



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 2017**

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

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This announcement, for which the directors (the “Directors”) of Madison Wine Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2017, audited operating results of the Group were as follows:

- the Group recorded a revenue of approximately HK\$139.6 million for the year ended 31 March 2017 (2016: HK\$126.7 million), representing an increase of approximately 10.2% as compared with the corresponding period in 2016;
- loss attributable to the owners of the Company for the year ended 31 March 2017 amounted to approximately HK\$14.6 million (2016: HK\$9.4 million). Should the equity-settled share based payment expenses for the share options granted of approximately HK\$4.7 million during the year be excluded, loss for the year and total comprehensive expense attributable to owners of the Company for the year ended 31 March 2017 would be approximately HK\$9.9 million; and
- the Board resolved not to recommend the payment of any final dividend for the year ended 31 March 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is 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 2017, revenue increased by approximately 10.2% to approximately HK\$139.6 million (31 March 2016: HK\$126.7 million). The increase in revenue was mainly the result of the expanded sales network by adopting a competitive pricing strategy.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately 10.2% from approximately HK\$126.7 million to HK\$139.6 million for the year ended 31 March 2016 and 2017 respectively. The increase in revenue was mainly the result of the expanded sales network by adopting a competitive pricing strategy.

Gross Profit and Gross Profit Margin

For the year ended 31 March 2016 and 2017, (i) the gross profit of the Group decreased by approximately 15.2% from approximately HK\$33.0 million to approximately HK\$28.0 million; and (ii) the gross profit margin decreased from 26.0% to 20.0%, respectively. The decrease was mainly due to the application of a more competitive pricing approach with a lower profit for sales of the products during the year ended 31 March 2017.

Other Income

Other income of the Group decreased significantly from approximately HK\$12.7 million to approximately HK\$1.5 million for the year ended 31 March 2016 and 2017 respectively. The decrease was mainly due to the decrease in consignment sales during the year ended 31 March 2017.

Selling and Distribution Expenses

Selling and distribution expenses of the Group increased by approximately 6.6% from approximately HK\$13.5 million to HK\$14.4 million for the year ended 31 March 2016 and 2017 respectively. The increase was mainly due to the increase in number of sales person.

Administrative Expenses

Administrative expenses of the Group decreased by approximately 22.7% from approximately HK\$39.2 million to HK\$30.3 million for the year ended 31 March 2016 and 2017 respectively.

Should the one-off listing expenses of approximately HK\$13.0 million incurred by the Group for its listing exercise and the recognition of equity settled share-based payment expenses for the share options granted of approximately HK\$6.6 million during the year ended 31 March 2016 and the recognition of equity settled share-based payment expenses for the share options granted of approximately HK\$4.7 million during the year ended 31 March 2017 be excluded, the administrative expenses of the Group increased by approximately 30.6% from approximately HK\$19.6 million to approximately HK\$25.6 million for the year ended 31 March 2016 and 2017 respectively. The increase was mainly due to (i) the increase in Directors' remuneration and salary and bonus for administrative staff of approximately HK\$5.0 million and (ii) the increase in professional fee of approximately HK\$1.2 million.

Income Tax Expense

Income tax expenses for the Group decreased from HK\$2.2 million to HK\$0.4 million tax credit for the year ended 31 March 2016 and 2017 respectively. The change was due to the loss before taxation recorded during the year.

Loss and Total Comprehensive Expense Attributable to Owners of the Company

Loss for the period attributable to owners of the Company was increased by approximately 55.3% from approximately HK\$9.4 million to HK\$14.6 million for the year ended 31 March 2016 and 2017 respectively. The increase was mainly due to (i) the economic downturn in the retail market and (ii) the decrease in the gross profit margin for the purpose to maintain competitive in the market, which leads to drop in gross profit.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations by internal cash generated from its own business operations. As at 31 March 2017, the Group had cash and cash equivalents of approximately HK\$52.2 million (31 March 2016: HK\$45.0 million) and had net current assets of approximately HK\$143.8 million (31 March 2016: HK\$117.3 million).

The current ratio of the Group was 17.5 times as at 31 March 2017, compared to that of 23.1 times as at 31 March 2016. The decrease was mainly attributable to the increase in trade and other payables of approximately HK\$3.6 million during the year ended 31 March 2017.

The gearing ratio (representing the debts of divided by total equity at the end of the year and multiplied by 100%) of the Group was nil as at 31 March 2017 (31 March 2016: 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 2017, the Group had certain bank balances and payables denominated in foreign currencies, mainly Euro and Great British Pound, which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

TREASURY POLICY

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

CAPITAL STRUCTURE

The share subdivision of each issued and unissued ordinary share of HK\$0.01 each in the share capital of the Company into ten ordinary shares of HK\$0.001 each was effective on 8 November 2016.

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 4,000,000,000 of HK\$0.001 each.

CAPITAL COMMITMENTS

Details of capital commitments are set out in note 12 in this announcement.

CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any material contingent liabilities (31 March 2016: nil).

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group employed a total of 33 (31 March 2016: 32) full-time employees and 1 (31 March 2016: 1) part-time employee. The staff cost, including Directors' emoluments, of the Group for the year ended 31 March 2017 was approximately HK\$16.0 million (year ended 31 March 2016: HK\$14.7 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.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2017, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group has entered into (i) a subscription agreement to subscribe for new shares in CVP Capital Limited at the subscription price of HK\$14 million on 9 February 2017 (the “Proposed Subscription”); (ii) a acquisition agreement to acquire the entire issued share capital of CVP Asset Management Limited at a consideration of HK\$14 million on 9 February 2017 (the “Proposed Acquisition”); and (iii) a subscription agreement (the “EB Subscription Agreement”) to subscribe for exchangeable bonds (the “EB Subscription”) to be issued by Bartha Holdings Limited at a consideration of HK\$150 million on 17 February 2017.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Company’s prospectus dated 29 September 2015 (the “Prospectus”) with those as at to 31 March 2017 is set out below:

Business objectives	Actual progress
(a) Expanding and diversifying our product portfolio	The Group purchased over 30,000 bottles of wine, with over 40 new vintages or brands during the year ended 31 March 2017. The inventory level has been raised from HK\$41.5 million to HK\$51.4 million as at 31 March 2016 and 2017 respectively.
(b) Acquiring one or more wine merchants in Hong Kong	In respect of the non-legally binding memorandum (the “MOU”) of understanding for the proposed acquisition of up to 45% equity interest in Acker Merrall & Condit Limited entered by the Company on 13 April 2016, the parties were unable to reach a formal sale and purchase agreement. The MOU has lapsed and ceased to have any effect from 12 July 2016.
(c) Solidifying and broadening our customer base	The number of members in the “Madison Premier Membership Scheme” has increased from over 800 members to over 1,100 members as at 31 March 2016 and 2017 respectively.

The Group’s customer base, which includes wholesales and retail clients, has increased by over 300 customers being registered in the database during the period from 31 March 2016 to 31 March 2017.

USE OF PROCEEDS

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

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

An analysis of the utilisation of the net proceeds from the Placing as at 31 March 2017 and the revised intended usage after reallocation of net proceeds are set out below:

	Intended usage of net proceeds up to 31 March 2017 (HK\$' million) (approximately)	Intended usage of net proceeds up to 31 March 2017 (HK\$' million) (approximately)	Actual usage of the net proceeds up to 31 March 2017 (HK\$' million) (approximately)	Revised intended usage after reallocation of net proceeds (HK\$' million) (approximately)
(a) Expand and diversify our product portfolio	28.2	21.2	(37.5)	37.5
(b) Acquire one or more wine merchants in Hong Kong	16.9	–	–	7.6
(c) Enhance public awareness of our Company by increasing marketing and promotion efforts	5.6	4.2	(4.2)	5.6
(d) General working capital	5.6	5.6	(5.6)	5.6
	<u>56.3</u>	<u>31.0</u>	<u>(47.3)</u>	<u>56.3</u>
Total	<u>56.3</u>	<u>31.0</u>	<u>(47.3)</u>	<u>56.3</u>

OUTLOOK AND PROSPECTS

It was a challenging year for the Hong Kong's retail market during the period under review because of the economic downturn. As such, the Company has been actively looking for suitable acquisition opportunities to maximise the return of shareholders of the Company in a more sustainable manner.

Given that Hong Kong is an important global financial hub, bridging capital flows between the People's Republic of China 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, through the entering into of the respective agreements and deeds dated 9 February 2017 and 17 February 2017 respectively, the Proposed Subscription, the Proposed Acquisition and the EB Subscription can provide the Group with a platform to expose to the business opportunities brought by the prospective financial market of Hong Kong by offering corporate finance advisory and securities placement services, which eventually enhance the value of the shareholders of the Company in long term. For details of the respective agreements and deeds, please refer to the announcements dated 9 February 2017 and 17 February 2017 respectively.

ANNUAL RESULTS

The Board is pleased to announce the annual consolidated results of the Group for the year ended 31 March 2017 together with the comparative figures for the year ended 31 March 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	<i>Notes</i>	2017 HK\$'000	2016 <i>HK\$'000</i>
Revenue	4	139,562	126,684
Cost of sales		<u>(111,610)</u>	<u>(93,711)</u>
Gross profit		27,952	32,973
Other income	5	1,543	12,687
Selling and distribution expenses		(14,397)	(13,526)
Administrative expenses		<u>(30,294)</u>	<u>(39,217)</u>
Loss before tax		(15,196)	(7,083)
Income tax credit (expense)	6	<u>380</u>	<u>(2,221)</u>
Loss for the year and total comprehensive expense for the year	7	<u>(14,816)</u>	<u>(9,304)</u>
(Loss) profit for the year and total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(14,619)	(9,447)
Non-controlling interests		<u>(197)</u>	<u>143</u>
		<u>(14,816)</u>	<u>(9,304)</u>
			(restated)
Loss per share (<i>HK cents</i>)	9		
Basic		<u>(0.37)</u>	<u>(0.27)</u>
Diluted		<u>(0.37)</u>	<u>(0.27)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

		2017	2016
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current assets			
Plant and equipment		7,595	5,616
Deposits	10	1,677	643
Deferred tax asset		<u>680</u>	<u>287</u>
		9,952	6,546
Current assets			
Inventories		51,384	41,465
Trade and other receivables	10	47,439	34,909
Amount due from ultimate holding company		11	11
Amount due from immediate holding company		27	24
Tax recoverable		1,464	1,202
Bank balances and cash		<u>52,169</u>	<u>44,985</u>
		152,494	122,596
Current liabilities			
Trade and other payables	11	8,670	5,059
Tax payable		<u>10</u>	<u>245</u>
		8,680	5,304
Net current assets		<u>143,814</u>	<u>117,292</u>
Total assets less current liabilities		<u>153,766</u>	<u>123,838</u>

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Capital and reserves			
Share capital		4,000	4,000
Reserves		144,318	119,537
		<hr/>	<hr/>
Equity attributable to owners of the Company		148,318	123,537
Non-controlling interests		5,441	298
		<hr/>	<hr/>
Total equity		153,759	123,835
Non-current liability			
Deferred tax liability		7	3
		<hr/>	<hr/>
		153,766	123,838
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. GENERAL

Madison Wine Holdings 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 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 year presented or since their respective dates of incorporation up to 31 March 2016, whichever is the shorter period.

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 2012 – 2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operation

The directors of the Company consider that the application of the 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.

New and revised HKFRSs issued but not yet effective

At the date of this announcement, the following new and revised HKFRSs have been issued but are not yet effective. The Company has not early applied these statements and amendments:

HKFRS 9 (2014)	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Lease ⁴
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 cycle ³
Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Asset for Unrealised Losses ¹
Amendments to HKAS 40	Transfer of Investment Property ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵

¹ Effective for annual periods beginning on or after 1 January 2017.

² Effective for annual periods beginning on or after 1 January 2018.

³ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

⁴ Effective for annual periods beginning on or after 1 January 2019.

⁵ Effective date not yet been determined.

The directors of the Company anticipate that the application of 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 2017 and 2016.

During the years ended 31 March 2017 and 2016, the Group's revenue is derived solely in Hong Kong from customers. As at 31 March 2017 and 2016, 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 2017 and 2016, there is no customer contributing over 10% of the total revenue of the Group.

5. OTHER INCOME

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Bank interest income	1	1
Consignment income	1,088	12,003
Net exchange gain	5	–
Promotion income	222	593
Others	227	90
	<u>1,543</u>	<u>12,687</u>

6. INCOME TAX (CREDIT) EXPENSE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	9	2,047
Deferred taxation	<u>(389)</u>	<u>174</u>
	<u>(380)</u>	<u>2,221</u>

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

During the year of assessments 2016/2017 and 2015/2016, 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 before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss before tax	<u>(15,196)</u>	<u>(7,083)</u>
Tax at Hong Kong Profits Tax rate of 16.5% (2016: 16.5%)	(2,507)	(1,169)
Tax effect of expenses not deductible for tax purpose	1,164	3,442
Tax effect of income not taxable for tax purpose	(2)	(9)
Tax effect of tax losses not recognised	985	–
Utilisation of tax losses previously not recognised	–	(1)
Effect of tax exemptions granted	<u>(20)</u>	<u>(42)</u>
Income tax (credit) expense for the year	<u>(380)</u>	<u>2,221</u>

7. LOSS FOR THE YEAR

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments	5,749	4,399
Salaries, allowances and other benefits	9,829	9,445
Sales commission	100	492
Contributions to retirement benefits scheme	339	327
	<hr/>	<hr/>
Total staff costs	16,017	14,663
	<hr/>	<hr/>
Auditor's remuneration	630	550
Cost of inventories recognised as expense	111,610	93,711
Depreciation of plant and equipment	3,403	2,977
Equity-settled share-based payment expenses	4,740	6,636
Loss on written off of plant and equipment	24	507
Professional expenses incurred in connection with the listing	–	13,037
Net exchange (gain) loss	(5)	9
Minimum lease payments under operating leases in respect of office premises, warehouses and shop	5,065	5,223
	<hr/> <hr/>	<hr/> <hr/>

8. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2017 and 2016, nor has any dividend been proposed since the end of the reporting period.

9. 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:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share for the year attributable to the owners of the Company	<u>(14,619)</u>	<u>(9,447)</u>
	2017	2016
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>4,000,000,000</u>	<u>3,480,874,320</u>

Diluted loss per share is equal to the basic loss per share for the years ended 31 March 2017 and 2016, as the effect of the Company's outstanding share options would result in a decrease in loss per share for the years ended 31 March 2017 and 2016.

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

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 2015, and the weighted average of 100,000,000 ordinary shares issued upon placing.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	6,118	11,573
Payments in advance	40,021	22,220
Prepayments	1,245	668
Deposits and other receivables	<u>1,732</u>	<u>1,091</u>
Trade and other receivables	<u>49,116</u>	<u>35,552</u>
Analysed as:		
Current	47,439	34,909
Non-current (rental deposits)	<u>1,677</u>	<u>643</u>
	<u>49,116</u>	<u>35,552</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.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 30 days	1,613	4,229
31 to 60 days	1,238	668
61 to 90 days	1,139	440
91 to 180 days	113	5,370
181 to 365 days	1,585	669
Over 365 days	<u>430</u>	<u>197</u>
Total	<u>6,118</u>	<u>11,573</u>

Trade receivables that were neither past due nor impaired as at 31 March 2017 related to a wide range of customers for whom there was no recent history of default.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK\$5,789,000 (2016: HK\$11,452,000) as at 31 March 2017 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 30 days	1,284	4,108
31 to 60 days	1,238	668
61 to 90 days	1,139	440
91 to 180 days	113	5,370
181 to 365 days	1,585	669
Over 365 days	430	197
	<hr/>	<hr/>
Total	5,789	11,452
	<hr/> <hr/>	<hr/> <hr/>

No allowance for doubtful debts was recognised as at 31 March 2017 and 2016. 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.

11. TRADE AND OTHER PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	3,979	1,168
Receipts in advance	3,524	3,000
Other payables and accruals	1,167	891
	<hr/>	<hr/>
Trade and other payables	8,670	5,059
	<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.

	2017	2016
	HK\$'000	HK\$'000
Within 30 days	1,736	311
31 to 60 days	1,020	701
61 to 90 days	29	16
91 to 180 days	839	97
181 to 365 days	–	43
Over 365 days	355	–
	<hr/>	<hr/>
Trade payables	3,979	1,168
	<hr/> <hr/>	<hr/> <hr/>

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.

12. CAPITAL COMMITMENTS

	2017	2016
	HK\$'000	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	–
	<hr/>	<hr/>
	164,000	–
	<hr/> <hr/>	<hr/> <hr/>

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the “AGM”) is scheduled for Monday, 28 August 2017. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 23 August 2017 to Monday, 28 August 2017, 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 Tuesday, 22 August 2017.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and enhance its corporate value. The Company has adopted the principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules as its corporate governance practices.

Throughout the period from 1 April 2016 and up to the date of this announcement, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company’s compliance adviser, Innovax Capital Limited (the “Compliance Adviser”), save for the compliance adviser agreement dated 24 September 2015 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of its directors, employees or 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 2017 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.

With effect 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:

Date of grant	Immediately before the Share Subdivision becoming effective		Immediately after the Share Subdivision becoming effective	
	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

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 2017.

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 independent non-executive Directors.

The Group’s audited consolidated financial statements for the year ended 31 March 2017 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.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Re-designation of Director

Mr. Kao Sheng-Chi was re-designated from executive Director to non-executive Director of the Company on 12 April 2017.

Appointment of chief executive officer

Mr. Zhu Qin was appointed as the chief executive officer of the Company on 28 April 2017.

Proposed 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 is subject to (i) the passing of a special resolution by the shareholders of the Company approving the Proposed Change of Company Name at the extraordinary general meeting of the Company; and (ii) the the Registrar of Companies in the Cayman Islands approving the Proposed Change of Company Name, if any. For details, please refer to the announcement and circular dated 7 June 2017 and 9 June 2017 respectively.

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

Hong Kong, 27 June 2017

As at the date of this announcement, the executive Directors are Mr. Ting Pang Wan Raymond and Mr. Zhu Qin; the non-executive Director is Mr. Kao Sheng-Chi; and the independent non-executive Directors are Ms. Fan Wei, Mr. Chu Kin Wang Peleus and Mr. Ip Cho Yin, J.P.

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