

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

Wine's Link International Holdings Limited

威揚酒業國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8509)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Wine's Link International Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the 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 2018 (the “Period”), together with the comparative unaudited figures for the corresponding period in 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2018

		Three months ended		Six months ended	
		30 September		30 September	
		2018	2017	2018	2017
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	4	65,664	72,627	135,923	141,037
Cost of sales		(53,306)	(64,412)	(112,815)	(123,922)
Gross profit		12,358	8,215	23,108	17,115
Other income		1	2	10	60
Other gains and losses, net		522	639	7,431	(142)
Selling and distribution expenses		(3,036)	(2,396)	(5,932)	(4,732)
Administrative expenses		(3,888)	(3,189)	(7,448)	(6,205)
Listing expenses		–	(3,814)	–	(5,342)
Finance costs	5	(1,042)	(797)	(2,264)	(1,775)
Profit/(loss) before taxation	6	4,915	(1,340)	14,905	(1,021)
Income tax expense	7	(951)	(410)	(2,514)	(719)
Profit/(loss) and total comprehensive income/(expense) for the period attributable to the owners of the Company		<u>3,964</u>	<u>(1,750)</u>	<u>12,391</u>	<u>(1,740)</u>
Earnings/(loss) per share					
– Basic (HK cents)	8	<u>1.0</u>	<u>(0.6)</u>	<u>3.1</u>	<u>(0.6)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	As at 30 September 2018 <i>HK\$'000</i> (Unaudited)	As at 31 March 2018 <i>HK\$'000</i> (Audited)
Non-current assets		
Property and equipment	5,132	6,001
Deferred tax assets	202	58
Deposits and prepayments	4,408	3,187
	<u>9,742</u>	<u>9,246</u>
Current assets		
Inventories	182,716	137,665
Trade receivables	10 54,719	50,513
Other receivables, deposits and prepayments	91,138	29,692
Amounts due from related parties	–	2,348
Pledged bank deposits	2,000	2,000
Bank balances and cash	6,478	65,897
	<u>337,051</u>	<u>288,115</u>
Current liabilities		
Trade payables	11 7,481	4,711
Other payables and accrued charges	4,667	6,144
Tax payable	4,268	2,640
Bank borrowings	162,072	127,586
Obligations under finance leases	509	693
	<u>178,997</u>	<u>141,774</u>
Net current assets	<u>158,054</u>	<u>146,341</u>
Total assets less current liabilities	<u><u>167,796</u></u>	<u><u>155,587</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*AS AT 30 SEPTEMBER 2018*

	As at 30 September 2018 <i>HK\$'000</i> (Unaudited)	As at 31 March 2018 <i>HK\$'000</i> (Audited)
Non-current liabilities		
Obligations under finance leases	121	303
Provisions	500	500
	621	803
Net assets	167,175	154,784
Capital and reserves		
Share capital	4,000	4,000
Reserves	163,175	150,784
Equity attributable to the owners of the Company	167,175	154,784

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> <i>(Note)</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2018	4,000	76,298	27,458	47,028	154,784
Profit and total comprehensive income for the Period	<u>–</u>	<u>–</u>	<u>–</u>	<u>12,391</u>	<u>12,391</u>
At 30 September 2018	<u>4,000</u>	<u>76,298</u>	<u>27,458</u>	<u>59,419</u>	<u>167,175</u>
At 1 April 2017	–	–	27,458	35,449	62,907
Loss and total comprehensive expense for the Period	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,740)</u>	<u>(1,740)</u>
At 30 September 2017	<u>–</u>	<u>–</u>	<u>27,458</u>	<u>33,709</u>	<u>61,167</u>

Note: Other reserve represents the balance in relation to the shareholder's contribution in relation to derivative financial instruments entered between Mr. Ting Chi Wai Roy ("Mr. Roy Ting"), one of the beneficiary owners of the Company, and the Group during the year ended 31 March 2016 and the effect of reorganisation.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

1. GENERAL

The Company was incorporated in Cayman Islands and registered as an exempted company with limited liability under the Cayman Companies Law on 22 September 2016. 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 on 26th Floor, AIA Financial Centre, 712 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong.

The immediate holding companies of the Company are Shirz Limited ("Shirz"), a limited company incorporated in the British Virgin Islands (the "BVI") and wholly owned by Ms. Wong Chi Lou Shirley ("Ms. Shirley Wong"), and Sunshine Consultancy Company Limited ("Sunshine Consultancy"), a limited company incorporated in the BVI and wholly owned by Mr. Roy Ting, spouse of Ms. Shirley Wong (Mr. Roy Ting together with Ms. Shirley Wong collectively known as the "Controlling Shareholders").

The Company is an investment holding company. Wine's Link Limited ("Wine's Link"), being its major operating subsidiary is principally engaged in trading of premium wine and wine cellar.

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

Pursuant to the group reorganisation as detailed in the section headed "History, Reorganisation and Corporate Structure – Reorganisation" in the prospectus of the Company dated 29 December 2017, the Company has become the holding company of the companies now comprising the Group by interspersing the Company and Starlight Worldwide Investment Limited ("Starlight Worldwide"), a limited company incorporated in the BVI, between the Controlling Shareholders and Wine's Link. The Group, comprising the Company and its subsidiaries, resulting from the Reorganisation is regarded as a continuing entity, accordingly, the condensed consolidated financial statements have been prepared as if the Company had always been the holding company of the Group.

The unaudited condensed consolidated financial statements of the Group for the Period have been prepared in accordance with Hong Kong Accounting Standard *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 GEM Listing Rules.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 March 2018.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the accounting period beginning on or after 1 April 2018 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers and the related amendments
HKFRIC 22	Foreign currency transactions and advance consideration
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts
Amendments to HKAS 28	Investments in associates and joint ventures clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
Amendments to HKAS 40	Transfers of investment property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

HKFRS 15 Revenue from Contracts with Customers

The Group has performed an assessment on the impact of the adoption of HKFRS 15 and concluded that no material financial impact exists, and therefore no adjustment to the opening balance of equity at 1 April 2018 was recognised.

3.1 Impacts and changes in accounting, policies of application on HKFRS 9 Financial Instruments and related amendments

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and finance lease receivables and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss (“FVTPL”), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income (“OCI”) if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “other income” line item in profit or loss.

The Directors of the Company reviewed and assessed the Group’s financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date and anticipate that no changes in classification and measurement on the Group’s financial assets was recognised.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 including trade and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, other receivables, deposits and prepayments. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Measurement and recognition of ECL

The measurement of ECL is a function of probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the discount rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial assets unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amounts, with the exception of account receivables and term notes where the corresponding adjustment is recognised through a loss allowance account.

3.1.2 Summary of financial impact arising from initial application of ECL model under HKFRS 9

As at 1 April 2018, the Directors of the Company reviewed and assessed the Group's existing financial assets at amortised cost for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with HKFRS 9.

Loss allowance for financial assets at amortised cost is measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition. At the date of initial application on 1 April 2018, the additional credit loss allowance is immaterial to the financial statements.

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 during the Period and the six months ended 30 September 2017. 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 based on the same accounting policies. 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	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Wine products	62,469	69,487	128,444	135,823
Other alcoholic beverages	2,896	3,119	7,174	5,190
Wine accessory products	299	21	305	24
	<u>65,664</u>	<u>72,627</u>	<u>135,923</u>	<u>141,037</u>

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 2017.

5. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
The finance costs represent interest on:				
– bank borrowings	1,035	784	2,249	1,747
– obligations under finance leases	7	13	15	28
	<u>1,042</u>	<u>797</u>	<u>2,264</u>	<u>1,775</u>

6. PROFIT BEFORE TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Profit before taxation has been arrived at after charging/(crediting):				
Cost of inventories recognised as an expense	53,306	64,412	112,815	123,922
Depreciation of property and equipment	822	952	1,613	1,846
Gain on disposals of property and equipment	–	–	–	(109)
Directors' remuneration	309	204	618	408
Other staff costs				
Salaries and other benefits	1,891	1,763	3,617	3,674
Retirement benefits scheme contributions	86	84	166	173
Total staff costs	2,286	2,051	4,401	4,255
Minimum lease payments under operating leases in respect of land and buildings	<u>1,693</u>	<u>1,062</u>	<u>3,385</u>	<u>2,070</u>

7. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	30 September		30 September	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:				
– Current tax	1,042	458	2,658	834
Deferred tax credit	(91)	(48)	(144)	(115)
	<u>951</u>	<u>410</u>	<u>2,514</u>	<u>719</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime.

The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25% and profits above HK\$2 million will be taxed at 16.5%.

For the Period, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profits tax rates regime.

For the six months ended 30 September 2017, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

8. EARNINGS/(LOSS) PER SHARE

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

	Three months ended		Six months ended	
	30 September		30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings:				
Profit/(loss) for the period attributable to the owners of the Company for the purposes of basic earnings/(loss) per share	<u>3,964</u>	<u>(1,750)</u>	<u>12,391</u>	<u>(1,740)</u>
	Three months ended		Six months ended	
	30 September		30 September	
	2018	2017	2018	2017
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<u>400,000</u>	<u>280,000</u>	<u>400,000</u>	<u>280,000</u>

The number of ordinary shares for the purpose of calculating basic earnings/(loss) per share has been determined on the assumption that the Reorganisation and the capitalisation issue had been effective on 1 April 2016.

No diluted earnings per share for both periods were presented as there were no potential ordinary shares in issue during both the Period and the six months ended 30 September 2017.

9. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company or other group entities comprising the Group during the Period, nor has any dividend been proposed since the end of each reporting period.

10. TRADE RECEIVABLES

The Group's credit terms of 30-120 days is granted to 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 2018 <i>HK\$'000</i> (Unaudited)	As at 31 March 2018 <i>HK\$'000</i> (Audited)
0-30 days	34,618	21,583
31-60 days	2,616	6,851
61-90 days	6,986	19,045
91-180 days	9,994	2,619
181-365 days	505	415
	<u>54,719</u>	<u>50,513</u>

11. TRADE PAYABLES

The credit period on purchases of goods is up to 60 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 2018 <i>HK\$'000</i> (Unaudited)	As at 31 March 2018 <i>HK\$'000</i> (Audited)
Trade payables:		
0-30 days	1,655	4,243
31-60 days	3,670	–
Over 60 days	2,156	468
	<u>7,481</u>	<u>4,711</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The business of the Group primarily involves the wholesale and retail of a wide spectrum of wine products and other alcoholic beverages in Hong Kong with a focus on premium collectible red wine, i.e. red wine with selling prices at or above HK\$1,000 per bottle (the “Premium Collectible Red Wine”). The Group has a comprehensive product portfolio consisting of (i) wine products such as Premium Collectible Red Wine, fine red wine and white wine; (ii) other alcoholic beverages such as champagne, whisky and sake; and (iii) wine accessory products such as wine decanters, wine glasses and wine openers, for customers’ selection.

The wine industry in Hong Kong has seen an increasing trend, driven by the expansion of off-trade distribution channels such as grocery stores and convenience stores, allowing low to medium priced wine products to increasingly penetrate the market. The rising interest of general customers in wine, resulting from the proven health benefits and high affordability of wine products, is expected to benefit the wine industry and the Group. The Board believes that the Group can capture the opportunity arising from the increasing trend in the wine industry.

Financial Review

Revenue

Revenue of the Group decreased by approximately 3.6% from approximately HK\$141.0 million for the six months ended 30 September 2017 to HK\$135.9 million for the Period. The decrease was mainly driven by our changes in sales strategy for the Period by focusing on the sales of Premium Collectible Red Wine which yielded a relatively higher gross profit margin.

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 recognise cost of sales upon the conclusion of a sales transaction. The cost of sales decreased to approximately HK\$112.8 million for the Period from approximately HK\$123.9 million for the six months ended 30 September 2017 representing a decrease of approximately 9.1%. The decrease in cost of sales was (i) directly correlated with the decrease in revenue and (ii) partially offset by the increase of the sales of certain highly sought-after Premium Collectible Red Wine which yielded a relatively higher gross profit margin 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 35.0% from approximately HK\$17.1 million for the six months ended 30 September 2017 to approximately HK\$23.1 million.

The overall gross profit margin increased and amounted to 12.1% and 17.0% for the six months ended 30 September 2017 and 2018, respectively. The Group recorded a relatively higher gross profit margin during the Period which was mainly due to the increase in the sales of certain highly sought-after Premium Collectible Red Wine which yielded a relatively higher gross profit margin, such as Château Mouton Rothschild, and Château Lafite Rothschild, for the Period.

Other income

Other income of the Group consisted primarily of (i) bank interest generated from the bank balances and (ii) sundry income. Other income remained relatively stable at HK\$60,000 and HK\$10,000 for the six months ended 30 September 2017 and 2018, respectively.

Other Gains and Losses, Net

The Group recorded net exchange losses of HK\$0.1 million and net exchange gains of HK\$7.4 million for the six months ended 30 September 2017 and 2018, respectively.

These foreign exchange gains and losses were primarily arising from the foreign currency fluctuations in respect of the foreign currency demonstrated 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 increased from approximately HK\$4.7 million for the six months ended 30 September 2017 to HK\$5.9 million for the Period. This increase was primarily attributable to an increase in rent and rates in connection with the new retail store in Kowloon.

Administrative expenses

Administrative expenses of the Group increased from approximately HK\$6.2 million for the six months ended 30 September 2017 to HK\$7.4 million for the Period. This increase was primarily attributable to (i) an increase in legal and professional fees, including compliance advisor's fee, legal advisor's fee and Human Resources consultation advisor's fee; and (ii) an increase in salaries and allowances in connection with the Directors and administrative staff.

Finance Costs

Finance costs increased by approximately 27.6% from HK\$1.8 million for the six months ended 30 September 2017 to approximately HK\$2.3 million for the Period. This increase was primarily attributable to the increase in the trust receipt loans for the Period.

Income tax expense

Income tax expense of the Group increased by approximately 249.7% from approximately HK\$0.7 million for the six months ended 30 September 2017 to approximately HK\$2.5 million for the Period. The increase was mainly attributable to the increase of estimated assessable profit for the Period compared to the corresponding period in 2017.

Profit and Total Comprehensive Income for the Period attributable to the owners of the Company

Profit and the total comprehensive income for the Period amounted to approximately HK\$12.4 million (six months ended 30 September 2017: loss and total comprehensive expense of HK\$1.7 million). Should non-recurring listing expenses be excluded, the adjusted profit and total comprehensive income for the six months ended 30 September 2017 would be approximately HK\$3.6 million. The turnaround from loss to profit was primarily attributable to (i) increase in gross profit margin on the sales of certain highly sought-after Premium Collectible Red Wine; (ii) the increase in foreign exchange gains 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 mainly as a result of depreciation of EURO and GBP during the Period; and (iii) the absence of the non-recurring listing expenses during the Period.

Dividend

The Board does not recommend any payment of an interim dividend to the shareholders of the Company for the Period (2017: 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 2018 and 30 September 2018, the Group had net current assets of approximately HK\$146.3 million and HK\$158.1 million, respectively, including bank balances and cash of approximately HK\$65.9 million and HK\$6.5 million, respectively. The Group's current ratio (current assets divided by current liabilities) remained relatively stable at 2.0 and 1.9 as at 31 March 2018 and 30 September 2018, respectively.

Gearing ratio is calculated by dividing total borrowings (including non-trade amounts due to related parties, bank borrowings and obligations under finance leases) by total equity as at the end of the Period. The Group's gearing ratio were approximately 83.1% and 97.3% as at 31 March 2018 and 30 September 2018, respectively.

Treasury Policies

The Group adopts prudent treasury policies. The Group's management performs an ongoing credit evaluation of the financial conditions of the customers in order to reduce the Group's exposure of credit risk. In addition to these ongoing credit evaluations, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Commitments

The Group's capital commitments are primarily related to the purchase of property and equipment primarily consisting of the leasehold improvements in respect of the head office and computer equipment. The Group's operating lease commitments are related to future minimum lease payments in respect of the office premises, warehouse and retail store under non-cancellable operating lease arrangement.

The Group's capital commitments amounted to approximately HK\$0.6 million and HK\$2.6 million as at 31 March 2018 and 30 September 2018, respectively.

The Group's operating lease commitments amounted to approximately HK\$6.7 million and HK\$14.9 million as at 31 March 2018 and 30 September 2018, respectively.

Capital Structure

The Shares were successfully listed on the GEM (the “Listing”) on 12 January 2018 (the “Listing Date”). There has been no changes in the capital structure of the Group since then. The share capital of the Company only comprises of ordinary shares.

As at 30 September 2018, the Company had 400,000,000 Shares in issue.

Significant Investments

As at 30 September 2018, there was no significant investments held by the Group.

Material Acquisitions or Disposals of Subsidiaries, Associates or Joint Ventures

On 18 December 2017, the Group completed the group reorganization undertaken by the Group in the preparation for the Listing (the “Reorganisation”), details of which are set out in the prospectus of the Company dated 29 December 2017 (the “Prospectus”). Subsequent to the completion of the Reorganization and up to 30 September 2018, 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 Prospectus, the Group currently has no other plan for material investments and capital assets.

Contingent Liabilities

As at 31 March 2018 and 30 September 2018, the Company provided corporate guarantee to a bank (the “Guarantee”) in respect of entire banking facilities granted to Success Dragon International Industrial Limited (“Success Dragon”), a Hong Kong limited company owned as to 50% and 50% by Ms. Shirley Wong and Ms. Yeung Chi Hung respectively, in addition to the personal guarantees provided by Ms. Shirley Wong, Ms. Yeung Chi Hung, Mr. Roy Ting and Mr. PS Ting and the properties owned by Success Dragon. The banking facilities are only available to Success Dragon. As at 31 March 2018 and 30 September 2018, the outstanding loan balance of Success Dragon was amounted to HK\$14,557,000 and HK\$14,178,000 respectively. Before the Listing, the Company has obtained the consent letters from the banks in releasing the Guarantee upon the listing. After the Listing, the Company has actively handled respective procedures of the release with the banks. The banks are in the final stage of processing the administrative works in releasing the Guarantee.

Save as disclosed above, the Group did not have material contingent liabilities as at 31 March 2018 and 30 September 2018.

Foreign Exchange Exposure

The Group is subject to relatively larger exposure to foreign currency risk as the Group had foreign currency denominated trust receipt loans for the settlement of the wine product purchases from suppliers outside of Hong Kong. The Group's exposure to foreign currency risk may affect the results of operations and financial position.

The Group recognises the importance of managing the foreign currency exchange risk exposure. To this end, the Group have 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.

Pledge of Assets

As at 30 September 2018, the Group had pledged bank deposits amounted to HK\$2 million (31 March 2018: HK\$2 million).

Employees and Remuneration Policies

The total number of employees were 37 and 41 as at 31 March 2018 and 30 September 2018, 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 2017 and 2018, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$4.3 million and HK\$4.4 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 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.

After the Listing, the Group has identified a suitable location for the establishment of its new retail store. As at the date of this announcement, the retail store is undergoing renovation and is expected to be open shortly. The Group is in the course of identifying suitable warehouse to be acquired to further strengthen its storage capacity and identifying suitable location to establish its flagship store to further expand its retail network in Hong Kong. The Group aims to continue strengthening the leading position in the wine industry in Hong Kong.

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 2018, 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	Nature of interest	Number of Shares held ⁽¹⁾	Percentage of shareholding in the Company's issued share capital
Ms. Shirley Wong ⁽²⁾	Interest in controlled corporation/Interest of spouse	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 168,000,000 Shares held by Shirz Limited. Ms. Shirley Wong is the spouse of Mr. Roy Ting and is therefore deemed to be interested in the 112,000,000 shares that Mr. Roy Ting is interested in pursuant to the SFO.

Save as disclosed above, as at 30 September 2018, 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 2018, 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 shareholders	Nature of interests	Number of Shares held⁽¹⁾	Percentage of shareholding in the Company's issued share capital
Shirz Limited	Beneficial owner	168,000,000 (L)	42%
Sunshine Consultancy	Beneficial owner	112,000,000 (L)	28%
Mr. Roy Ting ⁽²⁾	Interest in controlled corporation/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 sole shareholder of Sunshine Consultancy Company Limited ("Sunshine Consultancy") and he is therefore deemed to be interested in 112,000,000 Shares held by Sunshine Consultancy. Mr. Roy Ting is the spouse of Ms. Shirley Wong and is therefore deemed to be interested in the 168,000,000 shares that Ms. Shirley Wong is interested in pursuant to the SFO.

Save as disclosed above, as at 30 September 2018, 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.

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.

Purchase, Sale or Redemption of Listed Securities of the Company

Save for the listing of the Shares on GEM on the Listing Date, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company during the Period and up to the date of this announcement.

Directors' Interests in Competing Business

During the Period and up to the date of this 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 in favour of the Company (for the Company and for the benefit of its subsidiaries) regarding certain non-competition undertakings. Details of the Deed of Non-competition were disclosed in the section headed "Relationship with Controlling Shareholders – Non-competition undertaking" to 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 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 and Corporate Governance Report (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules as its corporate governance practices. As at the date of this announcement, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code.

Interests of Compliance Adviser

As notified by the Company's compliance adviser, Innovax Capital Limited (the "Compliance Adviser"), save for the compliance adviser agreement dated 7 August 2017 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates had any interest in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 September 2018.

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 5.28 of the GEM Listing Rules. 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 has three members comprising Mr. Wong Hin Wing, Mr. Cheng Yiu Tong and Mr. Chan Wai Yan Ronald, 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.

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated results of the Group for the Period has been reviewed by the Company’s independent auditor, Messrs. Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. The review report of the independent auditor will be included in the interim report to be sent to the Shareholders.

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

Hong Kong, 5 November 2018

As at the date of this announcement, the executive Directors are Ms. Wong Chi Lou Shirley and Mr. Chan Sze Tung; the non-executive Directors are Ms. Yeung Chi Hung, S.B.S., B.B.S., J.P. and Ms. Ho Tsz Wan; and the independent non-executive Directors are Mr. Cheng Yiu Tong, G.B.M., G.B.S., J.P., Mr. Chan Wai Yan Ronald and Mr. Wong Hin Wing.

This announcement will remain on the “Latest Company Announcements” page of the GEM website (www.hkgem.com) 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).