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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2018, unaudited operating results of the Company and its subsidiaries (collectively referred to as the "Group") were as follows:

– the Group recorded a revenue of approximately HK$79.0 million for the six months ended 30 September 2018 (six months ended 30 September 2017: HK$95.8 million (restated)), representing a decrease of approximately 17.5% as compared with the corresponding period in 2017;

– loss attributable to the owners of the Company for the six months ended 30 September 2018 decreased significantly which amounted to approximately HK$73.1 million (six months ended 30 September 2017: HK$140.1 million); and

– the Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2018.

The board of Directors (the "Board") is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 September 2018, together with the comparative unaudited figures for the corresponding period in 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2018

		Three months ended 30 September		**Six months ended 30 September**	
		2018	2017	**2018**	2017
	NOTES	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Revenue	*4*	**36,004**	47,796	**79,005**	95,838
Cost of sales		**(23,373)**	(30,869)	**(52,391)**	(66,036)
Gross profit		**12,631**	16,927	**26,614**	29,802
Other income	*5*	**1,297**	216	**1,800**	828
Selling and distribution expenses		**(3,538)**	(4,427)	**(8,198)**	(8,576)
Net trading loss		**(2,253)**	(54)	**(3,450)**	(54)
Administrative and other operating expenses		**(39,111)**	(15,301)	**(68,029)**	(26,493)
Share of results of associates		**(25)**	–	**(25)**	–
Change in fair value of derivative financial instrument		**(1,119)**	–	**(1,119)**	–
Change in fair value of crypto currencies		**(1,207)**	–	**(1,207)**	–
Change in fair value of exchangeable bonds	*12*	**(11,727)**	(151,064)	**(11,727)**	(151,064)
Impairment loss on goodwill		**(3,492)**	–	**(3,492)**	–
Deemed loss on disposal of an associate		**(69)**	–	**(69)**	–
Finance costs	*6*	**(8,231)**	(2,561)	**(12,471)**	(3,302)
Loss before tax		**(56,844)**	(156,264)	**(81,373)**	(158,859)
Income tax credit	*7*	**72**	149	**231**	210
Loss for the period	*8*	**(56,772)**	(156,115)	**(81,142)**	(158,649)

		Three months ended 30 September		Six months ended 30 September	
		2018	2017	**2018**	2017
	NOTES	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Loss for the period attributable to:					
Owners of the Company		**(49,881)**	(136,955)	**(73,114)**	(140,080)
Non-controlling interests		**(6,891)**	(19,160)	**(8,028)**	(18,569)
		(56,772)	(156,115)	**(81,142)**	(158,649)
Loss per share *(HK cents)*					
Basic	*10*	**(1.19)**	(3.42)	**(1.76)**	(3.50)
Diluted		**(1.19)**	(3.42)	**(1.76)**	(3.50)
Loss for the period		**(56,772)**	(156,115)	**(81,142)**	(158,649)
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		**308**	–	**308**	–
Total comprehensive expense for the period		**(56,464)**	(156,115)	**(80,834)**	(158,649)
Total comprehensive expense for the period attributable to:					
Owners of the company		**(49,722)**	(136,955)	**(72,955)**	(140,080)
Non-controlling interests		**(6,742)**	(19,160)	**(7,879)**	(18,569)
		(56,464)	(156,115)	**(80,834)**	(158,649)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	NOTES	**30 September 2018 *HK$'000* (unaudited)**	31 March 2018 *HK$'000* (unaudited and restated)	1 April 2017 *HK$'000* (unaudited and restated)
Non-current assets				
Plant and equipment	*11*	**232,801**	10,827	11,440
Exchangeable bonds	*12*	**63,303**	147,118	–
Deposits	*13*	**6,795**	6,719	5,760
Other intangible assets		**7,978**	7,978	7,978
Interests in associates		**4,993**	–	–
Deferred tax asset		**858**	626	680
Goodwill		**424,074**	–	–
		740,802	173,268	25,858
Current assets				
Inventories		**43,194**	50,578	51,384
Held-for-trading financial asset		**54,939**	7,027	–
Trade and other receivables	*13*	**158,936**	108,214	89,621
Amount due from ultimate holding company		**19**	19	11
Amount due from immediate holding company		**34**	34	27
Amount due from a fellow subsidiary		**–**	–	196
Amount due from non-controlling interests		**10**	–	–
Amount due from associates		**22**	–	–
Tax recoverable		**70**	29	1,464
Crypto currencies		**2,794**	–	–
Bank balances – segregated accounts		**77,602**	119,843	41,881
Bank balances and cash		**103,131**	74,266	56,478
		440,751	360,010	241,062

	NOTES	30 September 2018 HK$'000 (unaudited)	31 March 2018 HK$'000 (unaudited and restated)	1 April 2017 HK$'000 (unaudited and restated)
Current liabilities				
Trade and other payables	14	**118,243**	133,436	51,275
Amount due to a shareholder		**–**	189	–
Amount due to related companies		**–**	76,213	76,010
Amount due to a director		**9,081**	–	–
Amount due to associates		**3,990**	–	–
Loan from a shareholder		**–**	800	–
Other borrowings		**83,582**	–	–
Convertible bonds	15	**151,396**	145,254	–
Tax payable		**–**	–	10
Derivative financial instrument		**16,020**	14,901	–
		382,312	370,793	127,295
Net current assets (liabilities)		**58,439**	(10,783)	113,767
Total assets less current liabilities		**799,241**	162,485	139,625
Capital and reserves				
Share capital	16	**4,283**	4,000	4,000
Reserves		**520,720**	151,519	137,866
Equity attributable to owners of the Company		**525,003**	155,519	141,866
Non-controlling interests		**23,503**	(5,117)	(3,148)
Total equity		**548,506**	150,402	138,718
Non-current liabilities				
Deferred tax liability		**829**	826	907
Other borrowings		**238,111**	–	–
Promissory note payable	17	**11,795**	11,257	–
		250,735	12,083	907
		799,241	162,485	139,625

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Attributable to owners of the Company											
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Other reserve** *HK$'000* *(Note a)*	**Capital reserve** *HK$'000* *(Note b)*	**Merger reserve** *HK$'000* *(Note c)*	**Share options reserve** *HK$'000*	**Convertible bonds – equity conversion reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 April 2018, as originally stated (audited)	4,000	65,376	29,047	14,516	(9,110)	11,376	174,782	–	(135,940)	154,047	(6,483)	147,564
Effect of adopting merger accounting for common control combination *(note 23)*	–	–	–	–	–	–	4,080	–	(2,608)	1,472	1,366	2,838
At 1 April 2018, as restated (unaudited)	4,000	65,376	29,047	14,516	(9,110)	11,376	178,862	–	(138,548)	155,519	(5,117)	150,402
Loss for the period	–	–	–	–	–	–	–	–	(73,114)	(73,114)	(8,028)	(81,142)
Other comprehensive income for the period												
– Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	159	–	159	149	308
Loss for the period and total comprehensive expense for the period	–	–	–	–	–	–	–	159	(73,114)	(72,955)	(7,879)	(80,834)
Issue of shares upon placing *(Note 16(a))*	70	119,025	–	–	–	–	–	–	–	119,095	–	119,095
Share issue expenses	–	(1,355)	–	–	–	–	–	–	–	(1,355)	–	(1,355)
Recognition of equity-settled share-based payments expenses	–	–	–	–	–	19,138	–	–	–	19,138	–	19,138
Exercise of exchangeable bonds as consideration paid for acquisition of subsidiaries under common control combination	–	–	–	–	(64,403)	–	–	–	–	(64,403)	(7,685)	(72,088)
Capital injection from the ex-shareholder of a subsidiary which adopt merger accounting for common control combination	–	–	–	–	33,364	–	–	–	–	33,364	42,849	76,213
Acquisition of additional interest in subsidiaries *(Note 22)*	–	–	–	(11,002)	–	–	–	–	–	(11,002)	2,602	(8,400)
Acquisition of subsidiaries *(Note 21)*	213	347,389	–	–	–	–	–	–	–	347,602	(1,267)	346,335
At 30 September 2018 (unaudited)	4,283	530,435	29,047	3,514	(40,149)	30,514	178,862	159	(211,662)	525,003	23,503	548,506

	Attributable to owners of the Company										
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Other reserve** *HK$'000* *(Note a)*	**Capital reserve** *HK$'000* *(Note b)*	**Merger reserve** *HK$'000* *(Note c)*	**Share options reserve** *HK$'000*	**Convertible bonds – equity conversion reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 April 2017, as originally stated (audited)	4,000	65,376	29,047	34,660	1,837	11,376	–	2,424	148,720	5,503	154,223
Effect of adopting merger accounting for common control combination *(note 23)*	–	–	–	–	–	–	–	(6,854)	(6,854)	(8,651)	(15,505)
At 1 April 2017, as restated (unaudited)	4,000	65,376	29,047	34,660	1,837	11,376	–	(4,430)	141,866	(3,148)	138,718
Loss for the period and total comprehensive expense for the period (restated)	–	–	–	–	–	–	–	(140,080)	(140,080)	(18,569)	(158,649)
Consideration paid for acquisition of a subsidiary under common control combination *(Note 23)*	–	–	–	–	(10,947)	–	–	–	(10,947)	–	(10,947)
Acquisition of a subsidiary *(Note 21)*	–	–	–	–	–	–	–	–	–	6,766	6,766
Issue of convertible bonds *(Note 15)*	–	–	–	–	–	–	178,862	–	178,862	5,150	184,012
At 30 September 2017 (unaudited and restated)	4,000	65,376	29,047	34,660	(9,110)	11,376	178,862	(144,510)	169,701	(9,801)	159,900

Notes:

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

(b) The capital reserve was arisen from the dilution of interest in a subsidiary, CVP Financial Holdings Limited ("CVP Financial"), the deemed acquisition of additional interest in CVP Financial and the acquisition of additional interest in CVP Financial. In addition, a fair value of put option amounting to approximately HK$20,144,000 exercisable by non-controlling shareholders was recorded upon initial recognition.

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

1. GENERAL

The Company was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 15 April 2015 and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 October 2015. The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Flat A & B, 10/F., North Point Industrial Building, 499 King's Road, North Point, Hong Kong respectively.

The Company is an investment holding company. Its major operating subsidiaries are mainly engaged in sales of alcoholic beverages, the provision of financial services and the provision of blockchain services.

The functional currency of the Company and the subsidiaries incorporated in Hong Kong are Hong Kong dollars ("HK$") while that of the subsidiaries established in the People's Republic of China (the "PRC"), Gibraltar and Sweden are Renminbi ("RMB"), United States Dollar and Swedish Krone respectively. For the purpose of presenting the financial statements, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") adopted HK$ as its presentation currency which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 September 2018 have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Adoption of merger accounting and restatement

As disclosed in note 23, a business combination under common control was effected during the current interim period. The unaudited condensed consolidated financial statements incorporate the financial information of the combining entities as if they had been combined from the date when the combining entities first came under the control of the controlling party.

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

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

The comparative amounts in the unaudited condensed consolidated financial statements are restated as if the entities had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is later. The impact on the Group arising from the common control combinations is disclosed in note 23 of this unaudited condensed consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 September 2018 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2018 except as described below.

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretation ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2018.

HKFRS 9 (2014)	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

The adoption of HKFRS 9 and 15 resulted in changes in the Group's accounting policies and adjustments to the amounts recognised in the condensed consolidated financial statements. The new accounting policies are set out in note 4 below. The directors of the Company consider that, the application of other new and revised HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these condensed consolidated financial statements.

HKFRS 9 Financial instruments

HKFRS 9 replaced HKAS 39 Financial Instruments: Recognition and Measurement, and introduces new requirements for the (1) classification and measurement of financial assets and financial liabilities; (2) impairment of financial assets and (3) general hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 April 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in retained earnings and other components of equity as at 1 April 2018.

Impairment of financial assets

The Group has the following type of financial instruments that are subject to the new impairment requirements under HKFRS 9.

Trade receivables at amortised cost

The Group applied the simplified approach to provide for expected credit losses ("ECL") under HKFRS 9 and recognised lifetime expected losses for all trade receivables. The trade receivables are grouped based on shared credit risk characteristics and others (e.g. past due information, etc.) for measuring ECL.

Financial assets with low credit risk

The Group measured a 12-month ECL in respect of the following financial instruments:

- Other financial assets including bank balances – segregated accounts, bank balances and cash, for which credit risk has not increased significantly since initial recognition. Based on assessment by the management of the Group, no loss allowance at 1 April 2018 was made.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's investments in associates are accounted for in the condensed consolidated financial statements using the equity method. Under the equity method, investments in associates are initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associates are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate is recognised as goodwill and is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

After application of the equity method, including recognising the associate's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the associate. Goodwill that forms part of the carrying amount of an investment in an associate is not separately recognised. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment in the associate. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

When the investment ceases to be an associate upon the Group losing significant influence over the associate, the Group discontinues to apply equity method and any retained interest is measured at fair value at that date which is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. Any difference between the fair value of any retained interest and any proceeds from disposing of a part interest in the associate and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss. Any amount previously recognised in other comprehensive income in relation to that investment is reclassified to profit or loss or retained earnings on the same basis as it would have been required if the investee had directly disposed of the related assets or liabilities.

When the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Gains and losses resulting from transactions between the Group and its associate are recognised in condensed consolidated financial statements only to the extent of unrelated investors' interests in the associate. The Group's share in the associate's gains or losses resulting from these transactions is eliminated.

Crypto currencies

Crypto currencies are an open-source software-based online payment system where payments are recorded in a public ledger using its own unit of account. The Company is engaged into crypto currencies mining principally for the purpose of selling in the near future and generating a profit from fluctuations in price. The Group measures crypto currencies at its fair value less costs to sell, with any change in fair value less costs to sell being recognised in profit or loss in the period of the change. Crypto currencies are derecognised when the Group has transferred substantially all the risks and rewards of ownership. As a result of the crypto currencies protocol, costs to sell them are immaterial in the current period and no allowance is made for such costs.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Crypto currencies fair value measurement is a Level 1 fair value as it is based on a quoted market price in active markets for identical assets.

Crypto currencies are derecognised when the Group disposes of the inventory through its trading activities or when the Group otherwise loses control and, therefore, access to the economic benefits associated with ownership of the crypto currencies.

Key sources of estimation uncertainty

Revenue from Transaction Verification Service

The Group generates revenue by providing computer processing activities for crypto currencies generation and transaction processing services on the public ledger system known as the crypto currencies Blockchain. In the crypto currencies industry such activity is generally referred to as crypto currencies mining. The Group receives consideration for providing such crypto currencies mining activities in the form of crypto currencies.

The Group has determined that the substance of its crypto currencies mining activities is service provision under the scope of HKAS 18 Revenue notwithstanding that there is no contractual arrangement under which it provides such services as the services are provided instead through open source software being the crypto currencies protocol. Furthermore, the nature of the crypto currencies protocol is such that the Group is unable to determine in advance the consideration that it will receive, if any, for the crypto currencies mining services that it provides and, therefore, the Group is unable to estimate reliably the outcome of its mining activities in advance of actual receipt of consideration in the form of crypto currencies. Because of the uncertainty over both the timing and amount of the consideration that the Group will receive for undertaking mining activities, management has determined that revenue should only be recognised on actual receipt of crypto currencies as consideration for services provided.

Crypto currencies received for mining activities are, therefore, recognised as revenue at fair value on the day of receipt in a private crypto currencies wallet controlled by the Group. The fair value of crypto currencies received is determined in accordance with the Group's accounting policy; crypto currencies received are recognised immediately as crypto currencies inventory into the trading book. As revenues from crypto currencies mining activity is measured on an as received basis revenues are neither earned on a constant basis neither over time, nor necessarily in a direct relationship to computer processing capacity utilised. As a consequence, future generation of crypto currencies and, therefore future revenues, from crypto currencies mining activities may be subject to volatility due to factors outside the Group's control.

Crypto currencies

Management considers that the Group's crypto currencies are a commodity. As Hong Kong Financial Reporting Standards do not define the term 'commodity,' management has considered the guidance in HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ("HKAS 8") that allows an entity to consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practice to the extent that these do not conflict with the requirements of the HKFRS and the Hong Kong Accounting Standards Board Conceptual Framework. Under United States Generally Accepted Accounting Principles (US GAAP) as set out in the Master Glossary of the Accounting Standards Codification, a commodity has been defined as "products whose units are interchangeable, are traded on an active market where customers are not readily identifiable, and are immediately marketable at quoted prices." Based on this definition and the guidance in HKAS 8, management has therefore determined that Crypto currencies are commodity notwithstanding that Crypto currencies lack physical substance.

The Group's activities include trading crypto currencies, primarily the buying and selling of crypto currencies and to a lesser extent trading in other crypto currencies trading products and, therefore, subsequent to initial recognition, crypto currencies inventory (whether received as consideration for mining activities or acquired through purchase) is held at fair value less costs to sell, reflecting the Group's purpose of holding such crypto currencies inventory as a commodity broker-trader in accordance with HKAS 2 Inventories. As a result of the crypto currencies protocol, costs to sell crypto currencies inventories are immaterial and no allowance is made for such costs. Changes in the amount of crypto currencies based on fair value are included in profit or loss for the period.

Fair Value of Crypto Currencies

Crypto currencies inventory is measured at fair value using the quoted price in United States dollars on the Currency Exchange Market at closing Coordinated Universal Time. Management considers this fair value to be a Level 1 input under the HKFRS 13 Fair Value Measurement fair value hierarchy as the price on the Currency Exchange Market represents a quoted price in an active market for identical assets. Management has selected the Currency Exchange Market as it is a major crypto currencies exchange with appropriate size and liquidity to provide reliable evidence of fair value for the size and volume of transactions that are reasonably contemplated by the Group.

4. REVENUE AND SEGMENT INFORMATION

Revenue

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

Segment Information

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

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

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

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

3. Blockchain services – provision of transaction verification services in Hong Kong and Europe

(a) Segment revenues and results

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

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Revenue				
Sales of alcoholic beverages	**30,478**	38,650	**68,095**	81,672
Financial services	**2,401**	9,146	**7,785**	14,166
Blockchain services	**3,125**	–	**3,125**	–
	36,004	47,796	**79,005**	95,838
Segment (loss) profit				
Sales of alcoholic beverages	**(1,526)**	(1,578)	**(537)**	(2,818)
Financial services	**(4,852)**	656	**(5,319)**	1,723
Blockchain services	**(9,667)**	–	**(9,667)**	–
	(16,045)	(922)	**(15,523)**	(1,095)
Unallocated income	**473**	99	**700**	590
Unallocated expenses	**(33,041)**	(152,880)	**(54,079)**	(155,052)
Finance costs	**(8,231)**	(2,561)	**(12,471)**	(3,302)
Loss before tax	**(56,844)**	(156,264)	**(81,373)**	(158,859)

Segment (loss) profit represents the loss from by each segment without allocation of central administration costs, directors' salaries, net trading loss, share of results of associates, change in fair value of derivative financial instrument, change in fair value of exchangeable bonds, impairment loss on goodwill, deemed loss on disposal of associate and certain other revenue and finance costs.

(b) Segment assets and liabilities

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

Segment assets

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Sales of alcoholic beverages	**93,034**	91,275
Financial services	**195,914**	212,884
Blockchain services	**238,900**	–
Total segment assets	**527,848**	304,159
Unallocated assets	**653,705**	229,119
Consolidated total assets	**1,181,553**	533,278

Segment liabilities

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Sales of alcoholic beverages	**8,918**	15,307
Financial services	**90,986**	118,129
Blockchain services	**11,727**	–
Total segment liabilities	**111,631**	133,436
Unallocated liabilities	**521,416**	249,440
Consolidated total liabilities	**633,047**	382,876

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, interest in associates, goodwill, held-for-trading financial assets, amount due from ultimate holding company/immediate holding company/a fellow subsidiary/non-controlling interests/associates, 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 related companies/a shareholder/a director/associates, tax payable, convertible bonds, derivative financial instrument, deferred tax liability, promissory note payable, other borrowings and loan from a shareholder.

(c) Geographical information

An analysis of the Group's revenue from external customers is presented based on the location of operations as below:

	Three months ended 30 September		**Six months ended 30 September**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Hong Kong	**32,879**	47,796	**75,880**	95,838
The PRC	**3,125**	–	**3,125**	–
	36,004	47,796	**79,005**	95,838

The Group's information about its non-current assets is presented based on location of the assets as below:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Hong Kong	**23,388**	25,524
Europe	**200,436**	–
The PRC	**23,750**	–
Consolidated total assets	**247,574**	25,524

Non-current assets excluded exchangeable bonds, interests in associates, deferred tax asset and goodwill.

5. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Bank interest income	**8**	2	**158**	3
Consignment income	**185**	117	**460**	238
Promotion income	**313**	38	**313**	60
Recoveries on impaired losses on trade receivables previously written off	**–**	31	**–**	31
Government grant	**640**	–	**640**	–
Others	**151**	28	**229**	496
	1,297	216	**1,800**	828

6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Interests on:				
Convertible bonds	**3,357**	2,395	**6,641**	3,136
Other borrowings	**4,601**	–	**5,291**	–
Promissory note payable	**273**	166	**539**	166
	8,231	2,561	**12,471**	3,302

7. INCOME TAX CREDIT

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Current tax:				
Hong Kong Profits Tax	**–**	42	**–**	69
Deferred taxation	**(72)**	(191)	**(231)**	(279)
	(72)	(149)	**(231)**	(210)

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

No provision for PRC Enterprise Income Tax, Gibraltar Corporate Tax and Sweden Income Tax have been made as the Group did not have any assessable profits subject to PRC Enterprise Income Tax, Gibraltar Corporate Tax and Sweden Income Tax respectively for the six months ended 30 September 2018.

8. LOSS FOR THE PERIOD

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Loss for the period has been arrived at after charging (crediting):				
Staff costs, including directors' remuneration				
Salaries, sales commissions, allowances and other benefits	**9,517**	5,122	**18,985**	13,572
Contributions to retirement benefits scheme	**298**	135	**534**	370
	9,815	5,257	**19,519**	13,942
Cost of inventories recognised as expense	**23,373**	30,837	**52,391**	65,972
Depreciation of plant and equipment	**4,795**	1,274	**5,959**	2,696
Equity-settled share-based payment expenses	**9,569**	–	**19,138**	–
Net exchange loss	**505**	104	**591**	204
Realised (gain) loss on disposal of held-for-trading financial assets – listed equity securities	**–**	(1,659)	**1,026**	(1,659)
Unrealised loss on change in fair value of held-for-trading financial assets – listed equity securities	**2,253**	1,713	**2,424**	1,713
Minimum lease payments under operating leases in respect of office premises, warehouses and shop	**3,109**	3,546	**6,117**	5,722

9. DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 September 2018 (six months ended 30 September 2017: nil).

10. LOSS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Loss				
Loss for the purpose of basic and diluted loss per share for the period attributable to the owners of the Company	**(49,881)**	(136,955)	**(73,114)**	(140,080)
	2018	2017	**2018**	2017
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,212,295,562**	4,000,000,000	**4,141,069,155**	4,000,000,000

Diluted loss per share is equal to the basic loss per share for the three months and six months ended 30 September 2018 and 2017, as the effect of the Company's outstanding share options and outstanding convertible bonds would result in a decrease in loss per share for the three months and six months ended 30 September 2018 and 2017.

11. MOVEMENTS IN PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group spent approximately HK$4,048,000 (six months ended 30 September 2017 and restated: approximately HK$683,000) on acquisition of plant and equipment.

Assets with a carrying amount of approximately HK$16,000 were disposed of by the Group during the six months ended 30 September 2018 (six months ended 30 September 2017: nil), resulting in a net gain on disposal of approximately HK$1,000 (six months ended 30 September 2017: nil).

12. EXCHANGEABLE BONDS

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Unlisted exchangeable bonds, at fair value	**63,303**	147,118

Note:

On 28 July 2017, CVP Financial, an indirect non-wholly owned subsidiary of the Company, subscribed for zero coupon exchangeable bonds (the "Exchangeable Bonds") in a principal amount of HK$150,000,000 issued by Bartha Holdings Limited ("Bartha Holdings"), an unlisted company and 85.25% beneficially owned by Mr. Ting Pang Wan Raymond ("Mr. Ting"). The subscription was satisfied by the Company by way of issuance of convertible bonds in the principal amount of HK$150,000,000 (Note 15). The Exchangeable Bonds will mature on 27 July 2022 (the "Maturity Date"). CVP Financial is entitled to convert the whole Exchangeable Bonds into all of the shares in Bartha International Limited ("Bartha Shares"), a company incorporated in Hong Kong with limited liability, owned by Bartha Holdings, with no additional consideration on any business day and from time to time, after 3 years from the date of issue and up to and including the Maturity Date (the "Exchange Period"). Details are disclosed in the Company's announcement dated 29 June 2017.

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

On 31 May 2018, CVP Financial exercised the exchange rights to exchange the carrying amount of the Exchangeable Bonds amounted approximately HK$72,088,000 into 49% Bartha Shares.

The fair value of the Exchangeable Bonds is based on the valuation conducted by an independent valuer, Roma Appraisals Limited ("Roma"). The fair value of the Exchangeable Bonds as a whole is determined by using the Expected Value Model. The major assumption of the Expected Value Model included the probabilities where the audited consolidated profit attributable to the owners of Bartha International and its subsidiary (the "Bartha Group") for the 24 months ending 31 December 2019 can meet the profit guarantee of HK$15,000,000 (the "Profit Target") which will trigger the Company to exercise the conversion option.

For valuing the Exchangeable Bonds, Roma had considered two scenarios to obtain the fair value of the Exchangeable Bonds. The first scenario ("Scenario 1"), where the Profit Target can be met and the second scenario ("Scenario 2"), where the Profit Target cannot be met. As advised by the management of the Company (the "Management"), the probabilities were assumed to be 80% for Scenario 1 and 20% for Scenario 2 based on the actual profit of Bartha Group for the six months ended 30 September 2018 and year ended 31 March 2018.

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

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

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

During the six months ended 30 September 2018, the Group recognised a loss from change in fair value of exchangeable bonds amounted to approximately HK$11,727,000.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS

	30 September 2018 *HK$'000* **(unaudited)**	31 March 2018 *HK$'000* (unaudited and restated)
Trade receivables arising from the business of securities dealing and broking:		
– Cash clients *(Notes a, c, f)*	**5**	187
– Margin clients *(Notes a, d, f)*	**98,328**	74,644
	98,333	74,831
Trade receivables arising from the business of futures dealing and broking:		
– Hong Kong Exchanges and Clearing Limited *(Notes a, c, e)*	**1,225**	45
Other trade receivables *(Notes b, c)*	**5,819**	5,801
	105,377	80,677
Less: impairment	**(200)**	(200)
Total trade receivables	**105,177**	80,477
Payments in advance	**35,996**	22,694
Prepayments	**5,226**	3,839
Deposits and other receivables	**19,332**	7,923
Total other receivables and deposits	**60,554**	34,456
Trade and other receivables, deposits	**165,731**	114,933
Analysed as:		
Current	**158,936**	108,214
Non-current	**6,795**	6,719
Trade and other receivables, deposits	**165,731**	114,933

Notes:

(a) The settlement terms of trade receivables, except for secured margin clients, arising from the business of dealing in securities and futures are two days after trade date.

(b) Generally, the Group allows credit period of a range from 0 to 30 days to its customers.

(c) The following is an aged analysis of trade receivables (excluding margin clients), net of allowance for doubtful debts presented based on the delivery dates or trade date, which approximated the respective revenue recognition dates, at the end of the reporting period.

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Within 30 days	**3,313**	4,497
31 to 60 days	**1,253**	459
61 to 90 days	**1,197**	601
91 to 180 days	**615**	124
181 to 365 days	**329**	150
Over 365 days	**142**	2
Total	**6,849**	5,833

(d) No aged analysis is disclosed for the Group's margin clients as these margin clients were carried on an open account basis, the directors of the Company consider that the ageing analysis does not give additional value in the view of the nature of business of margin financing.

(e) Trade receivables from Hong Kong Exchanges and Clearing Limited are current which represent pending trades arising from the business of dealing in securities and futures, normally due within two days after the trade date in accordance with the settlement requirements in Hong Kong market.

(f) As at 30 September 2018, trade receivables from cash and margin clients are secured by the clients' pledged securities at fair values of approximately HK$1,389,264,000 (31 March 2018 (restated): approximately HK$1,425,346,000) which can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. The trade receivables from cash and margin clients are repayable on demand and bear interest at commercial rates. As at 30 September 2018 included in the total trade receivables, approximately HK$98,333,000 (31 March 2018 (restated): approximately HK$74,831,000) were interest bearing whereas approximately HK$6,844,000 (31 March 2018 (restated): approximately HK$5,646,000) were non-interest bearing. There is no repledge of the collateral from margin clients during the period.

14. TRADE AND OTHER PAYABLES

	30 September 2018 HK$'000 (unaudited)	31 March 2018 HK$'000 (unaudited and restated)
Trade payables arising from the business of securities dealing and broking: *(Notes a, c)*		
– Cash clients	**751**	23,301
– Margin clients	**86,324**	88,591
– Trust payable	**146**	146
– HKSCC	**1,208**	4,046
	88,429	116,084
Trade payables arising from the business of futures dealing and broking *(Notes b, c)*	**1,667**	84
Other trade payables *(Notes d)*	**6,715**	3,346
Total trade payables	**96,811**	119,514
Receipts in advance	**3,178**	8,769
Other payables and accruals	**18,254**	5,153
Total other payables	**21,432**	13,922
Trade and other payables	**118,243**	133,436

Notes:

(a) For trade payables arising from the business of securities dealing and broking, no aged analysis is disclosed for the Group's margin and cash clients as these clients were carried on an open account basis, the aging analysis does not give additional value in the view of the nature of business of margin financing.

Trade payables to HKSCC are current which represent pending trades arising from the business of dealing in securities, normally due within two days after the trade date in accordance with the settlement requirements in Hong Kong market.

As at 30 September 2018, trade payables of securities clients approximately HK$77,602,000 (31 March 2018 (restated): approximately HK$119,843,000) respectively were payable to clients in respect of the segregated bank balances received and held for clients in the course of conducting the regulated activities. The Group currently does not have an enforceable right to offset these payables with the deposits placed.

(b) For trade payables arising from the business of futures dealing and broking, no aged analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in the view of the nature of business of margin financing.

(c) For the trade payables arising from securities and futures dealing activities, there is no interest for the balance of each account higher than a prescribed amount.

The settlement terms of trade payables arising from the business of dealing in securities and futures are required to be settled in accordance with the relevant market practices in Hong Kong and overseas. The trade payables to certain cash clients arising from the business of dealing in securities bear variable interest at commercial rates, and are repayable on demand subsequent to settlement date.

(d) The following is an aged analysis of trade payables arising from other business presented based on the invoice date at the end of the reporting period.

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Within 30 days	**3,419**	186
31 to 60 days	**1,622**	1,022
61 to 90 days	**960**	694
91 to 180 days	**420**	–
181 to 365 days	**–**	881
Over 365 days	**294**	563
Total	**6,715**	3,346

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

15. CONVERTIBLE BONDS

The Company issued convertible bonds with zero coupon rate at a total principal value of HK$150,000,000 ("CB 1") on 28 July 2017 to Bartha Holdings. The convertible bonds will mature on 27 July 2022 at its principal amount or can be converted into 136,363,636 shares in the Company at Bartha Holdings' option at the conversion price of HK$1.1 per share.

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

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

Bartha International, an indirect non-wholly owned subsidiary of the Company, has raised HK$50,000,000 by way of issuing convertible bonds with 2% coupon rate payable annually at a total principal value of HK$50,000,000 on 11 April 2017 ("CB 2") and 18 April 2017 ("CB 3") to three independent third parties. These convertible bonds will mature on 11 April 2020 and 18 April 2020 respectively at their principal amount or can be converted into 12.5% of the issued share capital in Bartha International.

The proceeds from the issuance of these convertible bonds of HK$50,000,000 have been split into liability and equity components. The fair values of the liability component of these convertible bonds of HK$40,770,000 were valued by an independent valuer, Roma, using Binominal Option Pricing Model. These convertible bonds comprise a liability component and an equity conversion component. The fair values of the liability component of these convertible bonds are calculated using cash flows discounted at a rate based on an equivalent market interest rate of 9.0% for CB 2 and 9.1% for CB 3 per annum respectively for equivalent non-convertible bonds using market comparable approach. The residual amounts are assigned as the equity component and are included in the "Convertible bonds – equity conversion reserve" under reserve of the Company.

The convertible bonds recognised in the condensed consolidated statement of financial position are as follows:

	CB 1	**CB 2**	**CB 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fair value of liabilities component	96,508	8,142	32,628	137,278
Fair value of equity component	174,782	1,858	7,372	184,012
Fair value of the convertible bonds issued	271,290	10,000	40,000	321,290

The movement of liability component of the convertible bonds is as follows:

	CB 1	CB 2	CB 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Liability component on initial recognition	96,508	8,142	32,628	137,278
Add: Effective interest expense	5,892	726	2,888	9,506
Less: Issuing cost	(578)	–	–	(578)
Less: interest payable	–	(190)	(762)	(952)
Liability component at 31 March 2018 (restated)	101,822	8,678	34,754	145,254
Add: Effective interest expense	4,655	399	1,588	6,642
Less: interest payable	–	(100)	(400)	(500)
Liability component at 30 September 2018	106,477	8,977	35,942	151,396

16. SHARE CAPITAL

	Note	Number of shares	Share capital
			HK$
Ordinary shares of HK$0.001 each (2017: HK$0.001 each)			
Authorised:			
At 1 April 2017, 31 March 2018 and 30 September 2018		10,000,000,000	10,000,000
Issued and fully paid:			
At 1 April 2017 and 31 March 2018		4,000,000,000	4,000,000
Issue of 70,056,000 shares at a price of HK$1.70 each per placing share by way of placing in April 2018	*(a)*	70,056,000	70,056
Issue of 213,252,717 shares at a price of HK$1.63 each per consideration share as the consideration of acquisition of a subsidiary in July 2018 *(Note 21 (i))*		213,252,717	213,253
At 30 September 2018		4,283,308,717	4,283,309

Note:

(a) On 23 April 2018, an aggregate of 70,056,000 placing shares were placed to not less than six placees at the placing price of HK$1.70 per placing share in accordance with the terms and conditions of the placing agreement entered into between the Company and Eternal Pearl Securities Limited ("Eternal Pearl"), an indirect non-wholly owned subsidiary of the Company, and Shenwan Hongyuan Securities (H.K.) Limited, an independent third party of the Group. These shares rank pari passu with the existing shares in all respects. The average closing price in last five trading days immediately prior to the date of placing agreement was HK$1.83 per share. The net proceeds are intended to be used for funding the acquisition of 20% equity interest in BITPoint Japan Company Limited, a company which is registered to carrying on virtual currency trading platform in Japan. The details were set out in the Company's announcement dated 12 April 2018.

17. PROMISSORY NOTE PAYABLE

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

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

	HK$'000
Issue of promissory note on 28 July 2017	10,947
Direct issuance expenses	(370)
Effective interest expenses	680
At 31 March 2018	11,257
Effective interest expenses	538
At 30 September 2018	11,795

18. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Within one year	**11,387**	9,623
In the second to fifth year inclusive	**4,219**	7,341
	15,606	16,964

Operating lease payments represent rentals payable by the Group for certain of its office premises, warehouses, shop and director's quarter. Leases are negotiated for terms ranged from one to three years and rentals are fixed over the term of lease. No provision for contingent rent and terms of renewal was established in the leases.

19. SHARE-BASED PAYMENT TRANSACTIONS

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

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

Upon the share subdivision becoming effective on 8 November 2016 (the "Share Subdivision"), adjustments shall be made to the exercise price of the outstanding share options and the number of subdivided shares (the "Subdivided Shares") to be allotted and issued upon full exercise of subscription rights attaching to the outstanding share options in the following manner:

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

Save for the above adjustments, all other terms and conditions of the outstanding share options granted under the Share Option Scheme remain unchanged. Details of the adjustments to the share options upon the Share Subdivision are disclosed in the announcement of the Company dated 7 November 2016.

On 3 April 2018, the Company granted an aggregate of 219,000,000 share options to the grantees of the Company, to subscribe, in aggregate, for up to 219,000,000 ordinary shares of HK$0.001 each in the share capital of the Company under the Share Option Scheme.

As at 30 September 2018, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 400,000,000 (31 March 2018: 181,000,000), representing 9.34% (31 March 2018: 4.53%) of the ordinary shares in issue on that date.

The fair values of the share options granted on 3 April 2018 were calculated using the Binomial model. The inputs into the modal were as follows:

	3 April 2018
Weighted average share price	HK$1.89
Weighted average exercise price	HK$1.89
Expected volatility	75.216%
Expected life	10 years
Risk-free rate	1.898%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price and reference to the companies in the similar industry.

Share-based payment expenses of approximately HK$19,138,000 (2017: nil) were recognised by the Group for the six months ended 30 September 2018 in relation to share options granted by the Company.

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

Category of participant	Date of grant	Outstanding at 30 September 2018	Vesting period	Exercise period	Exercise price per share
Shareholders	17 December 2015	21,000,000	17 December 2015 to 16 June 2016	17 June 2016 to 16 June 2025	HK$0.80
Consultants	17 December 2015	160,000,000	17 December 2015 to 16 June 2016	17 June 2016 to 16 June 2025	HK$0.80
Directors	3 April 2018	12,900,000	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK$1.89
Employees	3 April 2018	16,000,000	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK$1.89
Consultants	3 April 2018	190,100,000	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK$1.89

Movements of the Company's share options held by directors, employees, shareholders and consultants during the six months ended 30 September 2018 are:

Category of participant	Outstanding at 1 April 2017, 31 March 2018 and 1 April 2018	Granted during the period	Outstanding at 30 September 2018
Directors	–	12,900,000	12,900,000
Employees	–	16,000,000	16,000,000
Shareholders	21,000,000	–	21,000,000
Consultants	160,000,000	190,100,000	350,100,000
	181,000,000	219,000,000	400,000,000
Weighted average exercise price *(HK$)*	0.80	1.89	1.40

20. RELATED PARTY TRANSACTIONS

(a) During the six months ended 30 September 2018, the Group had following material transactions with its related party:

Name of related party	Nature of transaction	Three months ended 30 September 2018	Three months ended 30 September 2017	Six months ended 30 September 2018	Six months ended 30 September 2017
		HK$'000	*HK$'000*	**HK$'000**	*HK$'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
China Runking Financial Group Limited	Rental expenses	**744**	–	**1,488**	–
Starlight Financial Holdings Limited	Consulting fee expenses	**–**	320	**–**	320

Note:

China Runking Financial Group Limited and Starlight Financial Holdings Limited are 36.4% (30 September 2017: 49%) beneficially owned by Mr. Ting.

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

	Three months ended 30 September 2018	Three months ended 30 September 2017	Six months ended 30 September 2018	Six months ended 30 September 2017
	HK$'000	*HK$'000*	**HK$'000**	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Short-term benefits	**3,224**	1,612	**6,426**	3,846
Post-employment benefits	**36**	24	**71**	49
	3,260	1,636	**6,497**	3,895

21. ACQUISITIONS OF SUBSIDIARIES

(i) Acquisition of Diginex High Performance Computing Limited ("Diginex HPC")

On 26 April 2018, Madison Future Games Limited, an indirect wholly owned subsidiary of the Company, entered into the acquisition agreement with Diginex Global Limited, for acquisition of 51% of the entire issued share capital in Diginex HPC for a total consideration of US$60,000,000 (equivalent to approximately HK$470,862,000), of which US$10,000,000 (equivalent to approximately HK$78,477,000) was satisfied by cash and US$50,000,000 (equivalent to approximately HK$392,385,000) was satisfied by the Company allotting and issuing 213,252,717 consideration shares. The fair value of the ordinary shares of the Company, determined using the published price available at the date of the acquisition, amounted to HK$1.63 per share. This acquisition has been accounted for using the acquisition method. Diginex HPC was acquired so as to develop the Group's blockchain services business. The acquisition was completed on 31 July 2018.

Consideration transferred	*HK$'000*
Cash	78,477
Consideration shares	347,602
Total	426,079

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

	Fair value
	HK$'000
Net assets acquired	
Plant and equipment	216,295
Crypto currencies	2,358
Deposits	7,246
Amount due from a related company	2,006
Bank balances and cash	8
Trade and other payables	(5,525)
Other borrowings	(218,007)
Total identifiable net assets	4,381

	HK$'000
Fair value of consideration given for obtaining the controlling interest (51%)	426,079
Plus: non-controlling interests (49% in Diginex HPC)	2,146
Less: fair value of net assets acquired	(4,381)
Goodwill arising on acquisition of Diginex HPC	423,844

The non-controlling interests (49%) in Diginex HPC recognised at the acquisition date were measured by reference to the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

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

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

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

	HK$'000
Cash consideration paid	78,477
Less: cash and cash equivalent balances acquired	(8)
Net cash outflow on acquisition of Diginex HPC	78,469

Acquisition-related costs amounting to approximately HK$1,412,000 have been excluded from the consideration transferred and have been recognised as an expense in the current period, within the administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2018.

(ii) Acquisition of High Performance Computing Nordic AB ("HPC Nordic")

On 25 May 2018, Diginex HPC, an indirect non-wholly owned subsidiary of the Company, entered into the acquisition agreement with Mr. Andrew Spence, for acquisition of 100% of the entire issued share capital in HPC Nordic for a total consideration of US$1,750,000 (equivalent to approximately HK$13,735,000) satisfied by cash. After the acquisition, the Group's effective shareholding in HPC Nordic is 51%. This acquisition has been accounted for using the acquisition method. HPC Nordic was acquired so as to develop the Group's blockchain services business. The acquisition was completed on 30 August 2018.

Consideration transferred	*HK$'000*
Cash	13,735

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

	Fair value
	HK$'000
Net assets acquired	
Plant and equipment	7,253
Trade and other receivables	1,500
Tax recoverable	37
Bank balances and cash	823
Trade and other payables	(1,170)
Other borrowings	(1,552)
Deferred tax liabilities	(2)
Total identifiable net assets	6,889

	HK$'000
Fair value of consideration given for obtaining the controlling interest (51%)	7,005
Plus: non-controlling interests (49% in HPC Nordic)	3,376
Less: fair value of net assets acquired	(6,889)
Goodwill arising on acquisition of HPC Nordic	3,492

The non-controlling interests (49%) in HPC Nordic recognised at the acquisition date were measured by reference to the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

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

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

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

	HK$'000
Cash consideration paid	13,735
Less: cash and cash equivalent balances acquired	(823)
Net cash outflow on acquisition of HPC Nordic	12,912

Minimal acquisition-related costs of the transaction have been excluded from the consideration transferred and have been recognised as an expense in the current period, within the administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2018.

(iii) Acquisition of 麥迪森酒業控股（深圳）有限公司 ("Madison Wine (Holdings) Shenzhen Company Limited*", "Madison Shenzhen")

On 27 July 2018, Madison Wine Enterprises Limited, an indirect non-wholly owned subsidiary of the Company, entered into the acquisition agreement with 上海星闞實業發展有限公司 ("Shanghai Xingkan Shiye Fazhan Company Limited*"), for acquisition of 30% of the additional share capital in Madison Shenzhen for a total consideration of RMB80,000 (equivalent to approximately HK$91,000) satisfied by cash. This acquisition has been accounted for using the acquisition method. Madison Shenzhen was acquired so as to develop the Group's sales of alcoholic beverages business. The acquisition was completed on 31 July 2018.

Consideration transferred	*HK$'000*
Cash	91

* *The English translation is for identification only.*

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

	Fair value
	HK$'000
Net assets acquired	
Plant and equipment	5
Inventories	1,330
Bank balances and cash	88
Trade and other payables	(1,621)
Total identifiable net liabilities	(198)

	HK$'000
Fair value of consideration given for obtaining the controlling interest (30%)	91
Less: non-controlling interests (30% in Madison Shenzhen)	(59)
Plus: fair value of net liabilities acquired	198
Goodwill arising on acquisition of Madison Shenzhen	230

The non-controlling interests (30%) in Madison Shenzhen recognised at the acquisition date were measured by reference to the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

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

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

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

	HK$'000
Cash consideration paid	91
Less: cash and cash equivalent balances acquired	(88)
Net cash outflow on acquisition of Madison Shenzhen	3

Minimal acquisition-related costs of the transaction have been excluded from the consideration transferred and have been recognised as an expense in the current period, within the administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2018.

22. CHANGES IN OWNERSHIP INTEREST IN A SUBSIDIARY

Acquisition of additional interest in a subsidiary

On 27 April 2018, the Company acquired an additional 2.67% issued shares of CVP Financial, increasing its ownership interest to 89.34%. Cash consideration of HK$8,400,000 was paid to the non-controlling shareholders. The carrying value of the net liabilities of CVP Financial was approximately HK$97,439,000. A schedule of the effect of acquisition of additional interest is as follow:

	HK$'000
Carrying amount of non-controlling interest acquired	(2,602)
Consideration paid for acquisition of additional interest in CVP Financial	(8,400)
Difference recognised in capital reserve within equity	(11,002)

23. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS

On 31 May 2018, CVP Financial exercised the exchange rights to exchange the carrying amount of the Exchangeable Bonds amounted approximately HK$72,088,000 into 49% Bartha Shares. Upon completion of the exercise, Mr. Ting is the ultimate shareholder of Bartha International. The Group adopts merger accounting for this common control combination.

The effects of the application of merger accounting for business combinations under common control occurred during the six months ended 30 September 2018 on the Group's financial position as at 31 March 2018 and 1 April 2017 and the results for the three months and six months ended 30 September 2017 are summarised as follows:

For the three months ended 30 September 2017

	As originally stated	**Bartha International**	**Adjustment**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	40,500	7,296	–	47,796
(Loss) profit before tax	(159,017)	2,753	–	(156,264)
Income tax expense	101	48	–	149
(Loss) profit for the period and total comprehensive expense for the period	(158,916)	2,801	–	(156,115)
(Loss) profit for the period and total comprehensive (expense) income for the period attributable to:				
Owners of the Company	(138,193)	2,801	(1,563)	(136,955)
Non-controlling interests	(20,723)	–	1,563	(19,160)
	(158,916)	2,801	–	(156,115)

For the six months ended 30 September 2017

	As originally stated	Bartha International	Adjustment	As restated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	83,522	12,316	–	95,838
(Loss) profit before tax	(162,759)	3,900	–	(158,859)
Income tax expense	162	48	–	210
(Loss) profit for the period and total comprehensive expense for the period	(162,597)	3,948	–	(158,649)
(Loss) profit for the period and total comprehensive (expense) income for the period attributable to:				
Owners of the Company	(141,827)	3,948	(2,201)	(140,080)
Non-controlling interests	(20,770)	–	2,201	(18,569)
	(162,597)	3,948	–	(158,649)

As at 31 March 2018

	As originally stated HK$'000	Bartha International HK$'000	Adjustment HK$'000	As restated HK$'000
Non-current assets				
Plant and equipment	7,980	2,847	–	10,827
Exchangeable bonds	147,118	–	–	147,118
Deposits	2,600	4,119	–	6,719
Other intangible assets	–	7,978	–	7,978
Deferred tax asset	607	19	–	626
	158,305	14,963	–	173,268
Current assets				
Inventories	50,578	–	–	50,578
Held-for-trading financial assets	7,027	–	–	7,027
Trade and other receivables	32,947	75,267	–	108,214
Amount due from ultimate holding company	19	–	–	19
Amount due from immediate holding company	34	–	–	34
Tax recoverable	29	–	–	29
Bank balances – segregated accounts	–	119,843	–	119,843
Bank balances and cash	43,266	31,000	–	74,266
	133,900	226,110	–	360,010
Current liabilities				
Trade and other payables	15,659	117,777	–	133,436
Amount due to a shareholder	189	–	–	189
Amount due to related companies	–	76,213	–	76,213
Convertible bonds	101,822	43,432	–	145,254
Loan from a shareholder	800	–	–	800
Derivative financial instrument	14,901	–	–	14,901
	133,371	237,422	–	370,793
Net current assets (liabilities)	529	(11,312)	–	(10,783)
Total assets less current liabilities	158,834	3,651	–	162,485
Capital and reserves				
Share capital	4,000	–*	–	4,000
Reserves	150,047	2,838	(1,366)	151,519
Equity attributable to owners of the Company	154,047	2,838	(1,366)	155,519
Non-controlling interests	(6,483)	–	1,366	(5,117)
Total equity	147,564	2,838	–	150,402
Non-current liabilities				
Deferred tax liability	13	813	–	826
Promissory note payable	11,257	–	–	11,257
	11,270	813	–	12,083
	158,834	3,651	–	162,485

As at 1 April 2017

	As originally stated *HK$'000*	Bartha International *HK$'000*	Adjustment *HK$'000*	As restated *HK$'000*
Non-current assets				
Plant and equipment	7,623	3,817	–	11,440
Deposits	1,677	4,083	–	5,760
Other intangible assets	–	7,978	–	7,978
Deferred tax asset	680	–	–	680
	9,980	15,878	–	25,858
Current assets				
Inventories	51,384	–	–	51,384
Trade and other receivables	47,439	42,182	–	89,621
Amount due from ultimate holding company	11	–	–	11
Amount due from immediate holding company	27	–	–	27
Amount due from a fellow subsidiary	196	–	–	196
Tax recoverable	1,464	–	–	1,464
Bank balances – segregated accounts	–	41,881	–	41,881
Bank balances and cash	52,434	4,044	–	56,478
	152,955	88,107	–	241,062
Current liabilities				
Trade and other payables	8,689	42,586	–	51,275
Amount due to related companies	–	76,010	–	76,010
Tax payable	10	–	–	10
	8,699	118,596	–	127,295
Net current assets (liabilities)	144,256	(30,489)	–	113,767
Total assets less current liabilities	154,236	(14,611)	–	139,625
Capital and reserves				
Share capital	4,000	–*	–	4,000
Reserves	144,720	(15,505)	8,651	137,866
Equity attributable to owners of the Company	148,720	(15,505)	8,651	141,866
Non-controlling interests	5,503	–	(8,651)	(3,148)
Total equity	154,223	(15,505)	–	138,718
Non-current liabilities				
Deferred tax liability	13	894	–	907
	154,236	(14,611)	–	139,625

* *The balance represents an amount less than HK$500.*

The effects of application of merger accounting for common control combinations on the Group's basic and diluted loss per share for the three months and six months ended 30 September 2017:

	Three months ended 30 September 2017 *HK$* (unaudited and restated)	**Six months ended 30 September 2017** *HK$* (unaudited and restated)
As originally stated	(3.45) cents	(3.55) cents
Adjustment arising on common control combinations	0.03 cents	0.05 cents
As restated	(3.42) cents	(3.50) cents

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the reporting period, 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 (the "Wine Business"); (ii) the provision of financial services (the "Financial Services Business"); and (iii) the provision of blockchain services (the "Blockchain Services Business"). During the six months ended 30 September 2018, revenue of the Group decreased by approximately 17.5% from approximately HK$95.8 million (restated) to approximately HK$79.0 million for the six months ended 30 September 2017 and 2018 respectively. The revenue was mainly comprised of (i) the sales of alcoholic beverages, which contributed approximately HK$68.1 million; (ii) the provision of financial services, which contributed approximately HK$7.8 million; and (iii) the provision of blockchain services, which contributed approximately HK$3.1 million.

Financial Review

Revenue

Revenue of the Group decreased by approximately 17.5% from approximately HK$95.8 million (restated) to approximately HK$79.0 million for the six months ended 30 September 2017 and 2018 respectively. The decrease in revenue was mainly the result of (i) the decrease in sales of alcoholic beverages which was affected by the highly competitive environment in the industry; and (ii) the decrease in the placing commission income in the provision of financial services.

Gross Profit and Gross Profit Margin

For the six months ended 30 September 2017 and 2018, (i) gross profit of the Group decreased by approximately 10.7% from approximately HK$29.8 million (restated) to approximately HK$26.6 million; and (ii) gross profit margin of the Group increased from 31.1% (restated) to 33.7%, respectively, which was mainly due to the provision of financial services and blockchain services which do not incur cost of sales during the six months ended 30 September 2018.

Other Income

Other income of the Group increased by approximately 125.0% from approximately HK$0.8 million (restated) to approximately HK$1.8 million for the six months ended 30 September 2017 and 2018 respectively. The increase was mainly contributed by (i) the increase in consignment income and interest income; and (ii) grant from capital expenditure.

Selling and Distribution Expenses

Selling and distribution expenses of the Group decreased by approximately 4.7% from approximately HK$8.6 million to approximately HK$8.2 million for the six months ended 30 September 2017 and 2018 respectively. The decrease was mainly due to the decrease in the delivery charges.

Administrative and Other Operating Expenses

Administrative and other operating expenses of the Group increased significantly from approximately HK$26.5 million (restated) to approximately HK$68.0 million for the six months ended 30 September 2017 and 2018 respectively. The increase was mainly due to (i) the recognition of equity-settled share-based payment expenses for the share options granted of approximately HK$19.1 million; (ii) the increase in the operating expenses including the depreciation, electricity and consulting fee from the new blockchain services approximately HK$10.6 million; (iii) the increase in the staff costs of approximately HK$5.6 million for the management and administrative staff; (iv) the increase in the professional fee of approximately HK$3.6 million; and (v) the increase in other administrative expenses and other operating expenses of approximately HK$2.6 million incurred by the Group with the increase in number of staff and business development.

Finance Costs

Finance costs mainly comprised (i) effective interest expense on convertible bonds and promissory notes; and (ii) interest due on other borrowings. The Group's finance costs increased by approximately 278.8% from HK$3.3 million (restated) to HK$12.5 million for the six months ended 30 September 2017 and 2018 respectively. The significant increase in the finance costs was mainly due to the increase in the other borrowings and convertible bonds during the six months ended 30 September 2018.

Impairment Loss on Goodwill

A goodwill of approximately HK$3.5 million has been recognized upon the completion of acquisition of High Performance Computing Nordic AB ("HPC Nordic"). The impairment loss recognized on goodwill of approximately HK$3.5 million arose for the six months ended 30 September 2018 due to the fluctuations of the price of crypto currencies.

Change in Fair Value of Exchangeable Bonds

The change in fair value of exchangeable bonds arose from the fair value loss recognized from the exchangeable bonds (the "Exchangeable Bonds") issued by Bartha Holdings Limited ("Bartha Holdings") decreased by 92.3% from HK$151.1 million to HK$11.7 million for the six months ended 30 September 2017 and 2018 respectively.

On 31 May 2018, the Group completed the exercise of the exchange rights attached to the Exchangeable Bonds to exchange for 4,900 shares of Bartha International Limited ("Bartha International"), representing 49% of the entire issued share capital of Bartha International, resulting the carrying amount of the Exchangeable Bonds amounted approximately HK$75.0 million. When compared to the valuation on the Exchangeable Bonds as at 30 September 2018 of approximately HK$63.3 million, a fair value loss of Exchangeable Bonds of approximately HK$11.7 million was recognized for the six months ended 30 September 2018.

Income Tax Credit

Income tax credit of the Group increased from approximately HK$210,000 to approximately HK$231,000 for the six months ended 30 September 2017 and 2018 respectively. The increase was due to the decrease in profit before tax and increase in deferred tax asset arising from temporary timing difference.

Loss Attributable to Owners of the Company

Loss attributable to owners of the Company decreased significantly by approximately 47.8% from approximately HK$140.1 million to approximately HK$73.1 million for the six months ended 30 September 2017 and 2018 respectively. The decrease was mainly due to the significant decrease in the loss of change in fair value of Exchangeable Bonds.

Foreign Exchange Exposure

As at 30 September 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. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Treasury Policy

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

Capital Structure, Liquidity and Financial Resources

During the six months ended 30 September 2018, the Group's source of funds was mainly from the cash generated from operations, other borrowings and placing. For the six months ended 30 September 2018, the Group recorded a net cash inflow of approximately HK$28.2 million (six months ended 30 September 2017: net cash outflow of approximately HK$10.0 million (restated)), while its total cash and cash equivalents increased to HK$103.1 million (31 March 2018: HK$74.3 million (restated)).

As at 30 September 2018, the Group had net current assets of approximately HK$58.4 million (31 March 2018: net current liabilities of approximately HK$10.8 million (restated)). The current ratio of the Group was 1.2 times as at 30 September 2018 (31 March 2018: 1.0 times). The Group maintained a stable current ratio during the period.

As at 30 September 2018, the Group had no bank borrowings (31 March 2018: nil).

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

As at 30 September 2018, the Group held shares in namely (i) Tencent Holdings Limited (Hong Kong Stock Code: 700); (ii) AAC Technologies Holdings Inc. (Hong Kong Stock Code: 2018); and (iii) Remixpoint Inc. (Japan Stock Code: 3825) with the total amount of approximately HK$54.9 million.

Significant investments

a) Details of significant held-for-trading financial assets:

Name of investments	*Notes*	**Fair value as at 30 September 2018** *HK$'000*	**% to the total assets of the Group**	**% to the interest in the respective investments as at 30 September 2018**	**Gain/(loss) on disposal/ redemption** *HK$'000*
China New City Commercial Development Limited (1321) ("CCC")	*(i)*	–	N/A	N/A	(1,026)
Tencent Holdings Limited (700) ("THL")	*(ii)*	323	0.03%	0.00%	–
AAC Technologies Holdings Inc. (2018) ("AAC")	*(iii)*	407	0.04%	0.00%	–
Remixpoint Inc. (Japan 3825) ("REM")	*(iv)*	54,209	4.59%	1.41%	–
		54,939			(1,026)

(i) CCC and its subsidiaries are principally engaged in commercial development, leasing and hotel operations. In view of the trend of the share price of CCC, the Group disposed of its entire shareholding in CCC and recorded a realised loss of approximately HK$1,026,000 during the period.

(ii) 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 the People's Republic of China. During the six months ended 30 September 2018, the Group has recorded an unrealized fair value loss of approximately HK$86,000 for the investment in the shares of THL. During the six months ended 30 June 2018, the THL Group recorded revenue and net profit of approximately RMB147,203 million and RMB42,553 million respectively. The profit was driven primarily by payment related services, digital content subscriptions and sales, social and others advertising, and smart phone games.

(iii) 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 six months ended 30 September 2018, the Group has recorded an unrealized fair value loss of approximately HK$302,000 for the investment in the shares of AAC. During the six months ended 30 June 2018, the AAC Group recorded revenue and net profit of RMB8.4 billion and RMB1.8 billion. The ACC Group believes that, in addition to the two existing core segments, Optics and Micro Electro-Mechanical Systems ("MEMS") segments will also be important growth drivers for the Company in the near future.

(iv) The investment represented 802,900 shares. REM and its subsidiaries ("REM Group") are principally engaged in the development and sale of energy management solutions, and energy-saving support consulting services and virtual currency trading platform business and hotel-related business in Japan. During the six months ended 30 September 2018, the Group recorded an unrealized fair value loss of approximately HK$2,036,000 for the investment in the shares of REM. During the six months ended 30 June 2018, REM Group recorded revenue and net income of approximately JPY9,771 million and JPY1,883 million.

In addition, the Group also held the Exchangeable Bonds issued by Bartha Holdings with the fair value of approximately HK$63.3 million.

During the six months ended 30 September 2018, the Group has completed the following acquisitions:

– the acquisition of 49% equity interest in Bartha International by exercising the exchange rights under the exchangeable bonds issued by Bartha Holdings;

– the acquisition of 51% equity interest in the issued capital of Diginex High Performance Computing Limited ("Diginex HPC") for the total consideration of approximately HK$426.1 million; and

– the acquisition of 100% equity interest in the issued capital of HPC Nordic for the total consideration of USD1.75 million (equivalently to approximately HK$13.7 milllion).

Following the acquisition of Diginex HPC, Diginex HPC becomes an indirect non-wholly owned subsidiary of the Company. On 2 September 2018, Diginex HPC entered into a memorandum of understanding with Symbioses S.A., pursuant to which both parties intended to cooperate on the development of high performance computing ("HPC") business and deployment of optimizing cryptocurrency mining. For details, please refer to announcement of the Company dated 3 September 2018.

Besides, on 23 July 2018, the Company and The Blockhouse Technology Limited ("Blockhouse") has entered into a joint venture agreement, pursuant to which the Company and Blockhouse agreed to form a joint venture company, Madison Blockhouse Limited, a company incorporated in Hong Kong and owned as to 33.3% by Blockhouse and as to 66.7% by Madison Blockchain Holdings Company Limited, a wholly-owned subsidiary of the Company. For details, please refer to the announcement of the Company dated 23 July 2018.

Furthermore, from 16 August 2018 to 3 September 2018, the Group acquired a total of 802,900 shares of Remixpoint, Inc. at the cash consideration of approximately HK$56.56 million. For details, please refer to the announcement of the Company dated 24 September 2018.

On 27 September 2018, Madison Lab Limited, an indirect wholly-owned subsidiary of the Company ("Madison Lab"), entered into a non-legally binding memorandum of understanding with an independent third party (the "Vendor"), pursuant to which (i) Madison Lab intends to acquire and the Vendor intends to sell 672 shares of a company (the "Proposed Acquisition"), being one of the 16 virtual currency exchange operators registered with the Financial Services Agency of Japan which conducts virtual currency trading platform business in Japan (the "Target Company"), representing 67.2% of the entire issued share capital of the Target Company; and (ii) the Vendor intends to grant to Madison Lab an option with a right to further acquire 68 shares of the Target Company (the "Option"), representing 6.8% of the entire issued share capital of the Target Company, which can be exercised within three months from the completion date of the Proposed Acquisition. For details, please refer to the announcement of the Company dated 27 September 2018.

Saved as disclosed in this announcement, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated.

Charges on the Group's Assets

As at 30 September 2018, the Group did not have any charge on the assets (31 March 2018: nil).

Gearing Ratio

The gearing ratio (representing the debts of non-trade nature divided by total equity at the end of the period/year and multiplied by 100%) of the Group was 88.1% as at 30 September 2018 (31 March 2018: 104.7%). The Group has sufficient fund to maintain its operation.

Capital Commitment

As at 30 September 2018, the Group did not have any significant capital commitments (31 March 2018: nil).

Contingent Liabilities

As at 30 September 2018, the Group did not have any material contingent liabilities (31 March 2018: nil).

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: nil).

Employees and Remuneration Policies

As at 30 September 2018, the Group employed a total of 74 (31 March 2018: 47) full-time employees. The staff costs, including Directors' emoluments, of the Group for the six months ended 30 September 2018 were approximately HK$19.5 million (six months ended 30 September 2017: HK$13.9 million (restated)). 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 the employees with outstanding performance to attract and retain eligible employees in the Group. Share options may also be granted under the Share Option Scheme (as defined below) to eligible employees by reference to the Group's performance as well as individual's contribution.

Risk and Uncertainties

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

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

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

For the Group's blockchain services, we are exposed to (i) the security risk of crypto currencies inventory; and (ii) the fluctuations of the price of the crypto currencies.

Outlook and Prospects

Apart from cryptocurrency mining business in Asia and Europe, the Group has recently expanded into the wine auction business and plans to hold the inaugural auction in late 2018 with an online platform that customers can place bids on, follow the live through video and engage in real time with the sale from around the globe. The Group can further strengthen the position in the high-end fine wine business through its wine auction business, and can better leverage its cash position through receiving consignments provided by the consignors to the wine auction business.

On 15 October 2018 and 19 October 2018, the Company has entered into two memoranda of understanding with CVP Financial Group Limited ("CVP Financial Group") and Software Research Associates, Inc. ("SRA") respectively. The Company proposed to acquire 52% and 25% interest in Hackett Enterprises Limited ("Hackett") from CVP Financial Group and SRA respectively (the "Potential Acquisitions"). Hackett is an investment holding company which holds 70% of the issued share capital of Starlight Financial Holdings Limited ("Starlight"). Starlight, together with its subsidiaries, is principally engaged in the provision of loan financing and financial consultancy services in the People's Republic of China and provision of money lending services in Hong Kong. Its major customers include individuals as well as small and medium enterprises. The Potential Acquisitions shall constitute a major and connected transaction. For details, please refer to the announcement of the Company dated 23 October 2018.

The Board believes that, with the acquisitions completed during the six months ended 30 September 2018 and the proposed transactions disclosed in this announcement, the Group shall broaden the source of income attributable to the Group as well as leverage the resources of the respective companies to apply the blockchain technology into our Wine Business and the Financial Services Business. The Directors also consider that the development in virtual currency trading platform is at the early stage and have great potentials, and hence, the development in cryptocurrency mining and HPC business development can also broaden the income stream of the Group, enhance our operation mechanism and strengthen our market position under the highly competitive environment.

OTHER INFORMATION

Share Option Scheme

The Company has conditionally adopted a share option scheme pursuant to a written resolution of the shareholders of the Company passed on 21 September 2015 (the "Share Option Scheme") for the purpose of providing incentives or rewards to eligible persons for their contribution to the Group and/or enabling the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. On 17 December 2015, the Company granted an aggregate of 18,100,000 share options to the grantees of the Company, to subscribe, in aggregate, for up to 18,100,000 ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme.

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

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

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

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.

Non-exempt Connected Transactions

During the six months ended 30 September 2018, the Company has completed the following connected transactions which are subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 20 of the GEM Listing Rules.

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

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

Exempted Connected Transactions

On 1 April 2018, CVP Capital Limited ("CVP Capital"), an non-wholly owned subsidiary of the Company, entered into a sublease agreement (the "Sublease Agreement") with China Runking Financial Group Limited ("China Runking"), an indirect non-wholly owned subsidiary of Hackett, for the monthly rental fee in amount of HK$248,000 for the period from 1 April 2018 to 31 October 2018. During the six months ended 30 September 2018, CVP Capital has paid a total rental fee of HK$1,488,000 to China Runking.

Mr. Ting, being an executive Director, the chairman of the Board and the controlling Shareholder, is a connected person of the Company and indirectly holds 36.4% of the issued share capital of China Runking. Hence, China Runking, as an associated company of Mr. Ting, is a connected person of the Company. Accordingly, the entering into of the Sublease Agreement by CVP Capital with China Runking is a connected transaction.

As all the applicable percentage ratios are less than 5% and the total consideration payable by CVP Capital to China Runking under the Sublease Agreement is less than HK$3,000,000, the connected transaction is fully exempted from the reporting, announcement, circular and independent shareholders' approval requirements.

On 12 April 2018, the Company entered into the placing agreement (the "Placing Agreement") with Eternal Pearl and Shenwan Hongyuan Securities (H.K.) Limited in relation to the placing (the "Placing") of up to 71,000,000 new shares of the Company (the "Placing Shares") at the placing price of HK$1.7 per Placing Share for funding the acquisition (the "BITPoint Acquisition") of 20% equity interest in BITPoint Japan Company Limited ("BITPoint"). An aggregate of 70,056,000 Placing Shares were allotted and issued to not less than six independent placees pursuant to the general mandate on 23 April 2018. Mr. Ting, being an executive Director, the chairman of the Board and the controlling Shareholder, is a connected person of the Company and indirectly holds 43.48% of the issued share capital of Eternal Pearl. Hence, Eternal Pearl, as an associated company of Mr. Ting, is a connected person of the Company. Accordingly, the entering into of the Placing Agreement by the Company with Eternal Pearl is a connected transaction.

As all the applicable percentage ratios are less than 5% and the total consideration payable by the Company to Eternal Pearl under the Placing Agreement is less than HK$3,000,000, the connected transaction is fully exempted from the reporting, announcement, circular and independent shareholders' approval requirements.

Change in Use of Proceeds from the Placing

The net proceeds from the Placing was originally intended for the BITPoint Acquisition. Since the BITPoint Acquisition has not been completed and was terminated on 2 August 2018, the Board has resolved to utilised approximately HK$56.56 million from the net proceeds of the Placing for the acquisition of a total of 802,900 shares of Remixpoint Inc., a company incorporated in Japan and whose shares are listed on the Tokyo Stock Exchange (stock code: 3825), by CVP Investment Holdings Limited, an indirect non-wholly owned subsidiary of the Company. As at the date of this announcement, approximately HK$60.53 million was unutilised, and will be applied for investment in company(ies) carrying on business similar to BITPoint.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the six months ended 30 September 2018.

Directors' Interests in Competing Business

As at 30 September 2018, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Deed of Non-competition

A deed of non-competition dated 29 September 2015 (the "Deed of Non-competition") was entered into among the Company and the controlling shareholders of the Company, namely by Royal Spectrum Holding Company Limited, Devoss Global Holdings Limited and Mr. Ting, in favour of the Company (for the Company and for the benefit of its subsidiaries) regarding certain non-competition undertakings. Details of the Deed of Non-competition were disclosed in the section headed "Relationship with Controlling Shareholders" to the prospectus of the Company dated 29 September 2015.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code on Securities Dealings"). The Company, having made specific enquiry of all the Directors, confirmed that all the Directors have complied with the required standard of dealings as set out in the Code on Securities Dealings for the six months ended 30 September 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 2018 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.

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 financial information in this announcement has not been audited by the auditor of the Company, but the Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 September 2018 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

Change of Directors

Mr. Xiong Hu was appointed as an executive Director of the Company with effect from 24 August 2018.

Mr. Zhou, Francis Bingrong resigned as an executive Director and deputy chairman of the Company with effect from 24 August 2018.

Subsequent Events after the Reporting Period

Fulfillment of Guaranteed Profit

According to the financial statements of Bartha Group, the audited consolidated profit attributable to owners of the Bartha Group for the year ended 31 March 2018 amounted to approximately HK$9.1 million, and therefore the guaranteed profit pursuant to the agreement to subscribe for the Exchangeable Bonds bas been fulfilled. Details were disclosed in the announcement of the Company dated 8 October 2018.

Non-Legally Binding Memoranda of Understanding in respect of the Potential Acquisitions of an aggregate of 77% Interest in Hackett

On 15 October 2018, the Company entered into the memorandum of understanding ("CVP MOU") with CVP Financial Group, pursuant to which the Company intends to acquire, and CVP Financial Group intends to sell, such number of existing shares of Hackett representing approximately 52% of the entire issued share capital of Hackett (the "CVP Potential Acquisition"); and (ii) on 19 October 2018, the Company entered into the memorandum of understanding ("SRA MOU", together with the CVP MOU, the "MOUs") with SRA, pursuant to which the Company intends to acquire, and SRA intends to sell, such number of existing shares of Hackett representing approximately 25% of the entire issued share capital of Hackett (the "SRA Potential Acquisition").

CVP Financial Group is wholly-owned by Mr. Ting, who is a controlling shareholder, the chairman and an executive Director of the Company, and therefore CVP Financial Group is a connected person of the Company. As the Company is acquiring an interest in the Hackett from SRA, who is not a connected person, but Hackett's substantial shareholder, CVP Financial Group, is a controlling shareholder and therefore a "controller" as defined under Rule 20.26 of the GEM Listing Rules, the SRA Potential Acquisition, if materializes, would constitute a connected transaction under Rule 20.26 of the GEM Listing Rules.

If the formal agreements are entered into between the parties to the MOUs, the CVP Potential Acquisition, whether on a standalone basis or when aggregated with the SRA Potential Acquisition, shall constitute a major and connected transaction of the Company subject to, among others, independent shareholders' approval under the GEM Listing Rules. For completeness, the SRA Potential Acquisition, on a standalone basis, shall constitute a discloseable and connected transaction of the Company, however this scenario would not materialise as completion of the SRA Potential Acquisition is conditional upon completion of the CVP Potential Acquisition having occurred.

If: (i) the Potential Acquisitions materialise and involve issuance of consideration shares and/or convertible bonds; or (ii) if only the CVP Potential Acquisition materialises and involves issuance of relevant consideration shares and/or relevant convertible bonds, immediately after the allotment and issue of the relevant consideration shares and/or relevant conversion shares upon full conversion the convertible bonds (as the case may be), the voting rights held by the Vendors and parties acting in concert with any of them or CVP Financial Group and parties acting in concert with it (as the case may be) in the Company is expected to increase by more than 2% in both cases.

As such, under Rule 26.1 of the Takeovers Code, the Vendors (if the Potential Acquisitions materialise) or CVP Financial Group (if only the CVP Potential Acquisition materialises) would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Vendors and parties acting in concert with any of them (if the Potential Acquisitions materialise) or CVP Financial Group and parties acting in concert with it (if only the CVP Potential Acquisition materialises) unless the Whitewash Waiver is obtained from the Executive. In this regard, it is intended that the Potential Acquisitions will be conditional upon the Whitewash Waiver being granted by the Executive and approved by the independent Shareholders pursuant to the Takeovers Code, and such conditions will not be waivable. It is intended that the Vendors (if the Potential Acquisitions materialise) or CVP Financial Group (if only the CVP Potential Acquisition materialises) will make an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the relevant Consideration Shares and the relevant Conversion Shares (as the case may be) after the signing of the Formal Agreement(s).

For details, please refer to the announcement dated 23 October 2018.

Resignation of Director

Mr. Xiong Hu resigned as an executive Director on 24 October 2018.

By order of the Board
Madison Holdings Group Limited
Ting Pang Wan Raymond
Chairman & Executive Director

Hong Kong, 9 November 2018

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose 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.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.madison-group.com.hk.