



MADISON WINE®

Madison Wine Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8057

2015

Interim Report



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given the emerging nature of companies listed on GEM, 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.

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This interim report, for which the directors (the “Directors”) of Madison Wine 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 (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 interim report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this interim report misleading.

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Ting Pang Wan Raymond
(Chairman)
Mr. Kao Sheng-Chi
Mr. Zhu Qin

Independent Non-executive Directors

Ms. Debra Elaine Meiburg
Ms. Fan Wei
Mr. Chu Kin Wang Peleus

Audit Committee

Mr. Chu Kin Wang Peleus
(Chairman)
Ms. Debra Elaine Meiburg
Ms. Fan Wei

Remuneration Committee

Ms. Fan Wei *(Chairlady)*
Mr. Ting Pang Wan Raymond
Ms. Debra Elaine Meiburg
Mr. Chu Kin Wang Peleus

Nomination and Corporate Governance Committee

Mr. Ting Pang Wan Raymond
(Chairman)
Ms. Debra Elaine Meiburg
Ms. Fan Wei
Mr. Chu Kin Wang Peleus

Company Secretary

Ms. Tse Ka Yan

Compliance Officer

Mr. Kao Sheng-Chi

Authorised Representatives

Mr. Ting Pang Wan Raymond
Ms. Tse Ka Yan

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

Compliance Adviser

Innovax Capital Limited
Office 1, 1/F
Lucky Building
No. 39 Wellington Street
Central, Hong Kong

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

**Principal Place of Business
in Hong Kong**

Flat A & B, 10/F
North Point Industrial Building
499 King's Road
North Point, Hong Kong

**Principal Share Registrar and
Transfer Office
in the Cayman Islands**

Codan Trust Company
(Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

**Hong Kong Branch Share
Registrar and Transfer Office**

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

The Hongkong and Shanghai
Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

China Construction Bank (Asia)
Corporation Limited
139 Hennessy Road, Wan Chai
Hong Kong

Company's Website

www.madison-wine.com

Stock Code

08057

FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2015, unaudited operating results of the Company and its subsidiaries (collectively referred to as the “Group”) were as follows:

- the Group recorded a revenue of approximately HK\$57.2 million for the six months ended 30 September 2015 (six months ended 30 September 2014: HK\$38.5 million), representing an increase of approximately 48.6% as compared with the corresponding period in 2014.
- loss attributable to the owners of the Company for the six months ended 30 September 2015 amounted to approximately HK\$6.5 million (six months ended 30 September 2014: HK\$4.0 million). Should the one-off listing expenses of approximately HK\$9.9 million incurred by the Company for its listing exercise be excluded, profit for the period and total comprehensive income for the period attributable to owners of the Company for the six months ended 30 September 2015 would reach approximately HK\$3.4 million.
- the Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the six months ended 30 September 2015, revenue was increased by approximately 48.6% to approximately HK\$57.2 million (six months ended 30 September 2014: HK\$38.5 million). 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 red wine. The increase in revenue was mainly the result of our expanding market appearance by the relocation of our retail store. Our new flagship store commenced business operations in mid June 2015 at a location within close proximity to luxury car retail shops which share similar customer base with our Group.

Financial Review

Revenue

Revenue of the Group increased by approximately 48.6% from approximately HK\$38.5 million to HK\$57.2 million for the six months ended 30 September 2014 and 2015 respectively. The increase was mainly due to the expanding market appearance and the expansion of the sales team during the six months ended 30 September 2015.

Gross Profit and Gross Profit Margin

Gross profit of the Group increased by approximately 108.1% from approximately HK\$7.4 million to approximately HK\$15.4 million for the six months ended 30 September 2014 and 2015 respectively. The increase was mainly due to the increase in revenue during the period.

Gross profit margin of the Group increased from 19.2% to 26.8% for the six months ended 30 September 2014 and 2015 respectively. The increase was mainly due to the application of a more competitive pricing approach with a lower profit margin for our sales during the six months ended 30 September 2014.

Other Income

Other income of the Group increased significantly from approximately HK\$75.0 thousand to approximately HK\$4.4 million for the six months ended 30 September 2014 and 2015 respectively. The increase was mainly due to the increase in consignment sales which has been commenced since November 2014.

Selling and Distribution Expenses

Selling and distribution expenses of the Group increased by approximately 3.0% from approximately HK\$6.7 million to HK\$6.9 million for the six months ended 30 September 2014 and 2015 respectively. The increase was mainly due to the increase in number of sales person.

Administrative Expenses

Administrative expenses of the Group increased by approximately 327.9% from approximately HK\$4.3 million to HK\$18.4 million for the six months ended 30 September 2014 and 2015 respectively. The increase was mainly due to i) the one-off listing expenses of approximately HK\$9.9 million incurred by the Group for its listing exercise during the six months ended 30 September 2015; ii) the increase in salary of approximately HK\$2.2 million for our management and administrative staff; and iii) the increase in other administrative expenses of approximately HK\$2.0 million incurred by the Group with the increase in number of staff.

Income Tax Expense

Income tax expenses for the Group increased from nil to HK\$0.7 million. The increase was due to the increase in profit before tax excluding the listing expenses which is non-deductible for the tax assessment.

Loss for the Period and Total Comprehensive Expense for the Period Attributable to Owners of the Company

Loss for the period attributable to owners of the Company increased by approximately 60% from approximately HK\$4.0 million to HK\$6.5 million for the six months ended 30 September 2014 and 2015 respectively. Such change was mainly attributable to the listing expenses incurred by the Group for its listing exercise during the six months ended 30 September 2015.

Should the one-off listing expenses of approximately HK\$9.9 million incurred by the Company for its listing exercise be excluded, profit for the period and total comprehensive income for the period attributable to owners of the Company for the six months ended 30 September 2015 would reach approximately HK\$3.4 million.

Foreign Exchange Exposure

As at 30 September 2015, the Group had certain bank balances and payables denominated in foreign currencies, mainly Euro and Great British Pound, which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Capital Structure, Liquidity and Financial Resources

During the period, the Group's source of funds was mainly from the cash generated from operations. For the six months ended 30 September 2015, the Group recorded a net cash outflow of approximately HK\$15.3 million (six months ended 30 September 2014: HK\$7.6 million), while its total cash and cash equivalents decreased to HK\$12.7 million (as at 31 March 2015: HK\$28.0 million).

As at 30 September 2015, the Group had net current assets of approximately HK\$42.8 million (as at 31 March 2015: 43.9 million). The current ratio of the Group was 3.9 times as at 30 September 2015 (as at 31 March 2015: 2.8 times). The increase was mainly attributable to the repayment of amount due to a Director during the period.

As at 30 September 2015 and up to the date of this interim report, the Group had no bank borrowings (as at 31 March 2015: nil).

Significant Investments Held

At at 30 September 2015, the Group did not hold any significant investments (31 March 2015: nil).

Charges on the Group's Assets

As at 30 September 2015, the Group did not have any charge on its assets (31 March 2015: nil).

Gearing Ratio

As at 30 September 2015, the gearing ratio of the Group was nil (31 March 2015: nil) as the Group did not have any loans or borrowings as at the respective dates.

Capital Commitment

As at 30 September 2015, the Group did not have any significant capital commitments (31 March 2015: nil).

Contingent Liabilities

As at 30 September 2015, the Group did not have any material contingent liabilities (31 March 2015: nil).

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: nil).

Employees and Remuneration Policies

As at 30 September 2015, the Group employed a total of 31 (31 March 2015: 24) full-time employees and nil (31 March 2015: 1) part-time employee. The staff costs, including Directors' emoluments, of the Group for the six months ended 30 September 2015 were approximately HK\$6.2 million (six months ended 30 September 2014: HK\$4.2 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonus may be offered to employees with outstanding performance to attract and retain eligible employees in the Group. Share options may also be granted under the Share Option Scheme (as defined below) to eligible employees by reference to the Group's performance as well as individual's contribution.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the six months ended 30 September 2015, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies save for those in relation to the reorganisation (the "Reorganisation") in preparation of the listing as set out in section headed "History, Reorganisation and Corporate Structure – Reorganisation" of the prospectus of the Company dated 29 September 2015 (the "Prospectus").

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

Events After the End of the Reporting Period

On 8 October 2015, 100 million ordinary shares of HK\$0.01 each of the Company were issued at HK\$0.75 each by way of placing and 299,999,000 ordinary shares of HK\$0.01 each of the Company were credited as fully paid by way of capitalisation of the amount of approximately HK\$2,999,990 standing to the credit of the share premium account of the Company. On the same day, the shares of the Company were listed on GEM. The net proceeds of the placing, after deducting underwriting fees and related expenses payable by the Group in connection therewith, were approximately HK\$56.3 million.

Outlook and Prospects

The shares of the Company were listed on GEM on 8 October 2015 (the "Listing"). The net proceeds from the Listing have laid a solid foundation for the future development of the Group.

Looking forward, the Group will endeavor to strengthen its position in the retail sales and wholesales of wine products in Hong Kong. The Group will continue to expand its existing product portfolio, which aims at providing its customers with a wider range of choices so as to facilitate the broadening of its existing customer base as well as reinforcing its market presence in Hong Kong wine industry.

Moving forward, the Group will also pursue suitable acquisition opportunities in Hong Kong so as to further expand its presence in the wine industry in Hong Kong and thereby maximise the shareholders' return in the long run. It is expected that successful acquisition can contribute to i) an increase in our customer base; ii) an addition to wine supply channels; and iii) the acquisition of staff with relevant skill sets and connections in the wine industry, which as a whole can create synergies to the existing business of the Group.

OTHER INFORMATION

Comparison Between Future Plans and Prospects and Actual Business Progress and Use of Proceeds

The net proceeds from the placing of the shares of the Company were approximately HK\$56.3 million. As the shares of the Company were listed on GEM on 8 October 2015, no proceeds raised from the placing of the shares of the Company were applied up to 30 September 2015. The future plans and prospects as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. As at the date of this interim report, the Directors were not aware of any material change to the planned use of the proceeds as stated in the Prospectus.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 30 September 2015, the shares of the Company were not listed on GEM. Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"), section 352 of the SFO and Rules 5.46 to 5.67 of the GEM Listing Rules were not applicable to the Group.

As at the date of this interim report, the interests and short positions of the Directors and chief executive of the Company 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 in 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:

(i) Long Position in the Shares of the Company

Name of Director	Capacity/ Nature of interest	Number of issued shares held	Percentage of issued share capital of the Company
Mr. Ting Pang Wan Raymond ("Mr. Ting") (Notes 1 and 2)	Interest in controlled corporation	246,000,000	61.5%

Notes:

1. The entire issued share capital in Royal Spectrum Holding Company Limited ("Royal Spectrum") is legally and beneficially owned as to 77.3% by Devoss Global Holdings Limited ("Devoss Global"), 20% by Universal Chinese Limited ("Universal Chinese"), and 2.7% by Montrachet Holding Limited ("Montrachet"). Devoss Global is deemed to be interested in the shares held by Royal Spectrum under Part XV of the SFO.
2. The entire issued share capital in Devoss Global is legally and beneficially owned by Mr. Ting. Mr. Ting is deemed to be interested in the shares in which Devoss Global is interested in under Part XV of the SFO.

(ii) Long Position in the Shares of Associated Corporations

Name of associated corporations	Name of Director	Capacity/ Nature of interest	Number of issued shares held	Percentage of issued share capital of the Company
Royal Spectrum (Note 1)	Mr. Ting	Interest in controlled corporation	246,000,000	61.5%
Devoss Global (Note 2)	Mr. Ting	Beneficial owner	246,000,000	61.5%

Notes:

1. The entire issued share capital in Royal Spectrum is legally and beneficially owned as to 77.3% by Devoss Global, 20% by Universal Chinese, and 2.7% by Montrachet. Devoss Global is deemed to be interested in the shares held by Royal Spectrum under Part XV of the SFO.
2. The entire issued share capital in Devoss Global is legally and beneficially owned by Mr. Ting. Mr. Ting is deemed to be interested in the shares in which Devoss Global is interested in under Part XV of the SFO.

Save as disclosed above, as at the date of this interim report, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in 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 and 5.67 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 September 2015, the shares of the Company were not listed on GEM. So far as the Directors are aware, as at the date of this interim report, other than the Directors and chief executive of the Company, the following persons or corporations had interests and 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 were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long Position in the Shares of the Company

Name	Capacity/Nature of interest	Notes	Number of shares held	Percentage of the issued share capital of the Company
Royal Spectrum	Beneficial owner	1	246,000,000	61.5%
Devoss Global	Interest in controlled corporation	2	246,000,000	61.5%
Ms. Luu Huyen Boi ("Ms. Luu")	Interest of spouse	3	246,000,000	61.5%
Keyword Limited ("Keyword")	Beneficial owner	4	30,000,000	7.5%
Mr. Han Haning ("Mr. Han")	Interest in controlled corporation	4	30,000,000	7.5%

Name	Capacity/Nature of interest	Notes	Number of shares held	Percentage of the issued share capital of the Company
Timebase Holdings Limited (“Timebase”)	Beneficial owner	5	24,000,000	6.0%
Ms. Lu Mengjia (“Ms. Lu”)	Interest in controlled corporation	5	24,000,000	6.0%
World Fair International Limited (“World Fair”)	Beneficial owner	6	22,000,000	5.5%
Charming Lion Limited (“Charming Lion”)	Interest in controlled corporation	6	22,000,000	5.5%
Success Charm Holdings Limited (“Success Charm”)	Interest in controlled corporation	6	22,000,000	5.5%
World Wide Touch Technology (Holdings) Limited (“World Wide Touch”)	Interest in controlled corporation	6	22,000,000	5.5%
Tinmark Development Limited (“Tinmark”)	Interest in controlled corporation	6	22,000,000	5.5%
Yao Jianhui (“Mr. Yao”)	Interest in controlled corporation	6	22,000,000	5.5%

Notes:

1. The entire issued share capital in Royal Spectrum is legally and beneficially owned as to 77.3% by Devoss Global, 20% by Universal Chinese, and 2.7% by Montrachet. Devoss Global is deemed to be interested in the shares held by Royal Spectrum under Part XV of the SFO.
2. The entire issued share capital in Devoss Global is legally and beneficially owned by Mr. Ting. Mr. Ting is deemed to be interested in the shares in which Devoss Global is interested in under Part XV of the SFO.
3. Ms. Luu is the spouse of Mr. Ting. Ms. Luu is deemed to be interested in all the shares in which Mr. Ting is interested in under Part XV of the SFO.
4. The entire issued share capital in Keyword is legally and beneficially owned by Mr. Han. Mr. Han is deemed to be interested in the shares in which Keyword is interested in under Part XV of the SFO.

5. The entire issued share capital in Timebase is legally and beneficially owned by Ms. Lu. Ms. Lu is deemed to be interested in the shares in which Timebase is interested in under Part XV of the SFO.
6. The entire issued share capital in World Fair is legally and beneficially owned as to 100% by Charming Lion. Charming Lion is beneficially and wholly-owned by Success Charm which is a wholly-owned subsidiary of World Wide Touch. The issued share capital of World Wide Touch is legally and beneficially owned as to 50.01% by Tinmark and Tinmark is beneficially and wholly-owned by Mr. Yao. Therefore, each of Charming Lion, Success Charm, World Wide Touch, Tinmark and Mr. Yao is deemed to be interested in all the shares held by World Fair under Part XV of the SFO.

Save as disclosed above, as at the date of this interim report, the Directors are not aware of any other persons or corporations (other than the Directors and chief executive of the Company) who/which had any interests or short positions in the shares or underlying shares of the Company or any of its associated companies 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 were recorded in the register required to be kept by the Company under section 336 of the SFO.

Share Option Scheme

The Company had conditionally adopted a share option scheme pursuant to a written resolution of the shareholders of the Company passed on 21 September 2015 (the “Share Option Scheme”) for the purpose of providing incentives or rewards to eligible persons for their contribution to the Group and/or enabling the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share options were granted, exercised, lapsed or cancelled under the Share Option Scheme during the period under review since the date of the adoption and there were no outstanding share options under the Share Option Scheme as at 30 September 2015 and the date of this interim report.

Purchase, Sale or Redemption of Listed Securities of the Company

The shares of the Company were listed on GEM on 8 October 2015. Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company after Listing and up to the date of this interim report.

Directors' Interests in Competing Business

As at 30 September 2015, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Deed of Non-competition

A deed of non-competition dated 29 September 2015 (the “Deed of Non-competition”) was entered into among the Company and the controlling shareholders of the Company, namely Royal Spectrum, Devoss Global and Mr. Ting, 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” 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 “Model Code”). As the shares of the Company were not listed on GEM until 8 October 2015, the Model Code was not applicable to the Company for the six months ended 30 September 2015. 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 Model Code since the date of the Listing and up to the date of this interim report.

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 the shares of the Company were not listed on GEM until 8 October 2015, the code provisions were not applicable to the Company for the six months ended 30 September 2015. Throughout the period since the date of the Listing and up to the date of this interim report, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code, save for the deviation from the code provision A.2.1 as explained below:

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

Mr. Ting is the chairman (the “Chairman”) of the Board and is responsible for major decision-making, implementation of business strategies and overseeing the overall operation of the Group. The Chairman also takes the lead to ensure that the Board works effectively and acts in the best interest of the Company by encouraging the Directors to make active contributions to Board’s affairs and promoting a culture of openness and debate.

The Company has no such position as the chief executive officer (the “CEO”) and therefore the daily operation and management of the Group is monitored by the executive Directors as well as the senior management.

The Board is of the view that, notwithstanding without the presence of CEO, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting the operation of the Group.

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 24 September 2015 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of its directors, employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise 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 2015 and date of this interim report.

Audit Committee

The audit committee of the Company (the “Audit Committee”) was established on 21 September 2015 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The primary duties of the Audit Committee are mainly to review the financial system of the Group; to review the accounting policy, financial position and financial reporting procedures of the Group; to communicate with external auditors; to assess the performance of internal financial and audit personnel; and to assess the internal controls of the Group.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chu Kin Wang Peleus (“Mr. Chu”), Ms. Debra Elaine Meiburg and Ms. Fan Wei. Mr. Chu is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 September 2015 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board
Madison Wine Holdings Limited
Ting Pang Wan Raymond
Chairman and Executive Director

Hong Kong, 13 November 2015

As at the date of this report, the executive Directors are Mr. Ting Pang Wan Raymond, Mr. Kao Sheng-Chi, and Mr. Zhu Qin; and the independent non-executive Directors are Ms. Debra Elaine Meiburg, Ms. Fan Wei and Mr. Chu Kin Wang Peleus.

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 September 2015, together with the comparative unaudited figures for the corresponding period in 2014, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2015

	NOTES	Three months ended 30 September		Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	4	27,457	21,331	57,232	38,492
Cost of sales		(19,758)	(17,540)	(41,878)	(31,100)
Gross profit		7,699	3,791	15,354	7,392
Other income	5	1,627	70	4,355	75
Selling and distribution expenses		(3,497)	(3,288)	(6,917)	(6,664)
Administrative expenses		(7,793)	(2,284)	(18,426)	(4,303)
Finance costs	6	-	(305)	-	(516)
Loss before tax		(1,964)	(2,016)	(5,634)	(4,016)
Income tax expense	7	(201)	-	(739)	-
Loss for the period and total comprehensive expense for the period	8	(2,165)	(2,016)	(6,373)	(4,016)
(Loss) profit for the period and total comprehensive (expense) income for the period attributable to:					
Owners of the Company		(2,195)	(2,016)	(6,458)	(4,016)
Non-controlling interests		30	-	85	-
		(2,165)	(2,016)	(6,373)	(4,016)
Loss per share (HK cents)					
Basic and diluted	10	(0.73)	(0.67)	(2.15)	(1.34)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2015

	NOTES	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Non-current assets			
Plant and equipment	11	6,868	4,238
Deposits paid for acquisition of plant and equipment		–	2,188
Deposits	12	1,075	1,075
Deferred tax asset		59	458
		8,002	7,959
Current assets			
Inventories		25,298	24,221
Trade and other receivables	12	19,601	15,666
Amount due from ultimate holding company		11	9
Amounts due from immediate holding companies		21	13
Bank balances and cash		12,733	28,022
		57,664	67,931
Current liabilities			
Trade and other payables	13	11,329	11,562
Amount due to a director		–	9,258
Tax payable		3,583	3,243
		14,912	24,063
Net current assets		42,752	43,868
Net assets		50,754	51,827
Capital and reserves			
Share capital	14	–	78
Reserves		50,514	51,594
Equity attributable to owners of the Company		50,514	51,672
Non-controlling interests		240	155
Total equity		50,754	51,827

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Attributable to owners of the Company				Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Other reserve HK\$'000 (Note)	Retained earnings HK\$'000	Total HK\$'000		
At 1 April 2014 (audited)	78	23,669	13,766	37,513	-	37,513
Loss for the period and total comprehensive expense for the period	-	-	(4,016)	(4,016)	-	(4,016)
At 30 September 2014 (unaudited)	78	23,669	9,750	33,497	-	33,497
At 1 April 2015 (audited)	78	23,669	27,925	51,672	155	51,827
Issue of shares upon Reorganisation (Note 14)	7	5,293	-	5,300	-	5,300
Arising from Reorganisation (Note 14)	(85)	85	-	-	-	-
(Loss) profit for the period and total comprehensive (expense) income for the period	-	-	(6,458)	(6,458)	85	(6,373)
At 30 September 2015 (unaudited)	-	29,047	21,467	50,514	240	50,754

Note:

The other reserve was arisen from the transfer of the entire issued share capital and shareholder's loan in Madison Wine (HK) Company Limited ("Madison Wine (HK)") to Madison International Wine Company Limited ("Madison International") upon the Reorganisation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Six months ended 30 September	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Net cash used in operating activities	(9,746)	(15,058)
Net cash used in investing activities	(1,585)	(1,050)
Net cash (used in) from financing activities	(3,958)	8,500
Net decrease in cash and cash equivalents	(15,289)	(7,608)
Cash and cash equivalents as at 1 April	28,022	13,236
Cash and cash equivalents as at 30 September, represented by bank balances and cash	12,733	5,628

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

1. GENERAL

The Company was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 15 April 2015. The shares of the Company have been listed on GEM on 8 October 2015. The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Flat A & B, 10/F, North Point Industrial Building, 499 King's Road, North Point, Hong Kong respectively.

The Company is an investment holding company. Its major operating subsidiaries are mainly engaged in sales of alcoholic beverages and provision of wine storage services.

The functional currency of the Group is Hong Kong dollar ("HK\$"), which is the same as the presentation currency of the condensed consolidated financial statements.

2. BASIS OF PREPARATION

Pursuant to the Reorganisation as detailed in the section headed "History Reorganisation and Corporate Structure – Reorganisation" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 21 September 2015. The companies now comprising the Group have been under the common control of the ultimate shareholders including Mr. Ting, Mr. Lin Samuel Jr. and Mr. Zhu Hui Xin throughout the period or since their respective dates of incorporation up to 30 September 2015, whichever is the shorter period. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the combined financial statements of the Group have been prepared as if the Company had always been the holding company of the companies now comprising the Group throughout the six months ended 30 September 2014, using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations".

2. BASIS OF PREPARATION *(Cont'd)*

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The significant accounting policies that have been used in the preparation of these condensed consolidated financial statements for the six months ended 30 September 2015 are consistent with those adopted in the accountants' report included in the Prospectus for the year ended 31 March 2015, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs").

In the current period, the Group has adopted all the new and revised HKFRSs, amendments to HKASs and interpretations ("Ints") (hereinafter collectively referred to as "new and revised HKFRSs") issued by the HKICPA that are relevant to the Group and effective for accounting periods beginning on or after 1 April 2015. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current and prior periods.

The Group has not early adopted the new and revised HKFRSs issued by the HKICPA that have been issued but are not yet effective for the current period. The Directors anticipate that the application of the new and revised HKFRSs will have no material impact on the results and financial position of the Group.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of the consideration received and receivable for goods sold and services provided by the Group to outside customers less discounts.

The Group's operation is mainly derived from sales of alcoholic beverages. For the purpose of resources allocation and performance assessment, the chief operating decision maker ("CODM") (i.e. the Directors) reviews the overall results and financial position of the Group as a whole prepared in accordance with accounting policies which conform to HKFRSs. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

4. REVENUE AND SEGMENT INFORMATION *(Cont'd)*

Geographical information

The Group's operations are located in Hong Kong (country of domicile) during the periods.

During the periods, the Group's revenue is derived solely in Hong Kong from customers. As at the end of each reporting period, the Group's non-current assets by location of assets are all located in Hong Kong.

5. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Bank interest income	–	–	1	–
Consignment income	1,406	–	4,091	–
Net exchange gain	103	–	90	–
Others	118	70	173	75
	1,627	70	4,355	75

6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Interest on amount due to a Director	–	305	–	516

7. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Current tax:				
Hong Kong Profits Tax	28	–	340	–
Deferred taxation	173	–	399	–
	201	–	739	–

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits during the relevant periods.

8. LOSS FOR THE PERIOD

	Three months ended 30 September		Six months ended 30 September	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Loss for the period has been arrived at after charging:				
Cost of inventories recognised as expense	19,758	17,540	41,878	31,100
Depreciation of plant and equipment	704	622	1,519	1,072
Professional expenses incurred in connection with the Company's listing	3,173	–	9,936	–
Net exchange loss	–	1	–	7
Minimum lease payments under operating leases in respect of office premises, warehouses and shop	1,345	1,477	2,912	3,025

9. DIVIDEND

No dividend was paid, declared or proposed during the interim period. The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: nil).

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Loss				
Loss for the purpose of basic and diluted loss per share for the period attributable to the owners of the Company	(2,195)	(2,016)	(6,458)	(4,016)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	300,000,000	300,000,000	300,000,000	300,000,000

The weighted average number of ordinary shares in issue during the six months ended 30 September 2015 and 2014 used in the calculation of basic loss per share is determined on the assumption that the 1,000 ordinary shares and the 299,999,000 ordinary shares issued upon the capitalisation issue and Reorganisation as described in the Prospectus had been in issue since 1 April 2014.

Diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the periods.

11. MOVEMENTS IN PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group spent approximately HK\$4,653,000 (six months ended 30 September 2014: approximately HK\$3,614,000) on acquisition of plant and equipment.

In addition, the Group had written off property, plant and equipment with an aggregate carrying values of approximately HK\$504,000 during the six months ended 30 September 2015 (six months ended 30 September 2014: nil).

12. TRADE AND OTHER RECEIVABLES, DEPOSITS

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Trade receivables	4,240	5,840
Payments in advance	12,440	7,095
Prepayments	2,764	1,518
Deposits and other receivables	1,232	2,288
Trade and other receivables	20,676	16,741
Analysed as:		
Current	19,601	15,666
Non-current (rental deposits)	1,075	1,075
	20,676	16,741

Generally, the Group allows credit period of a range from 0 to 30 days to its customers.

The Group does not hold any collateral over its trade and other receivables.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS (Cont'd)

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the delivery dates, which approximated the respective revenue recognition dates at the end of the reporting period.

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Within 30 days	3,084	2,189
31 to 60 days	401	3,084
61 to 90 days	233	17
91 to 180 days	324	223
181 to 365 days	198	232
Over 365 days	–	95
	4,240	5,840

13. TRADE AND OTHER PAYABLES

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Trade payables	4,300	9,064
Receipts in advance	2,914	1,907
Other payables and accruals	4,115	591
	11,329	11,562

13. TRADE AND OTHER PAYABLES (Cont'd)

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Within 30 days	2,747	194
31 to 60 days	46	8,447
61 to 90 days	11	–
91 to 180 days	1,496	–
Over 365 days	–	423
Total payables	4,300	9,064

The average credit period on purchases of goods ranged from 30 to 90 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

14. SHARE CAPITAL**The Group**

As the Company was not incorporated prior to 31 March 2015 and the Reorganisation was not completed as at 31 March 2015, the issued share capital of the Group as at 1 April 2014, 30 September 2014 and 31 March 2015 represented the share capital of Madison International. The issued share capital of the Group as at 30 September 2015 represented the share capital of the Company.

On 21 November 2013, 100 shares of US\$1.00 each (equivalent to approximately HK\$1,000 in aggregate) had been allotted and issued by Madison International, all credited as fully paid, to Quick Express International Limited (“Quick Express”), a company wholly-owned by Mr. Ting.

On 25 November 2013, Madison International further allotted and issued 9,900 shares of US\$1.00 each (equivalent to approximately HK\$77,000 in aggregate), all credited as fully paid, to Quick Express for the transfer of the entire issued share capital and shareholder’s loan of approximately HK\$23,735,000 in Madison Wine (HK) to Madison International.

14. SHARE CAPITAL (Cont'd)**The Group** (Cont'd)

On 20 April 2015, Madison International further allotted and issued 870 shares of US\$1.00 each (equivalent to approximately HK\$7,000 in aggregate) to Timebase, an independent third party, at a consideration of HK\$5,300,000.

The Company

	<i>Notes</i>	Number of shares	Share capital HK\$
Ordinary shares of HK\$0.01 each			
Authorised:			
At 15 April 2015			
(date of incorporation)	<i>(a)</i>	38,000,000	380,000
Increase during the period	<i>(b)</i>	962,000,000	9,620,000
		1,000,000,000	10,000,000
Issued and fully paid:			
At 15 April 2015			
(date of incorporation)	<i>(a)</i>	1	–
Issue of shares upon Reorganisation	<i>(c)</i>	999	10
		1,000	10

Notes:

- (a) The Company was incorporated on 15 April 2015 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the same date, one share was allotted and issued in nil-paid form to the initial subscriber of the Company.

14. SHARE CAPITAL (Cont'd)**The Company (Cont'd)**

Notes: (Cont'd)

- (b) Pursuant to the resolutions in writing passed by the shareholders of the Company on 21 September 2015, the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000 by the creation of an additional of 962,000,000 shares of HK\$0.01 each, each ranks *pari passu* with the shares then in issue in all respects.
- (c) On 21 September 2015, the Company acquired the entire issued share capital in Madison International from Royal Spectrum, Keywood and Timebase, in consideration of the Company allotting and issuing 819 shares, 100 shares and 80 shares of HK\$0.01 each (equivalent to HK\$10 in aggregate), all credited as fully paid to Royal Spectrum, Keywood and Timebase, respectively.

15. OPERATING LEASES**The Group as lessee**

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Within one year	4,186	4,900
In the second to fifth year inclusive	4,276	6,369
	8,462	11,269

Operating lease payments represent rentals payable by the Group for certain of its office premises, warehouses and shop. Leases are negotiated for terms ranged from one to three years and rentals are fixed over the term of lease. No provision for contingent rent and terms of renewal was established in the leases.

16. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

Name of party	Nature of transactions	Three months ended 30 September		Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Mr. Ting	Sale of goods therefrom	-	32	-	32
	Purchase of goods thereto	-	139	-	139
	Interest paid thereto	-	305	-	516

The transactions were conducted in the ordinary and usual course of business at prices and terms as agreed between the transacting parties.

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management during the period are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Short-term employee benefits	1,125	327	2,152	654
Post-employment benefits	18	9	36	17
	1,143	336	2,188	671

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 8 October 2015, 100,000,000 ordinary shares of HK\$0.01 each of the Company were issued at HK\$0.75 each by way of placing and 299,999,000 ordinary shares of HK\$0.01 each of the Company were credited as fully paid by way of capitalisation of the amount of approximately HK\$2,999,990 standing to the credit of the share premium account of the Company. On the same day, the shares of the Company were listed on GEM.