

# 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)

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

### **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 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 enquires, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respect and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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 2023, together with the comparative unaudited figures for the corresponding period in 2022, as follows:

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	3				
– sales of alcoholic beverages		4,278	11,246	12,620	21,653
– loan financing services		11,174	13,430	22,057	29,371
		<u>15,452</u>	<u>24,676</u>	<u>34,677</u>	<u>51,024</u>
Cost of operations					
– cost of alcoholic beverages		(2,958)	(8,704)	(9,739)	(16,796)
Other income	4	3,711	10,426	12,934	27,046
Staff costs		(7,371)	(8,176)	(14,917)	(16,670)
Depreciation		(989)	(1,362)	(2,250)	(2,639)
Administrative and other operating expenses		(2,442)	(2,778)	(4,554)	(5,208)
Change in fair value of financial assets at fair value through profit or loss		177	192	471	368
Change in fair value of derivative financial instruments		5	2,906	9	4,271
Net impairment (recognised) reversed on loan and interest receivables		(6,007)	1,996	(6,110)	1,403
Finance costs	5	(4,846)	(4,924)	(9,571)	(11,629)
(Loss) profit before tax		(5,268)	14,252	950	31,170
Income tax credit (expense)	6	2,846	(3,553)	955	(6,883)
(Loss) profit for the period	7	(2,422)	10,699	1,905	24,287
(Loss) profit for the period attributable to:					
– Owners of the Company		(3,505)	6,178	(1,366)	13,884
– Non-controlling interests		1,083	4,521	3,271	10,403
		<u>(2,422)</u>	<u>10,699</u>	<u>1,905</u>	<u>24,287</u>

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2023	2022	2023	2022
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
(Loss) earning per share ( <i>HK cents</i> )	9				
Basic		<u>(0.56)</u>	<u>0.99</u>	<u>(0.22)</u>	<u>2.23</u>
Diluted		<u>(0.56)</u>	<u>0.99</u>	<u>(0.22)</u>	<u>2.23</u>
(Loss) profit for the period		<u>(2,422)</u>	<u>10,699</u>	<u>1,905</u>	<u>24,287</u>
<b>Other comprehensive expense</b>					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
– Exchange differences arising from translation of foreign operations		<u>(1,535)</u>	<u>(22,796)</u>	<u>(20,278)</u>	<u>(43,178)</u>
		<u>(1,535)</u>	<u>(22,796)</u>	<u>(20,278)</u>	<u>(43,178)</u>
Total comprehensive expense for the period		<u>(3,957)</u>	<u>(12,097)</u>	<u>(18,373)</u>	<u>(18,891)</u>
Total comprehensive (expense) income for the period attributable to:					
– Owners of the Company		<u>(4,353)</u>	<u>(6,229)</u>	<u>(12,590)</u>	<u>(9,593)</u>
– Non-controlling interests		<u>396</u>	<u>(5,868)</u>	<u>(5,783)</u>	<u>(9,298)</u>
		<u>(3,957)</u>	<u>(12,097)</u>	<u>(18,373)</u>	<u>(18,891)</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

		As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
<b>Non-current assets</b>			
Plant and equipment	<i>10</i>	835	1,058
Loan receivables	<i>11</i>	22,986	29,456
Deposits	<i>12</i>	701	3,135
Intangible assets		1,280	1,280
Right-of-use assets	<i>13A</i>	5,007	7,932
Finance lease receivables	<i>13B</i>	–	2,232
Deferred tax asset		4,759	4,116
Goodwill		9,028	9,028
		<u>44,596</u>	<u>58,237</u>
<b>Current assets</b>			
Inventories		7,798	8,210
Finance lease receivables	<i>13B</i>	7,382	8,422
Loan and interest receivables	<i>11</i>	255,821	257,398
Trade and other receivables	<i>12</i>	34,704	26,810
Amounts due from associates		292	290
Bank balances and cash		37,853	72,911
		<u>343,850</u>	<u>374,041</u>

		As at <b>30 September</b> <b>2023</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 March 2023 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>16,268</b>	19,301
Lease liabilities	<i>13A</i>	<b>7,835</b>	9,954
Contract liabilities		<b>4,163</b>	7,053
Amount due to a shareholder	<i>15</i>	<b>101,980</b>	110,525
Loan from a non-controlling shareholder	<i>16</i>	<b>77,100</b>	80,838
Borrowings	<i>17</i>	<b>39,992</b>	39,992
Tax payable		<b>6,825</b>	9,068
Derivative financial instruments		<b>–</b>	9
		<b>254,163</b>	276,740
Net current assets		<b>89,687</b>	97,301
Total assets less current liabilities		<b>134,283</b>	155,538

		As at <b>30 September</b> <b>2023</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 March 2023 <i>HK\$'000</i> (audited)
<b>Capital and reserves</b>			
Share capital	<i>18</i>	<b>6,231</b>	6,231
Reserves		<u><b>(31,239)</b></u>	<u>(18,649)</u>
Equity attributable to owners of the Company		<b>(25,008)</b>	(12,418)
Non-controlling interests		<u><b>156,208</b></u>	<u>161,991</u>
Total equity		<u><b>131,200</b></u>	<u>149,573</u>
Non-current liabilities			
Deferred tax liability		<b>626</b>	864
Lease liabilities	<i>13A</i>	<u><b>2,457</b></u>	<u>5,101</u>
		<u><b>3,083</b></u>	<u>5,965</u>
		<u><b>134,283</b></u>	<u>155,538</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Attributable to owners of the Company												Total HK\$'000
	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	Statutory reserve HK\$'000 (Note d)	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
As at 1 April 2023 (audited)	6,231	1,311,985	29,047	(90,894)	(598,127)	20,189	–	(13,279)	6,643	(684,213)	(12,418)	161,991	149,573
Profit for the period	–	–	–	–	–	–	–	–	–	(1,366)	(1,366)	3,271	1,905
Other comprehensive expense for the period													
Exchange differences arising from translation of foreign operations	–	–	–	–	–	–	–	(11,224)	–	–	(11,224)	(9,054)	(20,278)
Profit for the period and other comprehensive expense for the period	–	–	–	–	–	–	–	(11,224)	–	(1,366)	(12,590)	(5,783)	(18,373)
Lapse of share options	–	–	–	–	–	(2,259)	–	–	–	2,259	–	–	–
As at 30 September 2023 (unaudited)	<u>6,231</u>	<u>1,311,985</u>	<u>29,047</u>	<u>(90,894)</u>	<u>(598,127)</u>	<u>17,930</u>	<u>–</u>	<u>(24,503)</u>	<u>6,643</u>	<u>(683,320)</u>	<u>(25,008)</u>	<u>156,208</u>	<u>131,200</u>

	Attributable to owners of the Company												Total HK\$'000
	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	Statutory reserve HK\$'000 (Note d)	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests 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	–	–	–	–	–	–	–	–	–	13,884	13,884	10,403	24,287
Other comprehensive expense for the period													
Exchange differences arising from translation of foreign operations	–	–	–	–	–	–	–	(23,477)	–	–	(23,477)	(19,701)	(43,178)
Profit for the period and other comprehensive expense for the period	–	–	–	–	–	–	–	(23,477)	–	13,884	(9,593)	(9,298)	(18,891)
Lapse of share options	–	–	–	–	–	(321)	–	–	–	321	–	–	–
Release of convertible bonds – equity conversion reserve upon expiration of the option	–	–	–	–	–	–	(174,782)	–	–	174,782	–	–	–
As at 30 September 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>(23,022)</u>	<u>5,228</u>	<u>(667,348)</u>	<u>(6,066)</u>	<u>163,442</u>	<u>157,376</u>

*Notes:*

- (a) The other reserve was arisen from the transfer of the entire issued share capital and shareholder loan in Madison Wine (HK) Company Limited to Madison International Wine Company Limited upon the reorganisation.
- (b) The capital reserve was mainly arisen from the changes in ownership interests in subsidiaries without loss of control, common control combination, deemed contribution from a related company and issue of put option.
- (c) The merger reserve of the Group arose as a result of the acquisitions of subsidiaries under common control and represented the difference between the consideration paid for the acquisition and the carrying amount of the net asset of the subsidiaries at the date when the Group and the acquired subsidiaries became under common control.

On 18 May 2018, an amount of approximately HK\$76,213,000 had been capitalised into the share capital of Bartha International Limited, a then subsidiary which adopt merger accounting for common control combination. As a result, approximately HK\$33,363,000 and HK\$42,850,000 were recognised in merger reserve and non-controlling interests respectively.

- (d) In accordance with the relevant regulations applicable in the People's Republic of China (the "**PRC**"), companies established in the PRC are required to transfer at least 10.0% of their statutory annual profits after tax in accordance with the relevant statutory rules and regulations applicable to enterprises in the PRC to the statutory reserve until the balance of the reserve reaches 50.0% of their respective registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset against accumulated losses of the respective PRC companies. The amount of the transfer is subject to the approval of the board of directors of the respective PRC companies.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

### 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 31.44% of the issued share capital of the Company as at 30 September 2023, and Mr. Ting Pang Wan Raymond (“**Mr. Ting**”), who is interested in approximately 41.55% of the issued share capital of the Company as at 30 September 2023 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 sales of alcoholic beverages, the provision of loan financing services and the provision of financial services.

The functional currency of the Company and the subsidiaries incorporated in Hong Kong is Hong Kong dollars (“**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.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting 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 six months ended 30 September 2023 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2023. The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are stated at fair values.

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

### **Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)**

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2023 for the preparation of the Group’s condensed consolidated financial statements:

- HKFRS 17 – Insurance Contracts and the related Amendments;
- Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies;
- Amendments to HKAS 8 – Definition of Accounting Estimates; and
- Amendments to HKAS 12 – Deferred Tax Related to Assets and Liabilities arising from a Single Transaction and International tax reform – Pillar two model rules.

The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

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

The interim financial statements 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 sales of alcoholic beverages, the provision of loan financing services and the provision of financial services. An analysis of the Group's revenue is as follows:

	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<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	<b>4,278</b>	11,246	<b>12,620</b>	21,653
Loan financing services segment				
– Loan referral services income	<b>2,694</b>	2,424	<b>5,285</b>	6,554
Total revenue from contracts with customers	<b>6,972</b>	13,670	<b>17,905</b>	28,207
Revenue from other sources				
Loan financing segment				
– Interest income – Micro loans	<b>6,847</b>	9,071	<b>13,523</b>	18,490
– Interest income – Other loans	<b>1,633</b>	1,935	<b>3,249</b>	4,327
	<b>8,480</b>	11,006	<b>16,772</b>	22,817
Total Revenue	<b>15,452</b>	24,676	<b>34,677</b>	51,024

### *Disaggregation of revenue by timing of recognition*

	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<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>6,972</u>	<u>13,670</u>	<u>17,905</u>	<u>28,207</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 and loan referral 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 by reportable and operating segments:

	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Revenue</b>				
Sales of alcoholic beverages	4,278	11,246	12,620	21,653
Loan financing services	11,174	13,430	22,057	29,371
	<u>15,452</u>	<u>24,676</u>	<u>34,677</u>	<u>51,024</u>
<b>Segment (loss) profit</b>				
Sales of alcoholic beverages	(1,412)	(767)	(1,866)	(1,543)
Loan financing services	784	11,111	6,765	20,452
Financial services	(362)	(479)	(736)	(948)
Total segment (loss) profit	(990)	9,865	4,163	17,961
Unallocated income	3,690	12,645	12,770	30,472
Unallocated expenses	(3,122)	(3,334)	(6,412)	(5,634)
Finance costs	(4,846)	(4,924)	(9,571)	(11,629)
(Loss) profit before tax	<u>(5,268)</u>	<u>14,252</u>	<u>950</u>	<u>31,170</u>

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

## Segment assets and liabilities

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

### *Segment assets*

	As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
Sales of alcoholic beverages	16,199	18,420
Loan financing services	312,771	318,490
Financial services	<u>1</u>	<u>4</u>
Total segment assets	328,971	336,914
Unallocated assets	<u>59,475</u>	<u>95,364</u>
Consolidated total assets	<u><u>388,446</u></u>	<u><u>432,278</u></u>

### *Segment liabilities*

	As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
Sales of alcoholic beverages	18,089	24,150
Loan financing services	8,885	10,485
Financial services	<u>3</u>	<u>92</u>
Total segment liabilities	26,977	34,727
Unallocated liabilities	<u>230,269</u>	<u>247,978</u>
Consolidated total liabilities	<u><u>257,246</u></u>	<u><u>282,705</u></u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than deposits, finance lease receivables, certain other receivables, deferred tax asset, amounts due from associates, bank balances and cash and certain unallocated head office assets; and
- all liabilities are allocated to operating segments other than certain lease liabilities, certain other payables, amount due to a shareholder, loan from a non-controlling shareholder, borrowings, tax payable, deferred tax liability and derivative financial instruments.

### 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 six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
PRC	9,541	13,430	18,808	29,371
Hong Kong	5,911	11,246	15,869	21,653
	<u>15,452</u>	<u>24,676</u>	<u>34,677</u>	<u>51,024</u>

Information about the Group's non-current assets other than finance lease receivables, deferred tax asset, deposits and loan receivables, is presented based on the geographical location of the assets:

	As at	As at
	30 September	31 March
	2023	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
PRC	712	1,378
Hong Kong	15,438	17,920
	<u>16,150</u>	<u>19,298</u>

#### 4. OTHER INCOME

	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	22	10	57	22
Consignment income	89	116	265	192
Management fee income	290	–	1,040	–
Net exchange gain	2,821	5,879	9,510	19,253
Interest income from consideration receivable	–	–	–	510
Interest income from finance lease receivables	31	351	182	579
Gain on disposal of right-of-use assets	353	2,519	353	2,519
Gain on disposal of plant and equipment	–	542	–	542
Gain on disposal of a subsidiary	–	–	–	1,253
Government grants	–	264	–	760
Others	105	745	1,527	1,416
	<u>3,711</u>	<u>10,426</u>	<u>12,934</u>	<u>27,046</u>

#### 5. FINANCE COSTS

	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest expenses on:				
– convertible bonds	–	1,113	–	4,404
– promissory notes payables	–	–	–	1,365
– borrowings	1,210	1,361	2,406	2,707
– loan from a non-controlling shareholder	3,355	2,096	6,625	2,554
– lease liabilities	281	354	540	599
	<u>4,846</u>	<u>4,924</u>	<u>9,571</u>	<u>11,629</u>



## 6. INCOME TAX CREDIT (EXPENSE)

	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax:				
PRC Enterprise Income Tax (“EIT”)	<u>2,135</u>	<u>(1,198)</u>	<u>1,167</u>	<u>(3,116)</u>
	2,135	(1,198)	1,167	(3,116)
Deferred taxation	711	(1,314)	1,143	(2,726)
Withholding tax	<u>–</u>	<u>(1,041)</u>	<u>(1,355)</u>	<u>(1,041)</u>
	<u><b>2,846</b></u>	<u><b>(3,553)</b></u>	<u><b>955</b></u>	<u><b>(6,883)</b></u>

### Hong Kong Profits Tax

Hong Kong Profits Tax is charged under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. During the periods, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the tax rate of 16.5%.

### PRC Enterprise Income Tax and Withholding Tax

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%, except for certain subsidiaries which qualified as small enterprises and micro enterprises and enjoy preferential EIT tax rate from 2.5% to 15.0% 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 six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):				
Directors' emoluments	898	1,020	1,797	2,043
Salaries, allowances and other benefits	5,960	6,561	12,092	13,514
Contributions to retirement benefits scheme	513	595	1,028	1,113
	<u>7,371</u>	<u>8,176</u>	<u>14,917</u>	<u>16,670</u>
Total staff costs	<u>7,371</u>	<u>8,176</u>	<u>14,917</u>	<u>16,670</u>
Depreciation of plant and equipment	123	201	271	406
Depreciation of right-of-use assets	866	1,161	1,979	2,233
Cost of inventories recognised as expense	2,677	8,356	9,261	16,221
Lease rental for office premises – short-term lease under HKFRS 16	260	82	417	207
Net gain on disposals and written off of plant and equipment	–	542	–	542
Net impairment recognised (reversed) on loan and interest receivables	6,007	(1,996)	6,110	(1,403)
	<u>6,007</u>	<u>(1,996)</u>	<u>6,110</u>	<u>(1,403)</u>

## 8. DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 September 2023. The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2023 (2022: nil).

## 9. (LOSS) EARNING PER SHARE

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

	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>(Loss) earning</b>				
(Loss) earning for the purpose of basic and diluted (loss) earning per share for the period attributable to the owners of the Company	<u><u>(3,505)</u></u>	<u><u>6,178</u></u>	<u><u>(1,366)</u></u>	<u><u>13,884</u></u>

	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)

### Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earning per share	<u><u>623,127,227</u></u>	<u><u>623,127,227</u></u>	<u><u>623,127,227</u></u>	<u><u>623,127,227</u></u>
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The computation of diluted (loss) earning 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.

## 10. PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group acquired of plant and equipment of approximately HK\$91,000 (2022: HK\$37,000) and no disposed of plant and equipment (2022: HK\$210,000). In addition, there was no impairment of plant and equipment for the six months ended 30 September 2023 (2022: nil).

## 11. LOAN AND INTEREST RECEIVABLES

	As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
Secured loans		
Real estate-backed loans	29,408	31,324
Secured micro loans	<u>45,350</u>	<u>58,883</u>
	<u>74,758</u>	<u>90,207</u>
Unsecured loans		
Unsecured micro loans	170,820	161,810
Unsecured other loans	<u>18,395</u>	<u>18,655</u>
	<u>189,215</u>	<u>180,465</u>
	263,973	270,672
Interest receivables	<u>34,067</u>	<u>32,827</u>
	298,040	303,499
<i>Less:</i> Allowances for loan and interest receivables	<u>(19,233)</u>	<u>(16,645)</u>
	<u><u>278,807</u></u>	<u><u>286,854</u></u>
Loan and interest receivables analysed for reporting purpose as:		
Non-current assets	22,986	29,456
Current assets	<u>255,821</u>	<u>257,398</u>
	<u><u>278,807</u></u>	<u><u>286,854</u></u>

The average loan period as at the end of the reporting period was as follows:

	<b>As at 30 September 2023 (unaudited)</b>	As at 31 March 2023 (audited)
Real estate-backed loans	<b>180 days to 1 year</b>	180 days to 1 year
Secured and unsecured micro loans	<b>30 days to 8 years</b>	30 days to 8 years
Other loans	<b>180 days to 5 years</b>	180 days to 5 years

As at 30 September 2023, the loans provided to customers bore fixed interest rate at 0.3% to 3.0% per month (31 March 2023: 0.3% to 3.0% per month), and were repayable according to the loan agreements.

As at 30 September 2023, included in the gross balances are loans of approximately HK\$72,319,000 (31 March 2023: approximately HK\$86,458,000) secured by real estates in the PRC; approximately HK\$2,438,000 (31 March 2023: approximately HK\$3,749,000) secured by motor vehicles; and approximately HK\$68,458,000 (31 March 2023: approximately HK\$76,760,000) guaranteed by guarantors (including related parties).

As at 30 September 2023, the Group held collaterals with value of approximately HK\$238,926,000 (31 March 2023: approximately HK\$291,216,000) over the financing advances to customers.

The following is an aged analysis of net loans and interest receivables, presented based on the dates which loans are granted to borrowers and interests are accrued:

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
Within 90 days	<b>101,700</b>	44,007
91 – 180 days	<b>29,296</b>	47,843
181 – 365 days	<b>20,999</b>	57,480
Over 365 days	<b>126,812</b>	137,524
Total	<b>278,807</b>	286,854

## 12. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
Trade receivables	2,074	1,862
<i>Less: loss allowance</i>	<u>(473)</u>	<u>(473)</u>
Net trade receivables	<u>1,601</u>	<u>1,389</u>
Payments in advance	1,412	1,223
Prepayments	502	526
Deposits and other receivables	<u>31,890</u>	<u>26,807</u>
Total other receivables and deposits	<u>33,804</u>	<u>28,556</u>
Trade and other receivables and deposits	<u><u>35,405</u></u>	<u><u>29,945</u></u>
Analysed as:		
Current	34,704	26,810
Non-current	<u>701</u>	<u>3,135</u>
Trade and other receivables and deposits	<u><u>35,405</u></u>	<u><u>29,945</u></u>

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

The following is an aged analysis of trade receivables, net of allowance for doubtful debts presented based on the delivery dates, which approximated the respective revenue recognition dates, at the end of the reporting period:

	As at <b>30 September</b> <b>2023</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 March 2023 <i>HK\$'000</i> <b>(audited)</b>
Within 30 days	514	490
31 to 60 days	104	415
61 to 90 days	302	64
91 to 180 days	215	103
181 to 365 days	217	159
Over 365 days	249	158
	<hr/>	<hr/>
Total	<b>1,601</b>	<b>1,389</b>

### 13A. LEASES

#### (i) Right-of-use assets

	As at <b>30 September</b> <b>2023</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 March 2023 <i>HK\$'000</i> <b>(audited)</b>
At beginning of the period/year	7,932	5,307
Addition	–	7,386
Derecognised upon entering into sublease arrangements	(917)	(233)
Depreciation	(1,979)	(4,392)
Exchange realignment	(29)	(136)
	<hr/>	<hr/>
At end of the period/year	<b>5,007</b>	<b>7,932</b>

The Group has leased arrangements for leased properties (office premises, warehouses). The lease terms are generally two to three years. No addition to the right-of-use assets for the six months ended 30 September 2023 (31 March 2023: approximately HK\$7,386,000), due to new leases of properties.

During the six months ended 30 September 2023, the Group entered into sublease arrangements classified as finance lease and disposal of the right-of-use assets of approximately HK\$917,000 and recognition of finance lease receivables of approximately of HK\$1,270,000, resulting in gain of disposal of right-of-use assets of approximately HK\$353,000.

As at 30 September 2023, the carrying amount of right-of-use assets was approximately HK\$5,007,000 (31 March 2023: approximately HK\$7,932,000) in respect of the leased properties.

(ii) **Lease liabilities**

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	<b>As at 31 March 2023 HK\$'000 (audited)</b>
Non-current	2,457	5,101
Current	<u>7,835</u>	<u>9,954</u>
	<b><u>10,292</u></b>	<b><u>15,055</u></b>

***Amount payable under lease liabilities***

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	<b>As at 31 March 2023 HK\$'000 (audited)</b>
Within 1 year	7,835	9,954
After 1 year but within 2 years	2,457	3,958
After 2 years but within 5 years	<u>–</u>	<u>1,143</u>
	<b>10,292</b>	<b>15,055</b>
<i>Less: Amount due for settlement within 12 months (shown under current liabilities)</i>	<u><b>(7,835)</b></u>	<u><b>(9,954)</b></u>
Amount due for settlement after 12 months	<b><u>2,457</u></b>	<b><u>5,101</u></b>

During the six months ended 30 September 2023, the Group has not entered into new lease agreements in respect of renting properties and no lease liabilities was recognised (31 March 2023: approximately HK\$7,386,000).

As at 30 September 2023, the carrying amount of lease liabilities was approximately HK\$10,292,000 (31 March 2023: approximately HK\$15,055,000).



### 13B. FINANCE LEASE RECEIVABLES

	As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
<b>Amounts receivable under finance leases:</b>		
Within 1 year	7,425	9,000
After 1 year but within 2 years	—	2,250
	<u>7,425</u>	<u>11,250</u>
Undiscounted lease payments	7,425	11,250
Less: Unearned finance income	(43)	(596)
	<u>7,382</u>	<u>10,654</u>
<b>Undiscounted lease payments analysed as:</b>		
Within 1 year	7,425	9,000
Over 1 year	—	2,250
	<u>7,425</u>	<u>11,250</u>
<b>Net investment in the lease analysed as:</b>		
Within 1 year	7,382	8,422
Over 1 year	—	2,232
	<u>7,382</u>	<u>10,654</u>

The following table presents the amounts included in profit or loss:

	For the three months ended 30 September		For the six months ended 30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Gain on disposal of right-of-use assets	<u>353</u>	<u>2,519</u>	<u>353</u>	<u>2,519</u>

The Group entered into 1-year sublease arrangements as a lessor for certain office space to its tenants.

The Group's sublease arrangements do not include variable payments.

The average effective interest rate contracted is approximately 9.21% (31 March 2023: 9.21%) per annum.

Management of the Company estimates the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime expected credit loss (“ECL(s)”). In determining the ECLs of these receivables, management takes into account the historical default experience and the future prospects of the industries in which the lessees operate, as appropriate, in estimating the probability of default of each of these receivables occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. ECL was not recognised as the amount involved is insignificant given that the low risk of default of such finance lease receivables.

#### 14. TRADE AND OTHER PAYABLES

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
Trade payables	5,203	3,831
Other payables and accruals	<u>11,065</u>	<u>15,470</u>
Trade and other payables	<u><b>16,268</b></u>	<u><b>19,301</b></u>

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

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
Within 30 days	535	1,510
31 to 60 days	245	483
61 to 90 days	235	344
91 to 180 days	2,090	730
181 to 365 days	1,735	320
Over 365 days	<u>363</u>	<u>444</u>
Total	<u><b>5,203</b></u>	<u><b>3,831</b></u>

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 timeframe.

## 15. AMOUNT DUE TO A SHAREHOLDER

The amount is unsecured, non-interest bearing and repayable on demand.

## 16. LOAN FROM A NON-CONTROLLING SHAREHOLDER

The amount of approximately HK\$77,100,000 (31 March 2023: HK\$80,838,000) with fixed interest rate of 2% (31 March 2023: 2%) per annum was guaranteed by Mr. Ting, a controlling shareholder of the Company and is repayable within one year.

On 6 June 2022, the Company entered into an option agreement (the “**Option Agreement 1**”) with SRA Holdings Inc. (“**SRA Holdings**”), as subscriber, pursuant to which the Company has conditionally agreed to grant an option to SRA Holdings, entitling SRA Holdings 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 1 upon the exercise of the option. As at the date of Option Agreement 1, Wine Financier Limited, an indirect non-wholly owned subsidiary of the Company, is indebted to SRA Holdings, in the principal amount of JPY1,500,000,000 (the “**Loan**”) which was initially due for repayment on 30 September 2021. In consideration of the Company agreeing to enter into the Option Agreement 1 to grant the option to SRA Holdings, SRA Holdings has agreed to extend the maturity date of the Loan to 30 September 2023. The grant of option was subsequently completed and the loan extension become unconditional on 23 August 2022. The option period had ended on 30 September 2023 and none of the option had been exercised. Pursuant to the terms and conditions of the Option Agreement 1, the option had lapsed automatically upon the expiration of the option period on 30 September 2023.

On 3 October 2023, the Company entered into an option agreement (the “**Option Agreement 2**”) with 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 2 upon the exercise of the option. As at the date of the Option Agreement 2, Wine Financier Limited, an indirect non-wholly owned subsidiary of the Company, is indebted to SRA Holdings, in the principal amount of JPY1,500,000,000 which was due for repayment on 30 September 2023. In consideration of the Company agreeing to enter into the Option Agreement 2 to grant the option to SRA Holdings, SRA Holdings has agreed to further extend the maturity date of the Loan to 30 September 2024. The grant of option and further loan extension are subject to the fulfillment or waiver (as the case may be) of the conditions precedent set out in the Option Agreement 2 and the loan extension agreement and therefore the grant of option and the further loan extension may or may not proceed.

For further details of the Option Agreement 1, the Option Agreement 2 and the Loan, please refer to the circular of the Company dated 19 July 2022 and the announcements of the Company dated 9 August 2022, 23 August 2022 and 3 October 2023.

The effective interest rate of the Loan for extension is 14.36% per annum.

## 17. BORROWINGS

	As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
Other borrowings	<u>39,992</u>	<u>39,992</u>

The other borrowings are repayable within one year.

Effective interest rates on the Group's other borrowings are as follows:

	As at 30 September 2023 (unaudited)	As at 31 March 2023 (audited)
Other borrowings	<u>12.0% per annum</u>	<u>12.0% per annum</u>

All the other borrowings are at fixed rates.

As at 30 September 2023, included in other borrowings is carrying amount of approximately HK\$39,992,000 (31 March 2023: approximately HK\$39,992,000) bore interest at fixed rate and were due within one year. The fixed rate of other borrowings carried interest at 12.0% per annum and contained a repayable on demand clause. These borrowings are secured by the Company's interest in the 77.0% of the entire issued share capital of Hackett Enterprises Limited ("Hackett") and personal guarantee provided by Mr. Ting, a controlling shareholder of the Company.

## 18. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
<b><i>Ordinary shares of HK\$0.01 each at 30 September 2023</i></b>		
Authorised: At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023 of HK\$0.01 each	<u>1,000,000,000</u>	<u>10,000</u>
Issued and fully paid: At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023 of HK\$0.01 each	<u>623,127,227</u>	<u>6,231</u>

## 19. RELATED PARTY TRANSACTIONS

- (a) During the six months ended 30 September 2023 and 2022, the Group had the following material transactions with its related parties:

Name of related party	Notes	Nature of transaction	For the three months ended		For the six months ended	
			30 September		30 September	
			2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Bartha Holdings Limited	<i>i</i>	Interest expenses on convertible bonds	-	1,113	-	4,404
CVP Financial Group Limited ("CVP")	<i>ii</i>	Interest expenses on promissory note	-	-	-	1,365
Mr. Ting	<i>iii</i>	Storage income	60	47	113	95
SRA Holdings	<i>iv</i>	Interest expenses on loan from a non-controlling shareholder	3,355	2,096	6,625	2,554
Madison Auction Limited	<i>v</i>	Other income	140	141	280	281
		Sales of wine	-	379	58	424
		Purchase of wine	445	-	445	-
Madison Investment (China) Limited	<i>ii</i>	Sales of wine	-	-	-	9
Golden Liquid Fine Wine Invest Limited	<i>ii</i>	Storage income	2	7	8	15
		Sales of wine	-	-	22	127
		Purchase of wine	145	-	145	-
			<u>145</u>	<u>-</u>	<u>145</u>	<u>-</u>

*Note i:* Bartha Holdings Limited is beneficially owned as to approximately 88.9% by Mr. Ting.

*Note ii:* CVP, Madison Investment (China) Limited and Golden Liquid Fine Wine Invest Limited are 100% beneficially owned by Mr. Ting.

*Note iii:* Mr. Ting is a controlling shareholder of the Company.

*Note iv:* SRA Holdings is indirectly interested in 40,454,545 shares of the Company, representing approximately 6.49% of the issued share capital of the Company, through Software Research Associates, Inc., being its direct wholly-owned subsidiary.

*Note v:* Madison Auction Limited is beneficially owned as to approximately 65.1% by Mr. Ting.

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

	For the three months ended 30 September		For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Short-term benefits	1,308	1,434	2,607	2,826
Post-employment benefits	22	23	45	46
Equity settled share-based payment expenses	—	—	—	—
	<u>1,330</u>	<u>1,457</u>	<u>2,652</u>	<u>2,872</u>

## 20. 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 having become effective 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, an ordinary resolution was passed by the Company's shareholders to refresh the scheme mandate limit under the Share Option Scheme, such that the maximum number of ordinary 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 428,330,871 shares, 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.

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 ordinary shares 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 ordinary 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, an ordinary resolution was passed by the Company's shareholders to refresh the scheme mandate limit under the Share Option Scheme, such that the maximum number of ordinary 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
	<u>508,300,000</u>		<u>50,830,000</u>	

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 was passed by the Company's shareholders to refresh the scheme mandate limit under the Share Option Scheme, such that the maximum number of ordinary 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 62,312,722 shares, 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.

On 23 August 2022, the Company granted an aggregate of 85,922,330 option shares under the specific mandate (the "**Specific Mandate**"), to SRA Holdings, to subscribe, in aggregate, for up to 85,922,330 ordinary shares of the Company at exercise price of HK\$1.03 per share upon the exercise of the option pursuant to the Option Agreement entered into between the Company and SRA Holdings dated 6 June 2022. The option period had ended on 30 September 2023 and no option had been exercised. For details, please refer to the announcements of the Company dated 9 August 2022 and 23 August 2022 and the circular of the Company dated 19 July 2022.

As at 30 September 2023, the number of share options had been granted and remained outstanding under the Share Option Scheme were 50,370,000 share options (31 March 2023: 50,630,000 share options), representing approximately 8.1% (31 March 2023: 8.1%) of the total number of shares in issue as at 30 September 2023. As at 30 September 2023, the 85,922,330 option shares granted under the Specific Mandate had expired and the option had lapsed automatically upon the expiration of the option period on 30 September 2023 (31 March 2023: 85,922,330 option shares had been granted and remained outstanding), representing nil (31 March 2023: 13.8%) of the total number of shares in issue as at 30 September 2023. Fair value of share options granted to consultants was measured at market prices for their services provided.

No share-based payment expenses was recognised by the Group for the six months ended 30 September 2023 and 2022 in relation to share options granted by the Company.



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

<b>Category of participant</b>	<b>Date of grant</b>	<b>Outstanding as at 31 March 2023</b>	<b>Outstanding as at 30 September 2023</b>	<b>Vesting period</b>	<b>Exercise period</b>	<b>Exercise price per share</b>
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	560,000	560,000	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.90
Employees	3 April 2018	780,000	570,000	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	750,000	750,000	6 December 2019 to 5 December 2020	6 December 2020 to 5 December 2029	HK\$2.07
Directors	6 December 2019	750,000	750,000	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	600,000	6 December 2019 to 5 December 2020	6 December 2020 to 5 December 2029	HK\$2.07
Employees	6 December 2019	625,000	600,000	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

The following table discloses movements of the share options held by grantees during the period:

**During the six months ended 30 September 2023**

Category of participant	Outstanding at 1 April 2023	Granted during the period	Lapsed during the period	Outstanding at 30 September 2023
Directors	2,060,000	–	–	2,060,000
Employees	2,030,000	–	(260,000)	1,770,000
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>136,552,330</u>	<u>–</u>	<u>(86,182,330)</u>	<u>50,370,000</u>
<b>Exercisable as at 30 September 2023</b>				<u>50,370,000</u>
Weighted average exercise price (HK\$)	<u>5.0</u>	<u>–</u>	<u>1.1</u>	<u>11.6</u>

During the six months ended 30 September 2022

Category of participant	Outstanding at 1 April 2022	Granted during the period	Lapsed during the period	Outstanding at 30 September 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>
<b>Exercisable as at 30 September 2022</b>				<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>

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Business Review**

For the six months ended 30 September 2023 (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, the Group’s revenue decreased by approximately 32.0% to approximately HK\$34.7 million (2022: HK\$51.0 million). Such decrease was mainly due to (i) the revenue generated from the Wine Business decreased by approximately 41.9%, which amounted to approximately HK\$12.6 million (2022: HK\$21.7 million); and (ii) the revenue generated from the Loan Financing Business decreased by approximately 24.8%, which amounted to approximately HK\$22.1 million (2022: HK\$29.4 million).

The Group’s profit for the Period was approximately HK\$1.9 million (2022: HK\$24.3 million), representing a decrease of approximately 92.2% as compared with last year. The decrease in the profit was mainly attributable to (i) the decrease in gross profit of approximately HK\$9.3 million; (ii) the decrease in other income of approximately HK\$14.1 million; (iii) the decrease in gain on the change in fair value of derivative financial instruments of approximately HK\$4.3 million; (iv) the net impairment recognised on loan and interest receivables of approximately HK\$6.1 million (2022: the net impairment reversed on loan and interest receivable of approximately HK\$1.4 million); and partially offset by (i) the decrease in finance costs of approximately HK\$2.0 million; and (ii) the income tax credit for the Period of approximately HK\$1.0 million (2022: income tax expenses of approximately HK\$6.9 million).

## ***Wine Business***

During the Period, the Group’s revenue from the Wine Business decreased by approximately 41.9%, which amounted to approximately HK\$12.6 million (2022: HK\$21.7 million) and recorded an increase in segment loss of approximately 26.7%, which amounted to approximately HK\$1.9 million (2022: HK\$1.5 million). As indicated by the drop in the average Hang Seng Index of approximately 1,300 as compared with the corresponding period last year, the investment atmosphere appeared to be pessimistic during the Period. Accordingly, the demand for wine decreased especially for those premium wines which were mainly for collection purpose.

## ***Loan Financing Business***

During the Period, the Loan Financing Business reported a decrease in revenue of approximately 24.8%, which amounted to approximately HK\$22.1 million (2022: HK\$29.4 million) and a decrease in segment profit of approximately 66.8%, which amounted to approximately HK\$6.8 million (2022: HK\$20.5 million), which were mainly due to a decrease in revenue and an increase in net impairment recognised on loan and interest receivables. The decrease in revenue was mainly due to the decrease in average loan portfolio from HK\$409.8 million in the corresponding period in the last year to HK\$300.8 million for the Period.

The size of Group's loan portfolio was slightly reduced to approximately HK\$298.0 million (31 March 2023: HK\$303.5 million) as compared to the balance as at 31 March 2023. The decrease in revenue was mainly due to the decrease in average loan portfolio from HK\$409.8 million in the corresponding period in the last year to HK\$300.8 million for the Period. The management has been prudent in granting new loans in light of the prevailing economic conditions in Hong Kong and PRC compared with the corresponding period in the last year. The Group aims to make loans that could be covered by sufficient collaterals, preferably properties and assets with good quality, and to borrowers with good credit history. The target customer of the business are individuals and corporate entities with both long-term or short-term funding needs for business purposes and could provide sufficient collaterals for their borrowings. The Group has a stable source of loan deals from its own business network and its sales agents.

As at 30 September 2023, the carrying amount, after allowance for loan and interest receivables, of the loan portfolio held by the Group amounted to approximately HK\$278.8 million (31 March 2023: HK\$286.9 million) with details as follows:

Category of borrowers	Interest rate per month	Maturity	Approximate weighting to the carrying amount of the Group's loan portfolio	
			As at 30 September 2023	As at 31 March 2023
	%		%	%
Corporate	0.3-3	Within one year	24	25
Corporate	0.3-3	2-5 years	7	8
Individual	0.3-3	Within one year	68	65
Individual	0.3-3	2-5 years	1	2

As at 30 September 2023, approximately 37.9% (31 March 2023: 42.9%) of the carrying amount of the loan portfolio was secured by collaterals with approximately 62.1% (31 March 2023: 57.1%) being unsecured. At the Period end, the loan made to all borrowers were term loans with maturity from one to five years, and the loans made to the largest borrower and the ten largest borrowers accounted for approximately 10.7% (31 March 2023: 11.1%) and 36.8% (31 March 2023: 40.8%) respectively of the Group's loan portfolio.

### ***Impairment loss***

The Group performs impairment assessment on loan and interest receivables under the Expected Credit Loss (“ECL”) model. The measurement of ECL takes into account the historical default experience, the financial position of the counterparties, value of collaterals as well as the future prospects of the industries in which the borrowers operate, considering various external sources of actual and forecast economic information for estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon and the loss upon default in each case. As at 30 September 2023, the impairment allowance for loan and interest receivables recognised primarily represented the credit risk involved in collectability of certain default and non-default loans determined under the Group's loan impairment policy, with reference to certain factors including but not limited to the credit history and financial condition of the borrowers and the realisation value of the collaterals. Moreover, forward-looking information including the future macro-economic conditions affecting the borrowers has also been considered.

The Group has a system in place to closely monitor the recoverability of its loan portfolio, its credit monitoring measures including regular collateral reviews against market information and regular communication with the borrowers in respect of their financial position, through which the Group would be able to keep updated with the latest credit profile and risk associated with each individual borrower and could take appropriate actions for recovery of a loan at the earliest time. If necessary, the Group will commence legal actions against the borrowers for recovery of the overdue loans and take possession of the collaterals pledged.

A net impairment recognised on loan and interest receivables (the “**Loan Receivables**”) of approximately HK\$6.1 million (2022: a net impairment reversed on Loan Receivables of approximately HK\$1.4 million) (the “**Impairment**”) was recognised during the Period.

## ***Internal control procedures***

The Group has credit policies, guidelines and procedures in place which cover key internal controls of a loan transaction including (a) due diligence, (b) credit appraisal/approval, (c) proper execution of documentations, (d) continuous monitoring and (e) collection and recovery. Before granting loan to a potential customer, the Group performs credit appraisal process to assess the potential borrower's credit quality and defines the credit limit granted to the borrower. The credit appraisal process encompasses detailed assessment on the credit history and financial background of the borrower, as well as the value and nature of the collateral to be pledged. The credit limit of the loan successfully granted to the borrower will be subject to regular credit review by the management as part of the ongoing loan monitoring process.

The following is a summary of the key internal controls of the Group's money lending operation:

### ***(a) Due diligence***

Identity check and financial background check on the loan applicant will be performed. Information provided by the loan applicant including identity, financial statements and income proof of the applicant will be checked and verified by the responsible loan officer, where appropriate, company, legal, credit and bankruptcy search on the loan applicant, and land search and site visit on the property offered as collateral, will be conducted.

### ***(b) Credit appraisal/approval***

Detailed assessment on the credit history and financial background of the loan applicant, as well as the value and nature of the collateral to be pledged, will be conducted. There will be credit assessment including analysis on the repayment ability and credit history of the loan applicant, and analysis on the potential recovery from realisation of the collateral. The credit assessment process will be conducted by the responsible loan officer and reviewed by the responsible loan manager. Credit limits to be granted to each loan applicant are determined based on the result of such assessment.

In respect of the approval process of the key internal control procedures, as a matter of enhanced internal control, the higher the amount of the loan, the higher the hierarchy of approvers is required. Details of which are set out follows:

<b>Loan size (RMB)</b>	<b>Approval hierarchy</b>
Above RMB1,000,000	Loan approval committee
RMB800,001 – RMB1,000,000	General manager
RMB300,001 – RMB800,000	Assistant general manager
RMB200,000 – RMB300,000	Risk control department manager
Below RMB200,000	Responsible officer of risk control department

*(c) Proper execution of documentations*

For loan application recommended by the responsible loan manager and duly approved by the designated approver in the approval hierarchy of the Group's money-lending subsidiary, the responsible loan officer will arrange preparation and proper execution of the loan documentations under the supervision of the responsible loan manager, and usually with the support of professional lawyers.

*(d) Continuous monitoring*

There will be continuous monitoring on the repayments from borrower, regular communication with the borrower of its updated financial position, and regular review on credit limit of the loan granted and market value of the collateral pledged performed by the responsible loan officer and manager.

The loan collection department of the Group will also review the risk level of each loan on a weekly basis and submit a report to the general manager at least on a monthly basis on their recommended risk level. Where necessary, the loan collection management department will alert the senior management and/or the general manager of the money lending business segment on events (such as default in repayment) which requires further actions, including legal actions, and advise the Group on the appropriate actions. The accounting department and treasury department of the Group will also keep track of the repayment schedule constantly and alert to senior management in case of any failed or late repayment.

(e) *Collection and recovery*

Formal reminder and legal demand letter will be issued to the borrower if there is an overdue payment. Where appropriate, legal action will be commenced against the borrower for recovery of the amount due and taking possession of the collateral pledged.

The Group has in place a set of established recovery procedure for recovering outstanding debts, details of which are set out as follows:

<b>Timetable</b>	<b>Action(s)</b>
Upon expiry of the maturity date of the loans	The collection department will call 3-5 times a day to remind the debtor to repay the loan as soon as possible. If the debtors were not found, the collection department will contact the co-borrower, guarantor or other contact person directly.
Overdue balance not settled within 3-7 days after the maturity date of the loans	A “collection notice” will be issued, and the staff will visit the debtors and understand the reasons of the delay in repayment, and demand for the repayment. Under limited circumstances, the Company may modify the term of loan or sign an extension agreement if there is a solid proof of the repayment ability of the debtor.
Overdue balance not settled within 30 days after the maturity date of the loans	Several door-to-door visits will be arranged, and the Company may exercise other appropriate measures in order to ensure the debtors to repay the overdue balance in a timely manner.
Overdue balance not settled within 30-40 days after the maturity date of the loans	Legal actions will be taken against the debtors.



## Financial Review

During the Period, the Group's revenue amounted to approximately HK\$34.7 million (2022: HK\$51.0 million), representing a decrease of approximately HK\$16.3 million or 32.0% as compared with the corresponding period in the last year. The revenue included (i) approximately HK\$12.6 million (2022: HK\$21.7 million) from the Wine Business; and (ii) approximately HK\$22.1 million (2022: HK\$29.4 million) from the Loan Financing Business. No revenue was generated from the Financial Services Business during the Period (2022: Nil).

Gross profit margin from the Wine Business slightly increased to approximately 22.8% (2022: 22.4%). Such increase was mainly attributable to more sales in proportion on wines supplied by contracted suppliers and the purchasing price of those wines are relatively lower. Total gross profit margin increased to approximately 71.9% as compared with that of approximately 67.1% in the corresponding period last year.

Gross profit for the Period was approximately HK\$24.9 million (2022: HK\$34.2 million), representing a decrease of approximately 27.2% as compared with the corresponding period last year and was mainly due to the decrease in revenue from the Wine Business and Loan Financing Business. Details of the reasons of the decrease in revenue and gross profit were disclosed in the sub-section headed "Business Review" above.

Staff costs and administrative and other operating expenses for the Period were approximately HK\$14.9 million and HK\$4.6 million respectively (2022: HK\$16.7 million and HK\$5.2 million respectively), representing a decrease of approximately 10.8% and 11.5% respectively as compared with the corresponding period last year. Depreciation for the Period was approximately HK\$2.3 million (2022: HK\$2.6 million) which was decreased by approximately 11.5%.

Other income decreased from approximately HK\$27.0 million to approximately HK\$12.9 million for the Period. It was mainly attributed to the decrease in net exchange gain of approximately HK\$9.8 million and gain from disposal of right-of-use assets of approximately HK\$2.2 million.

The finance costs for the Period amounted to approximately HK\$9.6 million (2022: HK\$11.6 million) which were mainly incurred on borrowings, lease liabilities and loan from a non-controlling shareholder.

The Group's profit for the Period was approximately HK\$1.9 million (2022: HK\$24.3 million), representing a decrease of approximately 92.2% as compared with the corresponding period last year. The decrease in the loss was mainly attributable to (i) the decrease in gross profit of approximately HK\$9.3 million; and (ii) the decrease in other income of approximately HK\$14.1 million.

## ***Liquidity and Financial Resources***

As at 30 September 2023, the Group's net current assets were approximately HK\$89.7 million (31 March 2023: HK\$97.3 million), including cash and cash equivalents of approximately HK\$37.9 million (31 March 2023: HK\$72.9 million). The Group had both interest bearing and non-interest bearing borrowings, which mainly comprised borrowings and loan from a non-controlling shareholder amounted to approximately HK\$117.1 million (31 March 2023: HK\$120.8 million). The Group's financial resources were funded mainly by loans and its shareholders' funds.

As at 30 September 2023, the Group's current ratio, as calculated by dividing current assets by current liabilities, was approximately 1.4 times (31 March 2023: 1.4 times) and the gearing ratio, as measured by the debts of non-trade nature, excluding derivative financial instruments and lease liabilities, divided by total equity, was approximately 89.2% (31 March 2023: 80.8%) which is higher than the same ratio as at 31 March 2023.

## ***Foreign Currency Exposure***

As at 30 September 2023, the Group had certain bank balances and payables denominated in foreign currencies, mainly Renminbi (“**RMB**”), Japanese Yen (“**JPY**”), Euro (“**EUR**”) and Pound sterling (“**GBP**”), which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## ***Treasury Policy***

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

## ***Capital Structure***

As at 30 September 2023, the total number of shares of the Company was 623,127,227.

Detail of the movements in the Company's share capital are set out in note 18 to the financial statements.

## ***Capital Commitments***

As at 30 September 2023, the Group did not have any capital commitments (31 March 2023: Nil).

### ***Contingent Liabilities***

As at 30 September 2023, the Group did not have any contingent liabilities (31 March 2023: Nil)

### ***Charges on Group Assets***

As at 30 September 2023 and 31 March 2023, the Group had pledged 77.0% equity interest in Hackett Enterprises Limited (“**Hackett**”), a non-wholly owned subsidiary of the Company, to secure a loan of approximately HK\$40.0 million.

### **Dividend**

The Directors do not recommend the payment of interim dividend for the Period (2022: nil).

### **Employee and Remuneration Policies**

As at 30 September 2023, the Group employed 117 employees (31 March 2023: 120). The Group determines the employees’ remuneration based on factors such as qualification, duty, contributions and years of experience. In addition, the Group provides comprehensive training programs to its employees or sponsors the employees to attend various job-related training courses. Apart from basic remuneration, share options may be granted under the share option scheme of the Company to eligible employees by reference to the Group’s performance as well as the individual’s contribution. In addition, each of the sales team members is entitled to a commission with reference to the sales volume achieved by them. The directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

### **Future Plan for Material Investments or Capital Assets**

As at 30 September 2023, there was no specific plan for material investments or capital assets.

### **Significant Investments, Material Acquisitions and Disposals**

During the Period, there was no significant investment, material acquisition or disposal of subsidiaries, associates or joint ventures by the Group.

## **Business Prospects**

Despite the cancellation of the relevant epidemic control policies, the economy of Hong Kong and the PRC has not recovered as expected. Since the Group's businesses are closely related to the overall economic atmosphere, the Board anticipates that additional time is needed for getting the Group's operations on track. 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.

## **Event(s) after the Reporting Period**

On 3 October 2023, 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 the Option Agreement, Wine Financier Limited, an indirect non-wholly owned subsidiary of the Company, is indebted to SRA Holdings, in the principal amount of JPY1,500,000,000 (the "**Loan**") which was due for repayment on 30 September 2023. In consideration of the Company agreeing to enter into the Option Agreement to grant the option to SRA Holdings, SRA Holdings has agreed to further extend the maturity date of the Loan to 30 September 2024. The grant of option and further loan extension are subject to the fulfillment or waiver (as the case may be) of the conditions precedent set out in the Option Agreement and the loan extension agreement and therefore the grant of option and the further loan extension may or may not proceed. For further details of the Option Agreement and the Loan, please refer to the announcement of the Company dated 3 October 2023.

Save as disclosed above, up to the date of this announcement, there was no other event relevant to the business or financial performance of the Group that comes to the attention of the Directors after the six months ended 30 September 2023.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **Share Option Scheme**

The Company has conditionally adopted the Share Option Scheme pursuant to a written resolution of the 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 Share Option 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 dated 6 June 2022 entered into between the Company, an issuer, and SRA Holdings, as subscriber (the “**Old Option Agreement**”). The option period had expired and none of the option had been exercised. Pursuant to the terms and conditions of the Old Option Agreement, the option had lapsed automatically upon the expiration of the option period on 30 September 2023.

### **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 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.

## **Review by Audit Committee**

The Company has established the audit committee (the “**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; 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 Reimer, 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, and the Audit Committee agreed with the accounting principles and practices adopted by the Company, but have not been reviewed or audited by the Company's auditor.

## **Publication of Results Announcement and 2023 Interim Report**

This announcement is published on the websites of Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company ([www.madison-group.com.hk](http://www.madison-group.com.hk)). The Company's 2023 interim report will be dispatched to 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 November 2023

*As at the date of this announcement, the executive Directors are Ms. Kuo Kwan 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 Stock Exchange website at <http://www.hkexnews.hk> for at least seven days from the date of its publication and on the website of the Company at <http://www.madison-group.com.hk>.*