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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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*This announcement, for which the directors (the “**Directors**”) of Wine's Link International Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the 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 2023 (the “**Year**”), together with the comparative audited figures for the year ended 31 March 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

		For the year ended 31 March	
	<i>Notes</i>	2023	2022
		HK\$'000	HK\$'000
Revenue	3	147,727	222,377
Cost of sales		(87,999)	(155,813)
Gross profit		59,728	66,564
Other income		915	3,421
Other gains and losses, net		34	(138)
Reversal of impairment loss (impairment loss) under expected credit loss model on trade receivables		651	(466)
Selling and distribution expenses		(12,445)	(16,870)
Administrative expenses		(21,723)	(23,576)
Finance costs	4	(5,789)	(2,690)
Profit before taxation	5	21,371	26,245
Income tax expense	6	(5,036)	(5,668)
Profit for the year		16,335	20,577
Profit (loss) for the year attributable to:			
– Owners of the Company		16,599	21,244
– Non-controlling interests		(264)	(667)
		16,335	20,577
Other comprehensive income after tax:			
<i>Item that may be reclassified to profit or loss:</i>			
<i>Exchange differences on translation of foreign operations</i>		21	–
Other comprehensive income for the year, net of tax		21	–
Total comprehensive income for the year		16,356	20,577
Total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		16,579	21,244
– Non-controlling interests		(223)	(667)
		16,356	20,577
Earnings per share			
Basic (<i>HK cents</i>)	7	4.15	5.31

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

		As at 31 March	
	Notes	2023	2022
		HK\$'000	HK\$'000
Non-current assets			
Property and equipment		129,073	136,209
Right-of-use assets		3,763	3,441
Deferred tax assets		1,140	947
Deposits		20,548	11,236
		<u>154,524</u>	<u>151,833</u>
Current assets			
Inventories		138,765	156,805
Trade receivables	9	44,804	49,138
Other receivables, deposits and prepayments		87,063	41,973
Amounts due from related companies		454	468
Bank balances and cash		5,754	5,783
		<u>276,840</u>	<u>254,167</u>
Current liabilities			
Trade payables	10	6,610	1,546
Other payables and accrued charges		3,155	3,398
Contract liabilities		10,276	10,973
Tax payable		2,787	10,548
Bank borrowings and bank overdrafts		140,881	128,303
Lease liabilities		2,700	1,948
Provisions		140	640
		<u>166,549</u>	<u>157,356</u>
Net current assets		<u>110,291</u>	<u>96,811</u>
Total assets less current liabilities		<u>264,815</u>	<u>248,644</u>

	As at 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	1,011	1,696
Provisions	500	–
	<u>1,511</u>	<u>1,696</u>
Net assets	<u>263,304</u>	<u>246,948</u>
Capital and reserves		
Share capital	4,000	4,000
Reserves	260,596	244,017
	<u>264,596</u>	<u>248,017</u>
Equity attributable to owners of the Company	<u>264,596</u>	<u>248,017</u>
Non-controlling interests	(1,292)	(1,069)
	<u>263,304</u>	<u>246,948</u>
Total equity	<u>263,304</u>	<u>246,948</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	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	Exchange fluctuation reserve HK\$'000	Other reserve HK\$'000 (Note)	Accumulated profits HK\$'000			
At 1 April 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 and 1 April 2022	4,000	76,298	–	27,458	140,261	248,017	(1,069)	246,948
Profit (loss) for the year	–	–	–	–	16,599	16,599	(264)	16,335
Other comprehensive (expense) income for the year: Exchange differences on translation of foreign operations	–	–	(20)	–	–	(20)	41	21
Total comprehensive (expense) income for the year	–	–	(20)	–	16,599	16,579	(223)	16,356
At 31 March 2023	<u>4,000</u>	<u>76,298</u>	<u>(20)</u>	<u>27,458</u>	<u>156,860</u>	<u>264,596</u>	<u>(1,292)</u>	<u>263,304</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**”) 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 2023

1. GENERAL INFORMATION

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 Act, 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.

Shirz Limited, a limited company incorporated in the British Virgin Islands which holds 70% equity interests in the Company, is one of the controlling shareholders of the Company and is 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 2022. 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	
	2023	2022
	HK\$'000	HK\$'000
Sales of wines products		
– Wine products	70,069	186,049
– Other alcoholic beverages	77,009	35,378
– Wine accessory products	649	950
	<u>147,727</u>	<u>222,377</u>
Geographical markets:		
Hong Kong	146,850	222,228
The People's Republic of China (the "PRC")	877	149
	<u>147,727</u>	<u>222,377</u>
Timing of revenue recognition:		
A point in time	<u>147,727</u>	<u>222,377</u>

For sales of wine 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 2023 and 2022 is not disclosed.

Segmental information

The Group's operations are mainly 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 most from Hong Kong and small part from the PRC 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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
The finance costs represent interest on:		
– bank borrowings and bank overdrafts	5,549	2,441
– lease liabilities	240	249
	<u>5,789</u>	<u>2,690</u>

5. PROFIT BEFORE TAXATION

	Year ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	709	723
Cost of inventories recognised as an expense	87,999	155,813
Depreciation of property and equipment	7,119	3,710
Depreciation of right-of-use assets	3,374	4,916
Directors' remuneration	1,596	1,440
Other staff costs		
Salaries and other benefits	10,161	12,886
Retirement benefits scheme contributions	439	553
Total staff costs	<u>12,196</u>	<u>14,879</u>

6. INCOME TAX EXPENSE

	Year ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax:		
– Current tax	5,229	6,072
– Overprovision in prior years	–	(231)
Deferred tax credit	(193)	(173)
	<u>5,036</u>	<u>5,668</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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>16,599</u>	<u>21,244</u>

	Year ended 31 March	
	2023	2022
	<i>'000</i>	<i>'000</i>
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 during both years, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

9. TRADE RECEIVABLES

	As at 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross carrying amount	44,932	49,917
Less: allowance for credit losses	(128)	(779)
	<u>44,804</u>	<u>49,138</u>

The Group's credit terms of 30 to 120 days are 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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	14,597	9,706
31 to 60 days	52	7,929
61 to 90 days	13	13,682
91 to 180 days	28,002	14,922
181 to 365 days	2,140	2,899
	<u>44,804</u>	<u>49,138</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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	6,437	423
31 to 60 days	–	–
61 to 90 days	–	587
91 to 180 days	–	513
181 to 365 days	–	23
Over 365 days	173	–
	<u>6,610</u>	<u>1,546</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. 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 HK\$1,000 or above 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 develops alcoholic beverages under its self-owned brands.

During the Year, the Group 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**”). Although the demand in both premium collectible wine and fine wine segments were improved compared to the first half of the year, they were still weak compared to previous years and affected the Group’s revenue and gross profit. Therefore, the Group actively seeks to alter product segments with good potential and shifted our focus to develop products under its self-owned brands during the Year. The Board believes that the Group can seize the opportunity arising from the different trends in the wine industry in a long term.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 33.6% from approximately HK\$222.4 million for the year ended 31 March 2022 to approximately HK\$147.7 million for the Year. 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 43.5% from approximately HK\$155.8 million for the year ended 31 March 2022 to approximately HK\$88.0 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 10.3% from approximately HK\$66.6 million for the year ended 31 March 2022 to approximately HK\$59.7 million.

The overall gross profit margin increased and amounted to approximately 29.9% and approximately 40.4% for the years ended 31 March 2022 and 2023, 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 other alcoholic beverages of certain self-owned brand.

Other income

Other income of the Group consisted primarily of (i) bank interest generated from the bank balances; (ii) government grant; and (iii) sundry income. Other income decreased from approximately HK\$3.4 million for the year ended 31 March 2022 to approximately HK\$0.9 million for the Year, which was mainly contributed by the income derived from the one-off provision of services during the year ended 31 March 2022 while there was no such income during the Year.

Other gains and losses, net

The Group recorded net gains of approximately HK\$34,000 and net losses of approximately HK\$0.1 million for the Year and the year ended 31 March 2022, respectively.

The net gains or losses mainly consisted of the net exchange gains and 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 decreased from approximately HK\$16.9 million for the year ended 31 March 2022 to approximately HK\$12.4 million for the Year. This decrease was primarily attributable to the decrease in expenses in relation to frontline sales and marketing activities during the Year.

Administrative expenses

Administrative expenses of the Group decreased from approximately HK\$23.6 million for the year ended 31 March 2022 to approximately HK\$21.7 million for the Year. This decrease was attributable to the combined effect of the decrease in legal and professional fees and the increase in expense and depreciation related to the property.

Finance costs

Finance costs increased from approximately HK\$2.7 million for the year ended 31 March 2022 to approximately HK\$5.8 million for the Year. This increase was primarily attributable to the increase in the interest on bank borrowings for the Year.

Income tax expense

Income tax expense of the Group decreased by approximately 11.2% from approximately HK\$5.7 million for the year ended 31 March 2022 to approximately HK\$5.0 million for the Year. The decrease was mainly attributable to the decrease in estimated assessable profit for the Year compared against the year ended 31 March 2022.

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

For the reasons mentioned above, profit for the year attributable to owners of the Company and total comprehensive income for the year attributable to owners of the Company amounted to approximately HK\$16.6 million (2022: approximately HK\$21.2 million) and approximately HK\$16.6 million (2022: approximately HK\$21.2 million), respectively.

Dividend

The Board does not recommend the payment of a final dividend to the shareholders of the Company (the “**Shareholder(s)**”) for the Year (2022: 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 Monday, 14 August 2023, the register of members of the Company will be closed from Thursday, 10 August 2023 to Monday, 14 August 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 9 August 2023.

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 and bank borrowings. As at 31 March 2022 and 2023, the Group had net current assets of approximately HK\$96.8 million and approximately HK\$110.3 million, respectively, including bank balances and cash of approximately HK\$5.8 million and approximately HK\$5.8 million respectively. The Group’s current ratio (current assets divided by current liabilities) increased from approximately 1.6 as at 31 March 2022 to approximately 1.7 as at 31 March 2023 mainly due to the combined effect of the decrease in inventories, the increase in deposits paid to the suppliers and the increase in bank borrowings.

Gearing ratio is calculated by dividing total borrowings (including bank borrowings, bank overdrafts and lease liabilities) by total equity as at the end of the Year. The Group’s gearing ratio were approximately 53.4% and approximately 54.9% as at 31 March 2022 and 2023, 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

As at 31 March 2023, the Group did not have any capital commitment. As at 31 March 2022, the Group’s capital commitments were primarily related to the purchase of property and equipment which amounted to approximately HK\$0.2 million.

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 2023, the Company had 400,000,000 shares in issue.

SIGNIFICANT INVESTMENTS

As at 31 March 2023, there were no significant investments held by the Group.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

As at 31 March 2023 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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in (i) the prospectus of the Company dated 29 December 2017 (the “**Prospectus**”); (ii) the annual reports of the Company for the years ended 31 March 2019, 2020, 2021 and 2022; (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 2023.

FOREIGN EXCHANGE EXPOSURE

The Group is subject to relatively larger exposure to foreign currency risk as the Group has 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 its 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 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 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 45 and 30 as at 31 March 2022 and 2023, 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 2022 and 2023, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$14.9 million and approximately HK\$12.2 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 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 to 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.

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.

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

The facilities under the Facility Letter A were reviewed and renewed by Lender A on 20 May 2022 and have been subsequently cancelled on 3 February 2023.

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 ("**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 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.

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

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

Pursuant to a letter from Lender B dated 4 July 2022, the facilities under the Facility Letter B would continue to be made available to Wine's Link with terms and conditions substantially the same as those under the Facility Letter B.

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 and Shirz 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 exacting 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 Company complied with all code provisions in the CG Code during the Year.

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 code provision D.3 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 and consequently no opinion or assurance conclusion 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, 20 June 2023

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. Liu Kin Wai.

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.