

DISCONTINUED CONNECTED TRANSACTIONS

CONNECTED PERSONS

Mr. Ting is our executive Director and our Controlling Shareholder, and Lucky Target is legally and beneficially wholly-owned by Mr. Ting. As such, each of Mr. Ting and Lucky Target is a connected person of our Company upon [Redacted].

DISCONTINUED CONNECTED TRANSACTIONS

During the Track Record Period, we have entered into the following transactions with the relevant connected persons of our Company but such transactions had been discontinued or ceased prior to [Redacted]:

1. Wine products purchased from Mr. Ting and Lucky Target

During the Track Record Period, we have purchased certain wine products from Mr. Ting, our chairman and executive Director who is a wine collector, and Lucky Target.

- (a) On 1 September 2014, our Group purchased certain wine products from Mr. Ting that were worth approximately HK\$139,000, in the ordinary course of business, on normal commercial terms and on arm’s length basis, as set out under note 30 to the Accountants’ Report in Appendix I to this [Redacted].

The purchase price for the wine products sold by Mr. Ting to our Group was determined with reference to the historical purchase price for similar wine products, as well as the market price shown on www.liv-ex.com and www.wine-searcher.com, which is in accordance with the pricing policy of our Group for wine products purchased by our Group from Independent Third Party suppliers. No similar transaction has been entered into between our Group and Mr. Ting since September 2014.

During the years ended 31 March 2010 and 2011, Mr. Ting purchased certain wine products on behalf of our Group, with his personal funds. As at 31 July 2015, the aggregate amount due to Mr. Ting by our Group amounted to approximately HK\$34,000 and such amount had been fully settled before [Redacted]. Save for selling wine products to our Group, Mr. Ting is not engaged in trading of wine products to other customers.

- (b) For the years ended 31 March 2014 and 2015, our Group purchased certain wine products from Lucky Target that worth approximately HK\$1,027,000 and HK\$748,000, respectively, in the ordinary course of business, on normal commercial terms and on arm’s length basis, as set out under note 30 to the Accountants’ Report in Appendix I to this [Redacted]. Save for selling wine products to our Group, Lucky Target is not engaged in trading of wine products to other customers.

DISCONTINUED CONNECTED TRANSACTIONS

The purchase price for the wine products sold by Lucky Target to our Group was determined with reference to the historical purchase price for similar wine products, as well as the market price shown on www.liv-ex.com and www.wine-searcher.com, which is in accordance with the pricing policy of our Group for wine products purchased by our Group from Independent Third Party suppliers. No similar transaction has been entered into between our Group and Lucky Target since October 2014.

As at 31 March 2015, the aggregate amount due to Lucky Target by our Group in respect of wine products sold by Lucky Target to our Group prior to the Track Record Period and up to October 2014 amounted to approximately HK\$6,898,000 and such amount had been fully settled during the year ended 31 March 2015.

Our Directors confirm that our Group has no intention of entering into similar transaction with Mr. Ting and/or his associates after [Redacted].

2. Wine products sold to Mr. Ting and Lucky Target

During the Track Record Period, Mr. Ting had purchased certain wine products from our Group for his personal consumption. Notwithstanding the wine products we sold to Mr. Ting were for his own consumption, we sold some of our wine products to Lucky Target instead of Mr. Ting at the direction of Mr. Ting in order to set off the trade payables we owed to Lucky Target which were arisen from our purchase of wine products from Lucky Target.

- (a) In September 2014, our Group sold certain wine products to Mr. Ting that were worth approximately HK\$32,000, in the ordinary course of business, on normal commercial terms and on arm's length basis, as set out under note 30 to the Accountants' Report in Appendix I to this [Redacted]. The selling price for the wine products sold by our Group to Mr. Ting was determined on a cost-plus approach, which is in accordance with the pricing policy of our Group for wine products sold by our Group to Independent Third Party customers. No similar transaction has been entered into between our Group and Mr. Ting since October 2014.
- (b) In December 2013, our Group sold certain wine products to Lucky Target that worth approximately HK\$98,000, in the ordinary course of business, on normal commercial terms and on arm's length basis, as set out under note 30 to the Accountants' Report in Appendix I to this [Redacted]. The selling price for the wine products sold by our Group to Lucky Target was determined on a cost-plus approach, which is in accordance with the pricing policy of our Group for wine products sold by our Group to Independent Third Party customers. No similar transaction has been entered into between our Group and Lucky Target since January 2014.

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3. Shareholder’s loan provided by Mr. Ting

Mr. Ting provided a shareholder’s loan with a principal amount of HK\$13,500,000 to Madison (China) pursuant to a loan agreement dated 15 May 2014. Pursuant to the aforementioned loan agreement, the loan from Mr. Ting was unsecured and interest-bearing at 12% per annum, repayable on or before the first anniversary of the loan. The shareholder’s loan, which was funded by his own resources, was used for general working capital by Madison (China). The terms of the loan agreement was determined after arm’s length negotiation between Mr. Ting and Madison (China) on normal commercial terms. The interest paid by us to Mr. Ting amounted to approximately HK\$745,000, and the entire loan amount and interest accrued were fully repaid in January 2015.