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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)

(於開曼群島註冊成立之有限公司)

Stock Code | 股份代號 : 8509

2024

Interim Report
中期報告





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This report, 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 report 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 report misleading.

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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 2024 (the “Period”), together with the comparative unaudited figures for the corresponding period in 2023, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Notes	Six months ended 30 September	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue	3	157,836	84,674
Cost of sales		(127,699)	(60,776)
Gross profit		30,137	23,898
Other income	4	386	30
Other gains and losses, net	4	899	(225)
Selling and distribution expenses		(6,911)	(5,902)
Administrative expenses		(5,855)	(8,059)
Finance costs	5	(4,673)	(4,372)
Profit before taxation	6	13,983	5,370
Income tax expense	7	(2,979)	(1,660)
Profit for the period		11,004	3,710

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

		Six months ended 30 September	
<i>Note</i>	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	
Profit (loss) for the period attributable to:			
– Owners of the Company	11,006	3,743	
– Non-controlling interests	(2)	(33)	
	11,004	3,710	
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>	(6)	13	
Other comprehensive income for the period, net of tax	(6)	13	
Total comprehensive income for the period	10,998	3,723	
Total comprehensive income (expense) for the period attributable to:			
– Owners of the Company	11,020	3,781	
– Non-controlling interests	(22)	(58)	
	10,998	3,723	
Earnings per share			
– Basic and diluted (HK cent)	2.75	0.94	

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

	<i>Notes</i>	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Non-current assets			
Property and equipment	<i>10</i>	125,639	147,117
Investment property	<i>11</i>	18,130	–
Right-of-use assets		300	1,102
Deferred tax assets		327	325
Deposits and prepayments		494	494
		144,890	149,038
Current assets			
Inventories		184,392	152,822
Trade receivables	<i>12</i>	53,465	52,304
Other receivables, deposits and prepayments		76,803	90,583
Amounts due from related companies		494	491
Bank balances and cash		1,016	2,889
		316,170	299,089
Current liabilities			
Trade payables	<i>13</i>	3,904	3,602
Other payables and accrued charges		2,348	3,047
Contract liabilities		6,241	7,626
Tax payable		7,567	4,586
Bank borrowings and bank overdrafts		134,781	133,281
Lease liabilities		104	1,003
Provisions		500	500
		155,445	153,645
Net current assets		160,725	145,444
Total assets less current liabilities		305,615	294,482

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2024

	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Non-current liabilities		
Lease liabilities	143	8
	143	8
Net assets	305,472	294,474
Capital and reserves		
Share capital	4,000	4,000
Reserves	302,854	291,834
Equity attributable to owners of the Company	306,854	295,834
Non-controlling interests	(1,382)	(1,360)
Total equity	305,472	294,474

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Exchange fluctuation reserve	Other reserve	Accumulated profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 March 2024 and 1 April 2024 (audited)	4,000	76,298	17	27,458	188,061	295,834	(1,360)	294,474
Profit (loss) for the period	-	-	-	-	11,006	11,006	(2)	11,004
Other comprehensive income (expense) for the period:								
Exchange differences on translation of foreign operations	-	-	14	-	-	14	(20)	(6)
Total comprehensive income (expense) for the period	-	-	14	-	11,006	11,020	(22)	10,998
At 30 September 2024 (unaudited)	4,000	76,298	31	27,458	199,067	306,854	(1,382)	305,472
At 31 March 2023 and 1 April 2023 (audited)	4,000	76,298	(20)	27,458	156,860	264,596	(1,292)	263,304
Profit (loss) for the period	-	-	-	-	3,743	3,743	(33)	3,710
Other comprehensive income (expense) for the period:								
Exchange differences on translation of foreign operations	-	-	38	-	-	38	(25)	13
Total comprehensive income (expense) for the period	-	-	38	-	3,743	3,781	(58)	3,723
At 30 September 2023 (unaudited)	4,000	76,298	18	27,458	160,603	268,377	(1,350)	267,027

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	For the six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
OPERATING ACTIVITIES		
Profit before income tax	13,983	5,370
Adjustments for:		
Depreciation of property and equipment	3,011	3,135
Depreciation of an investment property	410	–
Depreciation of right-of-use assets	917	1,309
Loss (gain) on disposal of property and equipment	62	(165)
Write-off of property and equipment	–	195
Finance costs	4,673	4,372
Bank interest income	(2)	(2)
Operating cash flows before movements in working capital	23,054	14,214
Increase in inventories	(31,570)	(5,402)
Increase in trade receivables	(1,161)	(2,307)
Decrease in other receivables, deposits and prepayments	13,780	10,062
Increase in trade payables	302	450
Decrease in other payables and accrued charges	(699)	(489)
(Decrease) increase in contract liabilities	(1,385)	1,087
Decrease in provisions	–	(140)
Cash generated from operations	2,321	17,475
Income tax paid	–	(1,213)
NET CASH FROM OPERATING ACTIVITIES	2,321	16,262

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	For the six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
INVESTING ACTIVITIES		
Bank interest received	2	2
Purchase of property and equipment	(73)	(474)
Proceeds from disposal of property and equipment	150	165
Advances to related companies	(3)	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES	76	(307)
FINANCING ACTIVITIES		
New bank borrowings raised	74,976	40,652
Interest paid on bank borrowings and bank overdrafts	(4,649)	(4,278)
Interest paid on lease liabilities	(24)	(94)
Repayment of bank borrowings	(76,478)	(56,395)
Repayment of lease liabilities	(1,091)	(1,330)
NET CASH USED IN FINANCING ACTIVITIES	(7,266)	(21,445)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,869)	(5,490)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,889	2,791
Effect of foreign exchange rate changes, net	(6)	13
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(1,986)	(2,686)
Represented by:		
bank balances and cash	1,016	105
bank overdrafts	(3,002)	(2,791)
	(1,986)	(2,686)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

1. GENERAL

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. The address of the Company's registered office is at PO Box 309, Ugland 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. Wine's Link Limited ("Wine's Link"), being its major operating subsidiary is primarily engaged in trading 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 information of Group has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The unaudited condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2024.

The unaudited condensed consolidated financial information of the Group has been prepared in accordance with the same accounting policies adopted in Group's annual financial statements for the year ended 31 March 2024, except as stated below and except for the adoption of all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards and Interpretations) that are relevant to its operations and effective for its accounting period beginning on 1 April 2024.

Investment property is land and/or building held to earn rentals and/or for capital appreciation. Investment property is measured initially at its cost including all direct costs attributable to the property. After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The depreciation is calculated using the straight-line method to allocate the cost to the residual value over its estimated useful life. The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

The new and revised HKFRSs had no impact on the condensed consolidated financial information of the Group.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective for the Period.

This unaudited condensed consolidated financial information has not been audited or reviewed by the Company's external auditors, but has been reviewed by the Company's audit committee.

3. REVENUE AND SEGMENT 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. 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 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.

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

Revenue from contracts with customers

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Sales of wine products		
– Wine products	134,875	83,399
– Other alcoholic beverages	21,650	1,175
– Wine accessory products	1,311	100
	157,836	84,674
Geographical markets:		
Hong Kong	157,836	84,617
The People's Republic of China (the "PRC")	–	57
Timing of revenue recognition:		
A point in time	157,836	84,674

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

Revenue from a customer of the Group which individually accounted for 10% or more of the Group's revenue for each reporting period is set out below:

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Customer 1	N/A*	10,564

* Less than 10% of the Group's revenue

4. OTHER INCOME/OTHER GAINS AND LOSSES, NET

Other income

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Bank interest income	2	2
Rental income	365	–
Others	19	28
	386	30

Other gains and losses, net

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
(Loss) gain on disposal of property and equipment	(62)	165
Write-off of property and equipment	–	(195)
Net exchange gain (loss)	961	(195)
	899	(225)

5. FINANCE COSTS

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
The finance costs represent interest on:		
– bank borrowings and bank overdrafts	4,649	4,278
– lease liabilities	24	94
	4,673	4,372

6. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Profit before taxation has been arrived at after charging:		
Cost of inventories recognised as an expense	127,699	60,776
Depreciation of property and equipment	3,011	3,135
Depreciation of an investment property	410	–
Depreciation of right-of-use assets	917	1,309
Directors' remuneration	959	888
Other staff costs		
– Salaries and other benefits	3,654	4,453
– Retirement benefits scheme contributions	143	169
Total staff costs	4,756	5,510

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Hong Kong Profits Tax:		
– Current tax	2,981	1,581
Deferred tax (credit) charge	(2)	79
	2,979	1,660

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

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Earnings:		
Profit for the period attributable to owners of the Company for the purposes of basic earnings per share calculation	11,006	3,743

	Six months ended 30 September	
	2024 (Unaudited) '000	2023 (Unaudited) '000
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share calculation	400,000	400,000

No diluted earnings per share for the Period and the six months ended 30 September 2023 were presented as there were no potential 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 the payment of any dividend for the Period (six months ended 30 September 2023: Nil).

10. PROPERTY AND EQUIPMENT

During the Period, the Group's additions of property and equipment amounted to approximately HK\$73,000 (six months ended 30 September 2023: approximately HK\$23,094,000).

During the Period, approximately HK\$18,540,000 of the Group's property and equipment was transferred to an investment property (six months ended 30 September 2023: Nil).

An item of property and equipment with a carrying value of approximately HK\$212,000 (six months ended 30 September 2023: Nil) was disposed of during the six months ended 30 September 2024, resulting in loss on disposal of approximately HK\$62,000 (six months ended 30 September 2023: gain on disposal of approximately HK\$165,000).

Items of property and equipment with an aggregate carrying value of approximately HK\$195,000 were written-off during the six months ended 30 September 2023.

11. INVESTMENT PROPERTY

The Group leases part of its warehouse under an operating lease arrangement and recognised an investment property. Approximately HK\$18,540,000 of the Group's property and equipment was transferred to an investment property (six months ended 30 September 2023: Nil) during the Period.

12. TRADE RECEIVABLES

The Group's credit terms of 0 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 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
0 to 30 days	26,132	26,603
31 to 60 days	15,329	13,879
61 to 90 days	7,097	500
91 to 180 days	3,287	7,687
181 to 365 days	927	3,607
Over 365 days	693	28
	53,465	52,304

13. 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 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
0 to 30 days	251	15
31 to 60 days	29	–
61 to 90 days	102	–
91 to 180 days	60	130
181 to 365 days	–	17
Over 365 days	3,462	3,440
	3,904	3,602

14. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during the period:

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Sales of goods to:		
– Ms. Shirley Wong	–	24
– Mr. Roy Ting (<i>note</i>)	–	1
	–	25

Note:

Mr. Roy Ting ceased to be a related party of the Group since November 2023.

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of current financial assets and liabilities which are due to be received or settled within one year are reasonable approximation of their respective fair values, and accordingly, no disclosure of the fair values of these financial instruments is made.

For non-current financial assets and liabilities, the carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values of these financial instruments is made.



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, fine red wine and white wine; (ii) other alcoholic beverages such as champagne, whisky, baijiu 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 Period, the market expected the global interest rate has been stabilised and the global economic showed a sign of bottoming out, it led to an improvement in the demand of premium collectible wine and fine wine segments compared to previous years, which resulted an increment in the Group's revenue and maintain a steady gross profit. Meanwhile, the Group is actively exploring other business opportunities during the Period, which include provision of promotion and marketing services for liquor brands and products, in addition to altering product segments with good potential and development of products under self-owned brands, as well as optimising the cost efficiency from business operation. The Board believes that the Group can seize the opportunity arising from the different trends in the liquor industry in the long term.

Financial Review

Revenue

Revenue of the Group increased by approximately 86.4% from approximately HK\$84.7 million for the six months ended 30 September 2023 to approximately HK\$157.8 million for the Period. The increase was due to the improvement of demand in wine products.

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 increased by approximately 110.1% from approximately HK\$60.8 million for the six months ended 30 September 2023 to approximately HK\$127.7 million for the Period. The increase in cost of sales was directly correlated with the increase in revenue for the Period.

Gross profit and gross profit margin

The gross profit represents revenue less cost of sales. For the Period, the gross profit of the Group increased by approximately 26.1% from approximately HK\$23.9 million for the six months ended 30 September 2023 to approximately HK\$30.1 million for the Period. The overall gross profit margin amounted to approximately 28.2% and approximately 19.1% for the six months ended 30 September 2023 and the Period, respectively.

The Group recorded a relatively lower gross profit margin during the Period mainly due to the change in product mix with a higher proportion of sales of premium collectible wine and fine wine, which have lower profit margin during the Period.

Other income

Other income of the Group consisted primarily of (i) bank interest generated from the bank balances; (ii) rental income under an operating lease arrangement; and (iii) sundry income. Other income increased from approximately HK\$30,000 for the six months ended 30 September 2023 to approximately HK\$386,000 for the Period, which was mainly contributed by the rental income recognised during the Period.

Other gains and losses, net

The Group recorded net gains of approximately HK\$899,000 and net losses of approximately HK\$225,000 for the Period and for the six months ended 30 September 2023, respectively.

The net gains or losses consisted of (i) gain or loss on disposal of property and equipment; (ii) write-off of property and equipment; and (iii) 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\$5.9 million for the six months ended 30 September 2023 to approximately HK\$6.9 million for the Period. It was a result of the increase in depreciation, partially offset by decrease in other selling and distribution expenses due to continuous implementation of cost reduction and efficiency enhancement measures during the Period.

Administrative expenses

Administrative expenses of the Group decreased from approximately HK\$8.1 million for the six months ended 30 September 2023 to approximately HK\$5.9 million for the Period. This decrease was mainly attributable to the decrease in depreciation and staff costs and the continuous implementation of cost reduction and efficiency enhancement measures during the Period.

Finance costs

Finance costs increased from approximately HK\$4.4 million for the six months ended 30 September 2023 to approximately HK\$4.7 million for the Period. This increase was primarily attributable to the increase in the interest on bank borrowings for the Period as compared to the corresponding period of last year.

Income tax expense

Income tax expense of the Group increased by approximately 79.5% from approximately HK\$1.7 million for the six months ended 30 September 2023 to approximately HK\$3.0 million for the Period. The increase was mainly attributable to the increase in estimated assessable profit for the Period compared against the six months ended 30 September 2023.

Profit for the period, profit for the period attributable to owners of the Company and total comprehensive income for the period attributable to owners of the Company

Profit for the Period amounted to approximately HK\$11.0 million (six months ended 30 September 2023: approximately HK\$3.7 million). Profit for the Period attributable to owners of the Company and total comprehensive income for the Period attributable to owners of the Company amounted to approximately HK\$11.0 million (six months ended 30 September 2023: approximately HK\$3.7 million) and approximately HK\$11.0 million (six months ended 30 September 2023: approximately HK\$3.8 million), respectively.

The increase in profit for the period, profit for the period attributable to owners of the Company and total comprehensive income for the period attributable to owners of the Company was mainly due to (i) the increase in revenue of the Group; (ii) the decrease in administrative expenses of the Group as a result of the continuous implementation of cost reduction and efficiency enhancement measures during the Period; and (iii) partially offset by the increase in income tax expense of the Group.

Dividend

The Board does not recommend the payment of any dividend for the Period (six months ended 30 September 2023: 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 2024 and 30 September 2024, the Group had net current assets of approximately HK\$145.4 million and approximately HK\$160.7 million, respectively, including bank balances and cash of approximately HK\$2.9 million and approximately HK\$1.0 million respectively. The Group's current ratio (current assets divided by current liabilities) increased from approximately 1.9 as at 31 March 2024 to approximately 2.0 as at 30 September 2024 mainly due to the combined effect of the increase in inventories, the decrease in other receivables, deposits and prepayments, the decrease in contract liabilities, the increase in tax payable and the increase in bank borrowings and bank overdrafts.

Gearing ratio is calculated by dividing total borrowings (including bank borrowings and bank overdrafts and lease liabilities) by total equity as at the end of the period. The Group's gearing ratio were approximately 45.6% and approximately 44.2% as at 31 March 2024 and 30 September 2024, 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 2024 and 30 September 2024, the Group did not have any capital commitment.

Capital structure

There has been no changes in the capital structure of the Group during the Period. The share capital of the Company only comprises of ordinary shares. As at 30 September 2024, the Company had 400,000,000 shares in issue.

Significant investments

As at 30 September 2024, 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 report, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Contingent liabilities

The Group did not have material contingent liabilities as at 31 March 2024 and 30 September 2024.

Charge on assets


As at 30 September 2024, a property with a carrying value of approximately HK\$120.3 million (31 March 2024: HK\$123.1 million) was charged to secure bank borrowings and bank overdrafts of the Group of approximately HK\$132.9 million (31 March 2024: HK\$129.3 million).

Foreign exchange exposure

The Group is subject to relatively large 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 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 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 Board, implement necessary measures and policies to manage such risk, for example by entering into foreign currency hedging transactions.

Event after the reporting period

Up to the date of this report, there were no subsequent events after the reporting period.

Employees and remuneration policies

The total number of employees were 24 and 28 as at 31 March 2024 and 30 September 2024, 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 2023 and the Period, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$5.5 million and HK\$4.8 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.



The Group has made steady progress in refining and expanding its operations, with a focus on diversifying and creating new sales channels. Alongside its traditional wine trading activities, the Group is actively exploring additional business opportunities, including selling other liquor products and providing promotion and marketing services for liquor brands as new product segments. Additionally, the Group is optimising operational cost efficiency. The Group believes these initiatives will optimise its business portfolio and support sustainable, healthy long-term performance.

Although the global business environment is improving, uncertainties still exist in terms of geographic politics and the recovering economic in both China and Hong Kong. The Group closely monitors the development of its business and will adopt a prudent approach, adjusting its strategies as necessary, to navigate the challenges and uncertainties presented by the rapidly changing environment.

OTHER INFORMATION

Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company or any other associated corporations

As at 30 September 2024, 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 the required standard of dealings contained in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name of Director	Nature of interests	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 2024.

Save as disclosed above, as at 30 September 2024, none of the Directors nor chief executive of the Company has registered any 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 the required standard of dealings.


Substantial shareholders’ interests and short positions in the Shares, underlying Shares and debentures of the Company or any other associated corporations

So far as the Directors are aware, as at 30 September 2024, the following persons (not being Directors or chief executive of the Company) will have 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 which would be recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholder	Nature of interests	Number of Shares held ⁽¹⁾	Percentage of shareholding in the Company’s issued share capital ⁽²⁾
Shirz Limited	Beneficial owner	280,000,000 (L)	70%

Notes:

- (1) The letter “L” denotes a long position in the Shares.
- (2) The approximate percentage was calculated based on 400,000,000 Shares in issue as at 30 September 2024.




Save as disclosed above, as at 30 September 2024, 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 which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Loan agreements with covenant relating to specific performance of the controlling shareholders

Banking facilities granted by Chong Hing Bank Limited (the “Lender A”)

On 11 August 2023, Wine’s Link, as borrower, and the Company, as guarantor, accepted a banking facility letter issued by the Lender A (“Facility Letter A”) which is to renew the banking facilities granted by the Lender A on 4 July 2022. This Facility Letter A comprises (i) facilities in the aggregate amount up to HK\$63,000,000, consisting of (a) a new 3-year term loan; (b) an existing term loan maturing on 1 March 2024; and (c) other trade facilities; and (ii) an overdraft facility in the amount up to HK\$3,000,000, 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 from time to time and the Lender A’s overriding right of repayment on demand. Pursuant to Facility Letter A, the Company shall procure Ms. Shirley Wong and Mr. Roy Ting (the then controlling shareholder of the Company), 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 announcement of the Company dated 11 August 2023 for more details.

The amounts of the trade facilities of the Facility Letter A have been updated (the “Updated Facility Letter I”) with an increase of HK\$7,000,000. The Updated Facility Letter I comprises (i) facilities in the aggregate amount up to HK\$70,000,000, consisting of (a) a 3-year term loan; (b) a term loan maturing on 1 March 2024; and (c) other trade facilities; and (ii) an overdraft facility in the amount up to HK\$3,000,000, 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 from time to time and the Lender’s A overriding right of repayment on demand. The aforesaid updated amounts of the trade facilities shall remain valid for 3 months until 3 May 2024. Save as the aforesaid update in the Updated Facility Letter I, other terms of the Facility Letter A shall remain unchanged and continue in full force and effect. Please refer to the announcement of the Company dated 16 February 2024 for more details.



On 3 May 2024, Wine's Link, as borrower, and the Company, as guarantor, accepted a new banking facility letter issued by the Lender A (the "Renewed Facility Letter A") which is to renew the Facility Letter A granted by the Lender A. The Renewed Facility Letter A comprises (i) facilities in the aggregate amount up to HK\$73,000,000, consisting of (a) a 3-year term loan and (b) other trade and loan facilities; and (ii) an overdraft facility in the amount up to HK\$3,000,000, 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 from time to time and the Lender A's overriding right of repayment on demand. Pursuant to the Renewed Facility Letter A, the Company shall, inter alia, procure that Ms. Shirley Wong, the controlling shareholder of the Company, continue to be the single largest shareholder and hold not less than 50% beneficial interest in the Company. Please refer to the announcement of the Company dated 3 May 2024 for more details.

On 10 September 2024, Wine's Link, as borrower, and the Company, as guarantor, accepted a new banking facility letter issued by the Lender A (the "Updated Facility Letter II"), pursuant to which, the Renewed Facility Letter A has been updated. The Updated Facility Letter II comprises (i) facilities in the aggregate amount up to HK\$98,000,000 (the "Facilities up to HK\$98,000,000") and (ii) an overdraft facility in the amount up to HK\$3,000,000. The Facilities up to HK\$98,000,000 consist of (i) bills purchase, letter of credit and trust receipt loan facilities; (ii) an existing term loan; and (iii) other trade and loan facilities. The facilities in the Updated Facility Letter II 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 from time to time and the Lender A's overriding right of repayment on demand. Pursuant to the Updated Facility Letter II, the Company shall, inter alia, procure that Ms. Shirley Wong, the controlling shareholder of the Company, (i) continue to be the single largest shareholder and hold not less than 50% beneficial interest in the Company and (ii) shall not pledge the shares of the Company. Please refer to the announcement of the Company dated 10 September 2024 for more details.

As at the date of this report, Ms. Shirley Wong holds 70% interest in the Company.



Banking facilities granted by Fubon Bank (Hong Kong) Limited (the “Lender B”)

On 31 October 2023, Wine’s Link, as borrower, and the Company, as guarantor, accepted banking facility letters issued by the Lender B (“Facility Letters B”). The Facility Letters B comprise (i) trade and revolving loan facilities in the aggregate amount up to HK\$18,000,000 (the “Trade and Revolving Loan”); and (ii) an existing term loan maturing on 26 November 2023 and a corporate credit card of up to HK\$3,661,000 and HK\$200,000 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 the Facility Letters B, the Company shall procure Ms. Shirley Wong and Mr. Roy Ting (the then controlling shareholder of the Company), 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. Also, regarding the Trade and Revolving Loan, Ms. Shirley Wong shall provide a personal guarantee for an amount of not less than HK\$18,000,000. Please refer to the announcement of the Company dated 31 October 2023 for more details.

As at the date of this report, Ms. Shirley Wong holds 70% interest in the Company.

Share option scheme

The Company’s share option scheme (the “Share Option Scheme”) was adopted by the Company on 18 December 2017.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

The total number of Shares available for issue under the Share Option Scheme was 40,000,000, representing 10% of the issued share capital of the Company as at the date of this report. As at 1 April 2024 and 30 September 2024, the total number of share options available for grant under the Share Option Scheme was 40,000,000.

Purchase, sale or redemption of listed securities of the Company

During the Period and up to the date of this report, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any listed securities (including the sale of treasury shares (as defined under the GEM Listing Rules)) of the Company.

Competing interests

During the Period and up to the date of this report, 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.

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 Period and up to the date of this report.

Corporate governance practices

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company has adopted with all the applicable principles of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the GEM Listing Rules.

The Company complied with all code provisions in the CG Code during the Period except for the code provision C.2.1 of the CG Code. Code provision C.2.1 of the CG Code provides that the roles of the chairman and chief executive should be separate and should not be performed by the same individual to ensure a balance of power and authority. Ms. Shirley Wong was appointed as the chairman of the Board (the "Board Chairman") on 14 September 2023 and then she takes up both the role of the Board Chairman and chief executive officer of the Company which is a deviation of the CG Code. The Board considers that the vesting both roles in Ms. Shirley Wong will allow for more effective planning and execution of business strategies. Although the positions of the Board Chairman and chief executive officer are not separate, the powers and authorities have not been



concentrated as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as senior management. In addition, there are non-executive Director and three independent non-executive Directors on the Board offering their experience, expertise, independent advices and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place. The Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether changes, including the separation of the role of the Board Chairman and chief executive officer, as and when necessary.

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 of the CG Code. The primary duties of the Audit Committee include, but are not limited to, the following: (i) making recommendations to the Board on the appointment and removal of the external auditor; (ii) reviewing the financial statements of the Group and monitoring the integrity of such financial statements; and (iii) overseeing the financial reporting system, risk management and internal control procedures.

The Audit Committee comprises three independent non-executive Directors, namely, Ms. Chan Man Ki Maggie, Mr. Chan Cham Man Simon and Mr. Liu Kin Wai, of whom Mr. Liu Kin Wai 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
Wong Chi Lou Shirley
Chairman and executive Director

Hong Kong, 19 November 2024



As at the date of this report, 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 report will remain on the “Latest Listed Company Information” page of the Stock Exchange website www.hkexnews.hk for at least 7 days from the date of its publication. This report will also be published on the website of the Company (www.wines-link.com).



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