



**MADISON WINE®**

**Madison Wine Holdings Limited**

**麥迪森酒業控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8057)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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

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## **FINANCIAL HIGHLIGHTS**

For the year ended 31 March 2016, audited operating results of the Group were as follows:

- the Group recorded a revenue of approximately HK\$126.7 million for the year ended 31 March 2016 (2015: HK\$145.7 million).
- loss attributable to the owners of the Company for the year ended 31 March 2016 amounted to approximately HK\$9.4 million (2015: profit of approximately HK\$14.2 million) due to the listing expenses of approximately HK\$13.0 million incurred by the Company for its listing exercise and the recognition of the share-based payment expenses for the share options granted of approximately HK\$6.6 million during the year ended 31 March 2016; and
- the Board resolved not to recommend the payment of any final dividend for the year ended 31 March 2016 (2015: nil).

# **MANAGEMENT DISCUSSION AND ANALYSIS**

## **BUSINESS REVIEW**

We are engaged in the retail sales and wholesales of a wide spectrum of wine products and other alcoholic beverages in Hong Kong with a focus on red wine. During the year ended 31 March 2016, revenue decreased by approximately 13.0% to approximately HK\$126.7 million (2015: HK\$145.7 million). The decrease in revenue was mainly due to the downturn of the economy environment, especially for the retail industry, during the second half of the financial year.

## **FINANCIAL REVIEW**

### **Revenue**

Revenue of the Company and its subsidiaries (collectively the “Group”) decreased by approximately 13.0% from approximately HK\$145.7 million to approximately HK\$126.7 million for the year ended 31 March 2015 and 2016 respectively. The decrease was mainly due to the downturn of the economy environment, especially for the retail market, during the second half of the financial year.

### **Gross Profit and Gross Profit Margin**

Gross profit of the Group decreased by approximately 17.7% from approximately HK\$40.1 million to approximately HK\$33.0 million for the year ended 31 March 2015 and 2016 respectively. The decrease was mainly due to the decrease in revenue during the year. The gross profit margin decreased from approximately 27.5% to approximately 26.0% for the year ended 31 March 2015 and 2016 respectively. The decrease was mainly due to the downturn of retail market during the second half of the financial year, which is also the peak season of the wine industry, and therefore, the selling price of the products was lowered in order to maintain the sales network.

### **Other Income**

Other income of the Group increased significantly from approximately HK\$1.4 million to approximately HK\$12.7 million for the year ended 31 March 2015 and 2016 respectively. The increase was mainly due to the increase in consignment sales which has been commenced since November 2014.

### **Selling and Distribution Expenses**

Selling and distribution expenses of the Group increased slightly from approximately HK\$13.0 million to approximately HK\$13.5 million for the year ended 31 March 2015 and 2016 respectively. The increase was mainly due to the increase in number of sales person.

## **Administrative Expenses**

Administrative expenses of the Group increased by approximately 273.3% from approximately HK\$10.5 million to approximately HK\$39.2 million for the year ended 31 March 2015 and 2016 respectively. The increase was mainly due to (i) the one-off listing expenses of approximately HK\$13.0 million incurred by the Group for its listing exercise during the year ended 31 March 2016; (ii) the recognition of share-based payment expenses of approximately HK\$6.6 million upon the grant of share options on 17 December 2015; (iii) the increase in salary of approximately HK\$5.4 million for the management and administrative staff; (iv) the increase in professional fee for listing related expenses of approximately HK\$1.3 million; and (v) the increase in other administrative expenses of approximately HK\$2.4 million incurred by the Group with the increase in number of staff.

## **Income Tax Expense**

Income tax expense for the Group decreased from approximately HK\$3.0 million to approximately HK\$2.2 million for the year ended 31 March 2015 and 2016 respectively. The decrease was due to the decrease in profit before tax excluding the listing expenses which is non-deductible for the tax assessment.

## **Loss For the Year and Total Comprehensive Expense Attributable to Owners of the Company**

Loss for the year attributable to owners of the Company was approximately HK\$9.4 million for the year ended 31 March 2016 (2015: profit of approximately HK\$14.2 million). Such change was mainly attributable to the listing expenses incurred by the Group for its listing exercise of approximately HK\$13.0 million and recognition of the share-based payment expenses for the share options granted of approximately HK\$6.6 million during the year ended 31 March 2016.

Excluding the one-off exceptional expenses for the listing exercise of the Group of approximately HK\$13.0 million and the recognition of share-based payment expenses of approximately HK\$6.6 million upon the grant of share options on 17 December 2015, profit and total comprehensive income attributable to owners of the Company for the year ended 31 March 2016 would reach approximately HK\$10.2 million, representing a decrease of approximately 28.2% as compared to the year ended 31 March 2015.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operations by internal cash generated from its own business operations. As at 31 March 2016, the Group had cash and cash equivalents of approximately HK\$45.0 million (2015: HK\$28.0 million) and had net current assets of approximately HK\$117.3 million (2015: HK\$43.9 million).

The current ratio of the Group was 23.1 times as at 31 March 2016, compared to that of 2.8 times as at 31 March 2015. The increase was mainly attributable to (i) the repayment of amount due to a director; (ii) the increase in inventories of approximately HK\$17.3 million; (iii) the increase in trade and other receivables of approximately HK\$19.2 million; and (iv) the increase in cash and cash equivalents of approximately HK\$17.0 million during the year ended 31 March 2016.

The gearing ratio (representing the debts of non-trade nature including amount due to a director divided by total equity at the end of the year and multiplied by 100%) of the Group was nil as at 31 March 2016 (2015: 17.9%). The Group has sufficient fund to maintain its operation and we do not have any borrowing neither from the Directors nor other third party financial institutions.

## **FOREIGN EXCHANGE EXPOSURE**

As at 31 March 2016, the Group had certain bank balances and payables denominated in foreign currencies, mainly United States dollar and Euro, 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 of Directors (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**

The shares of the Company (the “Shares”) were successfully listed on GEM (the “Listing”) on 8 October 2015 (the “Listing Date”). There has been no change in the capital structure of the Company since then. The equity of the Company only comprises of ordinary shares.

As at the date of this announcement, the issued share capital of the Company was HK\$4.0 million and the number of issued ordinary shares was 400,000,000 of HK\$0.01 each.

## **CAPITAL COMMITMENT**

As at 31 March 2016, the Group did not have any significant capital commitments (2015: nil).

## **CONTINGENT LIABILITIES**

As at 31 March 2016, the Group did not have any material contingent liabilities (2015: nil).

## **DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2016, the Group employed a total of 32 (2015: 24) full-time employees and 2 (2015: 1) part-time employees. The staff cost, including Directors' emoluments, of the Group for the year ended 31 March 2016 was approximately HK\$14.7 million (2015: HK\$9.4 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. The emoluments of Directors are determined by the Board based on the recommendations of the remuneration committee, having regard to the performance, duties and responsibilities of the individual Director and the prevailing market conditions. 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) as the Group's long-term incentive scheme 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 Group is committed to employee development and has implemented various training programs to strengthen their industry, technical and product knowledge. All newly recruited employees are required to attend induction training. The Directors believe the training program will equip the employees with skills and knowledge to enhance its services to the customers.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the year ended 31 March 2016, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies save for those in relation to the reorganisation in preparation of the Listing as set out in section headed "History, Reorganisation and Corporate Structure – Reorganisation" to the Company's prospectus dated 29 September 2015 (the "Prospectus").

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group has entered into a non-legally binding memorandum of understanding in respect of the proposed acquisition of up to 45% equity interest in Acker Merrall & Condit Limited on 13 April 2016, details of which are set out in the Company's announcement dated 13 April 2016.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus to 31 March 2016 is set out below:

<b>Business objectives</b>	<b>Actual progress</b>
(a) Expanding and diversifying the product portfolio	The Group purchased over 20,000 bottles of wine, with over 30 new vintages or brands during the period from 29 September 2015 to 31 March 2016. The inventory level has been raised from approximately HK\$25.3 million to approximately HK\$41.5 million as at 29 September 2015 and 31 March 2016 respectively.
(b) Acquiring one or more wine merchants in Hong Kong	The Group entered into a non-legally binding memorandum of understanding in respect of the proposed acquisition of up to 45% equity interest in Acker Merrall & Condit Limited on 13 April 2016.
(c) Solidifying and broadening the customer base	The number of members in the "Madison Premier Membership Scheme" has increased from over 500 members to over 800 members as at 29 September 2015 and 31 March 2016 respectively. The customer base, which includes wholesales and retails clients, has increased by over 370 customers being registered in the database during the period from 29 September 2015 to 31 March 2016.

## USE OF PROCEEDS

The Shares were successfully listed on GEM on 8 October 2015 by way of the placing of 100,000,000 new shares at the placing price of HK\$0.75 each (the "Placing"). After deducting underwriting commission and expenses in connection with the Placing, the net proceeds were approximately HK\$56.3 million. After the Listing, these proceeds were used for the purposes in accordance with the business strategies and implementation plans as set out in the Prospectus.

An analysis of the utilisation of the net proceeds from the Placing of approximately HK\$56.3 million after the Placing is set out below:

	<b>Intended usage of the net proceeds up to 31 March 2016 (HK\$' million) (approximately)</b>	<b>Intended usage of the net proceeds up to 31 March 2016 (HK\$' million) (approximately)</b>	<b>Actual usage of the net proceeds up to 31 March 2016 (HK\$' million) (approximately)</b>
(a) Expand and diversify the product portfolio	28.2	8.4	(8.4)
(b) Acquiring one or more wine merchants in Hong Kong	16.9	–	–
(c) Enhance public awareness of the Company by increasing marketing and promotion efforts	5.6	1.4	(0.8)
(d) General working capital	5.6	5.6	(5.6)
	<u>56.3</u>	<u>15.4</u>	<u>(14.8)</u>
Total	<u><u>56.3</u></u>	<u><u>15.4</u></u>	<u><u>(14.8)</u></u>

## **OUTLOOK AND PROSPECTS**

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

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

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



## ANNUAL RESULTS

The Board is pleased to announce the annual consolidated results of the Group for the year ended 31 March 2016 together with the comparative figures for the year ended 31 March 2015.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	<i>Notes</i>	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Revenue	4	<b>126,684</b>	145,687
Cost of sales		<u>(93,711)</u>	<u>(105,587)</u>
Gross profit		<b>32,973</b>	40,100
Other income	5	<b>12,687</b>	1,446
Selling and distribution expenses		<b>(13,526)</b>	(13,034)
Administrative expenses		<b>(39,217)</b>	(10,477)
Finance cost	6	<u>–</u>	<u>(745)</u>
(Loss) profit before tax		<b>(7,083)</b>	17,290
Income tax expense	7	<u>(2,221)</u>	<u>(2,976)</u>
(Loss) profit for the year and total comprehensive (expense) income for the year	8	<u><b>(9,304)</b></u>	<u>14,314</u>
(Loss) profit for the year and total comprehensive (expense) income for the year attributable to:			
Owners of the Company		<b>(9,447)</b>	14,159
Non-controlling interests		<u>143</u>	<u>155</u>
		<u><b>(9,304)</b></u>	<u>14,314</u>
(Loss) earnings per share (HK cents)	10		
Basic		<u><b>(2.71)</b></u>	<u>4.72</u>
Diluted		<u><b>(2.71)</b></u>	<u>4.72</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

		2016	2015
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Non-current assets			
Plant and equipment		5,616	4,238
Deposits paid for acquisition of plant and equipment		–	2,188
Deposits	<i>11</i>	643	1,075
Deferred tax asset		287	458
		<u>6,546</u>	<u>7,959</u>
Current assets			
Inventories		41,465	24,221
Trade and other receivables	<i>11</i>	34,909	15,666
Amount due from ultimate holding company		11	9
Amount due from immediate holding company		24	13
Tax recoverable		1,202	–
Bank balances and cash		44,985	28,022
		<u>122,596</u>	<u>67,931</u>
Current liabilities			
Trade and other payables	<i>12</i>	5,059	11,562
Amount due to a director		–	9,258
Tax payable		245	3,243
		<u>5,304</u>	<u>24,063</u>
Net current assets		<u>117,292</u>	<u>43,868</u>
Total assets less current liabilities		<u><u>123,838</u></u>	<u><u>51,827</u></u>

	<b>2016</b> <b><i>HK\$'000</i></b>	2015 <i>HK\$'000</i>
Capital and reserves		
Share capital	<b>4,000</b>	78
Reserves	<b>119,537</b>	51,594
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>123,537</b>	51,672
Non-controlling interests	<b>298</b>	155
	<hr/>	<hr/>
Total equity	<b>123,835</b>	51,827
Non-current liability		
Deferred tax liability	<b>3</b>	–
	<hr/>	<hr/>
	<b>123,838</b>	51,827
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2016*

## 1. GENERAL

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

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

The functional currency of the 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

Before the completion of the reorganisation (the “Reorganisation”), Madison International Wine Company Limited (“Madison International”) was ultimately owned by Mr. Ting Pang Wan Raymond, Mr. Lin Samuel Jr. and Mr. Zhu Hui Xin as to 77.3%, 20.0% and 2.7% respectively through three investment holding companies. Pursuant to the Reorganisation, which was completed by interspersing the Company between Madison International and its shareholders, the Company became the holding company of the companies now comprising the Group on 21 September 2015. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the consolidated financial statements has been prepared as if the Company had always been the holding company of the companies comprising the Group throughout the years presented, using the principles of merger accounting.

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 years presented or since their respective dates of incorporation up to 31 March 2016, whichever is the shorter period. The consolidated statement of financial position of the Group as at 31 March 2015 have been prepared to present the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence as at that date.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards (“HKAS(s)”) and amendments, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The Directors of the Company consider that the application of these amendments has had no material impact in the Group’s consolidated financial statements.

#### **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 <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle <sup>1</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>3</sup> Effective date not yet been determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2019.

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

#### 4. REVENUE AND SEGMENT INFORMATION

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

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

##### Geographical information

The Group's operations are located in Hong Kong (country of domicile) during the years ended 31 March 2016 and 2015.

During the years ended 31 March 2016 and 2015, the Group's revenue is derived solely in Hong Kong from customers. As at 31 March 2016 and 2015, the Group's non-current assets by location of assets are all located in Hong Kong.

##### Information about major customers

During the years ended 31 March 2016 and 2015, there is no customer contributing over 10% of the total revenue of the Group.

#### 5. OTHER INCOME

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Bank interest income	1	–
Consignment income	12,003	1,146
Gain on disposal of a subsidiary	–	168
Promotion income	593	–
Others	90	132
	<u>12,687</u>	<u>1,446</u>

## 6. FINANCE COST

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on amount due to a director	<u>–</u>	<u>745</u>

## 7. INCOME TAX EXPENSE

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	<b>2,047</b>	3,243
Deferred taxation	<u>174</u>	<u>(267)</u>
	<u><b>2,221</b></u>	<u>2,976</u>

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

During the year of assessments 2015/2016 and 2014/2015, 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.

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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(Loss) profit before tax	<u>(7,083)</u>	<u>17,290</u>
Tax at Hong Kong Profits Tax rate of 16.5% (2015: 16.5%)	<b>(1,169)</b>	2,853
Tax effect of expenses not deductible for tax purpose	<b>3,442</b>	190
Tax effect of income not taxable for tax purpose	<b>(9)</b>	(28)
Tax effect of tax losses not recognised	–	1
Utilisation of tax losses previously not recognised	<b>(1)</b>	–
Effect of tax exemptions granted	<u><b>(42)</b></u>	<u>(40)</u>
Income tax expense for the year	<u><b>2,221</b></u>	<u>2,976</u>

## 8. (LOSS) PROFIT FOR THE YEAR

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(Loss) profit for the year has been arrived at after charging:		
Directors' emoluments	4,399	1,167
Salaries, allowances and other benefits	9,445	7,519
Sales commission	492	407
Contributions to retirement benefits scheme	<u>327</u>	<u>281</u>
Total staff costs	<u>14,663</u>	<u>9,374</u>
Auditor's remuneration	550	350
Cost of inventories recognised as expense	93,711	105,587
Depreciation of plant and equipment	2,977	2,478
Equity-settled share-based payment expenses	6,636	–
Loss on written off of plant and equipment	507	–
Professional expenses incurred in connection with the listing	13,037	–
Net exchange loss	9	97
Minimum lease payments under operating leases in respect of office premises, warehouses and shop	<u>5,223</u>	<u>5,726</u>

## 9. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2016, nor has any dividend been proposed since the end of the reporting period.

No dividend was paid or declared by companies now comprising the Group during the year ended 31 March 2015.



## 10. (LOSS) EARNINGS PER SHARE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>(Loss) earnings</b>		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share for the year attributable to the owners of the Company	<u><u>(9,447)</u></u>	<u><u>14,159</u></u>
	<b>2016</b>	<b>2015</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<b>348,087,432</b>	300,000,000
Effect of dilutive potential ordinary shares:		
Share options	<u>844,252</u>	N/A
	<u><u>348,931,684</u></u>	<u><u>300,000,000</u></u>

The weighted average number of ordinary shares in issue during the year ended 31 March 2016 used in the calculation of basic loss per share is determined on the assumption that the 1,000 ordinary shares and the 299,999,000 ordinary shares issued upon the capitalisation issue and Reorganisation as described in the prospectus had been in issue since 1 April 2014, and the weighted average of 100,000,000 ordinary shares issued upon placing.

The weighted average number of ordinary shares in issue during the year ended 31 March 2015 used in the calculation of basic earnings per share is determined on the assumption that the 1,000 ordinary shares and the 299,999,000 ordinary shares issued upon the capitalisation issue and Reorganisation as described in the prospectus had been in issue since 1 April 2014.

Diluted loss per share is equal to the basic loss per share for the year ended 31 March 2016, 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 2016.

Diluted earnings per share is equal to the basic earnings per share for the year ended 31 March 2015 as there were no dilutive potential ordinary shares outstanding during the year ended 31 March 2015.

## 11. TRADE AND OTHER RECEIVABLES, DEPOSITS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	11,573	5,840
Payments in advance	22,220	7,095
Prepayments	668	1,518
Deposits and other receivables	<u>1,091</u>	<u>2,288</u>
Trade and other receivables	<u><b>35,552</b></u>	<u><b>16,741</b></u>
Analysed as:		
Current	34,909	15,666
Non-current (rental deposits)	<u>643</u>	<u>1,075</u>
	<u><b>35,552</b></u>	<u><b>16,741</b></u>

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.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	4,229	2,189
31 to 60 days	668	3,084
61 to 90 days	440	17
91 to 180 days	5,370	223
181 to 365 days	669	232
Over 365 days	<u>197</u>	<u>95</u>
Total	<u><b>11,573</b></u>	<u><b>5,840</b></u>

Trade receivables that were neither past due nor impaired as at 31 March 2016 related to a wide range of customers for whom there was no recent history of default.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$11,452,000 (2015: HK\$5,357,000) as at 31 March 2016 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:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	<b>4,108</b>	1,706
31 to 60 days	<b>668</b>	3,084
61 to 90 days	<b>440</b>	17
91 to 180 days	<b>5,370</b>	223
181 to 365 days	<b>669</b>	232
Over 365 days	<b>197</b>	95
	<hr/>	<hr/>
Total	<b>11,452</b>	5,357
	<hr/> <hr/>	<hr/> <hr/>

No allowance for doubtful debts was recognised as at 31 March 2016 and 2015. 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.

## 12. TRADE AND OTHER PAYABLES

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables	<b>1,168</b>	9,064
Receipts in advance	<b>3,000</b>	1,907
Other payables and accruals	<b>891</b>	591
	<hr/>	<hr/>
Trade and other payables	<b>5,059</b>	11,562
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 30 days	<b>311</b>	194
31 to 60 days	<b>701</b>	8,447
61 to 90 days	<b>16</b>	–
91 to 180 days	<b>97</b>	–
181 to 365 days	<b>43</b>	–
Over 365 days	–	423
	<hr/>	<hr/>
Trade payables	<b><u>1,168</u></b>	<u>9,064</u>

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.

### **13. EVENTS AFTER THE END OF THE REPORTING PERIOD**

On 13 April 2016, the Company and the potential vendor entered into a non-legally binding memorandum of understanding (the “MOU”) in relation to the proposed acquisition (“Proposed Acquisition”) of up to 45% equity interest in Acker Merrall & Condit Limited.

The consideration for the Proposed Acquisition will be subject to further negotiation between the parties to the MOU under the formal agreement (the “Formal Agreement”) and is expected be satisfied by the Group by way of cash as to (i) 75% of the consideration to be payable upon entering into of the Formal Agreement and completion of the Proposed Acquisition; and (ii) 25% of the consideration to be payable upon completion of the group restructuring, a condition subsequent to the completion of the Formal Agreement.

Details of the Proposed Acquisition are set out in the Company’s announcement dated 13 April 2016.

## **CLOSURE OF REGISTER OF MEMBERS**

The annual general meeting (the “AGM”) is scheduled for Tuesday, 23 August 2016. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 19 August 2016 to Tuesday, 23 August 2016, 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 Thursday, 18 August 2016.

## **CORPORATE GOVERNANCE PRACTICES**

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

As the Shares were not listed on GEM until 8 October 2015, the code provisions were not applicable to the Company before the Listing Date. Throughout the period since the Listing Date and up to the date of this announcement, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code, save for the deviation from the code provision A.2.1 as explained below:

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

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

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

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

## **INTERESTS OF COMPLIANCE ADVISER**

As notified by the Company's compliance adviser, Innovax Capital Limited (the "Compliance Adviser"), save for the compliance adviser agreement dated 24 September 2015 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of its directors, employees or 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 2016 and the date of this announcement.

## **SHARE OPTION SCHEME**

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

On 17 December 2015, the Company granted an aggregate of 18,100,000 share options 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.

## **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 2016.

## **REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE**

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

The Audit Committee comprises three members, namely Mr. Chu Kin Wang Peleus (chairman), Ms. Debra Elaine Meiburg and Ms. Fan Wei, all of whom are independent non-executive Directors.

The Group's audited consolidated financial statements for the year ended 31 March 2016 and this announcement 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.

By order of the Board  
**Madison Wine Holdings Limited**  
**Ting Pang Wan Raymond**  
*Chairman*

Hong Kong, 20 June 2016

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

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