MADISON

Madison Holdings Group Limited

麥迪森控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8057)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

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

FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2017, 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$83.5 million for the six months ended 30 September 2017 (six months ended 30 September 2016: HK$72.0 million), representing an increase of approximately 16.0% as compared with the corresponding period in 2016;

– loss attributable to the owners of the Company for the six months ended 30 September 2017 increased significantly which amounted to approximately HK$140.1 million (six months ended 30 September 2016: HK$7.8 million); and

– the Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2017.

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 2017, together with the comparative unaudited figures for the corresponding period in 2016, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2017

		Three months ended 30 September		**Six months ended 30 September**	
		2017	2016	**2017**	2016
	NOTES	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Revenue	*4*	**40,500**	33,087	**83,522**	72,047
Cost of sales		**(30,837)**	(27,183)	**(65,972)**	(57,133)
Gross profit		**9,663**	5,904	**17,550**	14,914
Other income	*5*	**1,845**	335	**1,992**	1,050
Selling and distribution expenses		**(4,427)**	(3,584)	**(8,576)**	(6,690)
Administrative expenses		**(11,715)**	(7,086)	**(19,342)**	(17,195)
Impairment loss on exchangeable bonds		**(151,064)**	–	**(151,064)**	–
Finance costs	*6*	**(1,606)**	–	**(1,606)**	–
Loss before tax		**(157,304)**	(4,431)	**(161,046)**	(7,921)
Income tax credit	*7*	**101**	579	**162**	132
Loss for the period	*8*	**(157,203)**	(3,852)	**(160,884)**	(7,789)
Loss for the period attributable to:					
Owners of the Company		**(136,480)**	(3,747)	**(140,114)**	(7,765)
Non-controlling interests		**(20,723)**	(105)	**(20,770)**	(24)
		(157,203)	(3,852)	**(160,884)**	(7,789)
Loss per share *(HK cents)*	*10*				
Basic		**(3.41)**	(0.09)	**(3.50)**	(0.19)
Diluted		**(3.41)**	(0.09)	**(3.50)**	(0.19)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2017

	Three months ended 30 September		Six months ended 30 September	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Loss for the period	**(157,203)**	(3,852)	**(160,884)**	(7,789)
Other comprehensive expense				
Item that may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets:				
Change in fair value recognised in available-for-sale financial assets revaluation reserve	**(152,777)**	–	**(152,777)**	–
Reclassified to profit or loss upon impairment	**151,064**	–	**151,064**	–
	(1,713)	–	**(1,713)**	–
Total comprehensive expense for the period:	**(158,916)**	(3,852)	**(162,597)**	(7,789)
Total comprehensive expense for the period attributable to:				
Owners of the Company	**(138,193)**	(3,747)	**(141,827)**	(7,765)
Non-controlling interests	**(20,723)**	(105)	**(20,770)**	(24)
	(158,916)	(3,852)	**(162,597)**	(7,789)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

	NOTES	**30 September 2017 *HK$'000* (unaudited)**	31 March 2017 *HK$'000* (unaudited and restated)	1 April 2016 *HK$'000* (unaudited and restated)
Non-current assets				
Plant and equipment	*11*	**6,114**	7,623	5,626
Available-for-sale financial assets	*12*	**120,226**	–	–
Deposits	*13*	**1,910**	1,677	643
Deferred tax asset		**913**	680	287
Goodwill		**3,817**	–	–
		132,980	9,980	6,556
Current assets				
Inventories		**57,991**	51,384	41,465
Available-for-sale financial assets	*12*	**15,333**	–	–
Trade and other receivables	*13*	**41,892**	47,439	34,909
Amount due from ultimate holding company		**16**	11	11
Amount due from immediate holding company		**28**	27	24
Amount due from a fellow subsidiary		**–**	196	–
Tax recoverable		**1,951**	1,464	1,202
Bank balances and cash		**31,573**	52,434	46,353
		148,784	152,955	123,964
Current liabilities				
Trade and other payables	*14*	**10,332**	8,689	5,065
Amount due to a fellow subsidiary		**–**	–	232
Amount due to a shareholder		**193**	–	–
Convertible bonds	*15*	**97,370**	–	–
Tax payable		**79**	10	245
		107,974	8,699	5,542

	NOTES	30 September 2017 HK$'000 (unaudited)	31 March 2017 HK$'000 (unaudited and restated)	1 April 2016 HK$'000 (unaudited and restated)
Net current assets		**40,810**	144,256	118,422
Total assets less current liabilities		**173,790**	154,236	124,978
Capital and reserves				
Share capital	*16*	**4,000**	4,000	4,000
Reserves		**166,795**	144,787	120,525
Equity attributable to owners of the Company		**170,795**	148,787	124,525
Non-controlling interests		**(8,568)**	5,436	450
Total equity		**162,227**	154,223	124,975
Non-current liabilities				
Deferred tax liability		**20**	13	3
Promissory note payable	*17*	**10,743**	–	–
Loan from a shareholder		**800**	–	–
		11,563	13	3
		173,790	154,236	124,978

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Attributable to owners of the Company											
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Other reserve** *HK$'000* *(Note a)*	**Capital reserve** *HK$'000* *(Note b)*	**Merger reserve** *HK$'000* *(Note c)*	**Share options reserve** *HK$'000*	**Convertible bonds – equity conversion reserve** *HK$'000*	**Available-for-sale financial assets revaluation reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 April 2017, as originally stated (audited)	4,000	65,376	29,047	34,660	–	11,376	–	–	3,859	148,318	5,441	153,759
Effect of adopting merger accounting for common control combination *(note 21)*	–	–	–	–	1,904	–	–	–	(1,435)	469	(5)	464
At 1 April 2017, as restated (unaudited)	4,000	65,376	29,047	34,660	1,904	11,376	–	–	2,424	148,787	5,436	154,223
Loss for the period	–	–	–	–	–	–	–	–	(140,114)	(140,114)	(20,770)	(160,884)
Other comprehensive expense for the period	–	–	–	–	–	–	–	(1,713)	–	(1,713)	–	(1,713)
Loss for the period and total comprehensive expense for the period	–	–	–	–	–	–	–	(1,713)	(140,114)	(141,827)	(20,770)	(162,597)
Consideration paid for acquisition of subsidiaries under common control combination	–	–	–	–	(10,947)	–	–	–	–	(10,947)	–	(10,947)
Acquisition of subsidiaries *(note 20)*	–	–	–	–	–	–	–	–	–	–	6,766	6,766
Issue of convertible bonds *(note 15)*	–	–	–	–	–	–	174,782	–	–	174,782	–	174,782
At 30 September 2017 (unaudited)	4,000	65,376	29,047	34,660	(9,043)	11,376	174,782	(1,713)	(137,690)	170,795	(8,568)	162,227

	Attributable to owners of the Company								
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Other reserve** *HK$'000* *(Note a)*	**Merger reserve** *HK$'000* *(Note c)*	**Share options reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 April 2016, as originally stated (audited)	4,000	65,376	29,047	–	6,636	18,478	123,537	298	123,835
Effect of adopting merger accounting for common control combination *(note 21)*	–	–	–	1,404	–	(416)	988	152	1,140
At 1 April 2016, as restated (unaudited)	4,000	65,376	29,047	1,404	6,636	18,062	124,525	450	124,975
Loss for the period and total comprehensive expense for the period (restated)	–	–	–	–	–	(7,765)	(7,765)	(24)	(7,789)
Recognition of equity-settled share-based payment expenses	–	–	–	–	4,740	–	4,740	–	4,740
At 30 September 2016 (unaudited and restated)	4,000	65,376	29,047	1,404	11,376	10,297	121,500	426	121,926

Notes:

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

(b) The capital reserve was arisen from the dilution of interest in a subsidiary, CVP Financial Holdings Limited ("CVP Financial") and the deemed acquisition of additional interest in CVP Financial.

(c) The merger reserve of the Group arose as a result of the acquisition of a subsidiary under common control and represented the difference between the consideration paid for the acquisition and the carrying amount of the net asset of the subsidiary at the date when the Group and the acquired subsidiary became under common control.

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 and its shares are 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 financial 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

The condensed consolidated financial statements of the Group for the six months ended 30 September 2017 have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Adoption of merger accounting and restatement

As disclosed in note 21, a business combination under common control was effected during the current interim period. The unaudited condensed consolidated financial statements incorporate the financial information of the combining entities as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The unaudited condensed consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the unaudited condensed consolidated financial statements are restated as if the entities had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is later. The impact on the Group arising from the common control combinations is disclosed in note 21 of this unaudited condensed consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Except for the adoption of merger accounting as disclosed in note 2, the accounting policies used in the preparation of these condensed consolidated financial statements for the six months ended 30 September 2017 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2017.

In the current period, the Group has adopted all the new standards, amendments and interpretation ("new HKFRSs") issued by the HKICPA that are relevant to the Group and effective for accounting periods beginning on or after 1 April 2017. 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

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

Segment Information

Information has been reported to the chief operating decision maker ("CODM") (i.e. the Directors), for the purposes of resource allocation and assessment of segment performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. Sales of alcoholic beverages – retail sales and wholesales of wine products and other alcoholic beverages

2. Financial services – provision of corporate finance activities and asset management and advisory services

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

	Three months ended 30 September		Six months ended 30 September	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Revenue				
Sales of alcoholic beverages	**38,650**	32,737	**81,672**	71,697
Financial services	**1,850**	350	**1,850**	350
	40,500	33,087	**83,522**	72,047
Segment profit (loss)				
Sales of alcoholic beverages	**3,563**	2,288	**7,422**	8,872
Financial services	**(651)**	(367)	**(984)**	(599)
	2,912	1,921	**6,438**	8,273
Unallocated income	**1,667**	6	**1,694**	53
Unallocated expenses	**(160,277)**	(6,358)	**(167,572)**	(16,247)
Finance costs	**(1,606)**	–	**(1,606)**	–
Loss before tax	**(157,304)**	(4,431)	**(161,046)**	(7,921)

Segment loss represents the loss from by each segment without allocation of central administration costs, directors' salaries and certain other revenue and finance costs.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment assets

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Sales of alcoholic beverages	**107,449**	108,096
Financial services	**458**	28
Total segment assets	**107,907**	108,124
Unallocated assets	**173,857**	54,811
Consolidated total assets	**281,764**	162,935

Segment liabilities

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Sales of alcoholic beverages	**10,239**	8,670
Financial services	**94**	19
Total segment liabilities	**10,333**	8,689
Unallocated liabilities	**109,204**	23
Consolidated total liabilities	**119,537**	8,712

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than deferred tax asset, available-for-sale financial assets, goodwill, amount due from ultimate holding company/immediate holding company/a fellow subsidiary, tax recoverable, bank balances and cash and certain unallocated head office assets; and

- all liabilities are allocated to operating segments other than amount due to a fellow subsidiary/a shareholder, convertible bonds, tax payable, deferred tax liability, promissory note payable and loan from a shareholder.

(c) Geographical information

The Group's operations are located in Hong Kong (country of domicile) during the six months ended 30 September 2017 and 2016.

During the six months ended 30 September 2017 and 2016, the Group's revenue is derived solely in Hong Kong from customers. As at 30 September 2017 and 31 March 2017, 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**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Bank interest income	**–**	–	**1**	–
Consignment income	**118**	274	**238**	634
Insurance claim	**–**	46	**–**	195
Net exchange gain	**–**	–	**–**	25
Promotion income	**60**	9	**60**	168
Gain on sale of available-for-sale financial assets	**1,659**	–	**1,659**	–
Others	**8**	6	**34**	28
	1,845	335	**1,992**	1,050

6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Interests on:				
Convertible bonds	**1,440**	–	**1,440**	–
Promissory note	**166**	–	**166**	–
	1,606	–	**1,606**	–

7. INCOME TAX CREDIT

	Three months ended 30 September		Six months ended 30 September	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Current tax:				
Hong Kong Profits Tax	**42**	(365)	**69**	75
Deferred taxation	**(143)**	(214)	**(231)**	(207)
	(101)	(579)	**(162)**	(132)

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	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Loss for the period has been arrived at after charging:				
Cost of inventories recognised as expense	**30,837**	27,183	**65,972**	57,133
Depreciation of plant and equipment	**1,021**	752	**2,186**	1,488
Equity-settled share-based payment expenses	**–**	–	**–**	4,740
Impairment loss on unlisted exchangeable bonds	**151,064**	–	**151,064**	–
Loss on written off of plant and equipment	**–**	1	**–**	4
Net exchange loss	**104**	12	**204**	–
Minimum lease payments under operating leases in respect of office premises, warehouses and shop	**3,044**	1,278	**4,717**	2,200

9. DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 September 2017 (six months ended 30 September 2016: 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	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Loss				
Loss for the purpose of basic and diluted loss per share for the period attributable to the owners of the Company	**(136,480)**	(3,747)	**(140,114)**	(7,765)

	2017	2016	**2017**	2016
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,000,000,000**	4,000,000,000	**4,000,000,000**	4,000,000,000

Diluted loss per share is equal to the basic loss per share for the three months and six months ended 30 September 2017, as the effect of the Company's outstanding share options and outstanding convertible bonds would result in a decrease in loss per share for the three months and six months ended 30 September 2017.

Diluted loss per share is equal to the basic loss per share for the three months and six months ended 30 September 2016, as the effect of the Company's outstanding share options would result in a decrease in loss per share for the three months and six months ended 30 September 2016.

11. MOVEMENTS IN PLANT AND EQUIPMENT

During the six months ended 30 September 2017, the Group spent approximately HK$646,000 (six months ended 30 September 2016 and restated: approximately HK$332,000) on acquisition of plant and equipment.

The Group had no written off plant and equipment during the six months ended 30 September 2017 (six months ended 30 September 2016: HK$4,000).

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Notes	**30 September 2017** *HK$'000* **(unaudited)**	31 March 2017 *HK$'000* (unaudited and restated)
Listed investments:			
Equity securities listed in Hong Kong	*a*	**15,333**	–
Unlisted exchangeable bonds, at cost	*b*	**271,290**	–
Less: impairment loss recognised		**(151,064)**	–
		120,226	–
		135,559	–
Analysed as:			
Current		**15,333**	–
Non-current		**120,226**	–
		135,559	–

Notes:

(a) The fair value of listed equity securities is determined based on the quoted market bid prices available on the Hong Kong Stock Exchange at the end of the reporting period.

(b) The unlisted exchangeable bonds will entitle CVP Financial, the indirectly non-wholly owned subsidiary of the Company, to exchange for all of the shares in Bartha International Limited ("Bartha Shares"), a company incorporated in Hong Kong with limited liability, owned by Bartha Holdings Limited ("Bartha Holdings") as at the date of exercising the exchange rights to exchange the principal amount of the exchangeable bonds into Bartha Shares which were beneficially owned by Bartha Holdings.

The fair value of the unlisted exchangeable bonds is based on the valuation conducted by an independent valuer, Roma Appraisals Limited. The fair value of the unlisted exchangeable bonds as a whole is determined by using the Expected Value Model. The major assumption of the Expected Value Model included the probabilities where the profit guarantee amounted HK$15,000,000 for the 24 months ending 31 March 2019 can be fulfilled.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Trade receivables	**7,497**	6,118
Payments in advance	**32,536**	40,021
Prepayments	**1,060**	1,245
Deposits and other receivables	**2,709**	1,732
Trade and other receivables	**43,802**	49,116
Analysed as:		
Current	**41,892**	47,439
Non-current (rental deposits)	**1,910**	1,677
	43,802	49,116

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.

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 2017	31 March 2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Within 30 days	**5,200**	1,613
31 to 60 days	**478**	1,238
61 to 90 days	**1,183**	1,139
91 to 180 days	**395**	113
181 to 365 days	**15**	1,585
Over 365 days	**226**	430
Total	**7,497**	6,118

14. TRADE AND OTHER PAYABLES

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Trade payables	**2,274**	3,979
Receipts in advance	**5,371**	3,524
Other payables and accruals	**2,687**	1,186
Trade and other payables	**10,332**	8,689

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

	30 September 2017 *HK$'000* **(unaudited)**	31 March 2017 *HK$'000* (unaudited and restated)
Within 30 days	**869**	1,736
31 to 60 days	**307**	1,020
61 to 90 days	**36**	29
91 to 180 days	**499**	839
181 to 365 days	**200**	–
Over 365 days	**363**	355
Total	**2,274**	3,979

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.

15. CONVERTIBLE BONDS

The Company issued convertible bonds with zero coupon rate at a total principal value of HK$150,000,000 (the "Convertible Bonds") on 28 July 2017 to Bartha Holdings. The Convertible Bonds will mature at 27 July 2022 at its principal amount or can be converted into 136,363,636 shares in the company at Bartha Holdings' option at the conversion price of HK$1.1 per share.

The fair value of the Convertible Bonds of HK$271,290,000 was valued by an independent valuer, Roma Appraisals Limited, as at 28 July 2017. The Convertible Bonds comprise a liability component and an equity conversion component.

The fair value of the Convertible Bonds as a whole is determined by using the Binomial Option Pricing Model. The fair value of the liability component of the Convertible Bonds is calculated using cash flows discounted at a rate based on an equivalent market interest rate of 8.97% per annum for equivalent non-convertible bonds using market comparable approach. The initial carrying amount of the equity component is determined by deducting the estimated legal and professional fee and fair value of the liability component from the fair value of the Convertible Bonds, which is included in the "Convertible bonds – equity conversion reserve" under reserve of the Company.

The Convertible Bonds recognised in the condensed consolidated statement of financial position are as follows:

	HK$'000
Fair value of the Convertible Bonds issued	271,290
Less: Fair value of equity component	(174,782)
Less: Issuing cost	(578)
Fair value of liabilities component	95,930

The movement of liability component of the Convertible Bonds is as follows:

	HK$'000
Liability component on initial recognition on 28 July 2017	95,930
Add: Effective interest expense	1,440
Liability component at 30 September 2017	97,370

16. SHARE CAPITAL

	Note	**Number of shares**	**Share capital** *HK$*
Ordinary shares of HK$0.001 each (2016: HK$0.01 each)			
Authorised:			
At 1 April 2016		1,000,000,000	10,000,000
Share subdivision	*(a)*	9,000,000,000	–
At 31 March 2017 and 30 September 2017		10,000,000,000	10,000,000
Issued and fully paid:			
At 1 April 2016		400,000,000	4,000,000
Share subdivision	*(a)*	3,600,000,000	–
At 31 March 2017 and 30 September 2017		4,000,000,000	4,000,000

Note:

(a) Pursuant to an ordinary resolution passed by the shareholders of the Company at the extraordinary general meeting of the Company held on 7 November 2016, share subdivision was approved with effect from 8 November 2016 in which every one (1) issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company be subdivided into ten (10) shares of HK$0.001 each (the "Share Subdivision"). Immediately after the Share Subdivision, the authorised share capital of the Company was divided into 10,000,000,000 shares of which 4,000,000,000 subdivided shares (the "Subdivided Shares") were issued and fully paid. Details of the Share Subdivision are disclosed in the circular of the Company dated 21 October 2016.

17. PROMISSORY NOTE PAYABLE

On 9 February 2017, CVP Financial entered into the acquisition agreement with CVP Holdings Limited ("CVP Holdings"), pursuant to which CVP Financial conditionally agreed to acquire, and CVP Holdings conditionally agreed to sell, the entire issued share capital of CVP Asset Management Limited ("CVP Asset Management") for a consideration of HK$14,000,000. Details of which are set out in note 21.

Pursuant to the acquisition, CVP Financial agreed to settle the total consideration for the acquisition by issuing an interest-free promissory note in the sum of HK$14,000,000 (the "Promissory Note") to CVP Holdings on 28 July 2017. The maturity date of the Promissory Note is the third anniversary from the date of issue of the Promissory Note, being 27 July 2020. The effective interest rate of the Promissory Note is approximately 9.38%.

	HK$'000
At 1 April 2017	
Current year issuance	10,947
Direct issuance expenses	(370)
Effective interest expenses	166
At 30 September 2017	10,743

18. 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 2017 *HK$'000* (unaudited)	31 March 2017 *HK$'000* (unaudited and restated)
Within one year	**7,041**	6,593
In the second to fifth year inclusive	**5,568**	4,624
	12,609	11,217

Operating lease payments represent rentals payable by the Group for certain of its office premises, warehouses, shop and director's quarter. 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.

19. RELATED PARTY TRANSACTIONS

(a) During the six months ended 30 September 2017, the Group had following material transactions with its related party:

		Three months ended 30 September		**Six months ended 30 September**	
Name of related party	**Nature of transaction**	**2017 *HK$'000* (unaudited)**	2016 *HK$'000* (unaudited and restated)	**2017 *HK$'000* (unaudited)**	2016 *HK$'000* (unaudited and restated)
CVP Holdings *(Notes a)*	Asset management service income	**–**	350	**–**	350
Starlight Financial Holdings Limited *(Notes b)*	Consulting fee expense	**320**	–	**320**	–

Notes:

(a) CVP Holdings is 100% beneficially owned by Mr. Ting Pang Wan Raymond ("Mr. Ting"), a director of the Company.

(b) Starlight Financial Holdings Limited is 49% beneficially owned by Mr. Ting.

(b) 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	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Short-term benefits	**1,612**	1,835	**3,846**	3,665
Post-employment benefits	**24**	27	**49**	54
	1,636	1,862	**3,895**	3,719

20. ACQUISITION OF A SUBSIDIARY

On 9 February 2017, CVP Financial, an indirect non-wholly owned subsidiary of the Company, entered into the subscription agreement with CVP Capital Limited ("CVP Capital") for acquisition of approximately 60.08% of the entire issued share capital in CVP Capital for a cash consideration of HK$14,000,000. This acquisition has been accounted for using the acquisition method. CVP Capital was acquired so as to develop the Group's financial services business. The acquisition was completed on 30 June 2017.

The Directors are of the opinion that the acquiree's assets and liabilities approximate their fair values. The net assets acquired from the acquisition and the goodwill arising are as follows:

	Fair value
	HK$'000
Net assets acquired	
Plant and equipment	31
Bank balances and cash	16,936
Trade and other payables	(13)
Deferred tax liability	(5)
Total identifiable net assets	16,949

	HK$'000
Fair value of consideration given for obtaining the controlling interest (60.08%)	14,000
Plus: non-controlling interests (39.92% in CVP Capital)	6,766
Less: fair value of net assets acquired	(16,949)
Goodwill arising on acquisition of CVP Capital	3,817

The non-controlling interests (39.92%) in CVP Capital recognised at the acquisition date were measured by reference to the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

Goodwill arose in the acquisition of CVP Capital because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of CVP Capital. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising from the acquisition is expected to be deductible for tax purposes.

The provisional goodwill arising from the acquisition is determined on a provisional basis as the Group is in the process of completing the identification of separable intangible assets and the independent valuation to assess the provisional fair value of the identifiable assets acquired. They may be adjusted upon the completion of initial accounting year which shall not exceed one year from the respective acquisition date.

	HK$'000
Cash consideration paid	(14,000)
Less: cash and cash equivalent balances acquired	16,936
Net cash inflow on acquisition of CVP Capital	2,936

Acquisition-related costs amounting to approximately HK$401,000 have been excluded from the consideration transferred and have been recognised as an expense in the current period, within the administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2017.

CVP Capital has contributed net loss and revenue of approximately HK$416,000 and HK$1,850,000 respectively to the Group during the six months ended 30 September 2017.

Had the acquisition been completed on 1 April 2017, no impact on revenue was noted for the six months ended 30 September 2017 and loss for the six months ended 30 September 2017 would have been approximately HK$159,628,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2017, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and loss of the Group had CVP Capital been acquired at the beginning of the current year, the Directors have:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the preacquisition financial statements; and

- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

21. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS

On 9 February 2017, CVP Financial entered into the acquisition agreement with CVP Holdings, pursuant to which CVP Financial conditionally agreed to acquire, and CVP Holdings conditionally agreed to sell, the entire issued share capital of CVP Asset Management for a consideration of HK$14,000,000 which is settled by issuing the Promissory Note *(note 17)*. The acquisition was completed on 28 July 2017. Mr. Ting is the ultimate shareholder of CVP Holdings. The Group adopts merger accounting for this common control combination.

The effects of the application of merger accounting for business combinations under common control occurred during the six months ended 30 September 2017 on the Group's financial position as at 31 March 2017 and 1 April 2016 and the results for the three months and six months ended 30 September 2016 are summarised as follows:

For the three months ended 30 September 2016

	As originally stated	**CVP Asset Management**	**Adjustment**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	32,737	350	–	33,087
Loss before tax	(4,033)	(398)	–	(4,431)
Income tax expense	579	–	–	579
Loss for the period and total comprehensive expense for the period	(3,454)	(398)	–	(3,852)
(Loss) profit for the period and total comprehensive (expense) income for the period attributable to:				
Owners of the Company	(3,402)	(398)	53	(3,747)
Non-controlling interests	(52)	–	(53)	(105)
	(3,454)	(398)	–	(3,852)

For the six months ended 30 September 2016

	As originally stated	CVP Asset Management	Adjustment	As restated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	71,697	350	–	72,047
Loss before tax	(7,275)	(646)	–	(7,921)
Income tax expense	132	–	–	132
Loss for the period and total comprehensive expense for the period	(7,143)	(646)	–	(7,789)
(Loss) profit for the period and total comprehensive (expense) income for the period attributable to:				
Owners of the Company	(7,205)	(646)	86	(7,765)
Non-controlling interests	62	–	(86)	(24)
	(7,143)	(646)	–	(7,789)

As at 31 March 2017

	As originally stated *HK$'000*	CVP Asset Management *HK$'000*	Adjustment *HK$'000*	As restated *HK$'000*
Non-current assets				
Plant and equipment	7,595	28	–	7,623
Deposits	1,677	–	–	1,677
Deferred tax asset	680	–	–	680
	9,952	28	–	9,980
Current assets				
Inventories	51,384	–	–	51,384
Trade and other receivables	47,439	–	–	47,439
Amount due from ultimate holding company	11	–	–	11
Amount due from immediate holding company	27	–	–	27
Amount due from a fellow subsidiary	–	196	–	196
Tax recoverable	1,464	–	–	1,464
Bank balances and cash	52,169	265	–	52,434
	152,494	461	–	152,955
Current liabilities				
Trade and other payable	8,670	19	–	8,689
Tax payable	10	–	–	10
	8,680	19	–	8,699
Net current assets	143,814	442	–	144,256
Total assets less current liabilities	153,766	470	–	154,236
Capital and reserves				
Share capital	4,000	2,120	(2,120)	4,000
Reserves	144,318	(1,656)	2,125	144,787
Equity attributable to owners of the Company	148.318	464	5	148,787
Non-controlling interests	5,441	–	(5)	5,436
Total equity	153,759	464	–	154,223
Non-current liabilities				
Deferred tax liability	7	6	–	13
	153,766	470	–	154,236

As at 1 April 2016

	As originally stated *HK$'000*	CVP Asset Management *HK$'000*	Adjustment *HK$'000*	As restated *HK$'000*
Non-current assets				
Plant and equipment	5,616	10	–	5,626
Deposits	643	–	–	643
Deferred tax asset	287	–	–	287
	6,546	10	–	6,556
Current assets				
Inventories	41,465	–	–	41,465
Trade and other receivables	34,909	–	–	34,909
Amount due from ultimate holding company	11	–	–	11
Amount due from immediate holding company	24	–	–	24
Tax recoverable	1,202	–	–	1,202
Bank balances and cash	44,985	1,368	–	46,353
	122,596	1,368	–	123,964
Current liabilities				
Trade and other payable	5,059	6	–	5,065
Amount due to a fellow subsidiary	–	232	–	232
Tax payable	245	–	–	245
	5,304	238	–	5,542
Net current assets	117,292	1,130	–	118,422
Total assets less current liabilities	123,838	1,140	–	124,978
Capital and reserves				
Share capital	4,000	1,620	(1,620)	4,000
Reserves	119,537	(480)	1,468	120,525
Equity attributable to owners of the Company	123,537	1,140	(152)	124,525
Non-controlling interests	298	–	152	450
Total equity	123,835	1,140	–	124,975
Non-current liabilities				
Deferred tax liability	3	–	–	3
	123,838	1,140	–	124,978

The effects of application of merger accounting for common control combinations on the Group's basic and diluted loss per share for the three months and six months ended 30 September 2016:

	Three months ended 30 September 2016 *HK$* (unaudited and restated)	**Six months ended 30 September 2016** *HK$* (unaudited and restated)
As originally stated	(0.09) cents	(0.18) cents
Adjustment arising on common control combinations	–	(0.01) cents
As restated	(0.09) cents	(0.19) cents

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the six months ended 30 September 2017, revenue was increased by approximately 16.0% from approximately HK$72.0 million to approximately HK$83.5 million during the six months ended 30 September 2016 and 2017 respectively. The Group is engaged in (i) 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; and (ii) the provision of financial services upon the completion of the subscription and acquisition of CVP Capital Limited and CVP Asset Management Limited on 30 June 2017 and 28 July 2017 respectively. The increase in revenue was mainly the result of (i) the expanded sales network by adopting a competitive pricing strategy on the sales of alcoholic beverages, which contributed approximately HK$81.7 million; and (ii) the provision of financial services, which contributed approximately HK$1.8 million.

Financial Review

Revenue

Revenue of the Group increased by approximately 16.0% from approximately HK$72.0 million to approximately HK$83.5 million for the six months ended 30 September 2016 and 2017 respectively. The increase in revenue was mainly the result of (i) the expanded sales network by adopting a competitive pricing strategy on the sales of alcoholic beverages, which contributed approximately HK$81.7 million; and (ii) provision of financial services, which contributed approximately HK$1.8 million.

Gross Profit and Gross Profit Margin

For the six months ended 30 September 2016 and 2017, (i) gross profit of the Group increased by approximately 18.1% from approximately HK$14.9 million to approximately HK$17.6 million; and (ii) gross profit margin of the Group increased from 20.7% to 21.1%, respectively, which was mainly due to the increase in sales of alcoholic beverages and the provision of financial services which does not incur cost of sales during the six months ended 30 September 2017.

Other Income

Other income of the Group increased by approximately 81.8% from approximately HK$1.1 million to approximately HK$2.0 million for the six months ended 30 September 2016 and 2017 respectively. The increase was mainly due to the increase in realised gain in investment.

Selling and Distribution Expenses

Selling and distribution expenses of the Group increased by approximately 28.4% from approximately HK$6.7 million to approximately HK$8.6 million for the six months ended 30 September 2016 and 2017 respectively. The increase was mainly due to the increase in number of sales person and the additional warehouse rented in September 2016.

Administrative Expenses

Administrative expenses of the Group increased by approximately 12.2% from approximately HK$17.2 million to approximately HK$19.3 million for the six months ended 30 September 2016 and 2017 respectively. The increase was mainly due to (i) the increase in advertising and promotion of approximately HK$1.1 million; and (ii) the increase in professional fee of approximately HK$1 million.

Impairment Loss on Exchangeable Bond

The impairment loss on exchangeable bond arise from the impairment loss recognised from the exchangeable bond issued by Bartha Holdings of approximately HK$151.0 million (30 September 2016: nil).

Income Tax Credit

Income tax credit of the Group increased from approximately HK$132,000 tax credit to approximately HK$162,000 tax credit for the six months ended 30 September 2016 and 2017 respectively. The increase was due to the decrease in profit before tax and increase in deferred tax asset arising from temporary timing difference.

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

Loss for the period and the total comprehensive expense for the period attributable to owners of the Company for the six months ended 30 September 2017 amounted to approximately HK$140.1 million (six months ended 30 September 2016: HK$7.8 million). Should the impairment loss on unlisted exchangeable bonds of approximately HK$151.0 million during the period be excluded, loss for the period and total comprehensive expense for the period attributable to owners of the Company for the six months ended 30 September 2017 would be approximately HK$9.3 million. Such loss was mainly due to (i) the economic downturn in the retail market and (ii) the increase in professional fee incurred by the completed subscription and acquisition.

Foreign Exchange Exposure

As at 30 September 2017, 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.

Treasury Policy

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

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 2017, the Group recorded a net cash outflow of approximately HK$20.9 million (six months ended 30 September 2016: HK$34.4 million), while its total cash and cash equivalents decreased to HK$31.6 million (31 March 2017: HK$52.4 million).

As at 30 September 2017, the Group had net current assets of approximately HK$40.8 million (31 March 2017: HK$144.3 million). The current ratio of the Group was 1.4 times as at 30 September 2017 (31 March 2017: 17.6 times). The decrease was mainly attributable to the recognition of the liability component of the convertible bonds issued on 28 July 2017.

As at 30 September 2017 and up to the date of this announcement, the Group had no bank borrowings (31 March 2017: nil).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments and Capital Assets

As at 30 September 2017, the Group held shares in (i) Zhong An Real Estate Limited (Stock Code: 672); and (ii) China New City Commercial Development Limited (Stock Code: 1321) with the total amount of approximately HK$15.3 million.

In addition, the Group also held an exchangeable bond issued by Bartha Holdings with a fair value of approximately HK$120.2 million.

Except for those disclosed in this announcement, there were no other significant investments held, material acquisitions, or disposals of subsidiaries during the reporting period. Apart from those disclosed in this announcement, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

Charges on the Group's Assets

As at 30 September 2017, the Group did not have any charge on its assets (31 March 2017: nil).

Gearing Ratio

As at 30 September 2017, the gearing ratio of the Group was nil (31 March 2017: nil) as the Group did not have any loans or borrowings as at the respective dates.

Capital Commitment

As at 30 September 2017, the Group did not have any significant capital commitments (31 March 2017: nil).

Contingent Liabilities

As at 30 September 2017, the Group did not have any material contingent liabilities (31 March 2017: nil).

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: nil).

Employees and Remuneration Policies

As at 30 September 2017, the Group employed a total of 38 (31 March 2017: 33) full-time employees and nil (31 March 2017: 1) part-time employee. The staff costs, including Directors' emoluments, of the Group for the six months ended 30 September 2017 were approximately HK$10.1 million (six months ended 30 September 2016: HK$7.8 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.

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the Company's prospectus dated 29 September 2015 (the "Prospectus") and the actual progress up to 30 September 2017 is set out below:

	Business objectives	Actual progress
(a)	Expanding and diversifying the Group's product portfolio	The Group purchased over 10,000 bottles of wine, with over 15 new vintages or brands during the period from 31 March 2017 to 30 September 2017. The inventory level has been raised from HK$51.4 million to HK$58.0 million as at 31 March 2017 and 30 September 2017 respectively.
(b)	Acquiring one or more wine merchants in Hong Kong	In respect of the non-legally binding memorandum of understanding (the "MOU") for the proposed acquisition of up to 45% equity interest in Acker Merrall & Condit Limited entered by the Company on 13 April 2016, the parties were unable to reach a formal sale and purchase agreement. The MOU has lapsed and ceased to have any effect from 12 July 2016.
(c)	Solidifying and broadening the Group's customer base	The number of members in the "Madison Premier Membership Scheme" has increased from over 1,100 to over 1,300 as at 31 March 2017 and 30 September 2017 respectively. The Group's customer base, which includes wholesales and retails clients, has increased by over 300 customers being registered in the Group's database during the period from 31 March 2017 to 30 September 2017.

Use of Proceeds

The shares of the Company were successfully listed on GEM on 8 October 2015 (the "Listing Date") by way of the placing of 100,000,000 new shares at the placing price of HK$0.75 each (the "Placing"). After deducting underwriting commission and expenses in connection with the Placing, the net proceeds were approximately HK$56.3 million.

As disclosed in the Prospectus, the Company intended to use approximately 30% of the net proceeds, representing approximately HK$16.9 million, for acquiring one or more wine merchants in Hong Kong. Given that the parties to the MOU were unable to reach a formal sale and purchase agreement, the Board considered that it would not be cost effective nor in the best interest of the Company and its shareholders if the Company insisted to pursue the original plan, and therefore resolved to utilise the net proceeds to expand and diversify its product portfolio in October 2016.

An analysis of the utilisation of the net proceeds from the Placing as at 30 September 2017 and the revised intended usage after reallocation of net proceeds is set out below:

		Intended usage of net proceeds *(HK$' million)* (approximately)	**Intended usage of net proceeds up to 30 September 2017** *(HK$' million)* (approximately)	**Actual usage of net proceeds up to 30 September 2017** *(HK$' million)* (approximately)	**Revised intended usage after reallocation of net proceeds** *(HK$' million)* (approximately)
(a)	Expand and diversify the Group's product portfolio	28.2	28.2	(45.1)	45.1
(b)	Acquiring one or more wine merchants in Hong Kong	16.9	–	–	–
(c)	Enhance public awareness of the Company by increasing marketing and promotion efforts	5.6	5.6	(5.6)	5.6
(d)	General working capital	5.6	5.6	(5.6)	5.6
Total		56.3	39.4	(56.3)	(56.3)

Risk and Uncertainties

The Group's result of operations may fluctuate significantly from time to time due to seasonality and other factors.

For the Group's retail sales and wholesales of wine products and other alcoholic beverages business, we are exposed to (i) the risks of slow-moving inventory, which may adversely affect the financial condition and results of operations; and (ii) the risks of product liability claims which will adversely affect the business, financial condition and results of operations. The Group has limited insurance coverage and does not maintain any insurance to cover any claims arising from product liability.

For the Group's financial services business, we are exposed to (i) the potential professional liability and litigation; and (ii) the internal control system which may be subject to failures and limitations.

OUTLOOK AND PROSPECTS

In view of (a) Hong Kong being an important global financial hub, bridging capital flows between the PRC and international markets and fund raising through securities issuance and relevant corporate finance advisory in Hong Kong has been top of the global ranking; and (b) many of the Group's clients being members of senior management, directors, substantial shareholders or controlling shareholders of listed and private companies who have great demand in getting quality advice on merger and acquisitions, corporate restructuring as well as fund raising activities, the Group entered into (i) a subscription agreement (the "Share Subscription Agreement") to subscribe for new shares in CVP Capital Limited at the subscription price of HK$14 million on 9 February 2017 (the "Proposed Subscription"); (ii) an acquisition agreement (the "Acquisition Agreement") to acquire the entire issued share capital of CVP Asset Management Limited at a consideration of HK$14 million on 9 February 2017 (the "Proposed Acquisition"); and (iii) a subscription agreement (the "EB Subscription Agreement") to subscribe for exchangeable bonds (the "EB Subscription") to be issued by Bartha Holdings Limited ("Bartha Holdings") at a consideration of HK$150 million on 17 February 2017. As at the date of this announcement, all of the Proposed Subscription, the Proposed Acquisition and the EB Subscription have been completed. For details of the Proposed Subscription, the Proposed Acquisition and the EB Subscription, please refer to the circulars dated 30 June 2017 and 5 July 2017 respectively.

After completion of the above mentioned acquisition and subscription, many of the Group's clients have expressed their interest in the Group's financial services. As at the date of this announcement, CVP Capital Limited and CVP Asset Management Limited has entered into 27 and 35 letters of intent respectively with the Group's clients, for provision of financial advisory and corporate financing services as well as discretionary account management.

The management believed that the synergy between the two main businesses could enhance the Shareholders' value of the Company in long term.

Looking forward, with the expanded business area into the financial market of Hong Kong upon the completion of the Proposed Subscription, the Proposed Acquisition and the EB Subscription, the Board believes that the Group could benefit from the diversified business. At the same time, the Group will also 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.

OTHER INFORMATION

Share Option Scheme

The Company has 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. On 17 December 2015, the Company granted an aggregate of 18,100,000 share options (the "Share Options") to the grantees of the Company, to subscribe, in aggregate, for up to 18,100,000 ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme.

Upon the share subdivision (the "Share Subdivision") which subdivided every one (1) issued and unissued ordinary share of HK$0.01 each in the share capital of the Company into ten (10) subdivided shares of HK$0.001 each (the "Subdivided Shares") becoming effective on 8 November 2016, adjustments were made to the exercise price of the outstanding Share Options and the number of Subdivided Shares to be allotted and issued upon full exercise of subscription rights attaching to the outstanding Share Options in the following manner:

	Immediately before the Share Subdivision becoming effective		Immediately after the Share Subdivision becoming effective	
Date of grant	**Number of Shares to be issued**	**Exercise price per Share**	**Adjusted number of Subdivided Shares to be issued**	**Adjusted exercise price per Subdivided Share**
17 December 2015	18,100,000	HK$8.00	181,000,000	HK$0.80

Save for the above adjustments, all other terms and conditions of the outstanding Share Options granted under the Share Option Scheme remain unchanged.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the six months ended 30 September 2017.

Directors' Interests in Competing Business

As at 30 September 2017, 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. 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 by 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.

Exempted connected transactions

Subscriptions of shares in Zhong An Real Estate Limited and exempted connected transactions

On 4 July 2017, Pure Horizon Holdings Limited ("Pure Horizon"), an indirect wholly-owned subsidiary of the Company, entered into the placing letter with Eternal Pearl Securities Limited ("Eternal Pearl"), being one of the placing agents. Pursuant to the placing letter, Pure Horizon agreed to subscribe for an aggregate of 6,600,000 shares in Zhong An Real Estate Limited at a subscription price of HK$1.50 per share of Zhong An Real Estate Limited (Stock Code 672:HK). For details, please refer to the announcement dated on 4 July 2017.

Subscription of shares in China New City Commercial Development Limited

On 20 July 2017 (after trading hours), Pure Horizon accepted the placing letter dated 19 July 2017 issued by Eternal Pearl, being one of the placing agents, pursuant to which Pure Horizon agreed to subscribe for an aggregate of 5,500,000 shares in China New City Commercial Development Limited at a subscription price of HK$1.82 per share of China New City Commercial Development Limited (Stock Code 1321:HK). For details, please refer to the announcement of the Company dated on 20 July 2017.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code on Securities Dealings"). The Company, having made specific enquiry of all the Directors, confirmed that all the Directors have complied with the required standard of dealings as set out in the Code on Securities Dealings for the six months ended 30 September 2017.

Corporate Governance Practices

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders 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.

Throughout the period from 1 April 2017 and up to the date of this announcement, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code.

Interests of Compliance Adviser

As notified by the Company's compliance adviser, Innovax Capital Limited (the "Compliance Adviser"), save for the compliance adviser agreement dated 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 2017 and the date of this announcement.

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 and risk management of the Group.

The Audit Committee comprises three members, namely Mr. Chu Kin Wang Peleus (chairman), Ms. Fan Wei and Mr. Ip Cho Yin, *J.P.*, all of whom are independent non-executive Directors.

The financial information in this announcement has not been audited by the auditor of the Company, but the Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 September 2017 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.

Change of Company Name

On 7 June 2017, the Board proposed to change the English name of the Company from "Madison Wine Holdings Limited" to "Madison Holdings Group Limited", and replace "麥迪森酒業控股有限公司" by "麥迪森控股集團有限公司" as the Company's Chinese name (the "Proposed Change of Company Name"). The Proposed Change of Company Name was approved by a special resolution by way of poll in the extraordinary general meeting of the Company held on 4 July 2017.

The Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 25 July 2017 confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong).

With effect from 8 August 2017, new share certificates were issued under the new name of the Company. The English stock short name of the Company for trading in the Shares on the Stock Exchange was changed from "MADISON WINE" to "MADISON HLDG" and the Chinese stock short name of the Company for trading in the Shares on the Stock Exchange was changed from "麥迪森酒業" to "麥迪森控股", on 8 August 2017. The stock code of the Company on the Stock Exchange will remain unchanged as "8057".

Change of Directors

Re-designation of Deputy Chairman

Mr. Zhu Qin, the executive Director of the Company, has re-designated from the chief executive officer (the "Chief Executive Officer") of the Company to the deputy chairman of the Company on 25 September 2017.

Appointment of executive Directors

Mr. Teoh Ronnie Chee Keong was appointed as an executive Director and the Chief Executive Officer on 25 September 2017.

Ms. Kuo Kwan was appointed as an executive Director of the Company on 25 September 2017.

Change in Information of Director

Mr. Chu Kin Wang Peleus, an independent non-executive Director of the Company, has retired as an independent non-executive director of PT International Development Corporation Limited (Stock Code 372:HK), a company listed on the Main Board of the Stock Exchange, with effect from 27 September 2017.

Subsequent Event after the Reporting Period

Mr. Kao Sheng-Chi resigned as a non-executive Director on 31 October 2017.

By order of the Board
Madison Holdings Group Limited
Ting Pang Wan Raymond
Chairman and executive Director

Hong Kong, 9 November 2017

As at the date of this announcement, the executive Directors are Mr. Ting Pang Wan Raymond, Mr. Zhu Qin, Mr. Teoh Ronnie Chee Keong and Ms. Kuo Kwan; and the independent non-executive Directors are Ms. Fan Wei, Mr. Chu Kin Wang Peleus and Mr. Ip Cho Yin, J.P.

This announcement will remain on the "Latest Company Announcements" page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company (www.madison-wine.com).