MADISON GROUP®

Madison Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8057

2017/18

Annual Report

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This report, 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 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 report misleading.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ting Pang Wan Raymond *(Chairman)*
Mr. Zhu Qin *(Deputy Chairman)*
Mr. Zhou, Francis Bingrong *(Deputy Chairman)*
(appointed on 17 April 2018)
Mr. Teoh Ronnie Chee Keong
(Chief executive officer)
(appointed on 25 September 2017)
Ms. Kuo Kwan
(appointed on 25 September 2017)

Non-executive Director

Mr. Kao Sheng-Chi
(resigned on 31 October 2017)

Independent Non-executive Directors

Ms. Fan Wei
Mr. Chu Kin Wang Peleus
Mr. Ip Cho Yin, *J.P.*

AUDIT COMMITTEE

Mr. Chu Kin Wang Peleus *(Chairman)*
Ms. Fan Wei
Mr. Ip Cho Yin, *J.P.*

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Ting Pang Wan Raymond *(Chairman)*
Ms. Fan Wei
Mr. Chu Kin Wang Peleus
Mr. Ip Cho Yin, *J.P.*

REMUNERATION COMMITTEE

Ms. Fan Wei *(Chairlady)*
Mr. Ting Pang Wan Raymond
Mr. Chu Kin Wang Peleus
Mr. Ip Cho Yin, *J.P.*

COMPANY SECRETARY

Ms. Tse Ka Yan

COMPLIANCE OFFICER

Mr. Zhu Qin

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
Room 2002, 20/F.
Chinachem Century Tower
178 Gloucester Road Wanchai, 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

Conyers 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

CHAIRMAN'S STATEMENT

On behalf of the board of Directors (the "Board") of the Company, I am pleased to present to you the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2018.

The wine industry has become much competitive in the recent years. Our wine business was severely affected by the price discount strategy adopted by our competitors and the soaring rent and labour cost which squeezed the Group's profitability. In order to maintain our competitiveness, the Group has continued to executive every possible solution to increase our market appearance as well as our marketing network.

During the period under review, the Group has been actively seeking for suitable acquisition opportunities in order to deliver long-term increase in shareholders' return. As Hong Kong is 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, the Company is of the view that the Group may tap into the prospective financial market of Hong Kong by subscribing and acquisition for equity interest in licensed corporations to provide corporate finance advice and asset management services to our clients and at the same time enhance the shareholders' value of the Company in long term. Upon completion of the subscriptions and acquisition, the financial services business enriched our business area which also enhanced our wine business.

Looking forward, the Group will continue to explore every potential opportunity to expand our business network in the wine business and the financial services business. Moreover, we implemented our diversification plan by entering into several agreements with several companies which carry out business activities with blockchain technology. Upon completion of the transactions, we believe that it could bring in synergies which could enhance our current fundamental business as well as additional stream of income to the Group through business diversification and to reduce the impact of increasing cost structure under the competitive environment, which will deliver long term increase in shareholders' value.

Finally, I would like to express my greatest gratitude to the Board, management and staff for their strenuous contribution towards the Group. Furthermore, I would also like to take this opportunity to welcome three new Executive Directors, Mr. Francis Zhou, Mr. Ronnie Teoh, and Ms. Belinda Kuo. I extend my sincere thanks to our business partners and shareholders of the Company (the "Shareholders") for their continuous support and trust. I believe all members of the Group will dedicate their best efforts to drive business growth and to deliver enhanced returns to Shareholders.

Ting Pang Wan Raymond
Chairman and executive Director

Hong Kong, 22 June 2018

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2018, audited operating results of the Group were as follows:

– The Group recorded a revenue of approximately HK$160.0 million for the year ended 31 March 2018 (2017: HK$139.9 million), representing an increase of approximately 14.4% as compared with the the year ended 31 March 2017.

– Loss attributable to the owners of the Company for the year ended 31 March 2018 amounted to approximately HK$138.4 million (2017: HK$15.6 million). Should the change in fair value of the Exchangeable Bonds and the change in fair value of derivative financial instrument attributable to the owners of the Company be excluded, loss for the year and total comprehensive expense attributable to owners of the Company for the year ended 31 March 2018 would be approximately HK$36.0 million.

– The Board resolved not to recommend the payment of any final dividend for the year ended 31 March 2018.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. TING Pang Wan Raymond ("Mr. Ting"), aged 45, is the founder and the chairman of our Group. He was appointed as a Director on 15 April 2015 and re-designated as an executive Director on 14 May 2015 and is our controlling shareholder. Mr. Ting is also the chairman of the nomination and corporate governance committee (the "Nomination and Corporate Governance Committee") of the Company and a member of the remuneration committee (the "Remuneration Committee") of the Company and also held directorships in various subsidiaries of our Group. He is primarily responsible for major decision-making and implementation of business strategies of our Group.

Mr. Ting was responsible for overseeing the overall operations as executive director, the chairman and non-executive director of a telecommunication services company which was then known as China Motion Telecom International Limited (now known as Ground Properties Company Limited) and listed on the Main Board of the Stock Exchange (Stock code 0989:HK) from October 2006 to November 2013, from November 2006 to November 2013 and from November 2013 to August 2014, respectively. He had also been the adviser to the board of directors on corporate development and business strategies of short-term financing in Shanghai, executive director and the chairman of Credit China Holdings Limited (now known as Credit China Fintech Holdings Limited), a company listed on GEM (Stock code 8207:HK) and principally engaged in providing financing services to small to medium sized enterprises and individuals in China and Hong Kong for the period from November 2010 to September 2012, from September 2012 to July 2014 and from October 2012 to July 2014, respectively.

Mr. Ting studied Economics and International Relations in Beloit College in the United States of America from June 1992 to May 1994.

Mr. ZHU Qin ("Mr. Zhu"), aged 40, is a deputy chairman ("Deputy Chairman") of our Group since 25 September 2017. He was the chief executive officer (the "CEO") of our Group from April 2017 to September 2017. He was the president of the Group and appointed as an executive Director and compliance officer on 14 May 2015 and 12 April 2017 respectively. He also held directorships in various subsidiaries of our Group. Mr. Zhu is primarily responsible for managing the operation of our Group; planning and executing our corporate strategies; and the handling of external relationship of our Group. He is also in charge of the human resources and accounts functions of our Group. Prior to joining our Group in February 2012, Mr. Zhu had been the marketing director of Shanghai Volkswagen Automotive Co., Ltd., a company engaging in the manufacturing and sales of automobiles, where he was primarily responsible for sales and marketing from July 1999 to February 2011.

Mr. Zhu graduated from Shanghai Jiao Tong University in the People's Republic of China (the "PRC") with a bachelor's degree in industrial foreign trade in July 1999.

EXECUTIVE DIRECTORS *(Cont'd)*

Mr. ZHOU, Francis Bingrong ("Mr. Zhou"), aged 33, was appointed as the executive Director and a Deputy Chairman of the Group on 17 April 2018. He was the vice chairman and an executive director of Value Convergence Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 821), from 22 January 2018 to 16 April 2018. Mr. Zhou is currently the president of Silk Road Energy Services Group Limited ("Silk Road"), the shares of which are listed on GEM of the Stock Exchange (Stock Code: 8250) since 22 January 2018 and was the vice chairman and an executive director of Silk Road from 11 March 2016 to 21 January 2018. Mr. Zhou also held senior equity research positions with prominent regional and China-based investment banks, such as China International Capital Corporation (HK) Limited and Daiwa Capital Markets Hong Kong Limited. He also served as vice president of Financial Planning & Analysis for Galaxy Entertainment Group.

Mr. Zhou has extensive experience in corporate finance and strategy, financial analysis and the capital markets. He started his career as an M&A Analyst with a boutique investment bank. He holds a Bachelor of Arts degree in Economics and Asian Studies from Bowdoin College in Brunswick, Maine, United States.

Mr. TEOH Ronnie Chee Keong ("Mr. Teoh"), aged 42, was appointed as the executive Director and the CEO of the Group on 25 September 2017. He has more than 15 years of experience in investment banking and in multi-jurisdictions across the Asia Pacific region. Prior to joining our group, Mr. Teoh was the managing director – merger & acquisition of Haitong International Securities Company Limited from September 2014 to September 2017. Mr. Teoh was the head of Metals and Mining – Greater China of Standard Chartered Bank from March 2010 to September 2014 in the Hong Kong and Singapore offices, and was the vice president of investment banking of Macquarie Capital in the Singapore, Malaysia and Australia offices from March 2001 to February 2010.

Mr. Teoh holds a bachelor's degree in Commerce at University of Melbourne in Australia. He had also pursued his professional studies by completing the CPA Australia programme.

Ms. KUO Kwan ("Ms. Kuo"), aged 48, was appointed as the executive Director on 25 September 2017. She has over 20 years' accounting and auditing experience and held senior management positions in various listed and private companies in Hong Kong. Ms. Kuo is currently the chief financial officer of Starlight Financial Holdings Limited, a company which is indirectly nonwholly owned by Mr. Ting Pang Wan Raymond, an executive Director, the chairman and a controlling shareholder of the Company. She was the chief financial officer from December 2010 to May 2016 and the company secretary from November 2011 to July 2014 of Credit China Holdings Limited (now known as Chong Sing Holdings Fintech Group Limited), a company listed on the GEM Board of the Stock Exchange (Stock Code 8207:HK). Ms. Kuo was an executive director of GreaterChina Technology Group Limited (now known as Viva China Holdings Limited), a company listed on the GEM Board of the Stock Exchange (Stock Code 8032:HK) from January 2005 to September 2008.

Ms. Kuo is a member of CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. She graduated from University of Melbourne in Australia with a bachelor's degree in Commerce.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. FAN Wei ("Ms. Fan"), aged 62, was appointed as an independent non-executive Director ("INED") on 21 September 2015 and is also the chairlady of the Remuneration Committee and a member of each of the audit committee (the "Audit Committee") of the Company and the Nomination and Corporate Governance Committee. Since September 2013, Ms. Fan has been the general secretary responsible for arranging charity activities of 深圳市博雅文化研究基金會 (Boya Culture Foundation), which is committed to improving quality of academic researches, popularising traditional Chinese culture, facilitating the cultural exchange with its foreign counterparts, and funding activities which promote traditional Chinese culture. She served at Dong Yuan Hong Kong International Limited, which principally engaged in strategic investments, consulting, financial services, logistics and trading business, and held the position of executive vice president responsible for the operation management of the company from March 2011 to June 2012.

Ms. Fan graduated from Murdoch University in Australia with a master's degree in business administration in March 2001.

Mr. CHU Kin Wang Peleus ("Mr. Chu"), aged 53, was appointed as an independent non-executive Director on 21 September 2015 and is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination and Corporate Governance Committee. Since December 2008, he has been the executive director responsible for investor relationship, financial management and compliance matters of Chinese People Holdings Company Limited (Stock code 0681:HK), which is a company principally engaged in the sales and distribution of natural gas and liquefied petroleum gas in China and is listed on the Main Board of the Stock Exchange. From August 2015 to February 2017, he was a non-executive Director of Perfect Group International Holdings Limited (Stock code 3326:HK). Mr. Chu has/had been an independent non-executive director of the following companies listed on the Main Board or GEM of the Stock Exchange:

- China Huishan Dairy Holdings Company Limited (Stock code 6863:HK) from June 2017 to December 2017
- PT International Development Corporation Limited (Stock code 372:HK) from March 2017 to September 2017
- Mingfa Group (International) Company Limited (Stock code 846:HK) since November 2016
- National Agricultural Holdings Limited (Stock code 1236:HK) from June 2015 to September 2015
- Telecom Service One Holdings Limited (Stock code 3997:HK) from May 2013 to December 2017
- SuperRobotics Limited (Stock code 8176:HK) since March 2012

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Cont'd)*

- China First Capital Group Limited (Stock code 1269:HK) since October 2011
- Flyke International Holdings Ltd. (Stock code 1998:HK) since February 2010
- Huayu Expressway Group Limited (Stock code 1823:HK) since May 2009
- Tianli Holdings Group Limited (Stock code 0117:HK) since April 2007

Mr. Chu graduated from The University of Hong Kong with a master's degree in business administration in December 1998. Mr. Chu is a fellow practicing member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries (formerly known as the Hong Kong Institute of Company Secretaries) and the Institute of Chartered Secretaries and Administrators.

Mr. IP Cho Yin, *J.P.* **("Mr. Ip")**, aged 67, was appointed as an independent non-executive Director on 1 February 2017. He is also a member of each of the Audit Committee, Nomination and Corporate Governance Committee and Remuneration Committee. Mr. Ip possesses extensive experience in education. He is a registered teacher, an educational consultant and a teacher development expert. He is also a guest speaker of universities and educational bodies in Hong Kong. Mr. Ip is the Guest Professor of Hong Kong Financial Services Institute from 2014 to 2017, the Project Coordinator of the Education Bureau of the Government of the Hong Kong Special Administrative Region (the "Education Bureau") from 2010 to 2017. He was the Deputy Project Director of the Education Bureau from 2004 to 2010 and the Chief School Development Officer of the Education Bureau from 2002 to 2004. Mr. Ip was a teacher of Pui Kiu Middle School from 1973 to 1997 and became the principal from 1997 to 2002.

Mr. Ip was a member of Appeals Board (Education) from 2000 to 2001, a member of Board of Education from 1998 to 2002, an elected member of Council on Professional Conduct in Education from 1998 to 2002, a member of Quality Education Fund Steering Committee from 1997 to 2001, a Standing Committee member of the Hong Kong Federation of Education Workers from 1993 to 1999. Mr. Ip was an elected member of District Board (Islands) from 1994 to 1999.

Mr. Ip obtained his bachelor's degree in Mathematics at University of Waterloo in Canada in 1972 and a Diploma in Education at the School of Education of The Chinese University of Hong Kong in 1982.

SENIOR MANAGEMENT

Ms. CHAN Suk Yin ("Ms. Chan"), aged 47, was appointed as vice president of the Company on 1 June 2015 and is principally responsible for the overall audit, accounting, budgeting and financial operations of the Group. She has over 20 years of experience in financial reporting and management reporting in listed companies.

Ms. Chan graduated from The Hong Kong Polytechnic University with a master's degree in professional accounting in November 2004 and obtained her bachelor's degree in business administration (in accounting) from Hong Kong Baptist University in November 1995. She is an associate member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. WONG Hok Leung Felix ("Mr. Wong"), aged 33, is the financial controller of the Company. Mr. Wong joined the Group as the financial controller of Madison (China) Limited on 15 October 2012 and is principally responsible for the Group's financial management. He has over nine years of experience in financial reporting and management reporting.

Mr. Wong graduated from The University of New South Wales in Australia with a bachelor's degree in economics (in finance and financial economics) in September 2008.

COMPANY SECRETARY

Ms. TSE Ka Yan ("Ms. Tse"), aged 33, was appointed as the company secretary of the Company (the "Company Secretary") on 14 May 2015. She is responsible for handling the company secretarial matters of the Group. Ms. Tse has over 11 years of experience in company secretarial sector of listed companies and professional firm.

Ms. Tse graduated from Lingnan University in Hong Kong with a bachelor's degree in business administration in October 2007. Ms. Tse is an associate member of the Hong Kong Institute of Chartered Secretaries and an associate member of Institute of Chartered Secretaries and Administrators.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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 shares of CVP Capital Limited ("CVP Capital") and CVP Asset Management Limited ("CVP Asset Management") on 30 June 2017 and 28 July 2017 respectively. During the year ended 31 March 2018, the revenue increased by approximately 14.4% to approximately HK$160.0 million (31 March 2017: approximately HK$139.9 million). 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$151.5 million; and (ii) the provision of financial services, which contributed approximately HK$8.5 million.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately 14.4% from approximately HK$139.9 million to approximately HK$160.0 million for the year ended 31 March 2017 and 2018 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$151.5 million; and (ii) the provision of financial services, which contributed approximately HK$8.5 million.

Gross Profit and Gross Profit Margin

For the year ended 31 March 2017 and 2018, (i) gross profit of the Group increased by approximately 37.8% from approximately HK$28.3 million to approximately HK$39.0 million; and (ii) the gross profit margin of the Group increased from approximately 20.2% to approximately 24.4%, 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 year ended 31 March 2018.

Other Income

Other income of the Group decreased by approximately 66.7% from approximately HK$1.5 million to approximately HK$0.5 million for the year ended 31 March 2017 and 2018 respectively. The decrease was mainly due to the decrease in consignment income.

Selling and Distribution Expenses

Selling and distribution expenses of the Group increased by approximately 25.7% from approximately HK$14.4 million to approximately HK$18.1 million for the year ended 31 March 2017 and 2018 respectively. The increase was mainly due to the increase in depreciation for the additional warehouse rented in September 2016 and the additional rental expenses for the new flagship store rented since November 2017.

FINANCIAL REVIEW *(Cont'd)*

Administrative Expenses

Administrative expenses of the Group increased by approximately 47.8% from approximately HK$31.8 million to approximately HK$47.0 million for the year ended 31 March 2017 and 2018 respectively. The increase was mainly due to (i) the increase in advertising and promotion of approximately HK$1.1 million; (ii) the increase in professional fee of approximately HK$3.8 million; and (iii) the increase in salary of approximately HK$9.3 million.

Change in fair value of Exchangeable Bonds

The change in fair value of exchangeable bonds arose from the fair value loss recognised from the exchangeable bonds (the "Exchangeable Bonds") issued by Bartha Holdings Limited ("Bartha Holdings") of approximately HK$124.2 million (31 March 2017: nil).

The Exchangeable Bonds contained embedded derivative and were designated as financial assets at fair value through profit or loss ("FVTPL") upon initial recognition as it contained embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as FVTPL.

Pursuant to the valuation on the Exchangeable Bonds as at 31 March 2018, the fair value of the Exchangeable Bonds amounted to approximately HK$147,118,000, representing a difference of approximately HK$124,172,000, when compared to the consideration of the Exchangeable Bonds of approximately HK$271,290,000, which is equal to the fair value of the convertible bonds issued by the Company (the "Convertible Bonds") as at 28 July 2017, resulting in a fair value loss of Exchangeable Bonds amounted to approximately HK$124,172,000 was recognised during the year ended 31 March 2018.

Change in fair value of derivative financial instrument

CVP Financial entered into the first deed (the "First Deed") with Mr. Samuel Lin Jr. ("Mr. Lin"), and the second deed (the "Second Deed", together the "Deeds") with Star Beauty Holdings Limited ("Star Beauty") respectively on 9 February 2017, pursuant to which CVP Financial has conditionally agreed to grant each of Mr. Lin and Star Beauty the put option (the "Put Option"). Each of Mr. Lin and Star Beauty, pursuant to the Put Option, during the 12-month period after the 2nd anniversary of the completion (28 July 2019), has the right to require CVP Financial to acquire all the shares of CVP Capital held by him/it immediately prior to the exercise of the Put Option, at the consideration of HK$1.26 per CVP Capital Share. The consideration payable by CVP Financial to each of Mr. Lin and Star Beauty shall be satisfied at the discretion of Mr. Lin or Star Beauty (as the case may be), either in cash amounted approximately HK$11,756,000 or by CVP Financial procuring the Company to issue andallot a total of 10,631,681 consideration shares of the Company at the issue price of HK$1.1 per Share. For details of the Deeds, please refer to the announcement and circular dated 9 February 2017 and 5 July 2017 respectively.

The Put Option were measured at FVTPL upon initial recognition according to HKAS 39. All subsequent changes in the carrying amounts are recognised in profit or loss.

The change in derivative financial instrument arose from the recognised gain on change in fair value of the Put Option granted to each of Mr. Lin and Star Beauty respectively of approximately HK$5.2 million.

Pursuant to the valuation on the Put Option as at 31 March 2018, the fair value of the Put Option amounted to approximately HK$14,901,000, representing a difference of approximately HK$5,243,000 when compared to the fair value of the Put Option amounted to approximately HK$20,144,000 on initial recognition.

FINANCIAL REVIEW *(Cont'd)*

Change in fair value of derivative financial instrument *(Cont'd)*

Since the fair value of the Put Option represents the consideration for the Company to exchange for the remaining 40% shares of CVP Capital when it is exercised by Mr. Lin and Star Beauty, the decrease in the fair value of the Put Option results in the Company shall exchange for the remaining 40% shares of CVP Capital at a lower cost, therefore, resulting a recognised gain on change in fair value of derivative financial amounted to approximately HK$5,243,000 during the year ended 31 March 2018.

Impairment loss recognised on goodwill

A goodwill of approximately HK$3.8 million has been recognised upon completion of the acquisition of CVP Capital. The impairment loss recognised on goodwill of approximately HK$3.8 million arose for the year ended 31 March 2018 due to expected performance of CVP Capital has been lowered.

Finance costs

Finance costs mainly comprised effective interest expense on convertible bonds and promissory notes. The Group's finance cost increased to approximately HK$6.6 million for the year ended 31 March 2018 (31 March 2017: nil). The increase in finance costs is mainly due to the issuing of the Convertible Bonds and the promissory notes during the year ended 31 March 2018.

Income Tax Expenses

Income tax expenses of the Group increased from tax credit of approximately HK$374,000 to tax expense of approximately HK$68,000 for the year ended 31 March 2017 and 2018 respectively. The increase was due to the decrease in deferred tax asset arising from temporary timing difference.

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

Loss for the year attributable to owners of the Company increased significantly from approximately HK$15.6 million to approximately HK$138.4 million for the year ended 31 March 2017 and 2018 respectively. Should (i) the change in fair value of unlisted Exchangeable Bonds of approximately HK$107.6 million; and (ii) the change in fair value of derivative financial instrument of approximately HK$5.2 million which are attributable to owners of the Company during the year be excluded, loss for the year and total comprehensive expenses for the year attributable to owners of the Company for the year ended 31 March 2018 would be approximately HK$36.0 million. The increase in loss was mainly due to (i) impairment of goodwill of approximately HK$3.8 million; and (ii) the financial costs incurred by the interest expense on the Convertible Bonds and the promissory note of approximately HK$6.6 million.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations by internal cash generated from its own business operations. As at 31 March 2018, the Group had cash and cash equivalents of approximately HK$43.3 million (31 March 2017: approximately HK$52.4 million) and had net current assets of approximately HK$0.5 million (31 March 2017: approximately 144.3 million).

The current ratio of the Group was approximately 1.0 times as at 31 March 2018, compared to that of approximately 17.6 times as at 31 March 2017. The decrease was mainly attributable to the liability component incurred by the Convertible Bonds issued by the Company on 28 July 2017.

The gearing ratio (representing the debts of non-trade nature divided by total equity at the end of the year and multiplied by 100%) of the Group was 77.2% as at 31 March 2018 (31 March 2017: nil). The Group has sufficient fund to maintain its operation and the Company does not have any borrowing neither from the Directors nor other third party financial institutions.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2018, 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

Details of movements in the Company's share capital are set out in note 30 in the notes to the Consolidated Financial Statement.

COMMITMENTS

Details of commitments are set out in note 36 in the notes to the Consolidated Financial Statement.

CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any material contingent liabilities (31 March 2017: nil).

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group employed a total of 47 (31 March 2017: 33) full-time employees and zero (31 March 2017: 1) part-time employee. The staff cost, including Directors' emoluments, of the Group for the year ended 31 March 2018 was approximately HK$27.2 million (2017: approximately 17.4 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 to further develop with the Group. Apart from basic remuneration, share options may 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. In addition, each of the sales team members is entitled to a commission with reference to the sales volume achieved by them.

Furthermore, the Company is committed to employee development and has implemented various training programs to strengthen their industry, technical and product knowledge. All the newly recruited employees are required to attend induction training. The Company believes our training program will equip the employees with skills and knowledge to enhance customer services.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

As at 31 March 2018, the Group held shares in (i) China New City Commercial Development Limited (Stock Code: 1321); (ii) Tencent Holdings Limited (Stock Code: 700); and (iii) AAC Technologies Holdings Inc. (Stock Code: 2018) with the total amount of approximately HK$7.0 million.

Details of the investments in equity securities listed in Hong Kong and their performance are as follows:

Name of investments	*Notes*	Fair value as at 31 March 2018 HK$'000	% to the total assets of the Group	% to the interest in the respective investments as at 31 March 2018	Gain/(loss) on disposal/ redemption HK$'000
Far East Holdings International Limited (36) ("FEH")	*(a)*	–	N/A	N/A	19
Zhong An Real Estate Limited (672) ("ZAR")	*(b)*	–	N/A	N/A	(848)
Tencent Holdings Limited (700) ("THL")	*(c)*	410	0.14%	0.00%	–
China New City Commercial Development Limited (1321) ("CCC")	*(d)*	5,909	2.02%	0.00%	70
AAC Technologies Holdings Inc. (2018) ("AAC")	*(e)*	708	0.24%	0.00%	–
Total:		7,027			(759)

Notes:

(a) FEH and its subsidiaries are principally engaged in short-term investment with high volume of securities trading transactions. In view of the trend of the share price of FEH, the Group disposed of its entire shareholding in FEH and recorded a realised gain of approximately HK$19,000 during the year.

(b) ZAR and its subsidiaries are principally engaged in property development, leasing and hotel operations in the People's Republic of China (the "PRC"). In view of the trend of the share price of ZAR, the Group disposed of its entire shareholding in ZAR and recorded a realised loss of approximately HK$848,000 during the year.

(c) The investment represented 1,000 shares. THL and its subsidiaries ("THL Group") are principally engaged in the provision of value-added services and online advertising services to users in PRC. During the year, the Group has recorded an unrealized fair value loss of approximately HK$3,000 for the investment in the shares of THL. From the annual report of THL for the year ended 31 December 2017, THL Group recorded revenue and net profit of approximately RMB237,760 million and RMB72,471 million respectively and the profit was mainly attributable to the strong growth of payment related and cloud services. As disclosed in its annual report, THL Group will more aggressively invest to strengthen their long-term competitive positions in areas including online video, payment services, cloud services, AI technologies and smart retail.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES *(Cont'd)*

Notes: (Cont'd)

(d) The investment represented 3,966,000 shares. CCC and its subsidiaries ("CCC Group") are principally engaged in commercial development, leasing and hotel operations. During the year, the Group has recorded a realised gain of approximately HK$70,000 from the disposal of and an unrealized fair value loss of approximately HK$1.3 million for the investment in the shares of CCC. From the annual report of CCC for the year ended 31 December 2017, CCC Group recorded revenue and net profit of approximately RMB296 million and RMB466 million respectively and the profit was mainly attributable to the material gain in fair value of investment properties recorded. As disclosed in its annual report, CCC Group will focus on identifying possible acquisitions with future development prospects and profitability to improve the returns on assets.

(e) The investment represented 5,000 shares. AAC and its subsidiaries ("AAC Group") are principally engaged in offering cutting-edge advanced miniaturized technology components to the consumer electronics industry worldwide. During the year, the Group has recorded an unrealized fair value gain of approximately HK$28,000 for the investment in the shares of AAC. From the annual report of AAC for the year ended 31 December 2017, AAC Group recorded revenue and net profit of approximately RMB21.1 billion and RMB5.3 billion respectively and the profit was mainly attributable to the delivered robust operating performance with organic growth in all business segments. As disclosed in its annual report, AAC Group will continue to drive dollar content increase, maintain good profitability and deliver another growth cycle.

In addition, the Group also held the Exchangeable Bonds issued by Bartha Holdings with a fair value of approximately HK$147.1 million.

Furthermore, the Group has entered into a deed of modification (the "Deed of Modification") to amend certain terms of the Exchangeable Bonds on 17 November 2017 and exercised the exchange rights under the Exchangeable Bond for 49% equity interest in Bartha International Limited ("Bartha International") (the "Proposed Exercise"). The completion of the Proposed Exercise took place on 31 May 2018. Bartha International becomes an indirect non wholly-owned subsidiary of the Company and the financial results of Bartha International and its subsidiaries (the "Bartha Group") will be consolidated into the Group's accounts.

The Company, as purchaser and Remixpoint, Inc., as vendor, entered into an agreement ("BITPoint Acquisition Agreement") (as supplemented by an amendment agreement dated 13 April 2018 and a supplemental agreement dated 14 May 2018) to acquire 20% equity interest in BITPoint Japan Company Limited ("BITPoint") on 30 March 2018 (the "BITPoint Acquisition").

Except for those disclosed in this report, there were no other significant investments held, material acquisitions, or disposals of subsidiaries during the year ended 31 March 2018.

For details of the above transactions, please refer to the circular of the Company dated 28 February 2018 and the announcements of the Company dated 4 July 2017, 20 July 2017, 30 March 2018, 13 April 2018, 14 May 2018 and 31 May 2018, respectively.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group entered into (i) the Deed of Modification on 17 November 2017 and the Proposed Exercised was completed on 31 May 2018; and (ii) an agreement (the "Diginex Acquisition Agreement") to acquire 51% of the entire issued share capital of Diginex High Performance Computing Limited ("Diginex") (formerly known as Digitas Limited) on 26 April 2018.

For details of these transactions, please refer to the circular of the Company dated 28 February 2018 and the announcements of the Company dated 27 April 2018 and 31 May 2018 respectively.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

As analysis comparing the business objectives as set out in the Company's prospectus dated 29 September 2015 (the "Prospectus") with those as at 31 March 2018 is set out below:

	Business objectives	Actual progress
a.)	Expanding and diversifying our product portfolio	Th Group purchased over 20,000 bottles of wine, with over 25 new vintages or brands during the year ended 31 March 2018. The inventory level remains stable as compared to last year.
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. The Company has been actively looking for suitable acquisition opportunities during the period under review, but no suitable target could be identified up to the date of this report.
c.)	Solidifying and broadening our customer base	The number of members of the "Madison Premier Membership Scheme" has increased from over 1,100 to over 1,500 as at 31 March 2017 and 2018 respectively. The Group's customer base, which includes wholesales and retail clients, has increased by over 400 customers being registered in the database during the year ended 31 March 2018.

OUTLOOK AND PROSPECTS

The wine business of the Company (the "Wine Business") is operated in a very competitive environment, with price discount strategy adopted by competitors and soaring rent and labour cost in Hong Kong, all of which are squeezing the Group's profitability. The Company is exploring how latest technology can revitalize and expand the Group's business and at the same time reduce the costs significantly. For the financial services business (the "Financial Services Business") which the Company acquired last year, the business environment is still at an early stage. The Board believes that latest technology will also help develop the Financial Services Business.

The management believe that, upon completion of the above mentioned acquisitions, the Group shall leverage the resources of the respective target companies to apply the blockchain technology into our Wine Business and the Financial Services Business in order to enhance our operation mechanism and strengthen our market position under the highly competitive environment.

DIRECTORS' REPORT

The Board is pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Company 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 premier collectible red wine and fine red wine as well as the provision of a range of customer-centric value-added services ; and (ii) the provision of financial services.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2018 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 67 to 147.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: nil).

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the "AGM") is scheduled for Friday, 17 August 2018. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 14 August 2018 to Friday, 17 August 2018, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the AGM, unregistered holders of the Shares should ensure that all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 13 August 2018.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2018 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on page 4 and pages 11 to 19 respectively.

To the best knowledge of the Directors, the Group was in compliance with the relevant laws and regulations that were significant to the Group for the year ended 31 March 2018.

Relationship with Suppliers

The Group has procured its wine products across the world including Australia, the United States, the United Kingdom, Singapore and France. The Group has developed mutual trust with our suppliers through sustained course of dealings, which enable the Group to enjoy a stable and reliable supply without any contractual commitments or sales restrictions. Capitalising on the Group's supply network, the Group is able to procure coveted wines that are rare, scarce and not widely available in the open market at competitive prices.

BUSINESS REVIEW *(Cont'd)*

Relationship with Customers

The Group has cultivated a concrete base of loyal customers comprising, among others, wine enthusiasts and wine collectors. Through its dedication to developing a customer-centric product portfolio and delivering excellent customer services, solid loyal and solid customer base has been established, which comprises, among others, wine enthusiasts, wine collectors, renowned restaurants and wine merchants. With the "Madison Premier Membership Scheme" launched since November 2012, the Directors believe that an interactive platform for information exchange has been established among wine enthusiasts, enabling direct feedbacks from the customers and identify the Group's strengths and demands of the target clientele, altogether deepening customer reach and solidifying customer loyalty.

Relationship with Employees

The Group has a diversified team under the leadership of five executive Directors and is dedicated to establishing cultural tones, corporate values and customer-centric culture. As at 31 March 2018, the Group had a total of 47 full-time employees, a 42.4% increment as compared to 2017.

In order to foster a work environment that attracts and inspires people to achieve excellent performance, remuneration packages and staff benefits are reviewed on an annual basis. The standard remuneration package includes base salary, discretionary bonuses and medical insurance. In addition, each of the sales team members is entitled to a commission with reference to the sales volume achieved by them. Each of the employee's remuneration package is determined in light of his/her qualification, position and seniority. For the years ended 31 March 2017 and 2018, staff costs of approximately HK$17.4 million and HK$27.2 million was incurred, respectively, representing 12.4% and 17.0% of the total revenue for the corresponding financial years.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five years is set out in the financial summary on page 148 of this report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

Details of movements in the Group's share capital during the year ended 31 March 2018 are set out in note 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Company's articles of association (the "Articles of Association"), or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

EQUITY-LINKED AGREEMENTS

During the year ended 31 March 2018, the Group has entered into the following equity-link agreement which would result in the Company issuing new shares of the Company:–

CVP Financial Holdings Limited ("CVP Financial"), an indirect subsidiary of the Company, entered into the first deed (the "First Deed") with Mr. Samuel Lin Jr. ("Mr. Lin"), and the second deed (the "Second Deed", together the "Deeds") with Star Beauty Holdings Limited ("Star Beauty") respectively on 9 February 2017, pursuant to which, (i) each of Mr. Lin and Star Beauty has conditionally agreed to grant CVP Financial the right of first refusal, and (ii) CVP Financial has conditionally agreed to grant each of Mr. Lin and Star Beauty (a) the tag along right, and (b) the put option (the "Put Option"). Each of Mr. Lin and Star Beauty, pursuant to the Put Option, during the 12-month period after the 2nd anniversary of the completion (i.e. 28 July 2019), has the right to require CVP Financial to acquire all the shares of CVP Capital Limited ("CVP Capital") ("CVP Capital Shares") held by him/it immediately prior to the exercise of the Put Option, at the consideration of HK$1.26 per CVP Capital Share. The consideration payable by CVP Financial to each of Mr. Lin and Star Beauty shall be satisfied at the discretion of Mr. Lin or Star Beauty (as the case may be), either in cash or by CVP Financial procuring the Company to issue and allot a total of 10,631,681 consideration shares of the Company under the specific mandate approved by the independent shareholders of the Company in the extraordinary general meeting ("EGM") dated 27 July 2017 at the issue price of HK$1.1 per share. For details of the Deeds, please refer to the announcement and circular dated 9 February 2017 and 5 July 2017 respectively.

CONVERTIBLE SECURITIES / OPTIONS ISSUED / GRANTED

During the year ended 31 March 2018,

(i) the Convertible Bonds were issued to Bartha Holdings and there was no conversion or redemption of the Convertible Bonds. As such, the outstanding principal amount of the Convertible Bonds remained approximately HK$150,000,000 with the maturity date due on 27 July 2022;

(ii) the Put Option was granted to Mr. Lin and Star Beauty respectively and none of them has exercised the Put Option; and

(iii) none of the share options granted by the Company has been exercised.

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the year ended 31 March 2018 are set out in note 17 to the consolidated financial statement.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 March 2018 are set out in note 42 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the Company's reserves available for distribution to the Shareholders are approximately HK$18,277,000 (2017: HK$13,846,000) as calculated in accordance with statutory provisions applicable in the Cayman Islands.

MAJOR CUSTOMERS

Most of the Group's customers are local and overseas wine merchants, avid wine collectors in Hong Kong and China, renowned Hong Kong restaurants and high net worth individuals. For the years ended 31 March 2017 and 2018, the revenue generated from the five largest customers accounted for approximately 11.7% and 22.1% of the Group's total revenue, respectively, and the revenue generated from the single largest customer accounted for approximately 3.1% and 9.6% of the Group's total revenue, respectively. Generally, no credit period was offered to the Group's customers save with the approval of the management where a credit period of up to 30 days was granted to the Group's customers. During the year and up to the date of this report, no long-term sales agreement was entered into with any of the Group's customers.

So far as is known to the Directors, none of the Directors, their associates or substantial shareholders who/which owns more than 5% of the Company's issued share capital had any interest in the share capital of any of the five largest customers of the Group.

MAJOR PROCUREMENT AND SUPPLY

Products are procured from the open market through (i) purchases from wine merchants and wineries, (ii) purchases through auction houses and (iii) purchases from individual wine collectors. For the years ended 31 March 2017 and 2018, the purchases from the five largest suppliers accounted for approximately 23.7% and 27.1% of the Group's total purchases, respectively, and the purchases from the single largest supplier accounted for approximately 5.8% and 8.8% of the Group's total purchases, respectively.

So far as is known to the Directors, none of the Directors, their associates or substantial shareholders who/which owns more than 5% of the Company's issued share capital had any interest in the share capital of any of the five largest suppliers of the Group.

DIRECTORS

The Directors during the year ended 31 March 2018 and up to the date of this annual report are named as follows:

Executive Directors

Mr. Ting Pang Wan Raymond *(Chairman)*
Mr. Zhu Qin *(Deputy Chairman)*
Mr. Zhou, Francis Bingrong *(Deputy Chairman)* (appointed on 17 April 2018)
Mr. Teoh Ronnie Chee Keong *(CEO)* (appointed on 25 September 2017)
Ms. Kuo Kwan (appointed on 25 September 2017)

Non-executive Director

Mr. Kao Sheng-Chi (resigned on 31 October 2017)

Independent Non-executive Directors

Ms. Fan Wei
Mr. Chu Kin Wang Peleus
Mr. Ip Cho Yin, *J.P.*

Mr. Teoh and Ms. Kuo were appointed as executive Directors with effect from 25 September 2017 and Mr. Zhou was appointed as an executive Director with effect from 17 April 2018. In accordance with Article 83(3) of the Articles, any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, Mr. Teoh, Ms. Kuo and Mr. Zhou shall retire from office at the AGM and, being eligible, each of them will offer himself/herself for re-election as an executive Director at the AGM.

In accordance with Article 84(1) and 84(2) of the Articles of Association, Ms. Fan Wei and Mr. Chu Kin Wang Peleus shall retire from office at the AGM. Being eligible, each of Ms. Fan Wei and Mr. Chu Kin Wang Peleus will offer himself/herself for re-election as independent non-executive Directors.

At the AGM, ordinary resolutions will be proposed to re-elect each of Mr. Teoh, Ms. Kuo, Mr. Zhou, Ms. Fan and Mr. Chu as an executive Director/independent non-executive Director (as the case may be).

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The biographical information of the Directors and senior management of the Group are set out on pages 6 to 10 of this report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years and renewable automatically for successive terms for one year unless and until (i) terminated by either party thereto giving not less than three months' prior written notice, with the last day of the notice falling on the last day of the initial term or any time thereafter; or (ii) the executive Director not being re-elected as a Director or being removed by Shareholders at general meeting of the Company in accordance with the Articles of Association.

Each of the INEDs was appointed for a fixed term of three years by a letter of appointment and shall be subject to retirement, re-election and removal in accordance with the Articles of Association.

Save as disclosed above, no Director proposed for re-election at the AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Saved as disclosed the sections headed "Exempted Connected Transactions" and "Non-Exempted Connected Transactions" in this Directors' Report, no Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 March 2018.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors and their respective associates had an interest in any business which competes or is likely to compere, either directly or indirectly, with the businesses of the Group during the year ended 31 March 2018.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "Share Option Scheme") pursuant to a written resolution of the Shareholders passed on 21 September 2015 (the "Adoption Date"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

(A) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest ("Invested Entity").

(B) Participants of the Share Option Scheme

The participants of the Share Option Scheme shall be:

(1) any employee (whether full-time or part-time) of the Company, any of the subsidiaries and any Invested Entity;

(2) any director (including executive, non-executive and independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

SHARE OPTION SCHEME *(Cont'd)*

(B) Participants of the Share Option Scheme *(Cont'd)*

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of the Group or any Invested Entity;

(5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity; and

(6) or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Share Option Scheme.

(C) Total number of shares available for issue under the Share Option Scheme

Under the Share Option Scheme, the total number of Shares which may be allotted and issued upon exercise of all Share Options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the number of the issued shares as at 8 October 2015 unless the Company obtains a fresh approval from the Shareholders.

As at the date of this report, a total of 400,000,000 shares (representing approximately 9.83% of the issued share capital of the Company) are available for issue under the Share Option Scheme.

(D) Maximum entitlement of each participant under the Share Option Scheme

The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue.

(E) The period within which the shares must be taken up under an option

The period during which an option may be exercised is determined by the Board at its discretion, save that such period shall not be longer than 10 years from the date of grant.

(F) The minimum period for which an option must be held before it can be exercised

As determined by the Board upon the grant of an option.

(G) The amount payable on acceptance of an option and the period within which payments shall be made

A consideration of HK$1 is payable on acceptance of the offer of grant of an option where the grantee should accept or decline the offer of grant of an option within the date as specified in the offer letter issued by the Company, being a date not later than 21 business days from the date upon which it is made.

SHARE OPTION SCHEME *(Cont'd)*

(H) The basis of determining the exercise price

The exercise price of a share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board in its absolute discretion and notified to an eligible person, and shall be at least the higher of: (1) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, (2) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant, and (3) the nominal value of a share on the date of grant.

(I) The remaining life of the scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date until 20 September 2025.

On 17 December 2015 (the "Date of Grant"), the Company granted an aggregate of 18,100,000 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.

With effective from 8 November 2016, each of the existing issued and unissued ordinary share of par value of HK$0.01 each in the share capital of the Company was subdivided into ten subdivided shares (the "Subdivided Shares") of HK$0.001 each (the "Share Subdivision"), and adjustments were made to the exercise price of the outstanding Share Options and the number of Subdivided Shares was 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.

SHARE OPTION SCHEME *(Cont'd)*

(I) The remaining life of the scheme *(Cont'd)*

Details of movements of the share options granted under the Share Option Scheme during the year ended 31 March 2018 were as follows:

				Number of share options		
Category	Date of Grant	Exercise period	Exercise price per Share *(Note 1)*	As at 1 April 2017	Exercised/ Cancelled/ Lapsed	As at 31 March 2018
Devoss Global Holdings Limited ("Devoss Global") *(Note 2)*	17 December 2015	17 June 2016 to 16 December 2025	HK$0.80	6,000,000	–	6,000,000
Montrachet Holdings Ltd ("Montrachet") *(Note 3)*	17 December 2015	17 June 2016 to 16 December 2025	HK$0.80	15,000,000	–	15,000,000
Others *(Note 4)*	17 December 2015	17 June 2016 to 16 December 2025	HK$0.80	160,000,000	–	160,000,000
Total				181,000,000	–	181,000,000

Notes:

1. The exercise price of the share options is HK$0.80 per Share, representing the highest of (i) the restated closing price of HK$0.71 per Share as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant; (ii) the restated average closing price of HK$0.80 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and (iii) HK$0.001, being the nominal value of a Share.

2. Devoss Global is a company wholly-owned by Mr. Ting, being the chairman and an executive Director and the controlling shareholder of Royal Spectrum Holding Company Limited ("Royal Spectrum"), a substantial shareholder of the Company.

3. Montrachet, a company wholly-owned by Mr. Zhu Hui Xin, the father of Mr. Zhu, an executive Director, and Montrachet is holding 2.7% shareholding interest in Royal Spectrum, as at 31 March 2018.

4. The category "Others" represents consultants of the Group. Consultants are corporations which render consultancy services to the Group.

5. The Group recognised total expenses of nil for the year ended 31 March 2018 (2017: HK$4.7 million) in relation to the share options granted by the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATION

As at 31 March 2018, 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 Securities Futures Ordinance (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, Underlying Shares or Debentures of the Company

Name of Director	Capacity/ Nature of interest	Number of Shares interested	Number of underlying shares pursuant to share options *(Notes 3 & 4)*	Aggregate interests	Approximate percentage of the Company's issued Shares*
Mr. Ting *(Note 3)*	Interest in controlled corporations	1,968,000,000 *(Notes 1 & 4)*	142,363,636 *(Note 2)*	2,110,363,636	52.76%

Notes:

1. The entire issued share capital in Royal Spectrum is legally and beneficially owned as to 96.3% by Devoss Global and 3.7% by Montrachet. Devoss Global is deemed to be interested in the Shares held by Royal Spectrum under Part XV of the SFO. 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.

2. Details of the underlying shares are as follow:

   - 6,000,000 share options granted to Devoss Global on 17 December 2015; and

   - 136,363,636 conversion shares ("Conversion Shares") of the Company under the Convertible Bonds issued to Bartha Holdings, a company owned as to 85.25% by CVP Holdings Limited ("CVP Holdings"), which, in turn, is wholly-owned by Mr. Ting, on 28 July 2017.

3. Mr. Ting is deemed to be interested in (i) the shares held by Royal Spectrum, (ii) the underlying shares held by Devoss Global, and (iii) the underlying shares held by Bartha Holdings respectively under Part XV of the SFO.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATION *(Cont'd)*

(i) Long Position in the Shares, Underlying Shares or Debentures of the Company *(Cont'd)*

Notes: (Cont'd)

4. On 27 November 2017, Royal Spectrum pledged 199,600,000 ordinary shares in favour of an independent third party (the "Independent Third Party") as a security of a loan in the amount of JPY2,000,000,000.

5. Upon the share subdivision 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.

(ii) Long Position in the Shares of Associated Corporations

Name of associated corporations	Name of Director	Capacity/Nature of interest	Number of shares interested	Approximate percentage of the shareholding In the associated corporation
Royal Spectrum *(Note)*	Mr. Ting	Interest in controlled corporation	9,663	96.63%
Devoss Global *(Note)*	Mr. Ting	Interest in controlled corporation	1,000	100%

Note:

Royal Spectrum is legally and beneficially wholly-owned as to 96.63% by Devoss Global, which, in turn, is legally and beneficially owned by Mr. Ting, and 3.37% by Montrachet Holdings Ltd., a company wholly-owned by Mr. Zhu Huixin, the father of Mr. Zhu, the executive Director.

Save as disclosed above, as at 31 March 2018, 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 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 31 March 2018, 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, Underlying Shares or Debentures of the Company

Name	Capacity/Nature of interest	*Note*	Number of Shares interested	Number of underlying shares pursuant to share options *(Note 9)*	Aggregate interests	Approximate percentage of the Company's issued Shares*
Royal Spectrum	Beneficial owner	*1 & 2*	1,968,000,000	0	1,968,000,000	49.20%
Devoss Global	Interest in controlled corporation	*1, 2 & 3*	1,968,000,000	6,000,000	1,974,000,000	49.35%
Mr. Ting	Interest in controlled corporation	*1, 2 & 3*	1,968,000,000	142,363,636	2,110,363,636	52.76%
Ms. Luu Huyen Boi ("Ms. Luu")	Interest of spouse	*1, 2, 3, 4 & 5*	1,968,000,000	142,363,636	2,110,363,636	52.76%
Mr. Ding Lu ("Mr. Ding")	Beneficial owner and Interest in controlled corporation	*6*	352,634,000	0	352,634,000	8.82%
Timebase Holdings Limited ("Timebase")	Beneficial owner	*7*	240,000,000	40,000,000	280,000,000	6.45%
Ms. Lu Mengjia ("Ms. Lu")	Interest in controlled corporation	*7*	240,000,000	40,000,000	280,000,000	6.45%
Keywood Limited ("Keywood")	Beneficial owner	*8*	180,000,000	40,000,000	220,000,000	5.50%
Mr. Han Hanting ("Mr. Han")	Interest in controlled corporation	*8*	180,000,000	40,000,000	220,000,000	5.50%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY *(Cont'd)*

Long Position in the Shares, Underlying Shares or Debentures of the Company *(Cont'd)*

Notes:

1. The entire issued share capital in Royal Spectrum is legally and beneficially whollyowned as to 96.63% by Devoss Global and 3.37% by Montrachet, Devoss Global is legally and beneficially owned by Mr. Ting. Devoss Global is deemed to be interested in the shares held by Royal Spectrum.

2. On 27 November 2017, Royal Spectrum pledged 199,600,000 ordinary shares in favour of an Independent Third Party as a security of a loan in the amount of JPY2,000,000,000.

3. The underlying shares represent 6,000,000 share options granted to Devoss Global on 17 December 2015.

4. The Convertible Bonds in the principal amount of HK$150,000,000 which entitle the holder thereof to convert into 136,363,636 Conversion Shares of the Company at the conversion price of HK$1.1 per Conversion Share has been issued to Bartha Holdings on 28 July 2017 pursuant to the exchangeable bonds subscription agreement (the "EB Subscription Agreement"). Bartha Holdings is owned as to 85.25% by CVP Holdings, which, in turn, is wholly-owned by Mr. Ting. Mr. Ting is deemed to be interested in 136,363,636 Conversion Shares which Bartha Holdings is interested in under Part XV of the SFO.

5. Ms. Luu is the spouse of Mr. Ting. Ms. Luu is deemed to be interested in all the shares and underlying shares in which Mr. Ting is interested in under Part XV of the SFO.

6. Mr. Ding is beneficially interested in 352,634,000 shares. Mr. Ding is deemed to be interested in the 44,960,000 shares and 296,000 shares owned by Flying Bridge Investment Limited and OnCentury Limited respectively, the entire issued share capital of which are legally and beneficially owned by Mr. Ding, under Part XV of the SFO.

7. The underlying shares represent 40,000,000 share options granted to Timebase on 17 December 2015. 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 and underlying shares in which Timebase is interested in under Part XV of the SFO.

8. The underlying shares represent 40,000,000 share options granted to Keywood on 17 December 2015. The entire issued share capital in Keywood is legally and beneficially owned by Mr. Han. Mr. Han is deemed to be interested in the shares and underlying shares in which Keywood is interested in under Part XV of the SFO.

9. Upon the share subdivision 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.

Save as disclosed above, as at 31 March 2018, the Directors are not aware of any substantial shareholders or 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.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year ended 31 March 2018 did the Directors and the chief executive of the Company (including their respective spouses and children under 18 years of age) have any interest in or exercise, or had been granted, any rights to subscribe for Shares (or warrants or debentures, if applicable) of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above, at no time during the year ended 31 March 2018 was the Company or any of its subsidiaries, associated companies, fellow subsidiaries or holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the year or at the end of the year ended 31 March 2018.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

During the year ended 31 March 2018, the Company has no non-exempt continuing connected transaction which is subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 20 of the GEM Listing Rules.

EXEMPTED CONNECTED TRANSACTION

Subscription of shares in Zhong An Real Estate Limited

On 4 July 2017, Pure Horizon Holdings Limited, an indirect wholly-owned subsidiary of the Company ("Pure Horizon"), 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.

Mr. Ting was indirectly interested in 85.25% shares in of Bartha Holdings, which in turn, indirectly holds the entire issued share capital of Eternal Pearl. Hence, Eternal Pearl is a connected person of the Company and the entering into of the Placing Letter constitutes an exempted connected transaction.

For the details, please refer to the announcement of the Company dated 4 July 2017.

NON-EXEMPT CONNECTED TRANSACTIONS

During the year ended 31 March 2018, the Company has conducted the following connected transactions which are subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 20 of the GEM Listing Rules.

NON-EXEMPT CONNECTED TRANSACTIONS *(Cont'd)*

Deeds

On 9 February 2017, CVP Financial, entered into the First Deed with Mr. Lin and the Second Deed with Star Beauty respectively, pursuant to which, (i) each of Mr. Lin and Star Beauty has conditionally agreed to grant CVP Financial the right of first refusal, and (ii) CVP Financial has conditionally agreed to grant (i) each of Mr. Lin and Star Beauty (a) the tag along right, and (b) the Put Option. Each of Mr. Lin and Star Beauty, pursuant to the Put Option, during the 12-month period after the 2nd anniversary of the completion (i.e. 28 July 2019), has the right to require CVP Financial to acquire all the CVP Capital Shares held by him/it immediately prior to the exercise of the Put Option, at the consideration of HK$1.26 per CVP Capital Share. The consideration payable by CVP Financial to each of Mr. Lin and Star Beauty shall be satisfied at the discretion of Mr. Lin or Star Beauty (as the case may be), either in cash or by CVP Financial procuring the Company to issue and allot a total of 10,631,681 consideration shares of the Company under the specific mandate approved by the independent shareholders of the Company in the EGM on 27 July 2017 at the issue price of HK$1.1 per share. The issue of consideration shares to Mr. Lin, an ex-director of the Company in the past 12 months from the date of the First Deed, constitutes a connected transaction on the part of the Company under the GEM Listing Rules.

CVP Asset Management Acquisition Agreement and the EB Subscription Agreement

On 9 February 2017, CVP Financial, as the purchaser, and CVP Holdings, as the vendor, entered into an acquisition agreement (the "CVP Asset Management Acquisition Agreement"), 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. The consideration has been satisfied by the Company issuing an interest-free promissory note in the sum of HK$14,000,000 to CVP Holdings upon completion (the "Proposed Acquisition").

CVP Financial, as the subscriber, and Bartha Holdings, as the issuer, entered into the EB Subscription Agreement on 17 February 2017, pursuant to which CVP Financial conditionally agreed to subscribe for, and Bartha Holdings conditionally agreed to issue, the Exchangeable Bonds for a consideration of HK$150,000,000 (the "EB Subscription").

The consideration of the Exchangeable Bonds has been satisfied by CVP Financial procuring the Company to issue the convertible bonds of the Company to Bartha Holdings to convert into 136,363,636 Conversion Shares at the conversion price of HK$1.1 per Conversion Share.

NON-EXEMPT CONNECTED TRANSACTIONS *(Cont'd)*

CVP Asset Management Acquisition Agreement and the EB Subscription Agreement *(Cont'd)*

Bartha Holdings irrevocably and unconditionally warrants and guarantees to CVP Financial that the audited consolidated net profit attributable to Bartha Group after tax and any extraordinary or exceptional items of the Bartha Group for the 24 months ended 31 March 2019 (the "Profit Guarantee Period") shall not be less than HK$15,000,000 (the "Guaranteed Profit").

Mr. Ting, being an executive Director, the chairman of the Board and the controlling Shareholder, is a connected person of the Company. CVP Holdings, which is wholly-owned by Mr. Ting, and Bartha Holdings, which is owned as to 85.25% by CVP Holdings, are associates of Mr. Ting and therefore are connected persons of the Company. Accordingly, each of the Proposed Acquisition and the EB Subscription constitutes a connected transaction on the part of the Company under the GEM Listing Rules.

As at the date of this report, all of the Deeds, the Proposed Acquisition and the EB Subscription have been completed. For details of the Deeds, 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 Proposed Acquisition and the EB Subscription, many of the Group's clients have expressed their interest in the Group's financial services. As at the date of this report, CVP Capital and CVP Asset Management have 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.

Deed of Modification

The Group and Bartha Holdings entered into a Deed of Modification on 17 November 2017 to amend the original exchange period of the Exchangeable Bonds (i) in exchange for up to 49% of the entire issued share capital of Bartha International during the period from the date of issue of the Exchangeable Bonds (i.e. 28 July 2017) up to and including 31 March 2020; and (ii) all outstanding Exchangeable Bonds from 1 April 2018 up to and including the maturity date (i.e. 27 July 2022).

On 18 May 2018, the Group exercised the exchange rights attached to the Exchangeable Bonds to exchange for 4,900 Shares of Bartha International, representing 49% of the entire issued share capital of Bartha International. Mr. Ting, being an executive Director, the chairman of the Board and the controlling Shareholder, is a connected person of the Company. CVP Holdings, which is wholly-owned by Mr. Ting, and Bartha Holdings, which is owned as to 85.25% by CVP Holdings, are associates of Mr. Ting and therefore are connected persons of the Company. Accordingly, the entering into of the Deed of modification and the Proposed Exercise constitute connected transactions on the part of the Company under the GEM Listing Rules.

The completion of the Proposed Exercise took place on 31 May 2018, and Bartha International becomes an indirect non wholly-owned subsidiary of the Company and the financial results of the Bartha Group will be consolidated into the Group's accounts. For details, please refer to the circular and the announcement of the Company dated 28 February 2018 and 31 May 2018 respectively.

RELATED PARTY TRANSACTIONS

During the year ended 31 March 2018, the Group entered into certain transactions with "related parties" as defined under the applicable accounting standards. These related party transactions, which are disclosed in note 39 to the consolidated financial statements, did not fall under the definition of connected transactions under the GEM Listing Rules.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, subject to the applicable laws, every Director shall be indemnified out of the assets of the Company against all losses and liabilities which he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto. Such provisions were in force during the course of the year ended 31 March 2018 and remained in force as of the date of this report.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the year ended 31 March 2018.

CHARITABLE DONATIONS

During the year ended 31 March 2018, the Group has made a donation of HK$50,000 made to a charitable organization (2017: HK$0.5 million).

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 year ended 31 March 2018.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the INEDs an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the INEDs to be independent.

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 report, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code.

RISK AND UNCERTAINTIES

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

The Group is 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. Future acquisition of wine merchants in Hong Kong may not contribute to the Group's business as planned. The Group is exposed to fluctuations in foreign currency exchange rates, and the profit margin is sensitive to fluctuations in the cost of the wine products. The Group operates in a highly competitive industry. Any significant economic downturn in Hong Kong will adversely affect the Group's business in Hong Kong.

For the financial services business, the Group is exposed to (i) the risk of withdrawals and terminations of projects or defaults or delays in payments by clients which may adversely after the financial performance; (ii) the risk of failure to retain and motivate key management personnel to conduct business which may have a material adverse effect on operations; and (iii) the potential risk of exposure to professional liability and litigation.

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 Compliance Adviser nor any of its directors, employees or 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 31 March 2018 and the date of this report. The compliance adviser agreement will be terminated on the date of delivering this report to the shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued Shares was held by the public as at the date of this report.

DIRECTORS' REPORT *(Cont'd)*

ENVIRONMENTAL POLICIES AND PERFORMANCES

As a supporter of environmental protection, the Company strives for efficient and effective use of energy and resources in operation and management level of the Company. Energy conservation is a priority under environmental protection and energy-saving devices are used to reduce power consumption for lights. To enhance environmental awareness and encourage daily participation among the staff, there are policies in relation to energy conservation so as to minimize negative environmental impacts. Energy efficiency practices are enforced as to reduce wastage and avoid utilization of unnecessary resources including:

1. The use of electricity in the office of the Group must comply the principles of power saving, safety first, high efficiency and low consumption.

2. Lights and electronic appliances in living area or workplace must be turned off when not in use.

3. Every member of staff and management must turn off the power for each department's computers, photocopy machines, printers and facsimile machines when they are off duty or on leave.

4. Other than formal documents that require the use of papers, each department is advised to handle documents electronically. When the use of paper is required, each piece of paper must be printed double-sided except for formal and confidential documents.

REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

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 INEDs.

The Group's audited consolidated financial statements for the year ended 31 March 2018 and this report have been reviewed by the Audit Committee. The Board is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have 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 remained unchanged as "8057".

CHANGE OF DIRECTORS

Re-designation of Director

Mr. Zhu Qin was appointed as a compliance officer of the Company on 12 April 2017. Mr. Zhu re-designated from the president to the CEO on 29 April 2017 and re-designated from the CEO to a Deputy Chairman on 25 September 2017.

Appointment of Directors

Mr. Teoh Ronnie Chee Keong was appointed as an executive Director and the CEO with effect from 25 September 2017.

Ms. Kuo Kwan was appointed as an executive Director with effect from 25 September 2017.

Resignation of Director

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

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Grant of Share Options

On 3 April 2018, the Company granted an aggregate of 219,000,000 share options (the "2018 Options") to the grantees of the Company, to subscribe, in aggregate, for up to 219,000,000 ordinary shares (each a "Share") of HK$0.001 each in the share capital of the Company at exercise price of HK$1.89 each per Share subject to acceptance of the grantees, under the Share Option Scheme adopted by the Company on 21 September 2015 and the payment of HK$1.00 by each of the grantees upon acceptance of the 2018 Options.

For details, please refer to the announcement dated 3 April 2018.

Placing of shares

On 12 April 2018, the Company entered into the placing agreement (the "Placing Agreement") with Eternal Pearl and Shenwan Hongyuan Securities (H.K.) Limited ("Shenwan Hongyuan") (the "Placing Agents") in relation to the placing of up to 71,000,000 new shares of the Company (the "Placing Shares") (as to 36,000,000 Placing Shares to be placed out by Eternal Pearl and as to 35,000,000 Placing Shares to be placed out by Shenwan Hongyuan) at the placing price of HK$1.7 per Placing Share for funding the BITPoint Acquisition. An aggregate of 70,056,000 Placing Shares were allotted and issued to not less than six independent placees pursuant to the general mandate on 23 April 2018. Since the BITPoint Acquisition has not been completed, the proceeds from the placing is not yet utilised.

For details, please refer to the announcements dated 12 April 2018 and 23 April 2018.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD *(Cont'd)*

Appointment of Executive Director

Mr. Zhou, Francis Bingrong was appointed as an executive Director and a Deputy Chairman of the Company on 17 April 2018.

For details, please refer to the announcement dated 17 April 2018.

Diginex Acquisition Agreement

On 26 April 2018, Madison Future Games Limited ("Madison Future Games"), an indirect wholly-owned subsidiary of the Company, as purchaser, the Company, as issuer, Diginex Global Limited ("Diginex Global"), as vendor and Mr. Miles Pelham, as vendor's nominee entered into the Diginex Acquisition Agreement, pursuant to which Madison Future Games conditionally agreed to acquire, and Digitas Global conditionally agreed to sell 51% of the entire issued share capital of Diginex, for the total consideration of US$60,000,000 (equivalent to approximately HK$470,862,000).

For details, please refer to the announcement dated 26 April 2018.

Completion of the Proposed Exercise

All conditions to the Proposed Exercise, including the approval from the SFC for the change in ultimate substantial shareholder of Eternal Pearl, have been fulfilled, and the completion of the Proposed Exercise took place on 31 May 2018. Upon completion of the Proposed Exercise, Bartha International becomes an indirect non wholly-owned subsidiary of the Company and the financial results of the Bartha Group will be consolidated into the Group's accounts.

For details, please refer to the announcements dated 17 November 2017 and 31 May 2018 and the circular dated 28 February 2018.

CHANGE IN INFORMATION OF DIRECTOR

Mr. Chu, an INED of the Company, has resigned as a non-executive director of PT International Development Corporation Limited (Stock Code 372:HK), China Huishan Dairy Holdings Company Limited (Stock Code 6863:HK) and Telecom Service One Holdings Ltd. (Stock Code 8145:HK) on 27 September 2017,15 December 2017 and 27 December 2017 respectively; all these shares were listed on the Main Board of the Stock Exchange.

INDEPENDENT AUDITOR

SHINEWING (HK) CPA Limited was appointed as the auditor of the Company for the year ended 31 March 2018. The Company has not changed its auditor since the listing date and up to the date of this report. SHINEWING (HK) CPA Limited will retire and, being eligible, offer themselves for re-appointment at the AGM. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company is expected to be proposed at the AGM.

By order of the Board
MADISON HOLDINGS GROUP LIMITED
Ting Pang Wan Raymond
Chairman and executive Director

Hong Kong, 22 June 2018

CORPORATE GOVERNANCE REPORT

The Board hereby presents this Corporate Governance Report in the Company's annual report for the year ended 31 March 2018.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the important roles of its Board in providing effective leadership and direction to the Group's business, and ensuring transparency and accountability of the Company's operations. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company has applied the principles and code provisions as set out in the Appendix 15, "Corporate Governance Code and Corporate Governance Report" of the GEM Listing Rules.

In the opinion of the Board, the Company has complied with the code provisions set out in the CG Code. Key corporate governance principles and practices of the Company are summarised below.

A. The Board

A.1 Responsibilities and Delegation

The overall management and control of the Company's business are vested in its Board. The Board is responsible for establishing policies, strategies and plans, providing leadership in creating value and overseeing the Company's financial performance on behalf of the Shareholders. All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its Shareholders at all times.

The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the senior management, with a view to ensuring the Board procedures and all applicable laws and regulations are followed. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon making reasonable request to the Board. The Board has delegated day-to-day operation responsibility to the management of the Company under the supervision of the executive Directors and various Board committees.

The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entering into by the foregoing officers and senior management.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

A. The Board *(Cont'd)*

A.2 Board Composition

The Board comprised the following Directors during the year ended 31 March 2018 and up to the date of this report:

Executive Directors

Mr. Ting Pang Wan Raymond *(Chairman)*	
Mr. Zhu Qin *(Deputy Chairman)*	*(Re-designated as CEO and Deputy Chairman on 29 April 2017 and 25 September 2017 respectively)*
Mr. Zhou, Francis, Bingrong *(Deputy Chairman)*	*(Appointed as executive Director and Deputy Chairman on 17 April 2018)*
Mr. Teoh Ronnie Chee Keong *(CEO)*	*(Appointed as executive Director and CEO on 25 September 2017)*
Ms. Kuo Kwan	*(Appointed as executive Director on 25 September 2017)*

Non-executive Director

Kao Sheng Chi	*(Re-designated as non-executive Director on 12 April 2017 and resigned on 31 October 2017)*

Independent Non-executive Directors

Ms. Fan Wei
Mr. Chu Kin Wang Peleus
Mr. Ip Cho Yin, *J.P.*

The list of all Directors (by category) is set out under the section headed "Corporate Information" in this report and is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules from time to time. The INEDs are expressly identified in all corporate communications of the Company. There is no relationship (including financial, business, family or other material or relevant relationships) between the Board members, and in particular, between the Chairman, the Deputy chairmen and the CEO. The biographical details of the Directors of the Company are set out under the section headed "Biographical Details of Directors and Senior Management" in this report.

During the year ended 31 March 2018, the Board has at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three INEDs with at least one of them possessing appropriate professional qualifications and accounting and related financial management expertise as required under the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

A. The Board *(Cont'd)*

A.2 Board Composition (Cont'd)

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. Each executive Director supervises areas of the Group's business in accordance with his expertise. The INEDs bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests and/or serving on Board committees, the INEDs have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the Shareholders.

The Company has received a written annual confirmation from each INEDs of his/her independence pursuant to the requirements of the GEM Listing Rules. The Company considers all INEDs to be independent in accordance with the independence guidelines set out in the GEM Listing Rules.

A.3 Chairman and Chief Executive

The Company had complied with the code provisions in the CG Code.

Mr. Ting is the Chairman and is responsible for major decision-making and implementation of business strategies 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.

Mr. Teoh is the CEO since 25 September 2017 and is in charge of the Company's day-to-day management and operations and focuses on implementing the objectives, policies and strategies approved and delegated by the Board.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

A. The Board *(Cont'd)*

A.4 Appointment and Re-Election of Directors

Each of the executive Directors of the Company entered into a service agreement with the Company for a term of three years. Each of the INEDs was appointed by the Company pursuant to a letter of appointment for a term of three years.

At each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

Pursuant to the aforesaid provisions of the Articles of Association, one-third of the Company shall retire at the AGM and, being eligible, will offer themselves for re-election at the meeting. The Company's circular, sent together with this report, contains detailed information of all retiring Directors pursuant to the GEM Listing Rules.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Company has established a Nomination and Corporate Governance Committee and its primary functions are to make recommendations to the Board regarding candidates to fill vacancies on the Board and policies/practices on corporate governance of the Group. Details of the Nomination and Corporate Governance Committee and its work performed are set out in the "Board Committees" section below.

A.5 Induction and Continuous Professional Development for Directors

All Directors received induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

All Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

A. The Board *(Cont'd)*

A.5 Induction and Continuous Professional Development for Directors (Cont'd)

According to the records maintained by the Company, the Directors received the following training regarding roles, function and duties of a director of a listed company or professional skills in compliance with the new requirement of the CG Code on continuous professional development during the year ended 31 March 2018:

	Reading materials	Attending seminars/ induction training
Executive Directors		
Mr. Ting Pang Wan Raymond *(Chairman)*	✓	✘
Mr. Zhu Qin *(Deputy Chairman)*	✓	✘
Mr. Teoh Ronnie Chee Keong *(CEO)*	✓	✓
Ms. Kuo Kwan	✓	✓
Non-executive Director		
Mr. Kao Sheng-Chi	✓	✘
Independent Non-executive Directors		
Ms. Fan Wei	✓	✘
Mr. Chu Kin Wang Peleus	✓	✘
Mr. Ip Cho Yin, *J.P.*	✓	✘

A.6 Board Meetings

A.6.1 Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the Directors in advance. In addition to the above, notice of at least 14 days is given for a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all Directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting to provide them with materials relating to the transactions to be discussed in the meeting in order to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

A. The Board *(Cont'd)*

A.6 Board Meetings (Cont'd)

A.6.1 Board Practices and Conduct of Meetings *(Cont'd)*

The Chairman, the other Directors and other relevant senior management normally attend regular Board meetings and, where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board and committee meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles of Association contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

A.6.2 Directors' Attendance Records

The Board meets regularly for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

Up to the date of this report, the Board four full Board meetings and the Company has held 5 general meetings. The attendance of each Director is as follows:

	Number of Board meeting attended/ eligible to attend	Number of general meeting attended/ eligible to attend
Executive Directors		
Mr. Ting Pang Wan Raymond	4/4	2/5
Mr. Zhu Qin	4/4	4/5
Mr. Teoh Ronnie Chee Keong	2/2	1/1
Mr. Kuo Kwan	2/2	1/1
Non-executive Director		
Mr. Kao Sheng-Chi	2/2	1/4
Independent Non-executive Directors		
Ms. Fan Wei	4/4	2/5
Mr. Chu Kin Wang Peleus	4/4	3/5
Mr. Ip Cho Yin, *J.P.*	4/4	3/5

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

A. The Board *(Cont'd)*

A.6 Board Meetings (Cont'd)

A.6.2 Directors' Attendance Records *(Cont'd)*

There were 25 additional full Board meetings held and attended by certain executive Directors and INEDs for normal course of business up to the date of this report. Apart from the said meetings, matters requiring Board approval were arranged by means of circulation of written resolutions of all Board members.

All business transacted at the Board meetings and by written resolutions were well-documented. Minutes of the Board meetings and written resolutions are kept by the Company and are available to all Directors.

A.7 Required Standard of Dealings

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 since the listing date and up to 31 March 2018.

No incident of Code on Securities Dealings by the Directors was noted by the Company.

In case when the Company is aware of dealings in the Company's securities during the restricted period, the Company will notify its Directors in advance.

B. Board Committees

The Board delegates certain responsibilities to various committees. In accordance with the Articles of Association and the GEM Listing Rules, three board committees have been formed, namely the Audit Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee. The Remuneration Committee, the Audit Committee, and the Nomination and Corporate Governance Committee have been established with defined written terms of reference, which are published on the Company's website and the Stock Exchange's website, or available to Shareholders upon request. All the Board committees should report to the Board on their decisions or recommendations made.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

B. Board Committees *(Cont'd)*

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out in A.6.1 above.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B.1 Remuneration Committee

The Company established the Remuneration Committee pursuant to a resolution of Directors passed on 21 September 2015 in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with the CG Code. The primary functions of the Remuneration Committee are to (i) make recommendation to the Board on the remuneration packages of the Directors and senior management of the Group, (ii) review performance based remuneration and (iii) ensure none of the Directors determine their own remuneration.

The Remuneration Committee comprises a total of four members, namely, Ms. Fan Wei (chairlady), Mr. Ting Pang Wan Raymond, Mr. Chu Kin Wang Peleus and Mr. Ip Cho Yin, *J.P.*, except Mr. Ting, all of whom are INEDs.

Pursuant to the code provision B.1.5 of the CG Code, the remuneration of the members of the Board and the senior management by band for the year ended 31 March 2018 is set out below:

In the band of	**Number of Individuals**
Nil to HK$1,000,000	5
HK$1,000,001 to HK$2,000,000	3
HK$2,000,001 to HK$3,000,000	–
HK$3,000,001 to HK$4,000,000	–
Over HK$4,000,000	1

Details of the remuneration of each Director and the five individuals with the highest emoluments in the Group for the year ended 31 March 2018 are set out in notes 13 and 14 to the financial statements, respectively, contained in this report.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

B. Board Committees *(Cont'd)*

B.1 Remuneration Committee (Cont'd)

Up to the date of this report, the Remuneration Committee met once and performed the following major tasks:

- Review and make recommendation on the proposal on year-end bonus and special bonus to the Directors and senior management of the Group; and

- Review and make recommendation on the remuneration packages of Directors and senior management of the Group.

Up to the date of this report, the attendance of each member of the Remuneration Committee is as follows:

	Number of Remuneration Committee meeting attended/ eligible to attend
Mr. Ting Pang Wan Raymond	5/5
Ms. Fan Wei	5/5
Mr. Chu Kin Wang Peleus	5/5
Mr. Ip Cho Yin, *J.P.*	5/5

B.2 Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules pursuant to a resolution of the Directors passed on 21 September 2015. The primary duties of the Audit Committee are mainly to (i) make recommendations to the Board on the appointment and removal of the external auditor, (ii) review the financial statements and material advice in respect of financial reporting and (iii) oversee the risk management and internal control procedures of the Company.

The Audit Committee comprises a total of three members, namely, Mr. Chu Kin Wang Peleus (chairman), Ms. Fan Wei and Mr. Ip Cho Yin, *J.P.*, all being INEDs. The chairman of the Audit Committee also possesses the appropriate accounting and financial management expertise as required under Rule 5.28 of the GEM Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

B. Board Committees *(Cont'd)*

B.2 Audit Committee (Cont'd)

Up to the date of this report, the Audit Committee met four times, of which one of the meetings was also with the presence of the external auditor and the senior management of the Company and performed the following major tasks:

– Review and discussion of the quarterly, interim and annual financial statements, results announcements and reports, the related accounting principles and practices adopted by the Group and the relevant audit findings;

– Review and discussion of the risk management and internal control system of the Group; and

– Discussion and recommendation of the re-appointment of external auditor.

Up to the date of this report, the attendance of each member of the Audit Committee is as follows:

	Number of Audit Committee meeting attended/ eligible to attend
Ms. Fan Wei	3/3
Mr. Chu Kin Wang Peleus	3/3
Mr. Ip Cho Yin, *J.P.*	3/3

There is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditor.

The revised terms of reference of the Audit Committee setting out its role and responsibilities are available on the Stock Exchange's website and the Company's website.

There was one additional full Audit Committee meeting held and attended by the Audit Committee members for normal course of business up to the date of this report.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

B. Board Committees *(Cont'd)*

B.3 Nomination and Corporate Governance Committee

The Company established the Nomination and Corporate Governance Committee pursuant to a resolution of the Directors passed on 21 September 2015 with written terms of reference in compliance with the CG Code. The primary functions of the Nomination and Corporate Governance Committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and policies/practices on corporate governance of the Group.

Pursuant to the CG Code, the Company has established the Nomination and Corporate Governance Committee which comprises a total of four members, namely, Mr. Ting Pang Wan Raymond (chairman), Ms. Fan Wei, Mr. Chu Kin Wang Peleus and Mr. Ip Cho Yin, *J.P.*, except Mr. Ting, all of whom are INEDs.

The principal duties of the Nomination and Corporate Governance Committee are to (i) review the Board composition; (ii) develop and formulate relevant procedures for the nomination and appointment of directors; (iii) identify qualified individuals to become members of the Board; (iv) monitor the appointment and succession planning of directors; and (v) assess the independence of INEDs.

Up to the date of this report, the Nomination and Corporate Governance Committee met once and performed the following major tasks:

– Review and discussion of the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;

– Assessment of the independence of the existing INEDs;

– Recommendation on the re-appointment of retiring Directors at the AGM pursuant to the Articles of Association;

– Review and development of the Company's policies and practices on corporate governance and make recommendations to the board;

– Review and monitoring of the training and continuous professional development of directors and senior management;

– Review and monitoring of the Company's policies and practices on compliance with legal and regulatory requirements;

– Review and monitoring of the code of conduct applicable to employees and directors; and

– Review of the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

B. Board Committees *(Cont'd)*

B.3 Nomination and Corporate Governance Committee (Cont'd)

Up to the date of this report, the attendance of each member of the Nomination and Corporate Governance Committee is as follows:

	Number of Nomination and Corporate Governance Committee meeting attended/ eligible to attend
Mr. Ting Pang Wan Raymond *(Chairman)*	3/3
Ms. Fan Wei	3/3
Mr. Chu Kin Wang Peleus	3/3
Mr. Ip Cho Yin, *J.P.*	3/3

The terms of reference of the Nomination and Corporate Governance Committee setting out its role and responsibilities are available on the Stock Exchange's website and the Company's website.

C. Board Diversity Policy

The Board has adopted a Board Diversity Policy on 21 September 2015 which sets out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments are based on meritocracy, and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

D. Directors' Responsibilities for Financial Reporting in Respect of the Financial Statements

The Directors acknowledge their responsibilities for preparing all information and representations contained in the financial statements for the year ended 31 March 2018 as disclosed in this report. The Directors consider that the financial statements have been prepared in conformity with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and management with an appropriate consideration to materiality. As at 31 March 2018, the Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements on a going concern basis. The statement of the auditors of the Company regarding their responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 59 to 66 of this report.

E. Risk Management and Internal Controls

The Company has an internal audit function.

The Board is responsible for maintaining an adequate risk management and internal control systems to safeguard the interests of the Shareholders and the Group's assets and, with the support of the Audit Committee, for reviewing the effectiveness of such systems on an annual basis.

The Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the year ended 31 March 2018. The senior management reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks. The Board considered the risk management and internal control systems are effective and adequate.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

F. External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company on their reporting responsibilities for the Group's financial statements for the year ended 31 March 2018 is set out in the section headed "Independent Auditor's Report" in this report.

The fees paid/payable to SHINEWING (HK) CPA Limited, the Company's auditor, in respect of audit services and non-audit services for the year ended 31 March 2018 are analysed below:

Type of services provided by the external auditor	Fees paid/ payable HK$'000
Audit services	680
Non-audit services	935
TOTAL:	1,615

G. Corporate Governance Functions

The Board as a whole is responsible for performing the corporate governance duties including:

– to develop and review the Company's policies and practices on corporate governance and make recommendations to the board;

– to review and monitor the training and continuous professional development of directors and senior management;

– to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; and

– to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the year ended 31 March 2018 and up to the date of this report, the Board has reviewed and performed the above corporate governance functions.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

H. Shareholders' Rights

As one of the measures to safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual directors, for Shareholders' consideration and voting. Besides, various rights of Shareholders, including the right to propose resolutions, are contained in the Articles of Association.

The summary of certain rights of the Shareholders are disclosed below:

Procedures for convening extraordinary general meetings and putting forward proposals at general meetings

Each general meeting other than an annual general meeting shall be called an extraordinary general meeting. General meetings may be held in any part of the world as may be determined by the Board. According to Article 58 of the Articles of Association, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Any requisition to convene an extraordinary general meeting or proposal to be put forward at the general meeting can be addressed to the principal place of business in Hong Kong of the Company at Flat A & B, 10/F, North Point Industrial Building, 499 King's Road, North Point, Hong Kong marked with the attention of the Company Secretary. The requisitionists must state in their request(s) the objects of the extraordinary general meeting to be convened, and such request must be signed by all the requisitionists. Upon receipt, the Company will verify the requisitionists' particulars and if the request is in order, the Company will convene the extraordinary general meeting in accordance with the Articles of Association.

Procedures for propose a person for election as a Director

The procedures for proposing a person for election as a Director are posted under the Investor Relations section of the Company's website at www.madison-wine.com.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

I. Communications with Shareholders

The Board believes that a transparent and timely disclosure of the Group's information will enable Shareholders and investors to make the best investment decision and to have better understanding on the Group's business performance and strategies. It is also vital for developing and maintaining continuing investor relations with the Company's potential and existing investors.

The Company maintains a website at "www.madison-wine.com" as a communication platform with Shareholders and investors, where the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited and for other enquiries, Shareholders and investors may also write directly to the Company's principal place of business in Hong Kong at Flat A & B, 10/F, North Point Industrial Building, 499 King's Road, North Point, Hong Kong or via email to "ir@madison-wine.com" for any inquiries. Inquiries are dealt with in an informative and timely manner.

The Board considers that general meetings of the Company provide an important channel for Shareholders to exchange views with the Board. The Chairman of the Board as well as the chairmen and/or other members of the Board committees will endeavor to be available at the meetings to answer any questions raised by Shareholders.

The Company continues to enhance communication and relationship with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

J. Company Secretary

The Company Secretary, Ms. Tse Ka Yan was appointed as the Company Secretary with effect from 14 May 2015. All Directors have access to the advice and services of the Company Secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed. The Company Secretary has confirmed that she has taken no less than 15 hours of relevant professional training during the year.

K. Inside Information

With respect to the procedures and internal controls for the handling and dissemination of price sensitive information, the Company is aware of its obligations under Part XIVA of the SFO and the GEM Listing Rules and has established the inside information/price-sensitive information disclosure policy with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Future Commission.

L. Constitutional Documents

During the year ended 31 March 2018, there is no change in the Company's constitutional document.

INDEPENDENT AUDITOR'S REPORT

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

TO THE MEMBERS OF MADISON HOLDINGS GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Madison Holdings Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 67 to 147, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation and impairment assessment of inventories

Refer to note 21 to the consolidated financial statements and the accounting policies on page 86.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2018, the Group maintained inventories of approximately HK$50,578,000 and no impairment was recognised. The management has concluded that there is no impairment required in respect of these inventories. This conclusion required significant management judgement.	Our audit procedures were designed to challenge the assumptions and critical judgements of the Group's impairment assessment on inventories and the management estimations or judgements on the net realisable value of inventories based on the latest invoice prices and current market conditions. We have checked with the net realisable value for inventories up to the date of this report and discussed with the management in respect of the adequacy of the allowance made by the management based on assessments of individual market value. We have challenged the assumptions and critical judgements used by the management by assessing the reliability of the management's past estimates, taking into account the subsequent sales status after year end and reliability with reference to market values of inventories.

KEY AUDIT MATTERS *(Cont'd)*

Recoverability and impairment assessment of trade receivables

Refer to note 23 to the consolidated financial statements and the accounting policies on pages 86 to 89.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2018, trade receivables of the Group amounted to approximately HK$5,601,000, net of accumulated impairment loss of approximately HK$200,000. We have identified recoverability and impairment assessment of trade receivables as a key audit matter because the estimation of amount of allowance for impairment loss required significant management judgement.	Our audit procedures were designed to challenge the assumptions and critical judgements of the Group's impairment assessment on trade receivables and the management estimations or judgements on the recoverability on the outstanding balances. We have assessed and tested the design and operating effectiveness of key controls related to valuation of exchangeable bonds, including relevant data quality. We have evaluated the valuation techniques, inputs and assumptions used by the Group through comparison with the valuation techniques commonly used in the markets and validation of observable inputs using external market data. We have assessed and tested the design and operating effectiveness of the Group's controls related to disclosures of fair value. We have also assessed whether relevant disclosures in the consolidated financial statements adequately presented the risk of the Group.

Valuation of exchangeable bonds

Refer to note 18 to the consolidated financial statements and the accounting policies on page 87.

The key audit matter	How the matter was addressed in our audit
The Group has applied valuation techniques to determine the fair value of exchangeable bonds that are not quoted in active markets. These valuation techniques, in particularly those required significant unobservable inputs, usually involve subjective judgment and assumptions, the valuation results can vary significantly. As at 31 March 2018, exchangeable bonds measured at fair value amounted to approximately HK$147,118,000 and representing approximately 50% of total assets. Due to the significance of financial instruments measured at fair value, and the uncertainty in valuation, this is considered a key audit matter.	Our audit procedures were designed to challenge the assumptions and critical judgements of the Group's impairment assessment on exchangeable bonds and the management estimations or judgements on the valuation of the exchangeable bonds. We have evaluated the valuation techniques, inputs and assumptions used by the Group through comparison with the valuation techniques commonly used in the markets and validation of observable inputs using external market data.

KEY AUDIT MATTERS *(Cont'd)*

Impairment assessment of goodwill

Refer to note 20 and note 32 to the consolidated financial statements and the accounting policies on pages 84 to 85.

The key audit matter	How the matter was addressed in our audit
During the year ended 31 March 2018, the Group had goodwill arising from acquisition of a subsidiary of approximately HK$3,817,000 and impairment loss of approximately HK$3,817,000 was recognised. The impairment assessment relied on the calculation of a value-in-use for the cash-generating unit (the "CGU"). That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period with an average growth rate and pre-tax discount rate. Cash flows beyond the five-year period are extrapolated using an estimated annual growth rate. Management determined the budgeted gross margin based on past performance, its expectations on the market development, and a long-term growth rate of 2.60% which is based on the industry growth forecasts. The discount rates used were the CGU's specific weighted average cost of capital, adjusted for the risks of the specific CGU. The estimation of future cash flows and the level to which they are discounted are inherently uncertain and requires significant judgement. The extent of judgement and the size of the goodwill, resulted in impairment of goodwill being identified as an area of audit focus.	Our audit procedures were designed to challenge the assumptions and critical judgements of the reasonableness of the selection of valuation model, adoption of key assumptions and input data. In particular, we have tested the future cash flow forecasts on whether they are agreed to the budgets approved by the board of directors of the Group and compared the budgets with actual results available up to the report date. We have also challenged the appropriateness of the assumptions, including the growth rates and gross margin, against latest market expectations. We have also challenged the discount rate employed in each calculation of value in use by reviewing its basis of calculation and comparing its input data to market sources. As any changes in these assumptions and input to valuation model may result in significant financial impact, we have tested management's sensitivity analysis in relation to the key inputs to the impairment assessment and perform our own sensitivity analysis which included changes in the growth rate, gross margin and discount rates employed.

KEY AUDIT MATTERS *(Cont'd)*

Valuation of convertible bonds

Refer to note 29 to the consolidated financial statements and the accounting policies on page 91.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2018, the Group maintained convertible bonds – equity conversion reserve and convertible bonds – liability component of approximately HK$174,782,000 and HK$101,822,000 respectively. We have identified the valuation of the convertible bonds as key audit matter because of the complex areas which include the separation of debt element from the equity element of a convertible bond which is based on independent external valuations and these valuation techniques, in particularly those required significant unobservable inputs, usually involve subjective judgement and assumptions, the valuation results can by vary significantly.	Our audit procedures were designed to challenge the assumptions and critical judgements of the Group's valuation of convertible bonds. We have inspected board minutes and other appropriate documentation of authorisation to assess whether the transactions were appropriately authorised. We have verified amounts, interest rate and maturity date to the supporting documentation, debt agreement, prospectuses or to third party statements and examined terms and conditions of the bond. We have tested the calculations carried out to split the convertible bonds into equity and debt element. We have assessed the accuracy of historical financial information, examined the mathematical accuracy of calculations, evaluated the valuation technique applied and approach used and evaluated the assumptions used to calculate discount rate.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for reviewing and providing supervision over the Group's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Kwan Chi Fung.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Kwan Chi Fung
Practising Certificate Number: P06614

Hong Kong
22 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000 (restated)
Revenue	8	**159,984**	139,912
Cost of sales		**(120,984)**	(111,610)
Gross profit		**39,000**	28,302
Other income	9	**466**	1,543
Selling and distribution expenses		**(18,145)**	(14,397)
Net trading loss		**(2,043)**	–
Administrative expenses		**(47,008)**	(31,814)
Change in fair value of exchangeable bonds	18	**(124,172)**	–
Change in fair value of derivative financial instrument	28	**5,243**	–
Impairment loss recognised on goodwill	20	**(3,817)**	–
Finance costs	10	**(6,572)**	–
Loss before tax		**(157,048)**	(16,366)
Income tax (expense) credit	11	**(68)**	374
Loss for the year and total comprehensive expense for the year	12	**(157,116)**	(15,992)
Loss for the year and total comprehensive expense for the year attributable to:			
Owners of the Company		**(138,364)**	(15,638)
Non-controlling interests		**(18,752)**	(354)
		(157,116)	(15,992)
Loss per share (HK cents)	16		
Basic		**(3.46)**	(0.39)
Diluted		**(3.46)**	(0.39)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	31 March 2018 HK$'000	31 March 2017 HK$'000 (restated)	1 April 2016 HK$'000 (restated)
Non-current assets				
Plant and equipment	17	**7,980**	7,623	5,626
Exchangeable bonds	18	**147,118**	–	–
Deposits	23	**2,600**	1,677	643
Deferred tax asset	19	**607**	680	287
Goodwill	20	**–**	–	–
		158,305	9,980	6,556
Current assets				
Inventories	21	**50,578**	51,384	41,465
Held-for-trading financial assets	22	**7,027**	–	–
Trade and other receivables	23	**32,947**	47,439	34,909
Amount due from ultimate holding company	24	**19**	11	11
Amount due from immediate holding company	24	**34**	27	24
Amount due from a fellow subsidiary	24	**–**	196	–
Tax recoverable		**29**	1,464	1,202
Bank balances and cash	25	**43,266**	52,434	46,353
		133,900	152,955	123,964
Current liabilities				
Trade and other payables	26	**15,659**	8,689	5,065
Amount due to a fellow subsidiary	24	**–**	–	232
Amount due to a shareholder	24	**189**	–	–
Loan from a shareholder	27	**800**	–	–
Convertible bonds	29	**101,822**	–	–
Tax payable		**–**	10	245
Derivative financial instrument	28	**14,901**	–	–
		133,371	8,699	5,542
Net current assets		**529**	144,256	118,422
Total assets less current liabilities		**158,834**	154,236	124,978

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Cont'd)*

As at 31 March 2018

	Notes	31 March 2018 HK$'000	31 March 2017 HK$'000 (restated)	1 April 2016 HK$'000 (restated)
Capital and reserves				
Share capital	*30*	**4,000**	4,000	4,000
Reserves		**150,047**	144,720	120,525
Equity attributable to owners of the Company		**154,047**	148,720	124,525
Non-controlling interests		**(6,483)**	5,503	450
Total equity		**147,564**	154,223	124,975
Non-current liability				
Deferred tax liability	*19*	**13**	13	3
Promissory note payable	*31*	**11,257**	–	–
		11,270	13	3
		158,834	154,236	124,978

The consolidated financial statements on pages 67 to 147 were approved and authorised for issue by the board of directors on 22 June 2018 and are signed on its behalf by:

Ting Pang Wan Raymond
Director

Zhu Qin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	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$'000	Retained earnings (accumulated losses) HK$'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 33)*	–	–	–	–	1,837	–	–	(1,435)	402	62	464
At 1 April 2017, as restated	4,000	65,376	29,047	34,660	1,837	11,376	–	2,424	148,720	5,503	154,223
Loss for the year and total comprehensive expense for the year	–	–	–	–	–	–	–	(138,364)	(138,364)	(18,752)	(157,116)
Consideration paid for acquisition of subsidiaries under common control combination *(Note 31)*	–	–	–	–	(10,947)	–	–	–	(10,947)	–	(10,947)
Acquisition of a subsidiary *(Note 32)*	–	–	–	–	–	–	–	–	–	6,766	6,766
Issue of convertible bonds *(Note 29)*	–	–	–	–	–	–	174,782	–	174,782	–	174,782
Issue of put option to non-controlling interests *(Note 28)*	–	–	–	(20,144)	–	–	–	–	(20,144)	–	(20,144)
At 31 March 2018	4,000	65,376	29,047	14,516	(9,110)	11,376	174,782	(135,940)	154,047	(6,483)	147,564

	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	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2016, as originally stated	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 33)*	–	–	–	–	1,404	–	(416)	988	152	1,140
At 1 April 2016, as restated	4,000	65,376	29,047	–	1,404	6,636	18,062	124,525	450	124,975
Loss for the year and total comprehensive expense for the year (restated)	–	–	–	–	–	–	(15,638)	(15,638)	(354)	(15,992)
Dilution of interest in a subsidiary without loss of control *(Note 34(a))*	–	–	–	32,718	–	–	–	32,718	7,282	40,000
Deemed acquisition of additional interest in a subsidiary *(Note 34(b))*	–	–	–	1,942	–	–	–	1,942	(1,942)	–
Capital injection from the ex-shareholder of a subsidiary which adopt merger accounting for common control combination	–	–	–	–	433	–	–	433	67	500
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	4,740	–	4,740	–	4,740
At 31 March 2017	4,000	65,376	29,047	34,660	1,837	11,376	2,424	148,720	5,503	154,223

Notes:

(a) The other reserve was arisen from the transfer of the entire issued share capital and shareholder 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. In addition, a fair value of put option amounting to approximately HK$20,144,000 exercisable by non-controlling shareholders was recorded upon initial recognition, as detailed in note 28 to the consolidated financial statements.

(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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000 (restated)
OPERATING ACTIVITIES			
Loss before tax		**(157,048)**	(16,366)
Adjustments for:			
Bank interest income		**(2)**	(1)
Depreciation of plant and equipment		**4,161**	3,412
Loss on written off of plant and equipment		**525**	24
Share-based payment expenses		**–**	4,740
Change in fair value of exchangeable bonds		**124,172**	–
Change in fair value of derivative financial instrument		**(5,243)**	–
Impairment loss on goodwill		**3,817**	–
Impairment loss recognised in respect of trade receivables		**200**	–
Interest expense on convertible bonds		**5,892**	–
Interest expense on promissory note		**680**	–
Unrealised loss on listed equity securities		**1,284**	–
Operating cash flows before movements in working capital		**(21,562)**	(8,191)
Decrease (increase) in inventories		**806**	(9,919)
Decrease (increase) in trade and other receivables and deposits		**13,369**	(13,564)
Increase in trade and other payables		**6,957**	3,624
Net increase in financial asset at fair value through profit or loss		**(8,311)**	–
Cash used in operations		**(8,741)**	(28,050)
Income tax refund (paid)		**1,425**	(506)
NET CASH USED IN OPERATING ACTIVITIES		**(7,316)**	(28,556)
INVESTING ACTIVITIES			
Purchases of plant and equipment		**(5,012)**	(5,433)
Advance to ultimate holding company		**(8)**	–
Advance to immediate holding company		**(7)**	(3)
Net cash inflow on acquisition of a subsidiary	*32*	**2,936**	–
Repayment from (advance to) a fellow subsidiary		**196**	(196)
Interest received		**2**	1
NET CASH USED IN INVESTING ACTIVITIES		**(1,893)**	(5,631)

CONSOLIDATED STATEMENT OF CASH FLOWS *(Cont'd)*

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000 (restated)
FINANCING ACTIVITIES			
Loan from a shareholder		**800**	–
Advance from a shareholder		**189**	–
Convertible bonds issue expenses	*29*	**(578)**	–
Promissory note issue expenses	*31*	**(370)**	–
Proceeds from issue of shares in a subsidiary which adopt merger accounting for common control combination		**–**	500
Repayment to a fellow subsidiary		**–**	(232)
Proceeds from disposal of interest in a subsidiary without loss of control	*34(a)*	**–**	40,000
NET CASH FROM FINANCING ACTIVITIES		**41**	40,268
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(9,168)**	6,081
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**52,434**	46,353
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**43,266**	52,434

1. GENERAL

Madison Holdings Group Limited (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 the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 October 2015. The immediate holding company of the Company is Royal Spectrum Holding Company Limited, a company incorporated in the Republic of Seychelles. The addresses of the registered office and the principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

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 Company and its subsidiaries is Hong Kong dollar ("HK$"), which is the same as the presentation currency of the consolidated financial statements.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows including the results and cash flows of the companies comprising the Group have been prepared as if the current group structure had been in existence throughout the year presented or since their respective dates of incorporation up to 31 March 2018, whichever is the shorter period.

Adoption of merger accounting and restatement

As disclosed in note 33, a business combination under common control was effected during the current year. The 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 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 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 33 of this consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKASs") and amendments and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Except as described below, the application of other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of amendments to HKAS 7 has resulted in additional disclosures on the Group's financing activities, especially a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities is provided in note 40. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure in note 40, the directors of the Company considered that these amendments have had no impact on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Cont'd)*

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 19	Employee benefits[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective date not yet been determined.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Cont'd)*

New and revised HKFRSs issued but not yet effective *(Cont'd)*

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described below:

- All recognised financial assets that are within the scope of HKFRS 9 (2014) to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Cont'd)*

New and revised HKFRSs issued but not yet effective *(Cont'd)*

HKFRS 9 (2014) Financial Instruments (Cont'd)

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014), it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company has performed a preliminary analysis of the Group's financial instruments as at 31 March 2018 based on the fact and circumstances existing at that date. The directors of the Company have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) Classification and measurement

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) will not have a material impact on the classification and measurement of the financial assets and liabilities.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Cont'd)*

New and revised HKFRSs issued but not yet effective *(Cont'd)*

HKFRS 9 (2014) Financial Instruments (Cont'd)

(b) Impairment

The directors of the Company expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables and other receivables. The application of the expected credit loss model may result in earlier recognition of credit losses for trade and other receivables and increase the amount of impairment allowance recognised for these items.

The directors of the Company will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the directors of the Company expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Cont'd)*

New and revised HKFRSs issued but not yet effective *(Cont'd)*

HKFRS 15 Revenue from Contracts with Customers (Cont'd)

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The major sources of revenue of the Group are sales of goods and provision of financial services. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good is transferred to a customer. The directors of the Company have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 Revenue. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the directors of the Company expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 31 March 2018.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Cont'd)*

New and revised HKFRSs issued but not yet effective *(Cont'd)*

HKFRS 16 Leases (Cont'd)

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related Interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of approximately HK$14,884,000 as disclosed in note 35. Out of this balance, an amount of approximately HK$7,181,000 represents operating leases with original lease terms of over one year in which the Group will recognise right-to-use assets and corresponding lease liabilities unless they are exempt from the reporting obligations under HKFRS 16. The directors of the Company expect that, apart from the changes in the measurement, presentation and disclosure as indicated above, the adoption of HKFRS 16 will not have other material impact on amounts reported in the Group's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

In addition to merger accounting for business combination involving entities under common control as set out in note 2, the principal accounting policies are set up below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Basis of consolidation *(Cont'd)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combinations

Businesses combinations are accounted for by applying the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in the business combination are recognised and measured in accordance with HKAS 12 Income Taxes;
- assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with HKAS 19 Employee Benefits;

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Business combinations *(Cont'd)*

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Business combinations *(Cont'd)*

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration that is within the scope of HKAS 39 is measured at fair value at each reporting date, and changes in fair value are recognised in profit or loss in accordance with HKAS 39. Other contingent consideration that is not within the scope of HKAS 39 is measured at fair value at each reporting date and changes in fair value are recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. During the measurement period (see above), the provisional amounts recognised at the acquisition date are adjusted retrospectively or additional assets or liabilities are recognised as of that date, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Goodwill *(Cont'd)*

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Plant and equipment

Plant and equipment held for use in the supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Impairment on tangible assets *(Cont'd)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial instruments *(Cont'd)*

Financial assets (Cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the net trading loss line item in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 7.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial instruments *(Cont'd)*

Financial assets (Cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposits, trade and other receivables, amount due from ultimate holding company, amount due from immediate holding company and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than these at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial instruments *(Cont'd)*

Financial assets (Cont'd)

Impairment of financial assets *(Cont'd)*

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, amount due from ultimate holding company and amount due from immediate holding company, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or other receivable, amount due from ultimate holding company or amount due from immediate holding company is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

For the put option liabilities on non-controlling interests are measured at fair value and are recorded in "Derivative financial instrument" upon initial recognition, with a corresponding amount debited to "Capital reserve" within equity of the Group. All subsequent changes in the carrying amount of the "Derivative financial instrument" are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial instruments *(Cont'd)*

Financial liabilities at FVTPL (Cont'd)

Other financial liabilities

Other financial liabilities including trade and other payables, amount due to a shareholder, convertible bonds, promissory note payable and loan from a shareholder are subsequently measured at the amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Convertible bonds

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity ("convertible bonds – equity conversion reserve").

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in "convertible bonds – equity conversion reserve" until the embedded option is exercised (in which case the balance stated in "convertible bonds – equity conversion reserve" will be transferred to share capital. Where the option remains unexercised at the expiry date, the balance stated in "convertible bonds – equity conversion reserve" will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Derivative financial instrument

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods is recognised when the goods are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Revenue recognition *(Cont'd)*

Consignment income is recognised when the consignment inventories are sold.

Storage service income is recognised when services are rendered.

Financial service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Employee benefits

Retirement benefit cost

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") and state-managed retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Employee benefits *(Cont'd)*

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Taxation *(Cont'd)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions of the Company

Share options granted to shareholders

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited or cancelled after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless the fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated useful lives of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation based on historical experience. The Group assesses annually the useful lives of the plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period. As at 31 March 2018, the carrying values of plant and equipment were approximately HK$7,980,000 (2017 (restated): HK$7,623,000).

Estimated impairment of plant and equipment

The Group determines whether the plant and equipment are impaired whenever there is indication of impairment presented. The impairment loss for plant and equipment are recognised for the amounts by which the carrying values exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of estimates such as future revenue and discount rates. As at 31 March 2018, the carrying values of plant and equipment were approximately HK$7,980,000 (2017 (restated): HK$7,623,000). No accumulated impairment loss was recognised for plant and equipment as at 31 March 2018 and 2017.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Cont'd)*

Allowance for inventories

The management of the Group reviews the ageing of the inventories at the end of the reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer saleable in the market. The identification of obsolete inventories requires the use of estimation of the net realisable value of items of inventories and judgements on the conditions of items of inventories. Where the expected net realisable value is lower than the cost of certain items, a write-down of inventories may arise. As at 31 March 2018, the carrying amounts of inventories were approximately HK$50,578,000 (2017: HK$51,384,000). No allowance was recognised for inventories as at 31 March 2018 and 2017.

Estimated impairment of trade and other receivables

The policy for making impairment loss on trade and other receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial condition of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required. As at 31 March 2018, the carrying amounts of trade and other receivables were approximately HK$32,947,000 (2017: HK$47,439,000), net of accumulated allowances of impairment losses of trade and other receivables of approximately HK$200,000 (2017: nil).

Share-based payment expenses

The fair value of share options granted to the shareholders and consultants determined at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding adjustment to the Group's share options reserve. In assessing the fair value of the share options, the generally accepted option pricing models were used to calculate the fair value of the share options. The option pricing models require the input of subjective assumptions, including the volatility of its own ordinary shares and the expected life of options etc. Any changes in these assumptions can significantly affect the estimate of the fair value of the share options. Details are set out in note 38.

Exchangeable bonds

As described in note 7, the directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The carrying amount of the exchangeable bonds as at 31 March 2018 was approximately HK$147,118,000 (2017: nil). Details of the assumptions used are disclosed in note 7. The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

Derivative financial instrument

As described in note 7, the directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The carrying amount of the derivative financial instrument as at 31 March 2018 was approximately HK$14,901,000 (2017: nil). Details of the assumptions used are disclosed in note 7. The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and issue of new debt.

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2018 HK$'000	2017 HK$'000 (restated)
Financial assets		
Financial assets at FVTPL		
Held-for-trading financial assets	**7,027**	–
Exchangeable bonds	**147,118**	–
Loans and receivables (including cash and cash equivalents)	**52,640**	60,518
	206,785	60,518
Financial liabilities		
Financial liabilities at FVTPL		
Derivative financial instrument	**14,901**	–
At amortised cost	**120,958**	5,165
	135,859	5,165

(b) Financial risk management objectives and policies

The Group's major financial instruments include exchangeable bonds, deposits, trade and other receivables, held-for-trading financial assets, amount due from ultimate holding company, amount due from immediate holding company, amount due from a fellow subsidiary, bank balances and cash, trade and other payables, amount due to a shareholder, convertible bonds, derivative financials instrument, promissory note payable and loan from a shareholder. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

7. FINANCIAL INSTRUMENTS *(Cont'd)*

(b) Financial risk management objectives and policies *(Cont'd)*

Market risk

(i) Currency risk

The functional currency of the Group's major operating subsidiaries is HK$. The Group's major operating subsidiaries have foreign currency purchases, which expose 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.

The Group's exposure to foreign currency risk relates principally to its bank balances and payables denominated in foreign currencies other than the functional currency of relevant group entities.

The carrying amounts of the Group's monetary assets and liabilities that are denominated in currencies other than the functional currency of relevant group entities at the end of the reporting period are as follows:

	2018		2017	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
United States dollar ("US$")	**385**	**850**	4	486
Euro ("EUR")	**–**	**2,026**	–	2,011
Great British Pound ("GBP")	**–**	**54**	–	7

Sensitivity analysis
The Group is mainly exposed to the currency of trade payables (EUR).

As HK$ is pegged to US$, the Group does not expect any significant movements in the US$/HK$ exchanges rate. In the opinion of the directors of the Company, the foreign currency sensitivity analysis does not give additional value in view of insignificant movement in the US$/HK$ exchange rate.

No sensitivity analysis is presented for GBP as in the opinions of the directors of the Company, the expected change in foreign exchange rates of GBP/HK$ will not have significant impact on the loss during the years ended 31 March 2018 and 2017.

7. FINANCIAL INSTRUMENTS *(Cont'd)*

(b) Financial risk management objectives and policies *(Cont'd)*

Market risk (Cont'd)

(i) Currency risk *(Cont'd)*

Sensitivity analysis *(Cont'd)*
The following table details the Company's sensitivity to a 5% (2017: 5%) increase and decrease in exchange rates of EUR against the functional currency of the Group, i.e. HK$. 5% (2017: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary item, and adjusts their translation at the end of the reporting period for a 5% (2017: 5%) change in foreign currency rates.

A positive number below indicates an increase in post-tax loss where HK$ weakening 5% (2017: 5%) against EUR. For a 5% (2017: 5%) strengthening HK$ against EUR, there would be an equal and opposite impact on the loss, and the balances below would be negative.

	2018 **HK$'000**	2017 HK$'000
Profit or loss	**85**	84

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. To mitigate the impact of interest rate fluctuations, the Group assesses and monitors the exposure to interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the prevailing market rates on bank balances.

7. FINANCIAL INSTRUMENTS *(Cont'd)*

(b) Financial risk management objectives and policies *(Cont'd)*

Market risk (Cont'd)

(ii) Interest rate risk *(Cont'd)*

Sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of reporting period. The analysis is prepared assuming the amount of assets and liabilities outstanding at the end of reporting period was outstanding for the whole year. A 10 basis point (2017: 10 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 basis point (2017: 10 basis point) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2018 would decrease/increase by approximately HK$41,000 (2017: HK$374,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable rate bank balances.

(iii) Other price risk

The Group is exposed to equity price risk through its issuance of put option and investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the stock prices of the Company had been 5% higher/lower, post-tax loss for the year ended 31 March 2018 would increase/decrease by approximately HK$946,000 for the Group as a result of the changes in fair value of derivative financial instrument. The directors of the Company decide to increase the rate of sensitivity to reflect significant movement on the stock price in current year.

If the prices of the listed equity securities had been 10% higher/lower, post-tax loss for the year ended 31 March 2018 would decrease/increase by approximately HK$587,000 for the Group as a result of the changes in fair value of listed equity securities. The directors of the Company decide to increase the rate of sensitivity to reflect significant movement on the stock price in current year.

7. FINANCIAL INSTRUMENTS *(Cont'd)*

(b) Financial risk management objectives and policies *(Cont'd)*

Credit risk

As at the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by authorised credit-rating agencies.

The Group's concentration of credit risk by geographical location for customers is mainly in Hong Kong and China, which accounted for 79% and 18% (2017: 60% and 36%) of the total trade receivables as at 31 March 2018 respectively.

The Group has limited concentration of credit risk as it has a large number of customers.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

7. FINANCIAL INSTRUMENTS *(Cont'd)*

(b) Financial risk management objectives and policies *(Cont'd)*

Liquidity risk (Cont'd)

Liquidity tables

	On demand or within one year HK$'000	More than 1 year and less than 2 years HK$'000	More than 2 years and less than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2018					
Non-derivative financial liabilities					
Trade and other payables	6,890	–	–	6,890	6,890
Amount due to director	189	–	–	189	189
Convertible bonds	–	–	150,000	150,000	101,822
Promissory note payable	–	–	14,000	14,000	11,257
Loan from a shareholder	800	–	–	800	800
	7,879	–	164,000	171,879	120,958

	On demand or within one year HK$'000 (restated)	More than 1 year and less than 2 years HK$'000	More than 2 years and less than 5 years HK$'000	Total undiscounted cash flows HK$'000 (restated)	Carrying amount HK$'000 (restated)
At 31 March 2017					
Non-derivative financial liabilities					
Trade and other payables	5,165	–	–	5,165	5,165

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

7. FINANCIAL INSTRUMENTS *(Cont'd)*

(c) Fair value measurements of financial instruments

The held-for-trading investment, exchangeable bonds and derivative financial instrument are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the held-for-trading investment, exchangeable bonds and derivative financial instrument are determined (in particular, the valuation techniques and inputs used).

	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
	2018 HK$'000	2017 HK$'000				
Held-for-trading investment – listed investments	**7,027**	N/A	Level 1	Quoted bid price in an active market	N/A	N/A
Exchangeable bonds – unlisted exchangeable bonds	**147,118**	N/A	Level 3	Expected Value Model based on probability of different outcomes	Probability where Bartha International Limited and its subsidiary ("Bartha Group") meet the profit target with reference to the profit guarantee amounted HK$15,000,000 for the 24 months ending 31 March 2019 ("Profit Target")	The higher probability of fulfilling Profit Guarantee, the higher the fair value *(notes i)*
				Binomial Option Pricing Model based on the equity value, volatility, risk free rate and option life	Equity value and volatility	The higher equity value, the higher fair value; *(notes ii)* The higher volatility, the lower fair value *(notes iii)*
				Discounted cash flow model based on discount rate and future cash flow	N/A	N/A

7. FINANCIAL INSTRUMENTS *(Cont'd)*

(c) Fair value measurements of financial instruments *(Cont'd)*

	Fair value as at 2018 HK$'000	Fair value as at 2017 HK$'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
Derivative financial instrument – put option to non-controlling interests	**14,901**	N/A	Level 3	Monte Carlo Simulation Model based on risk free rate, volatilities, share prices and equity value	Volatility of the Company, volatility and equity value of CVP Capital Limited ("CVP Capital")	The higher volatility of the Company, the higher the value *(notes iv)* The higher volatility of CVP Capital, the higher the value *(notes iv)* The higher equity value of CVP Capital, the lower the value *(notes iv)*

Notes:

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy are detailed as follows:

(i) If the probability where Bartha Group meets the Profit Target to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the exchangeable bonds would increase/decrease by approximately HK$294,000.

(ii) If the equity value to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the exchangeable bonds would increase/decrease by approximately HK$1,626,000.

(iii) If the volatility of the Company to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the exchangeable bonds would increase by approximately HK$1,982,000 and decrease by approximately HK$2,064,000 respectively.

(iv) If these unobservable inputs including volatility of the Company, volatility and equity value in CVP Capital to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the derivative financial instrument would increase by approximately HK$612,000 and decrease by approximately HK$948,000 respectively.

7. FINANCIAL INSTRUMENTS *(Cont'd)*

(c) Fair value measurements of financial instruments *(Cont'd)*

Reconciliation of Level 3 fair value measurements of financial assets on recurring basis:

	Unlisted Exchangeable Bonds HK$'000	Put option to non-controlling interests HK$'000	Total HK$'000
At 1 April 2017	–	–	–
Addition during the year	271,290	(20,144)	251,146
Total (loss) gain in profit or loss	(124,172)	5,243	(118,929)
At 31 March 2018	147,118	(14,901)	132,217

The above loss and gain in profit or loss for the year ended 31 March 2018 recognised in profit or loss of approximately HK$124,172,000 and HK$5,243,000 are included in change in fair value of exchangeable bonds and change in fair value of derivative financial instrument respectively. Included in the total losses in profit or loss, none of the amount is attributable to the change in unrealised gains or losses relating to financial assets held at the end of the reporting period.

During the year, there were no transfers between levels of fair value hierarchy.

The directors of the Company consider that the carrying amounts of current financial assets and financial liabilities recorded at amortised cost using the effective interest rate method in the consolidated financial statements approximate their fair values due to their immediate or short-term maturities.

The directors of the Company consider that the carrying amounts of the other non-current financial liabilities recorded at amortised cost using the effective interest rate method in the consolidated financial statements approximate their fair values.

8. REVENUE AND SEGMENT INFORMATION

Revenue

Revenue represents revenue arising from sales of alcoholic beverages and provision for financial services.

	2018 **HK$'000**	2017 HK$'000 (restated)
Sales of alcoholic beverages	**151,454**	139,562
Financial services	**8,530**	350
	159,984	139,912

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

8. REVENUE AND SEGMENT INFORMATION (Cont'd)

(a) Segment revenues and results

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

	2018 HK$'000	2017 HK$'000 (restated)
Revenue		
Sales of alcoholic beverages	**151,454**	139,562
Financial services	**8,530**	350
	159,984	139,912
Segment loss		
Sales of alcoholic beverages	**(7,665)**	(2,868)
Financial services	**(2,553)**	(1,186)
	(10,218)	(4,054)
Unallocated income	**5,293**	233
Unallocated expenses	**(145,551)**	(12,545)
Finance costs	**(6,572)**	–
Loss before tax	**(157,048)**	(16,366)

The accounting policies of the operating segments are same as the Group's accounting policies described in note 4. Segment loss represents the loss from by each segment without allocation of central administration costs, directors' salaries and certain other revenue, change in fair value of exchangeable bonds, change in fair value of derivative financial instrument, impairment loss recognised on goodwill and finance costs. This is the measure report to the CODM for the purposes of resource allocation and performance assessment.

8. REVENUE AND SEGMENT INFORMATION (Cont'd)

(b) Segment assets and liabilities

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

Segment assets	2018 HK$'000	2017 HK$'000 (restated)
Sales of alcoholic beverages	**91,275**	108,095
Financial services	**2,830**	28
Total segment assets	**94,105**	108,123
Unallocated assets	**198,100**	54,812
Consolidated total assets	**292,205**	162,935

Segment liabilities	2018 HK$'000	2017 HK$'000 (restated)
Sales of alcoholic beverages	**15,307**	8,670
Financial services	**312**	19
Total segment liabilities	**15,619**	8,689
Unallocated liabilities	**129,022**	23
Consolidated total liabilities	**144,641**	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, exchangeable bonds, goodwill, held-for-trading financial assets, 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 shareholder, convertible bonds, tax payable, deferred tax liability, derivative financial instrument, promissory note payable and loan from a shareholder.

8. REVENUE AND SEGMENT INFORMATION (Cont'd)

(c) Other segment information

For the year ended 31 March 2018

	Sale of alcoholic beverages HK$'000	Financial services HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Additions to plant and equipment	4,531	481	–	5,012
Depreciation of plant and equipment	3,984	177	–	4,161
Impairment loss recognised in respect of trade receivables	200	–	–	200
Loss on written off of plant and equipment	525	–	–	525
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:				
Interest income	–	–	2	2
Finance costs	–	–	6,572	6,572
Income tax expense	–	–	68	68

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

(c) Other segment information *(Cont'd)*

For the year ended 31 March 2017 (restated)

	Sale of alcoholic beverages HK$'000	Financial services HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Additions to plant and equipment	5,406	27	–	5,433
Depreciation of plant and equipment	3,403	9	–	3,412
Loss on written off of plant and equipment	24	–	–	24
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:				
Interest income	–	–	1	1
Income tax credit	–	–	(374)	(374)

(d) Geographical information

The Group's operations are located in Hong Kong (country of domicile) during the years ended 31 March 2018 and 2017.

During the years ended 31 March 2018 and 2017, the Group's revenue is derived solely in Hong Kong from customers. As at 31 March 2018 and 2017, the Group's non-current assets by location of assets are all located in Hong Kong.

(e) Information about major customers

During the years ended 31 March 2018 and 2017, there is no customer contributing over 10% of the total revenue of the Group.

9. OTHER INCOME

	2018 **HK$'000**	2017 HK$'000
Bank interest income	**2**	1
Consignment income	**339**	1,088
Net exchange gain	**–**	5
Promotion income	**77**	222
Others	**48**	227
	466	1,543

10. FINANCE COSTS

	2018 **HK$'000**	2017 HK$'000
Interest expense on:		
– convertible bonds	**5,892**	–
– promissory note	**680**	–
	6,572	–

11. INCOME TAX EXPENSE (CREDIT)

	2018 **HK$'000**	2017 HK$'000 (restated)
Current tax:		
Hong Kong Profits Tax	**–**	9
Deferred taxation *(Note 19)*	**68**	(383)
	68	(374)

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

During the year of assessments 2016/2017, Hong Kong Profits Tax concession was amounted to 75% of the profits tax of the respective entity, subject to a maximum of HK$20,000 for each entity.

11. INCOME TAX EXPENSE (CREDIT) *(Cont'd)*

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 HK$'000	2017 HK$'000 (restated)
Loss before tax	**(157,048)**	(16,366)
Tax at Hong Kong Profits Tax rate of 16.5% (2017: 16.5%)	**(25,912)**	(2,700)
Tax effect of expenses not deductible for tax purpose	**23,151**	1,164
Tax effect of income not taxable for tax purpose	**(866)**	(2)
Tax effect of tax losses not recognised	**3,695**	1,184
Effect of tax exemptions granted	**–**	(20)
Income tax expense (credit) for the year	**68**	(374)

12. LOSS FOR THE YEAR

	2018 HK$'000	2017 HK$'000 (restated)
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments *(Note 13)*	**8,532**	5,749
Salaries, allowances and other benefits	**17,375**	10,455
Sales commission	**767**	858
Contributions to retirement benefits scheme	**537**	376
Total staff costs	**27,211**	17,438
Auditor's remuneration	**680**	630
Cost of inventories recognised as expense	**120,984**	111,610
Depreciation of plant and equipment	**4,161**	3,412
Equity-settled share-based payment expenses	**–**	4,740
Loss on written off of plant and equipment	**525**	24
Realised loss on disposal of held-for-trading financial assets		
– listed equity securities	**759**	–
Unrealised loss on change in fair value of held-for-trading financial assets		
– listed equity securities	**1,284**	–
Impairment loss recognised in respect of trade receivables	**200**	–
Net exchange loss (gain)	**286**	(5)
Minimum lease payments under operating leases in respect of office premises, warehouses and shop	**11,235**	5,065

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of directors were as follows:

Year ended 31 March 2018

	Emoluments paid or receivable in respect of a person's services as a director of the Company or its subsidiary undertaking			
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors				
Mr. Ting Pang Wan Raymond ("Mr. Ting")	–	4,439	18	4,457
Mr. Zhu Qin	–	1,800	18	1,818
Mr. Kao Sheng-Chi *(Note i)*	–	402	6	408
Mr. Teoh Ronnie Chee Keong *(Note ii)*	–	970	8	978
Ms. Kuo Kwan *(Note ii)*	–	323	8	331
Independent non-executive directors				
Mr. Chu Kin Wang Peleus	180	–	–	180
Ms. Fan Wei	180	–	–	180
Mr. Ip Cho Tin, *J.P.*	180	–	–	180
	540	7,934	58	8,532

13. DIRECTORS' EMOLUMENTS *(Cont'd)*

Year ended 31 March 2017

	Emoluments paid or receivable in respect of a person's services as a director of the Company or its subsidiary undertaking			
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors				
Mr. Ting	–	2,600	18	2,618
Mr. Zhu Qin	–	1,300	18	1,318
Mr. Kao Sheng-Chi	–	1,300	18	1,318
Independent non-executive directors				
Mr. Chu Kin Wang Peleus	180	–	–	180
Ms. Debra Elaine Meiburg *(Note iii)*	105	–	–	105
Ms. Fan Wei	180	–	–	180
Mr. Ip Cho Tin, *J.P.* *(Note iv)*	30	–	–	30
	495	5,200	54	5,749

Notes:

(i) Re-designated from an executive director to a non-executive director on 12 April 2017 and resigned on 31 October 2017.

(ii) Appointed on 25 September 2017.

(iii) Resigned on 1 November 2016.

(iv) Appointed on 1 February 2017.

The Group did not appoint a chief executive during the years ended 31 March 2018 and 2017.

During the years ended 31 March 2018 and 2017, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived or agreed to waive any emoluments during the years ended 31 March 2018 and 2017.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2017: three) were directors of the Company for the year ended 31 March 2018, whose emoluments are disclosed in note 13 above. The emoluments of the remaining three (2017: two) individuals were as follows:

	2018 **HK$'000**	2017 HK$'000
Salaries, allowances and other benefits	**3,217**	1,851
Contributions to retirement benefits scheme	**54**	36
	3,271	1,887

Their emoluments were within the following bands:

	Number of individuals	
	2018	2017
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**3**	1
	3	2

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2018 and 2017.

15. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2018 and 2017, nor has any dividend been proposed since the end of the reporting period.

16. LOSS PER SHARE

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

	2018 **HK$'000**	2017 HK$'000 (restated)
Loss		
Loss for the purpose of basic and diluted loss per share for the year attributable to the owners of the Company	**(138,364)**	(15,638)

	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**4,000,000,000**	4,000,000,000

Diluted loss per share is equal to the basic loss per share for the year ended 31 March 2018, as the effect of the Company's outstanding share options, outstanding put option with non-controlling interests and outstanding convertible bonds would result in a decrease in loss per share for the year ended 31 March 2018.

Diluted loss per share is equal to the basic loss per share for the year ended 31 March 2017, as the effect of the Company's outstanding share options would result in a decrease in loss per share for the year ended 31 March 2017.

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for year ended 31 March 2017 was adjusted for the share subdivision on 8 November 2016.

17. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Shop equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2016 (restated)	7,445	580	808	647	9,480
Additions (restated)	4,774	2	657	–	5,433
Written off	–	(73)	(32)	–	(105)
At 31 March 2017 (restated)	12,219	509	1,433	647	14,808
Additions	4,709	30	273	–	5,012
Additions from acquisition of a subsidiary *(Note 32)*	–	–	31	–	31
Written off	(4,543)	–	(10)	–	(4,553)
At 31 March 2018	12,385	539	1,727	647	15,298
ACCUMULATED DEPRECIATION					
At 1 April 2016	2,851	380	344	279	3,854
Charge for the year (restated)	2,907	109	202	194	3,412
Eliminated on written off	–	(57)	(24)	–	(81)
At 31 March 2017 (restated)	5,758	432	522	473	7,185
Charge for the year	3,651	65	318	127	4,161
Eliminated on written off	(4,019)	–	(9)	–	(4,028)
At 31 March 2018	5,390	497	831	600	7,318
CARRYING VALUES					
At 31 March 2018	6,995	42	896	47	7,980
At 31 March 2017 (restated)	6,461	77	911	174	7,623

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the term of the lease
Shop equipment	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	30%

18. EXCHANGEABLE BONDS

	2018 **HK$'000**	2017 HK$'000
Unlisted exchangeable bonds, at fair value	**147,118**	–

On 28 July 2017, CVP Financial, the indirectly non-wholly owned subsidiary of the Company, subscribed for zero coupon exchangeable bonds (the "Exchangeable Bonds") in a principal amounting to HK$150,000,000 issued by Bartha Holdings Limited ("Bartha Holdings"), an unlisted company and 85.25% beneficially owned by Mr. Ting. The subscription was satisfied by the Company by way of issuance of convertible bonds in the principal amount of HK$150,000,000 *(Note 30)*. The Exchangeable Bonds will mature on 27 July 2022 (the "Maturity Date"). CVP Financial is entitled to convert the whole Exchangeable Bonds into all of the shares in Bartha International Limited ("Bartha Shares"), a company incorporated in Hong Kong with limited liability, owned by Bartha Holdings, with no addition consideration on any business day and from time to time, after 3 years from the date of issue and up to and including the Maturity Date (the "Exchange Period"). Details are disclosed in the Company's announcement dated 29 June 2017.

On 17 November 2017, CVP Financial and Bartha Holdings entered into the Deed of Modification pursuant to which, the parties conditionally agreed to amend the original Exchange Period, allowing CVP Financial, as holder of the Exchangeable Bonds, to exchange (i) for the number of Bartha Shares up to 49% of the entire issued share capital in Bartha International during the period from the date of issue of the Exchangeable Bonds up to and including 31 March 2020, and (ii) all outstanding Exchangeable Bonds from 1 April 2018 up to and including the Maturity Date. Details are disclosed in the Company's announcement dated 17 November 2017.

On 28 February 2018, CVP Financial proposed to exercise the exchange rights to exchange the carrying amount of the Exchangeable Bonds amounted approximately HK$72,088,000 into 49% Bartha Shares.

The Exchangeable Bonds were designated as financial assets at FVTPL upon initial recognition as it contained embedded derivatives in accordance with HKAS 39 which permits the entire combined contract to be designated as at FVTPL.

The fair value of the Exchangeable Bonds is based on the valuation conducted by an independent valuer, Roma Appraisals Limited ("Roma"). The fair value of the 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 Bartha Group can meet the Profit Target which will trigger the Company to exercise the conversion option.

18. EXCHANGEABLE BONDS *(Cont'd)*

For valuing the Exchangeable Bonds, Roma had considered two scenarios to obtain the fair value of the Exchangeable Bonds. The first scenario ("Scenario 1"), where the Profit Target can be met and the second scenario ("Scenario 2"), where the Profit Target cannot be met. As advised by the management of the Company (the "Management"), the scenario probabilities were assumed to be 80% for Scenario 1 and 20% for Scenario 2 based on the actual profit of Bartha Group for the year ended 31 March 2018.

Under the Scenario 1, the fair value of the Exchangeable Bonds as a whole is determined by using the Binomial Option Pricing Model based on the equity value, volatility, risk free rate and option life.

Under the Scenario 2, where the Profit Target cannot be met, the Exchangeable Bonds shall be redeemed by the Group. The fair value of the Exchangeable Bonds is the present value of the principal amount of the Exchangeable Bonds.

The fair value of the Exchangeable Bonds is weighted average, with respect to the probabilities of Scenario 1 and Scenario 2 as provided by the Management, of the expected fair values under Scenario 1 and Scenario 2.

During the year ended 31 March 2018, the Group recognised a loss from change in fair value of exchangeable bonds amounted to approximately HK$124,172,000.

19. DEFERRED TAX ASSET (LIABILITY)

	2018 **HK$'000**	2017 HK$'000 (restated)
Deferred tax asset	**607**	680
Deferred tax liability	**(13)**	(13)
	594	667

The following is the major deferred tax asset and liability recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000
At 1 April 2016	284
Credited to profit or loss *(Note 11)* (restated)	383
At 31 March 2017	667
Arising from acquisition of a subsidiary *(Note 32)*	(5)
Charged to profit or loss *(Note 11)*	(68)
At 31 March 2018	594

At 31 March 2018, the Group had unused tax loss of approximately HK$34,993,000 (2017 (restated): HK$7,209,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax loss due to the unpredictability of future profit streams. All tax losses may be carried forward indefinitely.

20. GOODWILL

	2018 HK$'000	2017 HK$'000
COST		
At the beginning of the financial year	**–**	–
Arising on acquisition of a subsidiary	**3,817**	–
At the end of the financial year	**3,817**	–
IMPAIRMENT		
At the beginning of the financial year	**–**	–
Impairment recognised during the year	**3,817**	
At the end of the financial year	**3,817**	–
CARRYING AMOUNTS		
At 31 March	**–**	–

For the purposes of impairment testing, goodwill with indefinite useful lives have been allocated to one cash-generating unit ("CGU"), comprising a subsidiary in the financial service segment.

20. GOODWILL *(Cont'd)*

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

The recoverable amounts of this unit is approximately HK$15,818,000 and have been determined on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and pre-tax discount rate of 18.38%. Cash flows beyond the five-year period are extrapolated using an estimated annual growth rate. Management determined the budgeted gross margin based on past performance, its expectations on the market development, and a long-term growth rate of 2.60%, which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the business in the country in which the CGUs operate. The discount rates used are the CGUs' specific weighted average cost of capital, adjusted for the risks of the specific CGUs. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of these CGUs to exceed its recoverable amount.

During the year ended 31 March 2018, the Group recognised an impairment loss of approximately HK$3,817,000 in relation to goodwill arising on acquisition of CVP Capital as the actual results of the CVP Capital did not meet the management's expectations.

21. INVENTORIES

	2018 **HK$'000**	2017 HK$'000
Goods held for resale	**50,578**	51,384

22. HELD-FOR-TRADING FINANCIAL ASSETS

	2018 **HK$'000**	2017 HK$'000
Listed investments:		
Equity securities listed in Hong Kong *(Note)*	**7,027**	–

Note:

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

In the current year, the Group disposed of certain listed equity securities with carrying amount of approximately HK$15,636,000. A loss on disposal of approximately HK$759,000 has been recognised in profit or loss for the current year *(Note 12)*.

23. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	2018 HK$'000	2017 HK$'000
Trade receivables	5,801	6,118
Less: impairment	(200)	–
	5,601	6,118
Payments in advance	22,694	40,021
Prepayments	3,532	1,245
Deposits and other receivables	3,720	1,732
Trade and other receivables	35,547	49,116
Analysed as:		
Current	32,947	47,439
Non-current (rental deposits)	2,600	1,677
	35,547	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.

	2018 HK$'000	2017 HK$'000
Within 30 days	4,265	1,613
31 to 60 days	459	1,238
61 to 90 days	601	1,139
91 to 180 days	124	113
181 to 365 days	150	1,585
Over 365 days	2	430
Total	5,601	6,118

Trade receivables that were neither past due nor impaired as at 31 March 2018 related to a wide range of customers for whom there was no recent history of default.

23. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(Cont'd)*

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$4,562,000 (2017: HK$5,789,000) as at 31 March 2018 which are past due as at the end of the reporting period for which the Group has not provided for impairment loss as these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of trade receivables which are past due but not impaired is as follows:

	2018 HK$'000	2017 HK$'000
Within 30 days	**3,227**	1,284
31 to 60 days	**459**	1,238
61 to 90 days	**600**	1,139
91 to 180 days	**124**	113
181 to 365 days	**150**	1,585
Over 365 days	**2**	430
Total	**4,562**	5,789

Trade receivables are individually impaired and recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Impairment losses of approximately HK$200,000 (2017: nil) were recognised during the year ended 31 March 2018.

The movements of impairment of trade receivables are as follow:

	2018 HK$'000	2017 HK$'000
At 1 April	**–**	–
Impairment losses recognised on trade receivables	**200**	–
At 31 March	**200**	–

24. AMOUNTS DUE FROM (TO) ULTIMATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES/SHAREHOLDER

The amounts are unsecured, non-interest bearing and repayable on demand.

25. BANK BALANCES AND CASH

Bank balances carried at prevailing market rates of 0.01% per annum as at 31 March 2018 and 2017.

26. TRADE AND OTHER PAYABLES

	2018 **HK$'000**	2017 HK$'000 (restated)
Trade payables	**3,346**	3,979
Receipts in advance	**8,769**	3,524
Other payables and accruals	**3,544**	1,186
Trade and other payables	**15,659**	8,689

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

	2018 **HK$'000**	2017 HK$'000
Within 30 days	**186**	1,736
31 to 60 days	**1,022**	1,020
61 to 90 days	**694**	29
91 to 180 days	**–**	839
181 to 365 days	**881**	–
Over 365 days	**563**	355
Trade payables	**3,346**	3,979

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

27. LOAN FROM A SHAREHOLDER

The amount is unsecured, non-interest bearing and expected to be repaid within one year.

28. DERIVATIVE FINANCIAL INSTRUMENT

	2018 HK$'000	2017 HK$'000
Put option to non-controlling interests in CVP Capital	**14,901**	–

CVP Financial entered into the first deed (the "First Deed") with Mr. Samuel Lin Jr. ("Mr. Lin"), and the second deed (the "Second Deed", together the "Deeds") with Star Beauty Holdings Limited ("Star Beauty") respectively on 9 February 2017, pursuant to which CVP Financial has conditionally agreed to grant each of Mr. Lin and Star Beauty the put option (the "Put Option"). Each of Mr. Lin and Star Beauty, pursuant to the Put Option, during the 12-month period after the 2nd anniversary of the completion (28 July 2019), has the right to require CVP Financial to acquire all the shares of CVP Capital held by him/it immediately prior to the exercise of the Put Option, at the consideration of HK$1.26 per CVP Capital Share. The consideration payable by CVP Financial to each of Mr. Lin and Star Beauty shall be satisfied at the discretion of Mr. Lin or Star Beauty (as the case may be), either in cash amounted approximately HK$11,756,000 or by CVP Financial procuring the Company to issue and allot a total of 10,631,681 consideration shares of the Company at the issue price of HK$1.1 per Share. For details of the Deeds, please refer to the announcement and circular dated 9 February 2017 and 5 July 2017 respectively.

The fair value of Put Option at initial recognition and 31 March 2018 is based on valuations by Roma, determined by using Monte Carlo Simulation Model. The significant inputs to the models were as follows:

	31 March 2018
Risk free rate	**1.44%**
Year to maturity	**2.33 years**
Share price of the Company	**HK$1.78**

During the year ended 31 March 2018, the Group recognised gain on change in fair value of derivative financial instrument amounted to approximately HK$5,243,000.

29. 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 of 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, as at 28 July 2017. The Convertible Bonds comprise a liability component and an equity conversion component.

29. CONVERTIBLE BONDS *(Cont'd)*

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 consolidated statement of financial position are as follows:

	HK$'000
Fair value of liabilities component	96,508
Fair value of equity component	174,782
Fair value of the Convertible Bonds issued	271,290

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

	HK$'000
Liability component on initial recognition on 28 July 2017	96,508
Less: Issuing cost	(578)
Add: Effective interest expense	5,892
Liability component at 31 March 2018	101,822

30. SHARE CAPITAL

	Notes	Number of shares	Share capital HK$
Ordinary shares of HK$0.001 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 2018		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 2018		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, a 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 number of authorised share capital of the Company was divided into 10,000,000,000 shares of which 4,000,000,000 subdivided shares (the "Subdivided Share") were issued and fully paid. Details of the Share Subdivision are disclosed in the circular of the Company dated 21 October 2016.

31. 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 33.

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
Issue of promissory note on 28 July 2017	10,947
Direct issuance expenses	(370)
Effective interest expenses	680
At 31 March 2018	11,257

32. 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 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.

32. ACQUISITION OF A SUBSIDIARY *(Cont'd)*

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.

32. ACQUISITION OF A SUBSIDIARY (Cont'd)

	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 consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018.

CVP Capital has contributed net loss and revenue of approximately HK$1,205,000 and HK$8,530,000 respectively to the Group during the year ended 31 March 2018.

Had the acquisition been completed on 1 April 2017, no impact on revenue was noted for the year ended 31 March 2018, and loss for the year ended 31 March 2018 would have been approximately HK$158,372,000. 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 pre-acquisition financial statements; and

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

33. 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 31)*. The fair value of the consideration is approximately HK$10,947,000. 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.

33. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS *(Cont'd)*

The effects of the application of merger accounting for business combinations under common control occurred during the year ended 31 March 2018 on the Group's financial position as at 31 March 2017 and 1 April 2016 and the results for the year ended 31 March 2017 are summarised as follows:

For the year ended 31 March 2017	**As originally stated** HK$'000	**CVP Asset Management** HK$'000	**Adjustment** HK$'000	**As restated** HK$'000
Revenue	139,562	350	–	139,912
Cost of sale	(111,610)	–	–	(111,610)
Gross profit	27,952	350	–	28,302
Other income	1,543	–	–	1,543
Selling and distribution expenses	(14,397)	–	–	(14,397)
Administrative expenses	(30,294)	(1,520)	–	(31,814)
Loss before tax	(15,196)	(1,170)	–	(16,366)
Income tax credit (expense)	380	(6)	–	374
Loss for the year and total comprehensive expense for the year	(14,816)	(1,176)	–	(15,992)
Loss for the year and total comprehensive expense for the year attributable to:				
Owners of the Company	(14,619)	(1,176)	157	(15,638)
Non-controlling interests	(197)	–	(157)	(354)
	(14,816)	(1,176)	–	(15,992)

33. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS *(Cont'd)*

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)	2,058	144,720
Equity attributable to owners of the Company	148,318	464	(62)	148,720
Non-controlling interests	5,441	–	62	5,503
Total equity	153,759	464	–	154,223
Non-current liabilities				
Deferred tax liability	7	6	–	13
	153,766	470	–	154,236

33. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS *(Cont'd)*

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

33. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS (Cont'd)

The effects of application of merger accounting for common control combinations on the Group's basic and diluted loss per share for the year ended 31 March 2017:

	2017 HK$
As originally stated	(0.37) cents
Adjustment arising on common control combinations	(0.02) cents
As restated	(0.39) cents

34. CHANGES IN OWNERSHIP INTEREST IN A SUBSIDIARY

For the year ended 31 March 2017, the Group had the following changes in its ownership interest in a subsidiary that did not result in a loss of control.

(a) Dilution of interest in a subsidiary without loss of control

On 23 February 2017, CVP Financial issued 1,333 ordinary shares with par value of US$1 at a consideration of HK$40,000,000. This resulted in a dilution of 18.18% interest out of 100% interest in CVP Financial, an increase in non-controlling interests of approximately HK$7,282,000 and an increase in equity attributable to owners of the Company of approximately HK$32,718,000. A schedule of the effect of dilution of interest in a subsidiary without loss of control is as follow:

	2017 HK$'000
Carrying amount of the interest before shares issued in CVP Financial	(7,282)
Consideration received from non-controlling interests	40,000
Difference recognised in capital reserve within equity	32,718

34. CHANGES IN OWNERSHIP INTEREST IN A SUBSIDIARY *(Cont'd)*

(b) Deemed acquisition of additional interest in a subsidiary

On 27 March 2017, CVP Financial issued 2,667 ordinary shares with par value of US$1 at US$1 per share to Madison International and the Group's ownership was increased to 86.67%. This resulted in a decrease in non-controlling interests and increase in equity attributable to owners of the Company of approximately HK$1,942,000. A schedule of the effect of acquisition of additional interest is as follow:

	2017 HK$'000
Carrying amount of non-controlling interest acquired and difference recognised in capital reserve within equity	1,942

35. 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:

	2018 **HK$'000**	2017 HK$'000
Within one year	**7,703**	6,593
In the second to fifth year inclusive	**7,181**	4,624
	14,884	11,217

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.

36. COMMITMENTS

	2018 **HK$'000**	2017 HK$'000
Capital expenditures contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition of a subsidiary	**–**	14,000
Subscription agreement to subscribe for exchangeable bonds	**–**	150,000
	–	164,000

36. COMMITMENTS *(Cont'd)*

The following are commitments that the Group related to acquisition of CVP Capital *(Note 32)*:

CVP Financial has conditionally agreed to grant each of Mr. Lin and Star Beauty the Put Option. Each of Mr. Lin and Star Beauty, pursuant to the Put Option, during the 12-month period after the 2nd anniversary of the completion (28 July 2019), has the right to require CVP Financial to acquire all the shares of CVP Capital held by him/it immediately prior to the exercise of the Put Option, at the consideration of HK$1.26 per CVP Capital Share. The consideration payable by CVP Financial to each of Mr. Lin and Star Beauty shall be satisfied at the discretion of Mr. Lin or Star Beauty (as the case may be), either in cash amounted approximately HK$11,756,000 or by CVP Financial procuring the Company to issue and allot a total of 10,631,681 consideration shares of the Company at the issue price of HK$1.1 per Share.

37. RETIREMENT BENEFITS SCHEME

Hong Kong

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs and up to maximum of HK$1,500 per month for each employee to the scheme, to which the same amount of contribution is matched by employees.

The only obligation of the Group with respect to the retirement benefit plans is to make the statutory specified contributions. During the year ended 31 March 2018, the total retirement benefits scheme contributions charged to the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK$595,000 (2017 (restated): HK$430,000).

38. SHARE-BASED PAYMENT TRANSACTIONS

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.

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.

38. SHARE-BASED PAYMENT TRANSACTIONS *(Cont'd)*

Upon the Share Subdivision becoming effective on 8 November 2016, adjustments shall be 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 Share Options to be issued	Exercise price per Share Option	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. Details of the adjustments to the Share Options upon the Share Subdivision are disclosed in the announcement of the Company dated 7 November 2016.

As at 31 March 2018 and 2017, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 181,000,000 (2017: 181,000,000), representing 4.53% (2017: 4.53%) of the ordinary shares in issue on that date.

Details of the Company's share options held by shareholders and consultants are as follows:

Category of participant	Date of grant	Vesting period	Exercise period	Exercise price per share
Shareholders	17 December 2015	17 December 2015 to 16 June 2016	17 June 2016 to 16 June 2025	HK$0.80
Consultants	17 December 2015	17 December 2015 to 16 June 2016	17 June 2016 to 16 June 2025	HK$0.80

Movements of the Company's share options held by shareholders and consultants during the year are:

Category of participant	Outstanding at 1 April 2016	Share subdivision	Outstanding at 31 March 2017 and 2018
Shareholders	2,100,000	18,900,000	21,000,000
Consultants	16,000,000	144,000,000	160,000,000
	18,100,000	162,900,000	181,000,000
Weighted average exercise price (HK$)	8.00	0.80	0.80

Share-based payment expenses of approximately HK$nil (2017: approximately HK$4,740,000) were recognised by the Group for the year ended 31 March 2018 in relation to share options granted by the Company.

39. RELATED PARTY TRANSACTIONS

(a) The balances with related parties at the end of the reporting period are disclosed elsewhere in the consolidated financial statements.

(b) During the year ended 31 March 2018, the Group had following material transactions with its related party:

Name of related party	**Nature of transaction**	**2018 HK$'000**	2017 HK$'000
Mr. Kao Sheng Chi	Sales of alcoholic beverages	**–**	65
China Runking Financing Group Limited	Consulting fee expense	**–**	600
	Rental expenses	**1,994**	–
Starlight Financial Holdings Limited	Consulting fee	**960**	–
Eternal Pearl Securities Limited	Service fee	**2,000**	–
	Commission expenses	**109**	–
Bartha Holdings	Interest expenses on convertible bonds	**5,892**	–
CVP Holdings	Interest expenses on promissory note	**680**	–
Mr. Ting	Storage income	**77**	–

Note a: Mr.Kao Sheng Chi, a director of the Company.

Note b: China Runking Financing Group Limited is 70% beneficially owned by Mr. Ting.

Note c: Starlight Financial Holdings Limited is 49% beneficially owned by Mr. Ting.

Note d: Eternal Pearl Securities Limited is 85.25% beneficially owned by Mr. Ting.

Note e: Bartha Holdings is 85.25% beneficially owned by Mr. Ting.

Note f: CVP Holdings is 100% beneficially owned by Mr. Ting.

Note g: Mr Ting, a director and a substantial shareholder of the Company.

Note h: During the year ended 31 March 2018, the Group subscribed Exchangeable Bonds from and issued Convertible Bonds to Bartha Holdings. Details are set out in notes 18 and 29 respectively.

Note i: During the year ended 31 March 2018, the Group acquired CVP Asset Management from CVP Holdings by issuing Promissory Note. Details are set out in notes 31.

39. RELATED PARTY TRANSACTIONS *(Cont'd)*

(c) The remuneration of directors and other members of key management during the year are as follows:

	2018 HK$'000	2017 HK$'000
Short-term benefits	9,742	7,864
Post-employment benefits	121	108
	9,863	7,972

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes			
	1/4/2017 HK$'000	Financing cash flows HK$'000	Finance cost incurred HK$'000	Subscription of exchangeable bonds HK$'000	Settlement of consideration for the acquisition of a subsidiary HK$'000	31/3/2018 HK$'000
Amount due to a shareholder	–	189	–	–	–	189
Loan from a shareholder	–	800	–	–	–	800
Convertible bonds *(Note 29)*	–	(578)	5,892	96,508	–	101,822
Promissory note *(Note 31)*	–	(370)	680	–	10,947	11,257
	–	41	6,572	96,508	10,947	114,068

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries as at 31 March 2018 and 2017 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the Group				Proportion of voting power held by the Company				Principal activities
				2018		2017		2018		2017		
				Directly	Indirectly	Directly	Indirectly	Directly	Indirectly	Directly	Indirectly	
Madison International	Republic of Seychelles ("Seychelles") 21 November 2013	Hong Kong	Ordinary US$10,870	100%	–	100%	–	100%	–	100%	–	Investment holding
Madison Fine Wine Company Limited	Seychelles 26 August 2014	Hong Kong	Ordinary US$1	–	100%	–	100%	–	100%	–	100%	Investment holding
Madison Wine Trading Company Limited ("Madison Wine Trading")	Hong Kong 19 November 2014	Hong Kong	Ordinary HK$100	–	80%	–	80%	–	80%	–	80%	Sales of alcoholic beverages
Madison Wine (HK)	British Virgin Islands ("BVI") 10 January 2013	Hong Kong	Ordinary US$200	–	100%	–	100%	–	100%	–	100%	Investment holding
Madison (China) Limited	Hong Kong 14 April 1997	Hong Kong	Ordinary HK$10,000	–	100%	–	100%	–	100%	–	100%	Sales of alcoholic beverages
Madison Wine Club Limited	Hong Kong 12 January 2012	Hong Kong	Ordinary HK$1	–	100%	–	100%	–	100%	–	100%	Sales of alcoholic beverages and wine storage
CVP Financial	BVI 21 September 2016	Hong Kong	Ordinary US$10,000	–	86.67%	–	86.67%	–	86.67%	–	86.67%	Investment holding
Pure Horizon Holdings Limited	BVI 23 June 2016	Hong Kong	Ordinary US$1	–	100%	–	100%	–	100%	–	100%	Investment holding
Madison Wine Enterprises Limited	Hong Kong 1 November 2016	Hong Kong	Ordinary HK$1	–	100%	–	100%	–	100%	–	100%	Investment holding
Madison Wine Investment Management Company Limited	Cayman Islands 6 July 2016	Hong Kong	Ordinary US$1	100%	–	100%	–	100%	–	100%	–	Investment holding
Madison Wine Fund SPC	Cayman Islands 7 July 2016	Hong Kong	Ordinary HK$1	–	100%	–	100%	–	100%	–	100%	Investment holding
Madison Wine Fund Holdings Company Limited	Hong Kong 12 August 2016	Hong Kong	Ordinary HK$1	–	100%	–	100%	–	100%	–	100%	Investment holding
Madison Wine Fund Trading Company Limited	Hong Kong 12 August 2016	Hong Kong	Ordinary HK$1	–	100%	–	100%	–	100%	–	100%	Investment holding

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Cont'd)*

Details of the subsidiaries as at 31 March 2018 and 2017 are as follows: *(Cont'd)*

Name of subsidiary	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the Group				Proportion of voting power held by the Company				Principal activities
				2018		2017		2018		2017		
				Directly	Indirectly	Directly	Indirectly	Directly	Indirectly	Directly	Indirectly	
CVP Capital	Hong Kong 20 May 2014	Hong Kong	Ordinary HK$9,300,000	–	52.07%	N/A	N/A	–	60.08%	N/A	N/A	Financial services
CVP Asset Management	Hong Kong 31 July 2015	Hong Kong	Ordinary HK$3,200,000	–	86.67%	N/A	N/A	–	86.67%	N/A	N/A	Financial services
Madison Auction Limited	Hong Kong 9 January 2018	Hong Kong	Ordinary HK$1	–	100%	N/A	N/A	–	100%	N/A	N/A	Investment holding
Focus Concept Holdings Limited	BVI 1 December 2017	Hong Kong	Ordinary US$1	–	100%	N/A	N/A	–	100%	N/A	N/A	Investment holding
CVP Investment Holdings Limited	Hong Kong 28 June 2017	Hong Kong	Ordinary HK$1	–	86.67%	N/A	N/A	–	86.67%	N/A	N/A	Investment holding

None of the subsidiaries had any debt securities outstanding as at the end of the year or at any time during the year.

Details of non-wholly owned subsidiary that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiary of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests held by non-controlling interests		Voting rights held by non-controlling interests		Loss allocated to non-controlling interests Accumulated non-controlling interest		Accumulated non-controlling interest	
		2018	2017	2018	2017	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
Madison Wine Trading	Hong Kong	20%	20%	20%	20%	(53)	(196)	49	102
CVP Financial	BVI	13.33%	13.33%	13.33%	13.33%	(17,431)	(1)	(12,092)	5,339
CVP Capital	Hong Kong	47.93%	N/A	39.92%	N/A	(481)	N/A	6,285	N/A

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests are set out below. The summarised financial information below represents amounts before intragroup eliminations.

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Cont'd)*

Details of non-wholly owned subsidiary that have material non-controlling interests *(Cont'd)*

Madison Wine Trading

	2018 HK$'000	2017 HK$'000
Current assets	**729**	1,614
Non-current assets	**10**	14
Current liabilities	**(494)**	(1,117)
Non-current liabilities	**(2)**	(2)
Equity attributable to owner of the Company	**194**	407
Non-controlling interests	**49**	102
Revenue	**–**	34,549
Expenses	**(266)**	(35,529)
Loss for the year and total comprehensive expense for the year	**(266)**	(980)
Loss for the year and total comprehensive expense for the year attributable to owners of the Company	**(213)**	(784)
Loss for the year and total comprehensive expense for the year attributable to non-controlling interests	**(53)**	(196)

	2018 HK$'000	2017 HK$'000
Net cash outflow from operating activities	**(332)**	(1,323)
Net cash outflow from investing activities	**–**	(120)
Net cash outflow	**(332)**	(1,443)

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Cont'd)*

Details of non-wholly owned subsidiary that have material non-controlling interests *(Cont'd)*

CVP Financial

	2018 **HK$'000**	2017 HK$'000
Current assets	**72,156**	40,068
Non-current assets	**101,177**	–
Current liabilities	**(264,048)**	(17)
Equity attributable to owner of the Company	**(78,623)**	34,712
Non-controlling interests	**(12,092)**	5,339
Revenue	**–**	–
Expenses	**(130,766)**	(17)
Loss for the year and total comprehensive expense for the year	**(130,766)**	(17)
Loss for the year and total comprehensive expense for the year attributable to owners of the Company	**(113,355)**	(16)
Loss for the year and total comprehensive expense for the year attributable to non-controlling interests	**(17,431)**	(1)

No statement of cash flow is presented for the year ended 31 March 2018 and for the period from 7 October 2016 (date of incorporation) to 31 March 2017 as CVP Financial does not hold any bank accounts nor cash on hand. All cash transactions are processed by its immediate holding company on behalf of CVP Financial.

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Cont'd)*

Details of non-wholly owned subsidiary that have material non-controlling interests *(Cont'd)*

CVP Capital

	2018 **HK$'000**
Current assets	**15,596**
Non-current assets	**359**
Current liabilities	**(211)**
Equity attributable to owner of the Company	**9,459**
Non-controlling interests	**6,285**

	30 June 2017 (date of acquisition) to 31 March 2018 HK$'000
Revenue	8,550
Expenses	(9,755)
Loss for the year and total comprehensive expense for the year	(1,205)
Loss for the year and total comprehensive expense for the year attributable to owners of the Company	(724)
Loss for the year and total comprehensive expense for the year attributable to non-controlling interests	(481)

	30 June 2017 (date of acquisition) to 31 March 2018 HK$'000
Net cash outflow from operating activities	(3,325)
Net cash outflow from investing activities	(481)
Net cash outflow	(3,806)

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 HK$'000	2017 HK$'000
Non-current asset		
Investments in subsidiaries	**62,217**	62,217
Current assets		
Amount due from a subsidiary	**305,526**	28,157
Bank balances	**10,745**	41,065
	316,271	69,222
Current liability		
Amounts due to subsidiaries	**–**	40,000
Convertible bonds	**101,822**	–
Derivative financial instrument	**14,901**	–
	116,723	40,000
Net current assets	**199,548**	29,222
Net assets	**261,765**	91,439
Capital and reserves		
Share capital	**4,000**	4,000
Reserves *(Note)*	**246,508**	87,439
Total equity	**250,508**	91,439
Non-current liabilities		
Promissory note payable	**11,257**	–
	261,765	91,439

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Cont'd)*

Note:

Reserves of the Company

	Share premium HK$'000	Other reserve HK$'000 *(Note a)*	Capital reserve HK$'000 *(Note b)*	Share options reserve HK$'000	Convertible bonds – equity conversion reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2016	65,376	62,217	–	6,636	–	(19,749)	114,480
Loss for the year end and total comprehensive expense for the year	–	–	–	–	–	(31,781)	(31,781)
Recognition of equity-settled share-based payment expenses *(Note 38)*	–	–	–	4,740	–	–	4,740
At 31 March 2017	65,376	62,217	–	11,376	–	(51,530)	87,439
Profit for the year end and total comprehensive expense for the year	–	–	–	–	–	4,431	4,431
Issue of convertible bonds *(Note 29)*	–	–	–	–	174,782	–	174,782
Issue of put option to non-controlling interests *(Note 28)*	–	–	(20,144)	–	–	–	(20,144)
At 31 March 2018	65,376	62,217	(20,144)	11,376	174,782	(47,099)	246,508

Notes:

(a) Other reserve represents the difference between the nominal value of the shares issued for the acquisition of Madison International and the consolidated net asset values of Madison International and its subsidiaries at the date of acquisition.

(b) Capital reserve represents a fair value of put option amounting to approximately HK$20,144,000 exercisable by non-controlling shareholders was recorded upon initial recognition, as detailed in note 28 to the consolidated financial statements.

43. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Grant of share options

On 3 April 2018, the Company granted an aggregate of 219,000,000 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.

Details of the grant of share options are set out in the Company's announcement dated 3 April 2018.

(b) Placing of new shares under general mandate

On 23 April 2018, an aggregate of 70,056,000 placing shares were successfully placed to not less than six placees at the placing price of HK$1.70 per placing share.

Details of the placing of new shares are set out in the Company's announcement dated 23 April 2018.

(c) Exercise of the exchange rights attached to the Exchangeable Bonds

On 31 May 2018, CVP Financial exercised the exchange rights to exchange the principal amount of the Exchangeable Bonds amounted approximately HK$58,911,000 into 49% Bartha Shares.

Details of the exercise of the Exchangeable Bonds are set out in the Company's announcement dated 31 May 2018.

FINANCIAL SUMMARY

RESULTS

For the year ended 31 March

	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000
Revenue	**159,984**	139,912	126,684	145,687	70,044
(Loss) profit before tax	**(157,048)**	(16,366)	(7,083)	17,290	8,655
Income tax (expense) credit	**(68)**	374	(2,221)	(2,976)	(1,451)
(Loss) profit for the year and total comprehensive (expense) income for the year attributable to:					
Owners of the Company	**(138,364)**	(15,638)	(9,447)	14,159	7,204
Non-controlling interests	**(18,752)**	(354)	143	155	–

ASSETS AND LIABILITIES

As at 31 March

	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000
Total assets	**292,205**	162,935	130,520	75,890	57,361
Total liabilities	**(144,641)**	(8,712)	(5,545)	(24,063)	(19,848)
Total equity	**147,564**	154,223	124,975	51,827	37,513