shirz Limited and Sunshine Consultancy Company Limited (collectively, the "**Obligors**"), details of which were set out in the Prospectus, has been fully complied and enforced during the Year. The Company has obtained an annual written confirmation from each of the Obligors in relation to their compliance with the terms of the Deed and the independent non-executive Directors have reviewed the undertakings under the Deed and evaluated the effective implementation of the Deed during the Year. The Board also confirms that there are no other matters in relation to the aforesaid undertaking which should be brought to the attention of the shareholders and the potential investors of the Group.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Director's securities transactions on terms no less than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made a specific enquiry by the Company, all Directors confirmed that they had complied with the required standard of dealings and code of conduct regarding securities transactions throughout the Year and up to the date of this announcement.

Corporate Governance Practices

The Company's corporate governance code is based on the principles of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules. The Company is committed to maintain high standards of corporate governance to safeguard interest of shareholders and ensure a quality board and transparency and accountability to shareholders.

The requirements under the new corporate governance code as set out in Appendix 15 of the GEM Listing Rules which came into effect on 1 January 2022 shall apply to the Company's corporate governance report for the financial year commencing on 1 January 2022.

The Company complied with all code provisions in the CG Code (the requirements under which are applicable to the Year) during the Year except for code provision C.1.8. The Company has not arranged appropriate insurance cover in respect of legal action against its directors during the Year. The Company is in the course of arranging Directors' and officers' liability insurance in accordance with the requirement under the CG Code.

Audit Committee

The Company has set up an audit committee (the "**Audit Committee**") 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 audited consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and adequate disclosures have been made.

Scope of work of ZHONGHUI ANDA CPA Limited

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 as set out in this announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with the 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 ZHONGHUI ANDA CPA Limited on this announcement.

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

Hong Kong, 23 June 2022

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 is Ms. Yeung Chi Hung, S.B.S., B.B.S., J.P.; and the independent non-executive Directors are Ms. Chan Man Ki Maggie, M.H., J.P., Mr. Chan Cham Man Simon and Mr. Wong Hin Wing, M.H.

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