
STATEMENT OF BUSINESS OBJECTIVE AND USE OF PROCEEDS

BUSINESS OBJECTIVE AND STRATEGIES

Our business objective is to become one of the leading wine merchants in the wine industry of Hong Kong by expanding and diversifying our product portfolio, acquiring one or more wine merchants in Hong Kong and solidifying and broadening our customer base. We will endeavour to achieve our business objective by implementing our business strategies as set out in the section headed “Business — Business strategies” in this [Redacted].

IMPLEMENTATION PLAN

Our Directors have drawn up an implementation plan for the period up to 30 September 2017 with a view to achieving our business objective.

Investors should note that the following implementation plans are formulated on the bases and assumptions referred to in the paragraph headed “Bases and key assumptions” in this section. These bases and assumptions are inherently subject to uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed “Risk Factors” in this [Redacted]. Our actual course of business may vary from our business strategies set out in this [Redacted]. There is no assurance that our plans will materialise in accordance with our expected time frame or that our objective will be accomplished. While the actual course of events may invariably encounter unforeseeable changes and fluctuations, we shall use our best endeavours to anticipate changes, yet allowing for flexibility to implement the following plans.

For the period from the Latest Practicable Date to 30 September 2017:

Business Strategies	Implementation activities	Source of funding
Expanding and diversifying our product portfolio	<ul style="list-style-type: none">We intend to use approximately [Redacted]% of the net proceeds, or approximately HK\$[Redacted] million, for increasing our vintage spectrum as well as our level of wine inventory to accommodate the evolving demand and preference of Hong Kong consumers. As per the IPSOS Report, Hong Kong consumers generally prefer red wine over other types of wine products. Accordingly, our purchases will have a focus on Premier Collectible Red Wine and Fine Red Wine.	<ul style="list-style-type: none">Proceeds from the [Redacted]

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Business Strategies	Implementation activities	Source of funding
	<ul style="list-style-type: none"> We intend to further promote our “Madison Premier Collectors Program” to our customers so as to expand our inventory with consignment products. 	<ul style="list-style-type: none"> Our internal resources
	<ul style="list-style-type: none"> We intend to expand our procurement and supply team to strengthen the bonds with our existing suppliers so as to get up to date market information in the wine industry 	<ul style="list-style-type: none"> Our internal resources
Acquiring one or more wine merchants in Hong Kong	<ul style="list-style-type: none"> We intend to use approximately [Redacted]% of the net proceeds, or approximately HK\$[Redacted] million, and our internal resources for acquiring one or more wine merchants in Hong Kong. For further details, please refer to the section headed “Business — Business strategies — We may acquire one or more wine merchants in Hong Kong” in this [Redacted] 	<ul style="list-style-type: none"> Proceeds from the [Redacted] and our internal resources

Business Strategies	Implementation activities	Source of funding
Solidifying and broadening our customer base	<ul style="list-style-type: none"> We intend to use approximately [Redacted]% of the net proceeds, or approximately HK\$[Redacted] million, to increase marketing and promotion efforts to enhance public awareness of our Company. 	<ul style="list-style-type: none"> Proceeds from the [Redacted] and our internal resources
	<ul style="list-style-type: none"> We intend to increase collaborations with other renowned restaurants in Hong Kong by replicating the collaboration model with Fook Lam Moon Kowloon. 	<ul style="list-style-type: none"> Our internal resources
	<ul style="list-style-type: none"> We intend to further promote our “Madison Premier Membership Scheme” to our customers so as to reward our loyal customers, thereby deepening our customer reach and solidifying our customer loyalty. 	<ul style="list-style-type: none"> Our internal resources
	<ul style="list-style-type: none"> We intend to expand our sale team to strengthen the bonds with our existing customers with a view to enhance our customer services. 	<ul style="list-style-type: none"> Our internal resources

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BASES AND KEY ASSUMPTIONS

We have adopted the following principal assumptions in the preparation of the future plans up to 30 September 2017:

General assumptions:

- there will be no material adverse change in the existing political, legal, fiscal, market or economic conditions in Hong Kong; and
- there will be no material change in the bases or rates of taxation and duties in Hong Kong.

Specific assumptions:

- we will have sufficient financial resources to meet the planned capital and business development requirements during the period to which the business objective relates;
- the [Redacted] will be completed in accordance with and as described in the section headed “Structure and Conditions of the [Redacted]” in this [Redacted];
- our Directors and key senior management will continue to be involved in the development of our existing and future development and we will be able to retain our key management personnel;
- we will be able to recruit additional key management personnel and staff when required;
- there will be no change in the funding requirement for each of the business strategies described in this [Redacted] from the amount as estimated by our Directors;
- we will not be adversely affected by the risk factors as set out in the section headed “Risk Factors” in this [Redacted]; and
- we will be able to continue our operations in substantially the same manner as we have been operating during the Track Record Period and we will also be able to carry out our implementation plans without disruptions.

REASONS FOR THE [REDACTED] AND USE OF PROCEEDS

Reasons for the [Redacted]

We believe that the [Redacted] will enhance our profile, strengthen our competitiveness and financial position, and provide us with additional working capital to implement our future plans as set out in the section headed “Business — Business strategies” and the paragraph headed “Implementation plans” in this [Redacted].

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Net proceeds

In the event that the [Redacted] is not exercised, we estimate the net proceeds of the [Redacted] which we will receive, assuming a [Redacted] of HK\$[Redacted] per [Redacted], being the [Redacted] of the indicative [Redacted] range, will be approximately HK\$[Redacted] million, after deduction of underwriting fees and commissions and other estimated expenses in connection with the [Redacted].

In the event the [Redacted] is exercised in full and assuming a [Redacted] of HK\$[Redacted] per [Redacted], being the [Redacted] of the indicative [Redacted] range, we will receive net proceeds of approximately HK\$[Redacted] million.

If the [Redacted] is fixed at HK\$[Redacted] per [Redacted], being the high-end of the indicative [Redacted] range, we will receive (i) net proceeds of approximately HK\$[Redacted] million, assuming the [Redacted] is not exercised; and (ii) net proceeds of approximately HK\$[Redacted] million, assuming the [Redacted] is exercised in full.

If the [Redacted] is fixed at HK\$[Redacted] per [Redacted], being the low-end of the indicative [Redacted] range, the net proceeds we receive will be (i) reduced by approximately HK\$[Redacted] million, assuming the [Redacted] is not exercised; and (ii) approximately HK\$[Redacted] million, assuming the [Redacted] is exercised in full.

Commission and expenses

The Underwriters will receive an underwriting commission being [Redacted]% of the gross proceeds, out of which they will pay any sub-underwriting commission. The Sole Sponsor will receive a sponsorship, financial advisory and documentation fee of HK\$[Redacted] million in relation to [Redacted] and will be reimbursed for their expenses. Such commission, advisory and documentation fee and expenses, together with the GEM [Redacted] fees (as prescribed in the GEM Listing Rules), legal and other professional fees, and printing and other expenses relating to the [Redacted] and [Redacted] (as negotiated and agreed between each service provider and our Company on an arm's length basis), which are estimated to amount in aggregate to approximately HK\$[Redacted] million and are to be borne by our Company.

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Use of proceeds

In the event that the [Redacted] is not exercised, based on the [Redacted] of HK\$[Redacted] per [Redacted], being the [Redacted] of the indicative [Redacted] range, and an estimated net proceeds from the [Redacted] of approximately HK\$[Redacted] million after deducting the underwriting commission and expenses relating to the [Redacted], we intend to utilise the net proceeds from the [Redacted] as follows:

	From the Latest Practicable Date to 31 March 2016 <i>(HK\$' million)</i>	For the 6 months ending 30 September 2016 <i>(HK\$' million)</i>	For the 6 months ending 31 March 2017 <i>(HK\$' million)</i>	For the 6 months ending 30 September 2017 <i>(HK\$' million)</i>	Total <i>(HK\$' million)</i>	Approximate percentage <i>(%)</i>
Expand and diversify our product portfolio	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Acquiring one or more wine merchants in Hong Kong ^(Note)	—	—	—	—	[Redacted]	[Redacted]
Enhance public awareness of our Company by increasing marketing and promotion efforts	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
General working capital	[Redacted]	—	—	—	[Redacted]	[Redacted]
					Total	100

Note: We intend to use approximately 30% of the net proceeds, representing approximately HK\$[Redacted] million, for acquiring one or more wine merchants in Hong Kong. As at the Latest Practicable Date, we had not identified any target and did not have a concrete timetable for the proposed acquisition.

To the extent that our net proceeds are more or less than expected, for instance, in the event that the [Redacted] is set at the high-end of the indicative [Redacted] range or the [Redacted] is set at the low-end of the indicative [Redacted] range, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

The possible use of proceeds outlined above may change in light of our evolving business needs and conditions and management requirements. In the event of any material modification to the use of proceeds as described above, we will issue an announcement in accordance with the GEM Listing Rules and disclose in our annual report for the relevant year as required by the Stock Exchange.

To the extent that the net proceeds from the [Redacted] are not immediately applied for the above purposes, it is our present intention to deposit such sums into an interest-bearing bank account with licensed financial institutions in Hong Kong.