

MADISON

— G R O U P —

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: 08057)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

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*This quarterly results 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 of the Stock Exchange (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 quarterly results 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 quarterly results announcement misleading.*

FINANCIAL HIGHLIGHTS

For the nine months ended 31 December 2022, the unaudited results from continuing operations of the Company and its subsidiaries (collectively referred to as the “**Group**”) were as follows:

- the Group recorded a revenue from continuing operations of approximately HK\$70.4 million for the nine months ended 31 December 2022 (for the nine months ended 31 December 2021: HK\$102.7 million), representing a decrease of approximately 31.5% as compared with the corresponding period in 2021;
- net exchange gain from continuing operations amounted to approximately HK\$12.0 million for the nine months ended 31 December 2022 (for the nine months ended 31 December 2021: HK\$2.7 million), representing an increase of approximately HK\$9.3 million as compared with the corresponding period in 2021;
- profit attributable to the owners of the Company from continuing operations for the nine months ended 31 December 2022 amounted to approximately HK\$2.5 million (for the nine months ended 31 December 2021: loss attributable to the owners of the Company of HK\$19.3 million); and
- the Directors do not recommend the payment of any dividend for the nine months ended 31 December 2022 (for the nine months ended 31 December 2021: nil).

The board of Directors (the “**Board**”) is pleased to present the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2022, together with the comparative unaudited figures for the corresponding period in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

	Note	For the three months ended 31 December		For the nine months ended 31 December	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited) (restated)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited) (restated)
Continuing operations					
Revenue	3				
– sales of alcoholic beverages		8,243	19,035	29,896	54,484
– loan financing services		11,152	15,813	40,523	48,169
		<u>19,395</u>	<u>34,848</u>	<u>70,419</u>	<u>102,653</u>
Cost of operations					
– cost of alcoholic beverages		(6,246)	(15,196)	(23,042)	(43,744)
Other income	4	844	2,845	7,384	5,821
Staff costs		(8,097)	(9,053)	(24,767)	(25,229)
Depreciation		(1,313)	(2,031)	(3,952)	(6,927)
Net exchange (loss) gain		(7,234)	2,071	12,019	2,675
Administrative and other operating expenses		(2,368)	(5,578)	(7,576)	(13,603)
Change in fair value of financial assets at fair value through profit or loss		151	170	519	391
Change in fair value of financial liabilities at fair value through profit or loss		3,337	–	6,243	–
Change in fair value of derivative financial instruments		–	–	1,365	3,873
Gain on disposal of a subsidiary		–	–	1,253	–
Gain on deemed disposal of a subsidiary		–	3,153	–	3,153
Net impairment recognised on loan and interest receivables		(7,540)	(20,634)	(6,137)	(27,410)
Finance costs	5	(6,224)	(6,806)	(17,853)	(20,116)
(Loss) profit before tax		(15,295)	(16,211)	15,875	(18,463)
Income tax credit (expense)	6	546	4,138	(6,337)	850
(Loss) profit for the period from continuing operations	7	(14,749)	(12,073)	9,538	(17,613)
Discontinued operations					
Loss for the period from discontinued operations	8	–	–	–	(1,346)
(Loss) profit for the period		<u>(14,749)</u>	<u>(12,073)</u>	<u>9,538</u>	<u>(18,959)</u>

	Note	For the three months ended 31 December		For the nine months ended 31 December	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited) (restated)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited) (restated)
(Loss) profit for the period attributable to owners of the Company					
– from continuing operations		(11,350)	(11,468)	2,534	(19,319)
– from discontinued operations		–	–	–	(1,274)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
(Loss) profit for the period attributable to owners of the Company		<u>(11,350)</u>	<u>(11,468)</u>	<u>2,534</u>	<u>(20,593)</u>
(Loss) profit for the period attributable to non-controlling interests					
– from continuing operations		(3,399)	(605)	7,004	1,706
– from discontinued operations		–	–	–	(72)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
(Loss) profit for the period attributable to non-controlling interests		<u>(3,399)</u>	<u>(605)</u>	<u>7,004</u>	<u>1,634</u>
		<u>(14,749)</u>	<u>(12,073)</u>	<u>9,538</u>	<u>(18,959)</u>
(Loss) earnings per share (<i>HK cents</i>)	10				
From continuing and discontinued operations					
Basic		<u>(1.82)</u>	<u>(1.84)</u>	<u>0.41</u>	<u>(3.30)</u>
Diluted		<u>(1.82)</u>	<u>(1.84)</u>	<u>0.41</u>	<u>(3.30)</u>
From continuing operations					
Basic		<u>(1.82)</u>	<u>(1.84)</u>	<u>0.41</u>	<u>(3.10)</u>
Diluted		<u>(1.82)</u>	<u>(1.84)</u>	<u>0.41</u>	<u>(3.10)</u>
From discontinued operations					
Basic		<u>–</u>	<u>–</u>	<u>–</u>	<u>(0.20)</u>
Diluted		<u>–</u>	<u>–</u>	<u>–</u>	<u>(0.20)</u>

<i>Note</i>	For the three months ended		For the nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	
	(unaudited)	(restated)	(restated)	
(Loss) profit for the period	<u>(14,749)</u>	<u>(12,073)</u>	<u>9,538</u>	<u>(18,959)</u>
Other comprehensive income				
(expense)				
<i>Items that may be reclassified</i>				
<i>subsequently to profit or loss:</i>				
Exchange differences arising from translation of foreign operations	8,579	3,791	(34,599)	9,792
Release of translation reserve upon disposal of subsidiaries	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,811</u>
	<u>8,579</u>	<u>3,791</u>	<u>(34,599)</u>	<u>12,603</u>
Total comprehensive expense for the period	<u>(6,170)</u>	<u>(8,282)</u>	<u>(25,061)</u>	<u>(6,356)</u>
Total comprehensive (expense) income for the period attributable to:				
Owners of the Company	(6,673)	(7,505)	(16,266)	(10,572)
Non-controlling interests	<u>503</u>	<u>(777)</u>	<u>(8,795)</u>	<u>4,216</u>
	<u>(6,170)</u>	<u>(8,282)</u>	<u>(25,061)</u>	<u>(6,356)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

	Attributable to owners of the Company												
	Share capital	Share premium	Other reserve	Capital reserve	Merger reserve	Share options reserve	Convertible bonds – equity conversion reserve	Translation reserve	Statutory reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2022 (audited)	6,231	1,311,985	29,047	(90,894)	(598,127)	21,155	174,782	455	5,228	(856,335)	3,527	172,740	176,267
Profit for the period	-	-	-	-	-	-	-	-	-	2,534	2,534	7,004	9,538
Other comprehensive expense for the period													
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	(18,800)	-	-	(18,800)	(15,799)	(34,599)
Profit for the period and other comprehensive expense for the period	-	-	-	-	-	-	-	(18,800)	-	2,534	(16,266)	(8,795)	(25,061)
Lapse of share options	-	-	-	-	-	(321)	-	-	-	321	-	-	-
Release of convertible bonds – equity conversion reserve upon expiration of the option	-	-	-	-	-	-	(174,782)	-	-	174,782	-	-	-
Appropriation to statutory reserve funds	-	-	-	-	-	-	-	-	1,093	(1,093)	-	-	-
As at 31 December 2022 (unaudited)	<u>6,231</u>	<u>1,311,985</u>	<u>29,047</u>	<u>(90,894)</u>	<u>(598,127)</u>	<u>20,834</u>	<u>-</u>	<u>(18,345)</u>	<u>6,321</u>	<u>(679,791)</u>	<u>(12,739)</u>	<u>163,945</u>	<u>151,206</u>
	Attributable to owners of the Company												
	Share capital	Share premium	Other reserve	Capital reserve	Merger reserve	Share options reserve	Convertible bonds – equity conversion reserve	Translation reserve	Statutory reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2021 (audited)	6,231	1,311,985	29,047	(103,832)	(598,127)	20,609	174,782	(8,012)	4,351	(825,879)	11,155	227,937	239,092
Loss for the period	-	-	-	-	-	-	-	-	-	(20,593)	(20,593)	1,634	(18,959)
Other comprehensive income for the period													
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	7,210	-	-	7,210	2,582	9,792
Release of translation reserve upon disposal of subsidiaries	-	-	-	-	-	-	-	2,811	-	-	2,811	-	2,811
Loss for the period and other comprehensive income for the period	-	-	-	-	-	-	-	10,021	-	(20,593)	(10,572)	4,216	(6,356)
Recognition of equity-settled share-based payments expenses	-	-	-	-	-	548	-	-	-	-	548	-	548
Lapse of share options	-	-	-	-	-	(1)	-	-	-	-	(1)	-	(1)
Disposal of subsidiaries	-	-	-	12,938	-	-	-	-	-	(12,938)	-	(59,362)	(59,362)
Appropriation to statutory reserve funds	-	-	-	-	-	-	-	-	849	(849)	-	-	-
As at 31 December 2021 (unaudited)	<u>6,231</u>	<u>1,311,985</u>	<u>29,047</u>	<u>(90,894)</u>	<u>(598,127)</u>	<u>21,156</u>	<u>174,782</u>	<u>2,009</u>	<u>5,200</u>	<u>(860,259)</u>	<u>1,130</u>	<u>172,791</u>	<u>173,921</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

1. GENERAL

Madison Holdings Group Limited (the “**Company**”) was incorporated in the Cayman Islands under the Companies Act, Chapter 22 (Act 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 GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 October 2015. Royal Spectrum Holding Company Limited (“**Royal Spectrum**”), which is a company incorporated in the Republic of Seychelles and is directly interested in approximately 31.58% of the issued share capital of the Company as at 31 December 2022, and Mr. Ting Pang Wan Raymond (“**Mr. Ting**”), who is interested in approximately 41.20% of the issued share capital of the Company as at 31 December 2022 and has control over Royal Spectrum, are controlling shareholders of the Company. 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 units 26-28, 8/F., One Island South, 2 Heung Yip Road, Wong Chuk Hang, Hong Kong, respectively.

The Company is an investment holding company. Its major operating subsidiaries are mainly engaged in the retail sales and wholesales of a wide spectrum of wine products and other alcoholic beverages in Hong Kong with a focus on red wine, the provision of loan financing services and the provision of financial consultancy services. On 20 January 2022, share consolidation of the Company was completed. Accordingly, the loss per share presented in unaudited condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended 31 December 2021 has been re-presented.

The functional currency of the Company and the subsidiaries incorporated in Hong Kong is Hong Kong dollar (“**HK\$**”) while that of the subsidiaries established in the People’s Republic of China (the “**PRC**”) is Renminbi (“**RMB**”). 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.

All amounts are presented in HK\$ thousands (“**HK\$’000**”) in this unaudited condensed consolidated financial statements unless otherwise stated.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and all applicable accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable disclosure requirements of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”). The accounting policies used in the financial statements for the nine months ended 31 December 2022 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2022. The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are stated at fair values.

As at the reporting date of the unaudited condensed consolidated financial statements, HKICPA has issued a number of new and amended HKFRSs. The adoption of these new and amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

The Group has not adopted early any new and amended HKFRSs that are relevant to the Group have been issued but are not yet effective for the current accounting period.

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2022 have not been reviewed or audited by the Company’s independent auditor, but have been reviewed by the Company’s audit committee.

3. REVENUE AND SEGMENT INFORMATION

Revenue

The principal activities of the Group are the retail sales and wholesales of a wide spectrum of wine products and other alcoholic beverages, the provision of loan financing services and the provision of financial services. An analysis of the Group's revenue from continuing operations is as follows:

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from contracts with customers				
Disaggregated of revenue by major products or services lines				
Sales of alcoholic beverages segment				
– Sales of alcoholic beverages income	8,243	19,035	29,896	54,484
Loan financing services segment				
– Loan referral services income	1,555	3,594	8,109	12,153
Total revenue from contracts with customers	9,798	22,629	38,005	66,637
Revenue from other sources				
Loan financing services segment				
– Interest income – Micro loans	7,872	9,815	26,362	28,830
– Interest income – Other loans	1,725	2,404	6,052	7,186
	9,597	12,219	32,414	36,016
Total Revenue	19,395	34,848	70,419	102,653

Disaggregation of revenue by timing of recognition

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Timing of revenue recognition				
At a point in time	<u>9,798</u>	<u>22,629</u>	<u>38,005</u>	<u>66,637</u>

Segment Information

Information has been reported to the chief operating decision maker (“CODM”) (i.e. the executive Directors), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. 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. Loan financing services – provision of loan financing services
3. Financial services – provision of financial consultancy services

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segments:

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue				
Sales of alcoholic beverages	8,243	19,035	29,896	54,484
Loan financing services	11,152	15,813	40,523	48,169
Financial services	—	—	—	—
	<u>19,395</u>	<u>34,848</u>	<u>70,419</u>	<u>102,653</u>
Segment (loss) profit				
Sales of alcoholic beverages	(1,191)	3,059	(2,734)	8,463
Loan financing services	(1,492)	(9,234)	18,960	4,251
Financial services	(477)	(459)	(1,425)	(1,420)
	<u>(3,160)</u>	<u>(6,634)</u>	<u>14,801</u>	<u>11,294</u>
Segment (loss) profit	(3,160)	(6,634)	14,801	11,294
Unallocated income	3,964	4,802	27,193	12,153
Unallocated expenses	(9,875)	(7,573)	(8,266)	(21,794)
Finance costs	(6,224)	(6,806)	(17,853)	(20,116)
	<u>(15,295)</u>	<u>(16,211)</u>	<u>15,875</u>	<u>(18,463)</u>
(Loss) profit before tax	(15,295)	(16,211)	15,875	(18,463)

Segment (loss) profit represents the (loss) profit from each segment without allocation of central administration costs, directors' salaries and certain other income, net exchange (loss) gain, changes in fair value of financial assets and liabilities at fair value through profit or loss and derivative financial instruments, gain on disposal of a subsidiary, gain on deemed disposal of a subsidiary and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Geographical information

Information about the Group's revenue from external customers is presented based on the location of operations:

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
PRC	5,100	13,034	34,471	40,608
Hong Kong	14,295	21,814	35,948	62,045
	<u>19,395</u>	<u>34,848</u>	<u>70,419</u>	<u>102,653</u>

4. OTHER INCOME

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Continuing operations				
Bank interest income	16	9	38	20
Consignment income	35	14	227	305
Interest income from consideration receivable	–	1,115	510	2,489
Interest income from finance lease receivables	327	–	906	–
Gain on disposal of right-of-use assets	–	–	2,519	–
Gain on disposal of plant and equipment	–	–	533	–
Government grants	–	–	760	–
Rental income	–	1,015	–	1,636
Others	466	692	1,891	1,371
	<u>844</u>	<u>2,845</u>	<u>7,384</u>	<u>5,821</u>

5. FINANCE COSTS

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Continuing operations				
Interest expense on:				
convertible bonds	–	3,147	4,404	9,234
promissory notes payables	–	1,499	1,365	4,393
other borrowings	1,252	1,405	3,959	4,412
loan from a non-controlling shareholder	4,549	522	7,103	1,585
lease liabilities	423	233	1,022	492
	<u>6,224</u>	<u>6,806</u>	<u>17,853</u>	<u>20,116</u>

6. INCOME TAX CREDIT (EXPENSE)

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Continuing operations				
Current tax:				
Hong Kong Profits Tax	–	(281)	–	(281)
PRC Enterprise Income Tax (“EIT”)	1,637	5,323	(1,479)	350
	<u>1,637</u>	<u>5,042</u>	<u>(1,479)</u>	<u>69</u>
Deferred taxation	(1,091)	(904)	(3,817)	781
Withholding tax on undistributed profits	–	–	(1,041)	–
	<u>546</u>	<u>4,138</u>	<u>(6,337)</u>	<u>850</u>

Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated profits during the periods.

PRC Enterprise Income Tax and withholding tax on undistributed profits

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the statutory EIT tax rate of the PRC subsidiaries is 25.0% for the periods. Further 10.0% withholding income tax is generally imposed on dividends relating to profits.

7. (LOSS) PROFIT FOR THE PERIOD

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Continuing operations				
(Loss) profit for the period has been arrived at after charging (crediting):				
Directors' emoluments	1,263	231	3,306	2,480
Salaries, allowances and other benefits	6,311	8,269	19,825	21,058
Contributions to retirement benefits scheme	523	505	1,636	1,498
Equity-settled share-based payment expenses – employees	–	48	–	193
Total staff costs	<u>8,097</u>	<u>9,053</u>	<u>24,767</u>	<u>25,229</u>
Depreciation of plant and equipment	198	271	604	1,036
Depreciation of right-of-use assets	1,115	1,760	3,348	5,891
Cost of inventories recognised as expense	5,968	14,755	22,189	42,594
Equity-settled share-based payment expenses – consultants	–	20	–	83
Net loss (gain) on disposals and written off of plant and equipment	9	–	(533)	43
Net impairment recognised on loan and interest receivables	<u>7,540</u>	<u>20,634</u>	<u>6,137</u>	<u>27,410</u>

8. DISCONTINUED OPERATIONS

Blockchain Services Business

On 17 June 2021, the Group entered into a sale and purchase agreement with Ms. Li Li (an independent third party) as purchaser, to dispose of a wholly-owned subsidiary of the Company, Madison Lab Limited (“**Madison Lab**”) and the amount due from Madison Lab to the Group of approximately HK\$111,813,000 (the “**Sale Loan 1**”) at a consideration of HK\$90,000,000 which had been satisfied by way of issue of a promissory note in the principal amount of HK\$90,000,000 by Ms. Li Li. Madison Lab and its non-wholly-owned subsidiary carried out the Group’s blockchain services business. The disposal was completed on 17 June 2021 on which date the control of the above-mentioned subsidiaries was passed to the purchaser and the blockchain services business was discontinued. For details, please refer to the announcement of the Company dated 17 June 2021.

The result of the discontinued blockchain services business was as follows:

	1.4.2021 to 17.6.2021 (date of disposal) <i>HK\$'000</i> (audited)
Other income	259
Staff costs	(155)
Depreciation	(42)
Administrative and other operating expenses	(246)
Finance costs	<u>(1)</u>
Loss for the period	(185)
Loss on disposal of discontinued operations	<u>(1,161)</u>
Loss for the period from discontinued operations	<u><u>(1,346)</u></u>
Loss for the period attributable to:	
Owners of the Company	(1,274)
Non-controlling interests	<u>(72)</u>
Loss for the period from discontinued operations	<u><u>(1,346)</u></u>

Loss for the period from the discontinued blockchain services business included the following:

	1.4.2021 to 17.6.2021 (date of disposal) <i>HK\$'000</i> (audited)
Salaries, allowances and other benefits	138
Contributions to retirement benefits scheme	17
Depreciation on plant and equipment and right-of-use assets	<u><u>42</u></u>

9. DIVIDEND

No dividend was paid, declared or proposed during the nine months ended 31 December 2022. The Directors do not recommend the payment of any dividend for the nine months ended 31 December 2022 (2021: nil).

10. (LOSS) EARNINGS PER SHARE

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

From continuing and discontinued operations

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss) earnings				
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share for the period attributable to the owners of the Company	<u>(11,350)</u>	<u>(11,468)</u>	<u>2,534</u>	<u>(20,593)</u>
	For the three months ended		For the nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<u>623,127,227</u>	<u>623,127,227</u>	<u>623,127,227</u>	<u>623,127,227</u>

The weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share has been adjusted retrospectively for the share consolidation which became effective on 20 January 2022.

The computation of diluted (loss) earnings per share does not assume the exercise of the Company's outstanding share options and outstanding convertible bonds as the exercise price of which were higher than the average market price of shares for the periods.

From continuing operations

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share from continuing operations	<u>(11,350)</u>	<u>(11,468)</u>	<u>2,534</u>	<u>(19,319)</u>

The denominators used are the same as those detailed above for both basic and diluted (loss) earnings per share from continuing and discontinued operations.

From discontinued operations

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss for the purpose of basic and diluted loss per share from discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,274)</u>

The denominators used are the same as those detailed above for both basic and diluted (loss) earnings per share from continuing and discontinued operations.

11. 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, adjustments had been made to the exercise price of the outstanding share options and the number of subdivided shares to be allotted and issued (the “**Subdivided Shares(s)**”) upon full exercise of subscription rights attaching to the outstanding share options in the following manner:

Date of grant	Immediately before the share subdivision becoming effective		Immediately after the share subdivision becoming effective	
	Number of shares to be issued under granted share options	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 employees, directors and consultants 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 at exercise price of HK\$1.89 each per then issued share of the Company. For details, please refer to the announcement of the Company dated 3 April 2018.

On 17 August 2018, resolutions were passed by the then shareholders of the Company granting general and unconditional mandates to exercise the powers of the Company to, among other things, refresh the then scheme mandate limit of up to 10.0% of the total number of the then issued shares of the Company in issue as at the date of passing the resolution, for which the maximum number of the then issued shares of the Company which may be issued under the refreshed scheme mandate limit was 428,330,871.

On 13 December 2018, the Company granted an aggregate of 48,000,000 share options to the consultants of the Company, to subscribe, in aggregate, for up to 48,000,000 then issued share of the Company at exercise price of HK\$1.12 each per then issued share of the Company. For details, please refer to the announcement of the Company dated 13 December 2018.

On 6 December 2019, the Company granted an aggregate of 355,400,000 share options to the employees, directors and consultants of the Company, to subscribe, in aggregate, for up to 355,400,000 then issued shares of the Company at exercise price of HK\$0.207 each per then issued share of the Company. For details, please refer to the announcement of the Company dated 6 December 2019.

On 31 July 2020, ordinary resolutions had been passed by the Company’s shareholders to refresh the scheme mandate limit under the Share Option Scheme, such that the maximum number of the then issued shares of the Company that can be allotted and issued upon the exercise of share options which may be granted by the Company under the scheme mandate limit so refreshed would be 519,272,689 then issued shares of the Company, being 10.0% of the total number of the then issued shares of the Company as at the date of passing of the resolution approving the said refreshment.

Upon the share consolidation becoming effective on 20 January 2022, adjustments had been made to the exercise price of the outstanding share options and the number of consolidated shares to be allotted and issued (the “**Consolidated Share(s)**”) upon full exercise of subscription rights attaching to the outstanding share options in the following manner:

Date of grant	Immediately before the share consolidation becoming effective		Immediately after the share consolidation becoming effective	
	Number of shares to be issued under granted share options	Exercise price per share option	Adjusted number of Consolidated Shares to be issued	Adjusted exercise price per Consolidated Share
17 December 2015	181,000,000	HK\$0.800	18,100,000	HK\$8.00
3 April 2018	198,900,000	HK\$1.890	19,890,000	HK\$18.90
13 December 2018	48,000,000	HK\$1.120	4,800,000	HK\$11.20
6 December 2019	80,400,000	HK\$0.207	8,040,000	HK\$2.07
	508,300,000		50,830,000	

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 consolidation having become effective are disclosed in the announcement of the Company dated 18 January 2022.

On 9 August 2022, an ordinary resolution had been passed by the Company’s shareholders to refresh the scheme mandate limit under the Share Option Scheme, such that the maximum number of shares that can be allotted and issued upon the exercise of share options which may be granted by the Company under the scheme mandate limit so refreshed would be 62,312,722 shares, being 10.0% of the total number of issued shares as at the date of passing of the resolution approving the said refreshment.

On 23 August 2022, the Company granted an aggregate of 85,922,330 share options under the specific mandate (the “**Specific Mandate**”), to SRA Holdings Inc. (“**SRA Holdings**”), to subscribe, in aggregate, for up to 85,922,330 shares at exercise price of HK\$1.03 each per share upon the exercise of the share options. The options were granted in accordance with the terms and conditions of the option agreement entered into between the Company and SRA Holdings dated 6 June 2022. SRA is a direct wholly-owned subsidiary of SRA Holdings. For details, please refer to the announcements of the Company dated 6 June 2022 and 23 August 2022 and the circular of the Company dated 19 July 2022.

As at 31 December 2022, the number of share options had been granted and remained outstanding under the Share Option Scheme and the Specific Mandate were 50,800,000 share options (31 March 2022: 50,830,000 share options) and 85,922,330 option shares (31 March 2022: nil) respectively, representing approximately 8.2% (31 March 2022: 8.2%) and 13.8% (31 March 2022: nil) of the total number of shares in issue at that date. Fair value of share options granted to consultants was measured at market prices for their services provided.

The Company granted a total of 85,922,330 share options under the Specific Mandate at exercise price of HK\$1.03 each per share during the nine months ended 31 December 2022 (31 December 2021: nil).

No share-based payment expenses was recognised by the Group for the nine months ended 31 December 2022 in relation to share options granted by the Company (31 December 2021: HK\$548,000).

Details of the Company's share options held by grantees are as follows:

Category of participant	Date of grant	Outstanding as at 1 April 2022	Outstanding as at 31 December 2022	Vesting period	Exercise period	Exercise price per share
Shareholders	17 December 2015	2,100,000	2,100,000	17 December 2015 to 16 June 2016	17 June 2016 to 16 December 2025	HK\$8.00
Consultants	17 December 2015	16,000,000	16,000,000	17 December 2015 to 16 June 2016	17 June 2016 to 16 December 2025	HK\$8.00
Directors	3 April 2018	590,000	560,000	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.90
Employees	3 April 2018	850,000	850,000	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.90
Consultants	3 April 2018	18,450,000	18,450,000	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.90
Consultants	13 December 2018	4,800,000	4,800,000	13 December 2018 to 30 June 2019	1 July 2019 to 12 December 2028	HK\$11.20
Directors	6 December 2019	800,000	800,000	6 December 2019 to 5 December 2020	6 December 2020 to 5 December 2029	HK\$2.07
Directors	6 December 2019	800,000	800,000	6 December 2019 to 5 December 2021	6 December 2021 to 5 December 2029	HK\$2.07
Consultants	6 December 2019	2,595,000	2,595,000	6 December 2019 to 5 December 2020	6 December 2020 to 5 December 2029	HK\$2.07
Consultants	6 December 2019	2,595,000	2,595,000	6 December 2019 to 5 December 2021	6 December 2021 to 5 December 2029	HK\$2.07
Employees	6 December 2019	625,000	625,000	6 December 2019 to 5 December 2020	6 December 2020 to 5 December 2029	HK\$2.07
Employees	6 December 2019	625,000	625,000	6 December 2019 to 5 December 2021	6 December 2021 to 5 December 2029	HK\$2.07
The ultimate holding company of a non-controlling shareholder	23 August 2022	–	85,922,330	Immediate on date of grant	23 August 2022 to 30 September 2023	HK\$1.03

Note:

Adjustments had been made to the exercise price and the number of the outstanding share options upon the share consolidation having become effective on 20 January 2022.

The following tables disclose movements of the Company's share options held by directors, employees, shareholders, consultants and the ultimate holding company of a non-controlling shareholder during the period:

During the nine months ended 31 December 2022

Category of participant	Outstanding as at 1 April 2022	Granted during the period	Lapsed during the period	Outstanding as at 31 December 2022
Directors	2,190,000	–	(30,000)	2,160,000
Employees	2,100,000	–	–	2,100,000
Shareholders	2,100,000	–	–	2,100,000
Consultants	44,440,000	–	–	44,440,000
The ultimate holding company of a non-controlling shareholder	–	85,922,330	–	85,922,330
	<u>50,830,000</u>	<u>85,922,330</u>	<u>(30,000)</u>	<u>136,722,330</u>
Exercisable as at 31 December 2022				<u>136,722,330</u>
Weighted average exercise price (HK\$)	<u>11.6</u>	<u>1.03</u>	<u>18.9</u>	<u>5.0</u>

During the nine months ended 31 December 2021

Category of participant	Outstanding as at 1 April 2021	Granted during the period	Lapsed during the period	Outstanding as at 31 December 2021
Directors	21,900,000	–	–	21,900,000
Employees	21,000,000	–	–	21,000,000
Shareholders	21,000,000	–	–	21,000,000
Consultants	444,500,000	–	(100,000)	444,400,000
	<u>508,400,000</u>	<u>–</u>	<u>(100,000)</u>	<u>508,300,000</u>
Exercisable as at 31 December 2021				<u>508,300,000</u>
Weighted average exercise price (HK\$)	<u>1.2</u>	<u>–</u>	<u>0.2</u>	<u>1.2</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the nine months ended 31 December 2022 (the “**Period**”), the Company and its subsidiaries (collectively, the “**Group**”) were principally 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 loan financing and consultancy services (the “**Loan Financing Business**”); and (iii) the provision of financial services (the “**Financial Services Business**”).

During the Period, revenue generated from the Wine Business amounted to approximately HK\$29.9 million, representing a decrease of approximately 45.1% as compared with that of approximately HK\$54.5 million for the corresponding period last year. Such decrease was mainly due to the lockdown measures imposed on certain major cities in the PRC by the PRC authorities in order to prevent the spread-out of the novel coronavirus disease (“**COVID-19**”) pandemic. Therefore, some wholesale customers deferred their purchase plans as they encountered logistics problems in delivering the wines to the ultimate customers in the PRC. Revenue generated from the Loan Financing Business during the Period amounted to approximately HK\$40.5 million, representing a decrease of approximately 16.0% as compared with that of approximately HK\$48.2 million for the corresponding period last year. At the same time, net exchange gain of approximately HK\$12.0 million (2021: approximately HK\$2.7 million) was mainly raised by loan from a non-controlling shareholder which is denominated in Japanese Yen. During the Period, Japanese Yen to Hong Kong dollar was depreciated by approximately 9.0%. The Group recorded net impairment recognised on loan and interest receivables of approximately HK\$6.1 million, representing a decrease of approximately HK\$21.3 million as compared with that of approximately HK\$27.4 million for the corresponding period last year. Such decrease was mainly due to a decrease in overall loan size. The Group has been more prudent in granting new loans since the on-going anti-pandemic restrictions and policies rendered the business environment to remain uncertain. During the Period, no revenue was generated from the Financial Services Business which was same as the corresponding period last year.

Financial review

During the Period, the Group's revenue from continuing operations decreased by approximately 31.5% to approximately HK\$70.4 million (2021: approximately HK\$102.7 million). The decrease in the Group's revenue was mainly attributable to the decrease in the sales of wines in the Wine Business. The revenue for the Period included (i) approximately HK\$29.9 million (2021: approximately HK\$54.5 million) generated from the Wine Business; and (ii) approximately HK\$40.5 million (2021: approximately HK\$48.2 million) generated from the Loan Financing Business. No revenue was generated from the Financial Services Business (2021: nil).

Gross profit margin from the Wine Business in continuing operations was slightly increased to approximately 22.9% (2021: approximately 19.7%). Such increase was mainly driven by the increase in proportion of retail sales and the streamlining of the Wine Business operations.

Gross profit from continuing operations for the Period was approximately HK\$47.4 million (2021: approximately HK\$58.9 million), representing a decrease of approximately 19.5% or HK\$11.5 million as compared with the corresponding period last year. The decrease in the gross profit was mainly attributable to the decrease in revenue from the Wine Business and Loan Financing Business.

Other income from continuing operations for the Period was approximately HK\$7.4 million (2021: approximately HK\$5.8 million). The increase in other income was mainly attributed to (i) the recognition of gain on disposal of right-of-use assets in the Period of approximately HK\$2.5 million (2021: nil); and partially offset by (ii) the decrease in interest income from consideration receivables, finance lease receivables and bank to approximately HK\$1.5 million (2021: approximately HK\$2.5 million).

Net exchange gain for the Period was approximately HK\$12.0 million (2021: approximately HK\$2.7 million), representing an increase of approximately HK\$9.3 million as compared with the corresponding period last year.

Staff costs from continuing operations for the Period were approximately HK\$24.8 million (2021: approximately HK\$25.2 million) and is comparable to the corresponding period last year. Depreciation was approximately HK\$4.0 million (2021: approximately HK\$6.9 million), representing a decrease of approximately HK\$2.9 million as compared to the corresponding period last year. The decrease in depreciation was primarily due to the expiration of a lease of an office which leads to a decrease in depreciation of right-of-use assets.

Administrative and other operating expenses from continuing operations for the Period were approximately HK\$7.6 million (2021: approximately HK\$13.6 million), representing a decrease of approximately 44.1% or HK\$6.0 million as compared with the corresponding period last year. The decrease was mainly due to (i) the decrease in professional fee to approximately HK\$1.4 million (2021: approximately HK\$3.4 million); (ii) a one-off restoration cost of approximately HK\$0.9 million incurred in 2021; and (iii) the decrease in marketing expenses to approximately HK\$0.7 million (2021: approximately HK\$2.3 million).

The finance costs from continuing operations for the Period amounted to approximately HK\$17.9 million (2021: approximately HK\$20.1 million) which were mainly incurred on convertible bonds, promissory notes payables, other borrowings, loan from a non-controlling shareholder and lease liabilities. The decrease in finance cost was mainly attributable to the expiration of certain debts.

The improvement in the result from continuing operations for the Period was mainly attributable to (i) a decrease in administrative and other operating expenses of approximately HK\$6.0 million; (ii) a decrease in net impairment recognised on loan and interest receivables of approximately HK\$21.3 million; and partially offset by (iii) a decrease in overall gross profit of approximately HK\$11.5 million. After the effect of net exchange gain of approximately HK\$12.0 million, the Group recorded a profit of approximately HK\$9.5 million for the Period.

Dividend

The Directors do not recommend the payment of any dividend for the Period (2021: nil).

Material acquisition and disposal of significant subsidiaries and affiliated companies

During the Period, the Group did not have any material acquisition nor disposal of significant subsidiaries and affiliated companies.

Promissory note

On 1 April 2022, the maturity date of the promissory note (“PN”) in the principal amount of HK\$185,120,000 under the sale and purchase agreement in relation to the acquisition of 77% interest in Hackett Enterprises Limited, part of the PN in the principal amount of HK\$119,525,000 has been redeemed by the Company, and the outstanding principal amount of the PN of HK\$65,595,000 is extended for 1 year from 29 March 2022 to 29 March 2023. For details of the acquisition and extension of maturity date of PN, please refer to the circular of the Company dated 13 March 2019 and the announcements of the Company dated 20 November 2018, 29 March 2019 and 1 April 2022. On 16 June 2022, the outstanding amount of the PN had been settled by way of offsetting against the consideration receivables.

Grant of option and loan extension agreement

On 6 June 2022, the Company entered into an option agreement (the “**Option Agreement**”) with SRA Holdings Inc. (“**SRA Holdings**”), as subscriber, pursuant to which the Company has conditionally agreed to grant an option and SRA Holdings shall be entitled to require the Company to allot and issue up to a maximum of 85,922,330 option shares at option price of HK\$1.03 per share subject to the terms and conditions stated in the Option Agreement upon the exercise of the option. As at the date of Option Agreement, Wine Financier Limited, an indirect non-wholly owned subsidiary of the Company, is indebted to Software Research Associates, Inc. (“**SRA**”), a subsidiary of SRA Holdings, in the principal amount of Japanese Yen 1,500,000,000 (the “**Loan**”) which was due for repayment on 30 September 2021. In consideration of the Company agreeing to enter into the Option Agreement to grant the option to SRA Holdings, SRA has agreed to extend the maturity date of the Loan to 30 September 2023. The grant of option and loan extension was subsequently completed on 23 August 2022. For further details of the Option Agreement and the Loan, please refer to the announcements of the Company dated 6 June 2022 and 23 August 2022.

Business Prospects

Despite the continuous outbreak of the COVID-19 pandemic in the PRC, lockdown measures and anti-pandemic restrictions around the globe, the PRC and Hong Kong have gradually relaxed. The Board anticipates that the economy of the PRC and Hong Kong will gradually recover in 2023, benefitting the development and operation of the Group’s businesses. The Directors will continue to enhance the Group’s businesses through reviewing its existing business portfolio from time to time as well as tightening the Group’s cost control measures. In addition, the Group will actively seek other investment opportunities in other streams so as to broaden the source of income of the Group and diversify the Group’s business portfolio on an on-going basis.

Significant event after the reporting period

Up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that comes to the attention of the Directors after the end of the Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Share Option Scheme

The Company has conditionally adopted Share Option Scheme pursuant to a written resolution of its shareholders passed on 21 September 2015 (the “**Adoption Date**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

The Remaining Life of the Scheme

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

Option Granted Under Specific Mandate

On 23 August 2022, 85,922,330 share options at HK\$1.03 per share were granted by the Company to SRA Holdings in accordance with the terms and conditions of the Option Agreement. SRA is the substantial shareholder of the Company and is wholly owned by SRA Holdings.

Directors’ Rights to Acquire Shares or Debentures

Save as disclosed in this announcement, at no time during the Period was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to an arrangement that would enable the Directors or their close associates to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Purchase, Sale or Redemption of the Company’s Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Period.

Directors’ Interests in Competing Business

None of the Directors or any of their respective close associates (as defined in the GEM Listing Rules) are engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest with the Group which any such person has or may have with the Group during the Period.

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 Royal Spectrum, 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” in the prospectus of the Company dated 29 September 2015.

Code of Conduct Regarding Securities Transaction by Directors

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standards of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standards set out in the Model Code throughout the Period.

Compliance with Corporate Governance Code

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

Throughout the Period, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code as set out in Appendix 15 to the GEM Listing Rules.

Audit Committee

The Company has established an audit committee (“**Audit Committee**”) 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 D.3.3 of the CG Code. The primary duties of the Audit Committee are 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.

Currently, the Audit Committee comprises four members, namely Mr. Chu Kin Wang Peleus, Dr. Lau Remier, Mary Jean, Mr. Ip Cho Yin, *J.P.* and Mr. Zhou Li, and chaired by Mr. Chu Kin Wang Peleus, who has appropriate professional qualifications and experience as required by the GEM Listing Rules. Save for Mr. Ip Cho Yin, *J.P.*, who is a non-executive Director, all other members are independent non-executive Directors.

The unaudited condensed consolidated financial statements for the Period have been reviewed by the Audit Committee, which is of the opinion that such financial statements have been prepared in accordance with all applicable accounting standards, the GEM Listing Rules and other applicable legal requirements and that adequate disclosures had been made, but have not been reviewed or audited by the Company's auditor.

Publication of Results Announcement and 2022 Third Quarterly Report

This announcement is published on the websites of HKEXnews (www.hkexnews.hk) as well as the website of the Company (www.madison-group.com.hk). The Company's 2022 third quarterly report will be dispatched to the shareholders and will be published on the aforementioned websites in due course.

By Order of the Board
Madison Holdings Group Limited
Ji Zuguang
Chairman and non-executive Director

Hong Kong, 7 February 2023

As at the date of this announcement, the executive Directors are Ms. Kuo Kwan, Mr. Zhang Li and Ms. Xie Mengna; the non-executive Directors are Mr. Ip Cho Yin J.P. and Mr. Ji Zuguang; and the independent non-executive Directors are Mr. Chu Kin Wang Peleus, Dr. Lau Reimer, Mary Jean and Mr. Zhou Li.

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its publication and on the website of the Company at <http://www.madison-group.com.hk>.