

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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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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 six months ended 30 September 2022 (the “Period”), together with the comparative unaudited figures for the corresponding period in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2022

	Notes	Three months ended 30 September		Six months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	4	27,950	47,964	61,197	108,742
Cost of sales		(16,717)	(38,650)	(38,178)	(84,244)
Gross profit		11,233	9,314	23,019	24,498
Other income		399	3,174	667	3,210
Other gains and losses, net		(161)	433	(5)	(487)
Selling and distribution expenses		(3,136)	(4,154)	(6,950)	(8,319)
Administrative expenses		(5,374)	(5,002)	(10,913)	(11,667)
Finance costs	5	(1,375)	(816)	(2,162)	(1,410)
Profit before taxation	6	1,586	2,949	3,656	5,825
Income tax expense	7	(720)	(1,752)	(1,317)	(2,614)
Total comprehensive income for the period		866	1,197	2,339	3,211
Profit and total comprehensive income for the period attributable to					
– Owners of the Company		943	1,294	2,509	3,534
– Non-controlling interests		(77)	(97)	(170)	(323)
		866	1,197	2,339	3,211
Earnings per share					
– Basic and diluted	8	HK0.24 cent	HK0.32 cent	HK0.63 cent	HK0.88 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	<i>NOTES</i>	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Non-current assets			
Property and equipment		132,649	136,209
Right-of-use assets		6,864	3,441
Deferred tax assets		1,038	947
Deposits		20,539	11,236
		161,090	151,833
Current assets			
Inventories		145,781	156,805
Trade receivables	10	47,605	49,138
Other receivables, deposits and prepayments		48,962	41,973
Amounts due from related companies		470	468
Bank balances and cash		5,414	5,783
		248,232	254,167
Current liabilities			
Trade payables	11	2,298	1,546
Other payables and accrued charges		3,335	3,398
Contract liabilities		7,533	10,973
Amount due to shareholders		200	–
Tax payable		5,631	10,548
Bank borrowings		65,068	59,265
Mortgage loan		62,693	63,166
Bank overdrafts		5,887	5,872
Lease liabilities		3,079	1,948
Provisions		140	640
		155,864	157,356
Net current assets		92,368	96,811
Total assets less current liabilities		253,458	248,644

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*AS AT 30 SEPTEMBER 2022*

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Non-current liabilities		
Lease liabilities	3,671	1,696
Provisions	500	–
	<hr/> 4,171	<hr/> 1,696
Net assets	<hr/> 249,287	<hr/> 246,948
Capital and reserves		
Share capital	4,000	4,000
Reserves	246,526	244,017
	<hr/> 250,526	<hr/> 248,017
Equity attributable to the owners of the Company	250,526	248,017
Non-controlling interests	(1,239)	(1,069)
	<hr/> 249,287	<hr/> 246,948
Total equity	<hr/> 249,287	<hr/> 246,948

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Attributable to owners of the Company					Non- Total interests	equity
	Share capital	Share premium	Other reserve	Accumulated profits	controlling Total		
	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022 (audited)	4,000	76,298	27,458	140,261	248,017	(1,069)	246,948
Profit and total comprehensive income for the Period (unaudited)	-	-	-	2,509	2,509	(170)	2,339
At 30 September 2022 (unaudited)	4,000	70,298	27,458	142,770	250,526	(1,239)	249,287
At 1 April 2021 (audited)	4,000	76,298	27,458	119,017	226,773	(402)	226,371
Profit and total comprehensive income for the Period (unaudited)	-	-	-	3,534	3,534	(323)	3,211
At 30 September 2021 (unaudited)	4,000	76,298	27,458	122,551	230,307	(725)	229,582

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"), deemed to be 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	For the six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	3,656	5,825
Adjustments for:		
Depreciation of property and equipment	3,521	830
Depreciation of right-of-use assets	1,996	2,352
Net loss on disposals of property and equipment	5	22
Finance costs	2,162	1,410
Interest income	(1)	(13)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	11,339	10,426
Decrease in inventories	11,024	19,978
Decrease (increase) in trade receivables	1,533	(13,544)
Increase in other receivables, deposits and prepayments	(6,405)	(2,846)
Increase in amount due from a shareholder	–	(113)
Decrease in amount due to a related company	200	–
Increase (decrease) in trade payables	(752)	(6,081)
Decrease in other payables and accrued charges	(173)	(533)
Increase (decrease) in contract liabilities	(3,440)	(1,755)
	<hr/>	<hr/>
Cash used in operations	14,830	5,532
Income tax refund (paid)	(6,325)	1,092
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	8,505	6,624

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
INVESTING ACTIVITIES		
Bank interest received	1	10
Other interest received	–	3
Purchase of property and equipment	(46)	(480)
Prepayments for purchase of property	–	(18,411)
Proceed on disposal of property and equipment	80	–
Repayments from related companies	–	6
Advances to related companies	(2)	–
NET CASH USED IN INVESTING ACTIVITIES	33	(18,872)
FINANCING ACTIVITIES		
Interest paid on bank borrowings	(2,062)	(1,286)
Interest paid on lease liabilities	(100)	(124)
New bank borrowings raised	41,709	163,735
Repayment of bank borrowings	(46,293)	(171,032)
Repayments of lease liabilities	(2,018)	(2,345)
NET CASH USED IN FINANCING ACTIVITIES	(8,764)	(11,052)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(226)	(23,300)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(89)	46,780
Effect of foreign exchange rate changes, net	(158)	1,665
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(473)	25,145
represented by:		
bank balances and cash	5,414	31,263
bank overdrafts	(5,887)	(6,118)
	(473)	25,145

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2022

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 controlling shareholder of the Company is Shirz Limited, a limited company incorporated in the British Virgin Islands (the “BVI”) which holds 70% equity interests in the Company and is wholly owned by Ms. Wong Chi Lou Shirley (“Ms. Shirley Wong”).

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

The unaudited condensed consolidated financial statements of the Group for the Period have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 – Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements for the six months ended 30 September 2022 are consistent with those applied to the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2022. And the Group has adopted, for the first time, the following amendments to HKFRSs issued by the HKICPA which were effective for the Group’s financial year beginning on 1 April 2022.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment:</i> <i>Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>

The amendments did not have a material impact on how the Group's results and financial position for the current or prior periods have been presented in this unaudited condensed consolidated interim financial information. The Group has not applied any other new standard or interpretation that is not yet effective for the current accounting 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		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Wine products	3,707	44,467	34,908	102,403
Other alcoholic beverages	23,914	2,963	25,930	5,521
Wine accessory products	329	534	359	818
	27,950	47,964	61,197	108,742

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 six months ended 30 September 2021.

5. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
The finance costs represent interest on:				
– bank borrowings	1,430	761	2,067	1,286
– lease liabilities	135	55	95	124
	1,565	816	2,162	1,410

6. PROFIT BEFORE TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Profit before taxation has been arrived at after charging:				
Cost of inventories recognised as an expense	16,717	38,650	38,178	84,244
Depreciation of property and equipment	1,800	450	3,521	830
Depreciation of right-of-use assets	939	1,176	1,996	2,352
Directors' remuneration	399	318	798	636
Other staff costs				
Salaries and other benefits	2,586	3,129	5,983	6,420
Retirement benefits scheme contributions	115	133	249	268
Total staff costs	3,100	3,580	7,030	7,324

7. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:				
– Current tax	772	782	1,409	1,707
– Under provision in prior years	–	941	–	955
Deferred tax charge/(credit)	(52)	29	(92)	(48)
	720	1,752	1,317	2,614

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%.

8. 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 30 September		Six months ended 30 September	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <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	943	1,294	2,509	3,534
	<hr/>			
	Three months ended 30 September		Six months ended 30 September	
	2022 <i>'000</i> (Unaudited)	2021 <i>'000</i> (Unaudited)	2022 <i>'000</i> (Unaudited)	2021 <i>'000</i> (Unaudited)
Number of shares:				
Number of ordinary shares for the purpose of basic earnings per share	400,000	400,000	400,000	400,000
	<hr/>			

No diluted earnings per share for the Period and the six months ended 30 September 2021 was presented as the Group had no potentially dilutive ordinary shares in issue during these periods.

9. DIVIDEND

No dividend was paid, declared or proposed for shareholders of the Company during the Period. The Board does not recommend any payment of an interim dividend to the shareholders of the Company for the Period (six months ended 30 September 2021: nil).

10. TRADE RECEIVABLES

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

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
0-30 days	8,162	9,706
31-60 days	5,284	7,929
61-90 days	200	13,682
91-180 days	23,135	14,922
181-365 days	9,361	2,899
Over 365 days	1,463	–
	<hr/> 47,605	<hr/> 49,138

11. 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 date at the end of each reporting period:

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Trade payables:		
0-30 days	1,979	423
31-60 days	146	–
61-90 days	–	587
91-180 days	–	513
181-365 days	54	23
Over 365 days	119	–
	<hr/> 2,298	<hr/> 1,546

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. The Group has a comprehensive product portfolio consisting of (i) wine products such as premium collectible red wine, i.e. red wine with selling prices at or above HK\$1,000 per bottle (the “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 Group also develop alcoholic beverages under its self-owned brands.

Like other industries, the Group also faced difficulties in operating its wine business under external challenges from (i) the global economic downturn, (ii) the tightening monetary policy executed worldwide, and (iii) the enforcement actions on various anti-epidemic measures due to the outbreak of the novel coronavirus (COVID-19) pandemic in both China and Hong Kong (altogether the “External Challenges”). The demand and consumption power from consumers in both premium collectible wine and fine wine segments were relatively weak comparing to previous years, as a result such segments turned into price competition and affected the Group in both revenue and profitability. Therefore, the Group actively seeks for alter product segments with good potential and shifted our attention to develop products with our self-owned brands during the Period. 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 43.7% from approximately HK\$108.7 million for the six months ended 30 September 2021 to approximately HK\$61.2 million for the Period. The decrease was primarily caused by the decrease in demand for our premium collectible wine and fine wine as affected by the External Challenges.

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 54.7% from approximately HK\$84.2 million for the six months ended 30 September 2021 to approximately HK\$38.2 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 6.0% from approximately HK\$24.5 million for the six months ended 30 September 2021 to approximately HK\$23.0 million for the Period.

The overall gross profit margin increased and amounted to approximately 22.5% and approximately 37.6% for the six months ended 30 September 2021 and 2022, respectively. The Group recorded a relatively higher gross profit margin during the Period mainly due to the increase in gross profit margin on the sales of certain self-owned brand of other alcoholic beverages.

Other income

Other income of the Group consists primarily of (i) bank interest generated from the bank balances and (ii) sundry income. Other income decreased from HK\$3.2 million for the six months ended 30 September 2021 to HK\$0.7 million for the Period, the decrease was mainly contributed by the decrease of income derived from the one-off provision of services and the one-off 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 comparing with the six months ended 30 September 2021.

Other gains and losses, net

The Group recorded net losses of approximately HK\$5,000 and approximately HK\$487,000 for the six months ended 30 September 2022 and 2021, respectively. The net losses mainly consists of the net exchange losses arising from the foreign currency fluctuations in respect of the foreign currency denominated trust receipt loans for the settlement of wine products purchased from the overseas suppliers.

Selling and distribution expenses

Selling and distribution expenses of the Group decreased from approximately HK\$8.3 million for the six months ended 30 September 2021 to approximately HK\$7.0 million for the Period. This decrease was primarily attributable to the decrease in expenses in relation to frontline sales and marketing activities during the Period.

Administrative expenses

Administrative expenses of the Group slightly decreased from approximately HK\$11.7 million for the six months ended 30 September 2021 to approximately HK\$10.9 million for the Period. This decrease was primarily attributable to a decrease in legal and professional fees.

Finance costs

Finance costs increased from approximately HK\$1.4 million for the six months ended 30 September 2021 to approximately HK\$2.2 million for the Period. This increase was primarily attributable to the increase in the mortgage loans interests for the Period.

Income tax expense

Income tax expense of the Group decreased from approximately HK\$2.6 million for the six months ended 30 September 2021 to approximately HK\$1.3 million for the Period. The decrease was mainly attributable to the decrease of estimated assessable profit for the Period compared to the corresponding period in 2021 and the additional assessment for prior years in 2021.

Profit and total comprehensive income for the Period attributable to the owners of the Company

For the reasons mentioned above, profit and the total comprehensive income attributable to the owners of the Company for the Period amounted to approximately HK\$2.5 million (2021: approximately HK\$3.5 million).

Dividend

The Board does not recommend any payment of an interim dividend to the shareholders of the Company for the Period (2021: nil).

Liquidity and Financial Resources

During the Period, the Group's operation and capital requirements were financed principally through a combination of cash flow generated from the operating activities and bank borrowings. As at 31 March 2022 and 30 September 2022, the Group had net current assets of approximately HK\$96.8 million and HK\$92.4 million, respectively, including bank balances and cash of approximately HK\$5.8 million and HK\$5.4 million, respectively. The Group's current ratio (current assets divided by current liabilities) remained steady at approximately 1.6 as at both 31 March 2022 and 30 September 2022.

Gearing ratio is calculated by dividing total borrowings (including bank borrowings and leases liabilities) by total equity as at the end of the relevant period. The Group's gearing ratio were approximately 53.4% and 56.3% as at 31 March 2022 and 30 September 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. The Group has obtained bank facilities and borrowings with stable interest rates during the Period. The Group does not foresee any significant interest rate risks in near future.

The Group's transactions are mostly denominated in Hong Kong dollar except for some foreign currency denominated trust receipt loans for the settlement of the wine product purchases from suppliers outside Hong Kong. The Group's exposure to foreign currency risk may affect the results of operations and financial position. The management of the Company closely monitors its foreign exchange risk, for details, please refer to the section headed "Foreign Exchange Exposure" in this announcement.

Commitments

The Group's capital commitments are primarily related to the purchase of computer equipment and amounted to approximately HK\$0.1 million and HK\$0.1 million as at 31 March 2022 and 30 September 2022, respectively.

Segment Information

Segment information is disclosed in note 4 to the condensed consolidated financial statements.

Share Capital Structure

There has been no changes in the share capital structure of the Group during the Period. The share capital of the Company only comprises of ordinary shares. As at 30 September 2022, the Company had 400,000,000 Shares in issue.

Significant Investments

As at 30 September 2022, there was no significant investments held by the Group.

Material Acquisitions or Disposals of Subsidiaries, Associates or Joint Ventures

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 Plans for Material Investments and Capital Assets

Save as those disclosed in the (i) prospectus of the Company dated 29 December 2017 (the “Prospectus”); (ii) the annual reports of the Company for the year ended 31 March 2019, 2020 and 2021; (iii) the supplemental announcement of the Company dated 14 August 2020; and (iv) the announcement of the Company dated 10 June 2022 in relation to the use of proceeds, 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 2022 and 30 September 2022.

Charge on Assets

As at 30 September 2022, the mortgage loan of approximately HK\$62.7 million (31 March 2022: HK\$63.2 million) was secured by the property of the Company with a total carrying value of approximately HK\$131.2 million (31 March 2022: HK\$134.0 million).

Foreign Exchange Exposure

The Group is subject to relatively large 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 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 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 Euro, the Group may choose to procure French red wine products from suppliers in the United Kingdom or Switzerland instead of France to minimise the foreign currency risk exposure. The Group does not currently have a foreign currency hedging policy. In the event of any change in circumstances leading the Group to believe that the exposure to foreign currency risk has heightened, the Group will, upon approval by the Investment Management Committee, implement necessary measures and policies to manage such risk, for example by entering into foreign currency hedging transactions.

Important Events after the Period

Save as disclosed in this announcement, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to the Period and up to the date of this announcement.

Employees and Remuneration Policies

The total number of employees were 45 and 26 as at 31 March 2022 and 30 September 2022, respectively. The Group's standard remuneration package includes base salary, discretionary bonus and medical insurance and contributions to retirement schemes. For the six months ended 30 September 2021 and 2022, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$7.3 million and HK\$7.0 million, respectively.

Remuneration package is determined in light of the employees' qualification, position and seniority. To ensure the remuneration package remains competitive, the Group conducts annual assessment on each employee's remuneration package.

Future Prospects

The Shares were successfully listed on GEM on 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 its 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 on diversifying and creating new sales channels and expanding its business geographically. Apart from trading wine products of well-known chateaus or wineries, the Group has developed its self-owned brands to diversify the Group's income streams as well as achieve a synergy effect with its existing businesses. 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 External Challenges and any further uncertainty may have and will take a prudent approach and adjust its business strategies to accommodate the rapid changing environment.

Comparison of Business Strategies with Actual Business Progress and Use of Proceeds

Planned use of net proceeds	Amount of planned use of net proceeds <i>HK\$ million</i>	Revised allocation of the use of net proceeds <i>HK\$ million</i>	As at 30 September 2022	
			Utilised amount of net proceeds (accumulated) <i>HK\$ million</i>	Unutilised amount of net proceeds <i>HK\$ million</i>
Strengthen the warehouse storage capability	38.9	38.9	38.9	-
Expand the retail network in Hong Kong through the establishment of a new retail store and a new flagship store	23.3	21.2	21.2	-
General working capital	2.0	4.1	4.1	-
	64.2	64.2	64.2	-

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 September 2022, 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	Capacity/Nature of interest	Number of Shares held ⁽¹⁾	Percentage of shareholding in the Company's issued share capital ⁽³⁾
Ms. Shirley Wong ⁽²⁾	Interest in controlled corporation	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 the Shares held by Shirz Limited.
- (3) The approximate percentage was calculated based on 400,000,000 Shares in issue as at 30 September 2022.

Save as disclosed above, as at 30 September 2022, 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.

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 September 2022, the following persons (not being Directors or chief executive of the Company) (i) which had or be deemed or taken to have an interest or short position in the Shares or the 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 (ii) were recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholders	Capacity/Nature of interests	Number of Shares held ⁽¹⁾	Percentage of shareholding in the Company's issued share capital ⁽³⁾
Shirz Limited	Beneficial owner	280,000,000 (L)	70%
Mr. Roy Ting ⁽²⁾	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 spouse of Ms. Shirley Wong and is therefore deemed to be interested in all the 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 September 2022.

Save as disclosed above, as at 30 September 2022, the Directors were not aware of any other persons who had 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 were 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 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. Shirley Wong and 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 of the Company.

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

On 26 November 2021, Wine's Link, a wholly-owned subsidiary of the Company, 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 comprises 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 the Lender B to Wine's Link on the terms and conditions therein and subject to, among others, review by the Lender B from time to time and the Lender B's overriding right of repayment of demand.

Pursuant to the 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.

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

Please refer to the announcements of the Company dated 12 March 2021 and 26 November 2021 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 interim 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 Company Limited 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" 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 interim 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 (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules as its corporate governance practices.

The Company complied with all code provisions in the CG Code during the Period except for the code provision C.1.8. The Company has not arranged appropriate insurance cover in respect of legal action against the Directors during the Period. The Company has arranged the Directors' and officers' liability insurance in accordance with the requirement under the CG Code on 25 July 2022.

Changes in Information of Directors

The changes in the information of the Directors as notified to the Company since the Company's last published annual report are as follows:

1. Ms. Chan Man Ki Maggie has been appointed as an independent non-executive director of each of China State Construction Development Holdings Limited, which is listed on the Main Board of the Stock Exchange (stock code: 830) and, Beijing Enterprises Holdings Limited, which is listed on the Main Board of the Stock Exchange (stock code: 392), since 1 July 2022 and 1 September 2022 respectively.
2. Mr. Wong Hin Wing retired as an independent non-executive director of CRCC High-Tech Equipment Corporation Limited, which is listed on the Main Board of the Stock Exchange (stock code 1786), at the extraordinary general meeting held on 21 October 2022.

Save as disclosed above, there is no change in the information of the Directors which is required to be disclosed pursuant to Rule 17.50A (1) of the GEM Listing Rules since the Company's last published annual report.

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 code provision D.3.3 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 Cham Man Simon, of whom Mr. Wong Hin Wing has been appointed as the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed 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, 8 November 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 Director 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 www.hkex.com.hk 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).