
SUMMARY

This summary aims to give you an overview of the information contained in this [Redacted]. As it is a summary, it does not contain all the information that may be important to you. You should read this [Redacted] in its entirety before you decide to invest in [Redacted]. There are risks associated with any investment. Some of the particular risks in investing in [Redacted] are set out in the section headed “Risk Factors” from page 31 to page 49 in this [Redacted]. You should read that section carefully before you decide to invest in [Redacted].

OVERVIEW

We are engaged in the retail sales and wholesales of a wide spectrum of wine products and other alcoholic beverages in Hong Kong with a focus on Premier Collectible Red Wine and Fine Red Wine as well as the provision of a range of customer-centric value-added services.

We implement an integrated one-stop shop concept with a full range of products and value-added services with an objective to enhancing our customer convenience, satisfaction and retention. Our one-stop shop concept encompasses (a) our diverse range of products including (i) wine products, which is classified into Premier Collectible Red Wine¹, Fine Red Wine², Premier Collectible White Wine³ and Fine White Wine⁴, (ii) other alcoholic beverages, which include our selections of champagnes, proseccos, sparkling wines, cognacs, whiskies and noble wines, and (iii) wine accessory products such as wine opening devices, decanters and wine glasses, (b) our paid value-added services including (i) delivery services⁵, (ii) storage services and (iii) consignment services⁶, and (c) our non-revenue generating value-added services including (i) consultation services, (ii) sourcing services and (iii) evaluation services.

During the Track Record Period, we have offered our products and services to our customers for (i) direct sales consisting of retail sales and wholesales, (ii) consignment sales as consignee and (iii) consignment sales as consignor at the premises of our sole consignee, Fook Lam Moon Kowloon. All of our sales are derived in Hong Kong. Save for our consignment with Fook Lam Moon Kowloon, we had offered our products and services at our point of sales comprising (a) our flagship store since mid June 2015, (b) our old store from November 2012 to mid June 2015, and (c) our head office since June 2014. As at the Latest Practicable Date, we operated our business at (i) our new flagship store situated at Shops 1 & 2, Ground Floor, Chinachem Century Tower, No.178 Gloucester Road, Hong Kong, which commenced business operations in mid June 2015 immediately upon the cessation of business operations at our old store, and (ii) our head office situated at Flat A and B, 10/F, North Point Industrial Building, 499 King’s Road, North Point, Hong Kong.

Notes:

- 1 Premier Collectible Red Wine refers to red wine with unit prices at or above HK\$1,000, as classified based on our own categorisation, which is in line with the classification adopted by Ipsos. According to the Ipsos Report, there is currently no internationally recognised standard classification for Premier Collectible Wine in the global wine market or in the wine industry in Hong Kong. As such, we have adopted a price benchmark based on, among others, retail prices in Hong Kong to classify our Premier Collectible Wine.
- 2 Fine Red Wine refers to red wine with unit prices less than HK\$1,000, as classified based on our own categorisation, which is in line with the classification adopted by Ipsos.
- 3 Premier Collectible White Wine refers to white wine with unit prices at or above HK\$1,000, as classified based on our own categorisation, which is in line with the classification adopted by Ipsos. According to the Ipsos Report, there is currently no internationally recognised standard classification for Premier Collectible Wine in the global wine market or in the wine industry in Hong Kong. As such, we have adopted a price benchmark based on, among others, retail prices in Hong Kong to classify our Premier Collectible Wine.
- 4 Fine White Wine refers to white wine with unit prices less than HK\$1,000, as classified based on our own categorisation, which is in line with the classification adopted by Ipsos.
- 5 We provide complimentary delivery within Hong Kong upon requests by our customers for purchase orders with a net amount of over HK\$3,500. Otherwise, a standard delivery fee of not more than HK\$350 will be chargeable.
- 6 While we do not charge for consignment from our customers as consignors, all of our customers are required to enter into our standard consignment agreement, which provides that, among others, we are entitled to retain the remaining balance from the selling price less the minimum agreed selling price.

SUMMARY

For the years ended 31 March 2014 and 2015, we recorded revenue of approximately HK\$70.0 million and HK\$145.7 million, respectively, net profits of approximately HK\$7.2 million and HK\$14.3 million, respectively, and in addition, for the year ended 31 March 2015, we recorded consignment income of approximately HK\$1.1 million.

COMPETITIVE STRENGTHS

We believe our key strengths attributable to our success include (i) our knowledgeable and experienced team, (ii) our comprehensive product portfolio, which encompasses wine products from the world’s top estates, vineyards and wineries, (iii) our extensive supply network, which enables us to procure coveted wine products, (iv) our one-stop shop business model entailing our full range of wine products, other alcoholic beverages and wine accessory products and value-added services and (v) our concrete customers base. For further details, please refer to the section headed “Business — Competitive strengths” from page 95 to page 98 in this [Redacted].

BUSINESS STRATEGIES

Our business strategies to sustain our business growth and to attain a leading position in the wine industry in Hong Kong include (i) product portfolio expansion and diversification, (ii) strategic acquisition of one or more wine merchants in Hong Kong, (iii) enhanced marketing and promotional efforts, (iv) strengthened human resources and (v) addition of further supplemental products and services to enrich our current one-stop shop business model. For further details, please refer to the section headed “Business — Business strategies” from page 98 to page 100 in this [Redacted].

RISK FACTORS

There are risks associated with any investment, which may be broadly categorised into risks relating to (a) our business, (b) the wine industry in Hong Kong, (c) conducting business in Hong Kong and (d) [Redacted]. Our major risks include (i) fluctuations in the prevailing market prices of the products we procure from the open market, (ii) the condition of the rental market in Hong Kong, (iii) changes in consumers’ tastes, preferences and perceptions, (iv) defective quality as we are unable to control the quality of products we procure, (v) deficiencies with our product inspection process, (vi) intense competition within the wine industry in Hong Kong, (vii) adverse public opinion and perception about alcoholic beverages, (viii) changes relating to levies on alcoholic beverages, (ix) changes in applicable policies and regulations in Hong Kong and (x) changes in the economic, political and social conditions in Hong Kong. For further details, please refer to the section headed “Risk Factors” from page 31 to page 49 in this [Redacted].

COMPETITIVE LANDSCAPE

According to the Ipsos Report, the market value of the wine industry in Hong Kong has seen continuous robust growth since the elimination of import duties on wine in 2008. The total market value of the wine industry in Hong Kong had increased from approximately HK\$1,879.8 million in 2010 to approximately HK\$2,779.1 million in 2014 at a CAGR of approximately 10.3%. The wine industry in Hong Kong consisted of red wines primarily. According to the Commerce and Economic Development Bureau of Hong Kong, over 80% of wine consumed in 2014 were red wine and the import value of red wine between 2010 and 2014, accounted for over 95% of all wine imported to Hong Kong. The wine industry in Hong Kong is consolidated and dominated by the top market players, with the top five market players collectively contributing approximately 65.6% of the total market value for wine in Hong Kong in 2014 and the rest of the market being highly fragmented. In the same year, our Group accounted for approximately 5.2% of the total market value of the wine industry in Hong Kong, and approximately 15.0% of the market value for the Premier Collectible Wine segment in Hong Kong. In addition, recently, the PRC government has launched a series of anti-corruption campaigns and reforms for the promotion of frugality. As some of our customers are PRC nationals residing in Hong Kong, such customers’ purchasing habits may be deferred by the frugality campaigns. Accordingly, our sales could be adversely affected by the campaigns and reforms for the promotion of frugality, which in turn could adversely affect our business and results of operations. According to

SUMMARY

the Ipsos Report, the industry noticed a slowdown in the growth of wine sales and consumption since the anti-corruption campaigns and reforms were introduced. The decline in wine purchases by the PRC visitors created a competitive environment for wine sellers in Hong Kong, and was one of the major contributors to the drop in the total number of wine sellers in Hong Kong from approximately 617 sellers in 2010 to 528 sellers in 2014. For further details, please refer to the sections headed “Industry Overview” from page 54 to page 69 and “Risk Factors — Risks relating to our business — The promotion of frugality in the PRC may adversely affect the sales of our wine products” on page 35 in this [Redacted].

BUSINESS MODEL

Our business model consists of two stages involving (i) procurement and supply and (ii) sales and services. We also implement an integrated one-stop shop concept with (a) a full range of wine products, other alcoholic beverages and wine accessory products, (b) our paid value-added services and (c) our non-revenue generating value-added services. For further details, please refer to the sections headed “Business — Our business model” on pages 97 and 98 and “Business — Our one-stop shop concept” on page 99 in this [Redacted].

SALES AND MARKETING

During the Track Record Period, we have offered our products and services to our customers for (i) direct sales consisting of retail sales and wholesales, (ii) consignment sales as consignee and (iii) consignment sales as consignor at the premises of our sole consignee, Fook Lam Moon Kowloon. Our retail sales and wholesales are determined with reference to the usage of our products by our customers based on the information provided to our Company from our customers and our internal records. Wholesales refer to our sales to customers who are engaged in business operations involving the resale of our products, and include customers such as auction houses and restaurants while all other sales are classified as retail sales, and include all walk-in customers at our new flagship store and customers whom we do not have any information indicating whether they are engaged in business operations involving the resale of our products. Consignment sales as consignee refer to consignment sales pursuant to the launch of our “Madison Premier Collectors Program” during the year ended 31 March 2015, while consignment sales as consignor refer to our consignment arrangement with Fook Lam Moon Kowloon for consignment sale of our wine products at their premises. Our consignment arrangement with Fook Lam Moon Kowloon will expire in December 2015. Nonetheless, taking into account our established relationship with Fook Lam Moon Kowloon, we believe we will be able to renew the consignment arrangement upon its expiration.

During the Track Record Period, we have conducted various marketing activities, including promotional events at our point of sales, internet marketing, telemarketing, direct mailing, online marketing as well as strategic collaboration and consignment arrangement with a renowned restaurant in Hong Kong. For the years ended 31 March 2014 and 2015, our advertising and promotion expenses were HK\$1.4 million and HK\$1.2 million, respectively, which accounted for approximately 2.0% and 0.8% of our total revenue, respectively. For further details, please refer to the section headed “Business — Marketing and public relations” from page 118 to page 119 in this [Redacted].

PRODUCTS AND SERVICES

At the heart of our one-stop shop concept is our product portfolio, comprising (a) wine products, which is classified into Premier Collectible Red Wine, Fine Red Wine, Premier Collectible White Wine and Fine White Wine, (b) other alcoholic beverages, which include our selections of champagnes, proseccos, sparkling wines, cognacs, whiskies and noble wines, and (c) wine accessory products such as wine opening devices, decanters and wine glasses. As at 31 March 2015, with reference to the inventory value, our inventory consisted of approximately 59.9% of Premier Collectible Red Wine, 26.6% of Fine Red Wine, 3.8% of Premier Collectible White Wine, 1.7% of Fine White Wine, 7.6% of other alcoholic beverages and 0.4% of wine accessory products and with reference to the number of bottles, our inventory consisted of approximately 17.2% of Premier Collectible Red Wine, 66.2% of Fine Red Wine, 1.7% of Premier Collectible White Wine, 7.0% of Fine White Wine, 5.4% of other alcoholic beverages and 2.4% of wine accessory products. For further details, please refer to the section headed “Business — Product portfolio” from page 100 to page 107 in this [Redacted].

SUMMARY

As at 31 July 2015, in respect of our inventories with reference to the number of bottles, approximately 20.6%, 62.7%, 13.3% and 3.3% of our total inventories are stored at our new flagship store, our HKQAA accredited self-operated warehouse, our HKQAA accredited external warehouse and consigned with our consignee, Fook Lam Moon Kowloon, respectively. Each of our new flagship store and our self-operated warehouse are implemented with automatic air-conditioning facilities to ensure our wine products are properly stored at optimal temperature between 13 to 18 degree Celsius. We will continue to monitor the storage facilities to ensure our products are maintained at an optimal environment.

Our value-added services are services supplemental to our core product offerings to enhance our customers’ convenience and satisfaction, and include our non-revenue generating value-added services, namely, consultation services, sourcing services and evaluation services as well as our paid value-added services, namely, delivery services, storage services and consignment services. As part of our “Madison Premier Collectors Program” launched in November 2014, we encourage our customers to become our consignors and consign their wine products to our Company for consignment sale via our sales network. During the Track Record Period and up to the Latest Practicable Date, we entered into seven consignment agreements with our consignors, of which we had successfully sold all the consigned products under three consignment agreements and such consignments had been completed and settled without any outstanding obligations, and four consignment agreements remained effective as at the Latest Practicable Date. From November 2014 to 31 March 2015, we sold 360 bottles of wine products pursuant to our consignment sales as consignee and recorded a consignment income of approximately HK\$1.1 million for the year ended 31 March 2015. For further details, please refer to the section headed “Business — Value-added services” from page 111 to page 113 in this [Redacted].

CUSTOMERS

As observed by our Directors, most of our customers are local and overseas wine merchants, avid wine collectors in Hong Kong and China, renowned Hong Kong restaurants and high net worth individuals. For the years ended 31 March 2014 and 2015, the revenue generated from our five largest customers accounted for approximately 26.9% and 18.5% of our total revenue, respectively, and the revenue generated from our single largest customer accounted for approximately 7.3% and 5.4% of our total revenue, respectively. Generally, we do not offer a credit period to our customers save with the approval of our management where we may offer a credit period of up to 30 days to our customers. During the Track Record Period and up to the Latest Practicable Date, we did not enter into any long-term sales agreement with any of our customers.

PROCUREMENT AND SUPPLY

Primarily, we procure our products from the open market and during the Track Record Period, we have procured our products through (i) purchases from wine merchants and wineries, (ii) purchases through auction houses and (iii) purchases from individual wine collectors. For the years ended 31 March 2014 and 2015, the purchases from our five largest suppliers accounted for approximately 48.6% and 59.9% of our total purchases, respectively, and the purchases from our single largest supplier accounted for approximately 16.0% and 24.3% of our total purchases, respectively.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, there were 18 Customers-Suppliers consisting of (i) one auction house Customer-Supplier, (ii) 13 local and overseas wine merchant Customers-Suppliers, (iii) two individual Customers-Suppliers, and (iv) two connected persons, namely, Mr. Ting and Lucky Target. Our Directors confirmed that all of our sales to and purchases from our Customers-Suppliers were incidental transactions, were not inter-conditional, inter-related or otherwise considered as one

SUMMARY

transaction and did not involve the same products. For further details, please refer to the sections headed “Business — Overlapping Customers-Suppliers” from page 130 to page 133 and “Discontinued Connected Transactions — Discontinued connected transactions” from page 152 to page 154 in this [Redacted].

SUMMARY OF HISTORICAL COMBINED FINANCIAL INFORMATION

Our financial results are affected by a number of factors, including, among others, (i) fluctuations in our operational costs, which consisted of cost of sales, staff costs and rental expenses, (ii) fluctuations in prevailing market prices of wine products, (iii) seasonal fluctuations, (iv) economic conditions and regulatory framework in Hong Kong and (v) competition. For further details, please refer to the section headed “Financial Information — Key factors affecting our financial condition and results of operations” from page 174 to page 178 in this [Redacted].

Extract of the combined statements of profit or loss and other comprehensive income

The following table sets forth a summary of the combined statements of profit or loss and other comprehensive income of our Group for the years ended 31 March 2014 and 2015:

	For the year ended 31 March	
	2014	2015
	(HK\$'000)	(HK\$'000)
Revenue	70,044	145,687
Cost of sales	(45,353)	(105,587)
Gross profit	24,691	40,100
Profit before tax	8,655	17,290
Profit for the year and total comprehensive income for the year	7,204	14,314

During the Track Record Period, our revenue increased from approximately HK\$70.0 million for the year ended 31 March 2014 to approximately HK\$145.7 million for the year ended 31 March 2015, and our net profit increased from approximately HK\$7.2 million for the year ended 31 March 2014 to approximately HK\$14.3 million for the year ended 31 March 2015, respectively. Such increase in revenue was primarily attributable to, among others, the increase in the sales of Premier Collectible Red Wines branded Château Mouton Rothschild, Château Lafite Rothschild, Vega Sicilia and Domaine de la Romanée-Conti, and a Fine Red Wine branded Penfolds, which experienced an increased demand in Hong Kong during the year ended 31 March 2015 and the lowering of the average selling price of Fine Red Wine, altogether increasing the competitiveness of our Fine Red Wine and leading to the increase in the sales volume of our Fine Red Wine. Our gross profit margin decreased from 35.3% for the year ended 31 March 2014 to 27.5% for the year ended 31 March 2015. Such decrease in gross profit margin was primarily attributable to our sales strategy adopted during the year ended 31 March 2015, which focused on increasing our inventory turnover, improving our capital efficiency and generating cash flow for our business operations by applying a more competitive pricing approach whereby we strategically priced at a lower profit margin for our sales for the year ended 31 March 2015. For further details, please refer to the section headed “Financial Information — Year-on-year review of our results of operations — Year ended 31 March 2015 compared to year ended 31 March 2014 — Revenue” from page 192 to page 195 in this [Redacted].

SUMMARY

Summary of cost structure

The table below sets forth a summary of our operational costs during the Track Record Period:

	For the year ended 31 March	
	2014	2015
	(HK\$'000)	(HK\$'000)
Cost of sales	45,353	105,587
Staff costs	5,362	9,374
Rental expenses	4,464	5,726

Selected financial ratios

The table below sets forth a summary of our key financial ratios during the Track Record Period:

	For the year ended 31 March	
	2014	2015
Gross profit margin	35.3%	27.5%
Net profit margin	10.3%	9.7%
Return on equity	19.2%	27.3%
Current ratio	2.6	2.8
Quick ratio	1.0	1.8
Gearing	19.1%	17.9%
Net gearing	Net cash position	Net cash position

LEGAL AND REGULATORY COMPLIANCE

During the Track Record Period, we failed to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance. For further details, please refer to the section headed “Business — Historical non-compliance incidents” on page 140 in this [Redacted]. As advised by our legal advisers as to Hong Kong laws, save as disclosed in this [Redacted], we have been in compliance with the applicable laws, rules and regulations in Hong Kong, which are material to our business operations during the Track Record Period.

OUR SHAREHOLDING STRUCTURE

Immediately upon completion of [Redacted] and the Capitalisation Issue, without taking into account any Shares that may be allotted and issued pursuant to the exercise of the [Redacted] and any options that may be granted under the Share Option Scheme, Royal Spectrum will be interested in [Redacted]% of the issued share capital of our Company. Royal Spectrum is a company controlled as to 77.3% by Devoss Global, which in turn is wholly-owned by Mr. Ting. Hence, Royal Spectrum, Devoss Global and Mr. Ting will be our Controlling Shareholders within the meaning of the GEM Listing Rules.

[REDACTED]

There have been two rounds of [Redacted] in our Company. On 20 April 2015, (i) Keyword acquired 1,087 shares in Madison International from Royal Spectrum at a consideration of HK\$[Redacted] and the payment of the consideration of such share transfer was settled on 30 April 2015, and (ii) Timebase subscribed for 870 new shares in Madison International at a consideration of

SUMMARY

HK\$[Redacted] and the payment of the consideration of such subscription was settled on 30 April 2015. Upon completion of the Reorganisation, the Capitalisation Issue and [Redacted] (but without taking into account any Shares which may be allotted and issued upon the exercise of the [Redacted] and any options that may be granted under the Share Option Scheme), Keywood and Timebase will hold approximately [Redacted]% and [Redacted]% of the enlarged share capital of our Group upon the [Redacted], respectively. As confirmed by our Directors, Keywood and Timebase, and their ultimate beneficial owners are Independent Third Parties and the Shares held by Keywood and Timebase will be considered as part of the public float for the purpose of Rule 11.23(7) of the GEM Listing Rules. An aggregate amount of approximately HK\$[Redacted] will be recognised in the statement of financial position for the year ending 31 March 2016. For further details, please refer to the section headed “History, Reorganisation and Corporate Structure — [Redacted]” from page 88 to page 90 in this [Redacted].

DIVIDENDS

During the Track Record Period, we did not declare or pay any dividends to our then Shareholders. We currently do not have a fixed dividend policy and may declare dividends from time to time as our Directors consider appropriate in compliance with our Memorandum and Articles, the Companies Law and applicable laws and regulations.

[REDACTED]

We did not recognise any [Redacted] in the combined statements of profit or loss and other comprehensive income during the Track Record Period as the relevant work(s) undertaken by the respective professional parties in connection with [Redacted] had not commenced as at 31 March 2015. As such, the amounts paid by our Group to professional parties in connection with [Redacted] prior to 31 March 2015 had been recorded as deposits in the combined statements of financial position as at 31 March 2015, representing the prepayments for the work to be performed by the respective professional party. [Redacted] incurred will be recognised as [Redacted] in the combined statement of profit or loss and other comprehensive income during the year ending 31 March 2016, subject to the progress of the work to be performed by the respective professional party in connection with [Redacted]. For further details, please refer to the section headed “Financial Information — [Redacted]” on page 208 in this [Redacted].

Our Directors are of the view that the financial results of our Group for the year ending 31 March 2016 are expected to be adversely affected by, among others, [Redacted] in relation to [Redacted], the nature of which is non-recurring. The total [Redacted] in relation to [Redacted], primarily consisting of fees paid or payable to professional parties and underwriting fees and commission, are estimated to be approximately HK\$[Redacted] (based on a [Redacted] of HK\$[Redacted], being the mid-point of the indicative [Redacted] range and assuming the [Redacted] is not exercised), of which approximately HK\$[Redacted] is expected to be recognised in the combined statements of profit or loss for the year ending 31 March 2016 and the remaining approximately HK\$[Redacted] will be capitalised.

In view of the above, prospective investors should note that the financial results of our Group for the year ending 31 March 2016 will be materially adversely affected by the non-recurring expenses in relation to the [Redacted]. Prospective investors are specifically warned that given the aforesaid expenses, our Group’s net profit for the year ending 31 March 2016 may show a significant decline as compared to that of the previous financial year.

Our Directors would like to emphasise that the amount of [Redacted] is a current estimate for reference only and the final amount to be recognised in the combined financial statements of our Group for the year ending 31 March 2016 is subject to adjustment based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for the year ending 31 March 2016 is expected to be adversely affected by the estimated non-recurring [Redacted] mentioned above, and may or may not be comparable to the financial performance of our Group in the past.

SUMMARY

USE OF PROCEEDS

[Redacted]

[REDACTED] STATISTICS

[Redacted]

	[Redacted]	
	[Redacted]	[Redacted]
Market capitalisation	HK\$[Redacted]	HK\$[Redacted]
Unaudited pro forma adjusted combined net tangible assets of our Group per [Redacted]	HK\$[Redacted]	HK\$[Redacted]

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our business model, revenue structure, financial performance, profitability and cost structure remained unchanged since 31 March 2015. Save as disclosed in the paragraphs headed “[Redacted]” and “[Redacted] investments” in this section, our Directors, after performing reasonable due diligence, confirmed that since 31 March 2015 and up to the date of this [Redacted], (i) there had been no material adverse change in the market conditions, the industry and the regulatory environment in which our Group operates that would affect our financial or operating position materially and adversely, (ii) there was no material change in the business, trading and financial position and prospects of our Group, and (iii) no event had occurred that would affect the information shown in the Accountants’ Report set out in Appendix I to this [Redacted] materially and adversely.

As at 31 August 2015, approximately 30.8% of our inventories balance as at 31 March 2015 had been subsequently sold, 96.3% of the outstanding trade receivable balance as at 31 March 2015 had been subsequently settled and all of the outstanding trade payables balance as at 31 March 2015 had been subsequently settled.

As at 31 August 2015, all of the amount due to one of our Directors had been settled in full, and our intra-group liabilities, our Group did not have any outstanding indebtedness, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

SUMMARY

The financial information in the unaudited combined financial statements for the four months ended 31 July 2015 prepared by our Directors in accordance with the applicable accounting standards and the accounting policies adopted by our Group during the Track Record Period and up to the Latest Practicable Date, which have been reviewed by the reporting accountants of our Group. The comparative unaudited financial information for the four months ended 31 July 2013 and 2014 have been reviewed by the reporting accountants of our Group. The following table sets out the cost of goods sold, the average selling price, the quantities sold and the gross profit margin for the four months commencing from 1 April and ended 31 July for 2013, 2014 and 2015:

For the four months commencing from 1 April and ended 31 July										
2013					2014					2015
	Revenue (Percentage of total revenue)	Cost of goods sold	Average selling price ^(Note 2)	Quantity	Gross profit margin	Revenue (Percentage of total revenue)	Cost of goods sold	Average selling price ^(Note 2)	Quantity	Gross profit margin
	(HK\$'000)	(HK\$'000)	(HK\$)	(Bottles/Units)	(%)	(HK\$'000)	(HK\$'000)	(HK\$)	(Bottles/Units)	(%)
Wine products										
<i>Premier Collectible Red Wine</i>	10,221 (81.5%)	7,402	4,413	2,316	27.6	15,227 (57.3%)	12,037	3,933	3,872	20.9
<i>Fine Red Wine</i>	1,109 (8.8%)	749	633	1,753	32.5	8,692 (32.7%)	7,350	365	23,788	15.4
<i>Premier Collectible White Wine</i>	571 (4.6%)	398	3,440	166	30.3	1,086 (4.1%)	764	2,828	384	29.7
<i>Fine White Wine</i>	356 (2.8%)	213	687	518	40.2	463 (1.7%)	323	562	824	30.2
Other alcoholic beverages	277 (2.2%)	183	1,121	247	33.9	1,113 (4.2%)	832	1,374	810	25.2
Wine accessory products (and others)	6 (<1%)	3	500	12	50.0	11 (<1%)	7	212	52	36.4
Total	12,540	8,948	—	5,012	28.6	26,592	21,313	—	29,730	19.9
										35,899
										27,020
										—
										31,323
										24.7

Notes:

- For the four months ended 31 July 2015, revenue and gross profit from wine accessory products (and others) included the revenue and gross profit generated from our storage services.
- The selling prices for the products we sold during the Track Record Period were determined on a cost-plus approach, which was in accordance with the pricing policy of our Group. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we did not sell any of our products below their procurement prices.
- The average cost of Fine Red Wine per bottle sold in the period from April to July 2015 is HK\$259.2 as calculated from the cost of goods sold and quantity disclosed in this table. This is lower than the average selling price of Fine Red Wine per bottle sold in the corresponding period, despite the fact that the average selling price in the said period is lower than the average procurement price for the year ended 31 March 2015 (i.e. HK\$313) due to difference in mix of wine sold.

SUMMARY

The following table summarises the key sales information, including the revenue, the average procurement price, the average selling price, the quantities sold, the gross profit and the gross profit margin for the years ended 31 March 2014 and 2015:

	For the year ended 31 March 2014						For the year ended 31 March 2015					
Revenue (percentage of total revenue)	Average procurement price	Average selling price ^(Note 2)	Quantity	Gross profit	Gross profit margin	Revenue (percentage of total revenue)	Average procurement price	Average selling price ^(Note 2)	Quantity	Gross profit	Gross profit margin	
(HK\$'000)	(HK\$)	(HK\$)	(Bottles/ Units)	(HK\$'000)	(%)	(HK\$'000)	(HK\$)	(HK\$)	(Bottles/ Units)	(HK\$'000)	(%)	
Wine products	66,511 (95.0%)	785	32,584	22,557	33.9	141,924 (97.4%)	980	1,464	96,922	38,979	27.5	
Premier Collectible Red Wine	53,057 (75.8%)	1,291	9,794	15,527	29.3	102,566 (70.4%)	2,685	5,228	19,618	26,015	25.4	
Fine Red Wine	10,319 (14.7%)	299	20,455	5,749	55.7	31,877 (21.9%)	313	436	73,082	10,685	33.5	
Premier Collectible White Wine	2,002 (2.9%)	1,344	614	861	43.0	5,866 (4.0%)	2,813	4,154	1,412	1,872	31.9	
Fine White Wine	1,133 (1.6%)	277	1,721	420	37.1	1,615 (1.1%)	284	575	2,810	407	25.2	
Other alcoholic beverages	3,513 (5.0%)	621	1,854	2,131	60.7	3,724 (2.6%)	1,117	1,382	2,695	1,120	30.1	
Wine accessory products (and others)	20 (0%)	123	203	3	15.0	39 ^(Note 1) (0%)	113	29	1,331	1 ^(Note 1)	2.6	
Total	70,044	—	34,641	24,691	35.3	145,687	—	—	100,948	40,100	27.5	

Notes:

- For the year ended 31 March 2015, revenue and gross profit from wine accessory products (and others) included the revenue and gross profit generated from our storage services.
- The selling prices for the products we sold during the Track Record Period were determined on a cost-plus approach, which was in accordance with the pricing policy of our Group. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we did not sell any of our products below their procurement prices.

SUMMARY

We recorded a general decrease in the average selling price in respect of most of our wine products for the year ended 31 March 2015 as compared with 31 March 2014. The decrease was primarily attributable to the increase in our sales volume to our wholesale customers for the corresponding years. As our wholesale customers are wine merchants and restaurants, they typically purchase products that are widely available in the market, which we have priced with a lower mark-up percentage so as to maintain the competitiveness of such products. In addition, wholesale customers generally prefer to make single-product purchases in bulk volumes so as to enjoy our bulk purchase discounts. Accordingly, the increase in sales volume to our wholesale customers had resulted in a decrease in the average selling price of our wine products during the years.

The decrease in the average selling price of most of our wine products for the four months ended 31 July 2015 as compared with the year ended 31 March 2015 was primarily attributable to the downward adjustment of our product pricing pursuant to our pricing strategy in response to the seasonal pattern of our sales. As the four months ended 31 July 2015 was our low seasons, we adjusted our product pricing downward by decreasing our mark-up percentage in order to stimulate and promote sales.

The increase in revenue from HK\$12.5 million for the four months period ended 31 July 2013 to HK\$26.6 million for the four months period ended 31 July 2014 was primarily driven by the increase in sales volume as a result of the decrease in the mark up percentage. For further details, please refer to the section headed “Financial Information — Management discussion and analysis — Description of selected combined statements of profit or loss line items — Gross profit” on page 185 and 186 in this [Redacted].

The increase in revenue from HK\$26.6 million for the four months period ended 31 July 2014 to HK\$35.9 million for the four months period ended 31 July 2015 was primarily driven by the adoption of a less competitive cost-plus pricing approach for the sale of our wine products during the four months period ended 31 July 2015 as compared with the same period in 2014, as we were satisfied with our inventory level and our working capital status and we were able to procure certain wine products, in particular our Fine Red Wine and Fine White Wine, at a lower price. As a result, we recorded an increase in the gross profit margin of our Premier Collectible Red Wine, Premier Collectible White Wine and Fine White Wine sold during the four months period ended 31 July 2015. While we applied a relative higher profit margin generally during the four months period ended 31 July 2015, we recorded a decrease in our gross profit margin for the sale of our Fine Red Wine during the period as we sold our Fine Red Wine in bulk volume to certain of our wholesale customers during the period.

Taking into account that (i) the six months period from April to September are our low season and revenue generated from the low season accounted for approximately 31.5% and 26.4% of our total revenue for the years ended 31 March 2014 and 2015, respectively and (ii) based on our unaudited management accounts, the (unaudited) revenue generated for the four months period subsequent to the Track Record Period, being the four months commencing from 1 April 2015 to 31 July 2015, we continued to record a stable growth of turnover and profitability, which our Directors considered are primarily attributable to the continuous expansion of our business.