



MADISON GROUP®

Madison Holdings Group Limited

麥迪森控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8057)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

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

FINANCIAL HIGHLIGHTS

For the 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company and its subsidiaries (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.

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 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 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.

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 costs 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 finance 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

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 approximately HK\$4.07 million and the number of issued ordinary shares was 4,070,056,000 of HK\$0.001 each.

COMMITMENTS

Details of commitments are set out in note 12 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	<i>Notes</i>	Fair value as at 31 March 2018 <i>HK\$'000</i>	% to the total assets of the Group	% to the interest in the respective investments as at 31 March 2018	Gain/(loss) on disposal/ redemption <i>HK\$'000</i>
Far East Holdings International Limited (36) ("FEH")	<i>(a)</i>	–	N/A	N/A	19
Zhong An Real Estate Limited (672) ("ZAR")	<i>(b)</i>	–	N/A	N/A	(848)
Tencent Holdings Limited (700) ("THL")	<i>(c)</i>	410	0.14%	0.00%	–
China New City Commercial Development Limited (1321) ("CCC")	<i>(d)</i>	5,909	2.02%	0.00%	70
AAC Technologies Holdings Inc. (2018) ("AAC")	<i>(e)</i>	708	0.24%	0.00%	–
Total:		<u>7,027</u>			<u>(759)</u>

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.
- (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 announcement, 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 Exercise 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	The 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 announcement.
c.) Solidifying and broadening our customer base	<p>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.</p> <p>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.</p>

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.

ANNUAL RESULTS

The Board is pleased to announce the annual consolidated results of the Group for the year ended 31 March 2018 together with the comparative figures for the year ended 31 March 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	<i>Notes</i>	2018 HK\$'000	2017 HK\$'000 (restated)
Revenue	4	159,984	139,912
Cost of sales		<u>(120,984)</u>	<u>(111,610)</u>
Gross profit		39,000	28,302
Other income	5	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		(124,172)	–
Change in fair value of derivative financial instrument		5,243	–
Impairment loss recognised on goodwill		(3,817)	–
Finance costs		<u>(6,572)</u>	–
Loss before tax		(157,048)	(16,366)
Income tax (expense) credit	6	<u>(68)</u>	<u>374</u>
Loss for the year and total comprehensive expense for the year	7	<u>(157,116)</u>	<u>(15,992)</u>
Loss for the year and total comprehensive expense for the year attributable to:			
Owners of the Company		(138,364)	(15,638)
Non-controlling interests		<u>(18,752)</u>	<u>(354)</u>
		<u>(157,116)</u>	<u>(15,992)</u>
Loss per share (<i>HK cents</i>)	9		
Basic		<u>(3.46)</u>	<u>(0.39)</u>
Diluted		<u>(3.46)</u>	<u>(0.39)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

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 2016 and its shares are listed on the 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

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.

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. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure, the directors of the Company considered that these amendments have had no impact on 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 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, 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

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

	2018	2017
	HK\$'000	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

(a) Segment revenues and results

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

	2018 <i>HK\$’000</i>	2017 <i>HK\$’000</i> (restated)
Revenue		
Sales of alcoholic beverages	151,454	139,562
Financial services	8,530	350
	<u>159,984</u>	<u>139,912</u>
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	<u>(157,048)</u>	<u>(16,366)</u>

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.

(b) Segment assets and liabilities

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

	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets		(restated)
Sales of alcoholic beverages	91,275	108,095
Financial services	2,830	28
	<hr/>	<hr/>
Total segment assets	94,105	108,123
Unallocated assets	198,100	54,812
	<hr/>	<hr/>
Consolidated total assets	292,205	162,935
	<hr/> <hr/>	<hr/> <hr/>
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment liabilities		(restated)
Sales of alcoholic beverages	15,307	8,670
Financial services	312	19
	<hr/>	<hr/>
Total segment liabilities	15,619	8,689
Unallocated liabilities	129,022	23
	<hr/>	<hr/>
Consolidated total liabilities	144,641	8,712
	<hr/> <hr/>	<hr/> <hr/>

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.

(c) Other segment information

For the year ended 31 March 2018

	Sale of alcoholic beverages <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>				
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

For the year ended 31 March 2017 (restated)

	Sale of alcoholic beverages <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>				
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.

5. OTHER INCOME

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

6. INCOME TAX EXPENSE (CREDIT)

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (restated)
Current tax:		
Hong Kong Profits Tax	–	9
Deferred taxation	68	(383)
	<u>68</u>	<u>(374)</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, 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:

	2018 HK\$'000	2017 <i>HK\$'000</i> (restated)
Loss before tax	<u>(157,048)</u>	<u>(16,366)</u>
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	<u>–</u>	<u>(20)</u>
Income tax expense (credit) for the year	<u>68</u>	<u>(374)</u>

7. LOSS FOR THE YEAR

	2018 HK\$'000	2017 <i>HK\$'000</i> (restated)
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments	8,532	5,749
Salaries, allowances and other benefits	17,375	10,455
Sales commission	767	858
Contributions to retirement benefits scheme	<u>537</u>	<u>376</u>
Total staff costs	<u>27,211</u>	<u>17,438</u>
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	<u>11,235</u>	<u>5,065</u>

8. 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.

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:

	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	<u>(138,364)</u>	<u>(15,638)</u>
	2018	2017
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>4,000,000,000</u>

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.

10. TRADE AND OTHER RECEIVABLES AND DEPOSITS

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
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	<u>2</u>	<u>430</u>
Total	<u>5,601</u>	<u>6,118</u>

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.

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 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
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
	<hr/>	<hr/>
Total	4,562	5,789
	<hr/> <hr/>	<hr/> <hr/>

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 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
At 1 April	–	–
Impairment losses recognised on trade receivables	200	–
	<hr/>	<hr/>
At 31 March	200	–
	<hr/> <hr/>	<hr/> <hr/>

11. TRADE AND OTHER PAYABLES

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

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
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	<u>563</u>	<u>355</u>
Trade payables	<u><u>3,346</u></u>	<u><u>3,979</u></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.

12. CAPITAL COMMITMENTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
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	<u>–</u>	<u>150,000</u>
	<u><u>–</u></u>	<u><u>164,000</u></u>

The following are commitments that the Group related to acquisition of CVP Capital:

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.

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.

CORPORATE GOVERNANCE PRACTICES

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

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

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company’s compliance adviser, Innovax Capital Limited (the “Compliance Adviser”), save for the compliance adviser agreement dated 24 September 2015 entered into between the Company and the Compliance Adviser, neither 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 announcement. The compliance adviser agreement will be terminated on the date of delivering the annual report for the year ended 31 March 2018 to the shareholders.

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 2018.

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 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 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

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 new shares

On 12 April 2018, the Company entered into the placing agreement with Eternal Pearl Securities Limited (“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 places 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.

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 Diginex 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.

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

Hong Kong, 22 June 2018

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

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