

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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

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ANNUAL RESULTS

The Board is pleased to announce the annual consolidated results of the Group for the year ended 31 March 2024 together with the comparative figures for the year ended 31 March 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4		
– sales of alcoholic beverages		21,921	39,896
– loan financing services		46,166	57,278
		<u>68,087</u>	<u>97,174</u>
Cost of operations			
– cost of alcoholic beverages		<u>(16,544)</u>	<u>(30,781)</u>
Other income	5	15,031	20,144
Staff costs	7	(31,662)	(33,388)
Depreciation		(4,179)	(5,197)
Administrative and other operating expenses		(8,563)	(12,345)
Net impairment recognised on loan and interest receivables	7	(29,775)	(19,902)
Change in fair value of financial assets at fair value through profit or loss (“FVTPL”)		664	713
Change in fair value of derivative financial instruments		660	13,638
Finance costs		<u>(13,481)</u>	<u>(20,569)</u>
(Loss) profit before tax		(19,762)	9,487
Income tax credit (expense)	6	<u>1,972</u>	<u>(10,914)</u>
Loss for the year	7	<u>(17,790)</u>	<u>(1,427)</u>

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Loss for the year attributable to:			
– Owners of the Company		(16,217)	(2,211)
– Non-controlling interests		(1,573)	784
		(17,790)	(1,427)
Loss per share (HK cents)	8		
Basic		(2.60)	(0.35)
Diluted		(2.60)	(0.35)
Loss for the year		(17,790)	(1,427)
Other comprehensive expense			
<i>Item that may be reclassified</i>			
<i>subsequently to profit or loss:</i>			
– Exchange differences arising from translation of foreign operations		(18,499)	(25,267)
		(18,499)	(25,267)
Total comprehensive expense for the year		(36,289)	(26,694)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		(26,457)	(15,945)
– Non-controlling interests		(9,832)	(10,749)
		(36,289)	(26,694)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		672	1,058
Loan receivables	9	28,854	29,456
Deposits	10	701	3,135
Intangible assets		1,280	1,280
Right-of-use assets		5,465	7,932
Finance lease receivables		–	2,232
Deferred tax asset		5,596	4,116
Goodwill		9,028	9,028
		<hr/> 51,596	<hr/> 58,237
Current assets			
Inventories		7,157	8,210
Finance lease receivables		2,100	8,422
Loan and interest receivables	9	235,855	257,398
Trade and other receivables	10	19,367	26,810
Amounts due from associates		298	290
Bank balances and cash		34,435	72,911
		<hr/> 299,212	<hr/> 374,041
Current liabilities			
Trade and other payables	11	12,729	19,301
Lease liabilities		4,937	9,954
Contract liabilities		3,713	7,053
Amount due to a shareholder		107,366	110,525
Loan from a non-controlling shareholder		75,654	80,838
Borrowings	12	24,992	39,992
Tax payable		6,044	9,068
Derivative financial instruments		29	9
		<hr/> 235,464	<hr/> 276,740

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net current assets		<u>63,748</u>	<u>97,301</u>
Total assets less current liabilities		<u>115,344</u>	<u>155,538</u>
Capital and reserves			
Share capital	<i>13</i>	6,231	6,231
Reserves		<u>(45,106)</u>	<u>(18,649)</u>
Equity attributable to owners of the Company		(38,875)	(12,418)
Non-controlling interests		<u>152,159</u>	<u>161,991</u>
Total equity		<u>113,284</u>	<u>149,573</u>
Non-current liabilities			
Deferred tax liability		422	864
Lease liabilities		<u>1,638</u>	<u>5,101</u>
		<u>2,060</u>	<u>5,965</u>
		<u>115,344</u>	<u>155,538</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL

Madison Holdings Group Limited (the “**Company**”) was incorporated in the Cayman Islands (“**Cayman**”) 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 (“**Seychelles**”) and is beneficially interested in approximately 31.44% of the issued share capital of the Company as at 31 March 2024, and Mr. Ting Pang Wan Raymond (“**Mr. Ting**”), which is aggregately interested in approximately 41.58% of the issued share capital of the Company as at 31 March 2024 and has control over Royal Spectrum, are controlling shareholders of the Company. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is at Units 26-28, 8/F, One Island South, 2 Heung Yip Road, Wong Chuk Hang, Hong Kong.

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

The functional currency of the Company and the subsidiaries incorporated in Hong Kong are Hong Kong dollars (“**HK\$**”) while that of the subsidiaries established in the People’s Republic of China (the “**PRC**”) are 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 OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024, the Group incurred a net loss of approximately HK\$17,790,000. In addition, as at 31 March 2024, the Group had bank balances and cash amounted to approximately HK\$34,435,000 while its amount due to a shareholder, loan from a non-controlling shareholder and borrowings, totaling amounted to approximately HK\$208,012,000 which will be matured within the coming twelve months from 31 March 2024. The Group’s ability to meet these liquidity requirements depends on its ability to generate sufficient net cash inflows from future operations and/or other sources. These facts and circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

In view of these circumstances, the Directors of the Company have given consideration to the future liquidity and performance of the Group in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account the Group’s cash flow projection, including:

- The holder of amount due to a shareholder had agreed not to demand for repayment of the outstanding balances due from the Group until such time the Group has the financial ability to repay without impairing its liquidity position;

- Implementing various strategies to improve the cash flow status, such as managing the loan receivable portfolio and various investments; and
- Putting extra efforts on the collection of trade debtors to improve the debtors turnover days.

The Directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) where are effective for the Group’s financial year beginning on 1 April 2023:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	<i>Insurance Contracts</i>
Amendments to Hong Kong Accounting Standards (“HKAS”) 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

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

Amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback¹</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)¹</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the 2022 Amendments)¹</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements¹</i>
Amendments to HKAS 21	<i>Lack of Exchangeability²</i>
HK Interpretation 5 (Revised)	<i>Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause¹</i>

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of the impact of these amendments to existing standards, new standards and new interpretation in the period of initial application. In addition to the above, there are a number of minor amendments to HKAS/HKFRS under the annual improvement project of HKICPA. The Group has analysed these amendments and these amendments are not likely to have a significant impact on the Group's financial statements.

4. 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers		
Disaggregated of revenue by major products or services lines		
Sales of alcoholic beverages segment		
– Sales of alcoholic beverages income	21,921	39,896
Loan financing services segment		
– Loan referral services income	<u>11,231</u>	<u>14,541</u>
Total revenue from contracts with customers	<u>33,152</u>	<u>54,437</u>
Revenue from other sources		
Loan financing segment		
– Interest income – Micro loans	28,455	34,999
– Interest income – Other loans	<u>6,480</u>	<u>7,738</u>
	<u>34,935</u>	<u>42,737</u>
Total revenue	<u>68,087</u>	<u>97,174</u>
<i>Disaggregation of revenue by timing of recognition</i>		
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Timing of revenue recognition		
At a point in time	<u>33,152</u>	<u>54,437</u>

Transaction price allocated to the remaining performance obligations

All sales contracts are with an original expected duration of one year or less or contracts for which revenue is recognised at the amount to which that Group has the right to invoice for the performance performed. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period.

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

(a) Segment revenues and results

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

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Revenue		
Sales of alcoholic beverages	21,921	39,896
Loan financing services	46,166	57,278
	<u>68,087</u>	<u>97,174</u>
Segment (loss) profit		
Sales of alcoholic beverages	(2,480)	(4,462)
Loan financing services	(2,290)	19,851
Financial services	(1,462)	(1,918)
	<u>(6,232)</u>	13,471
Unallocated income	15,280	29,535
Unallocated expenses	(15,329)	(12,950)
Finance costs	(13,481)	(20,569)
	<u>(19,762)</u>	<u>9,487</u>
(Loss) profit before tax	<u>(19,762)</u>	<u>9,487</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 FVTPL and derivative financial instruments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

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

Segment assets

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of alcoholic beverages	14,129	18,420
Loan financing services	286,373	318,490
Financial services	<u>–</u>	<u>4</u>
Total segment assets	300,502	336,914
Unallocated assets	<u>50,306</u>	<u>95,364</u>
Consolidated total assets	<u>350,808</u>	<u>432,278</u>

Segment liabilities

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of alcoholic beverages	14,417	24,150
Loan financing services	6,412	10,485
Financial services	<u>23</u>	<u>92</u>
Total segment liabilities	20,852	34,727
Unallocated liabilities	<u>216,672</u>	<u>247,978</u>
Consolidated total liabilities	<u>237,524</u>	<u>282,705</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, amounts due to a shareholder, loan from a non-controlling shareholder, borrowings, tax payable, deferred tax liability and derivative financial instruments.

(c) **Other segment information**

For the year ended 31 March 2024

	Sale of alcoholic beverages <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Loan financing services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>					
Additions to non-current assets (<i>Note</i>)	8	–	2,088	11	2,107
Depreciation	2,738	3	1,402	36	4,179
Net impairment loss recognised on loan and interest receivables	–	–	29,775	–	29,775
<i>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:</i>					
Bank interest income	–	–	–	127	127
Finance costs	–	–	–	13,481	13,481
Income tax credit (expense)	–	–	1,991	(19)	1,972

For the year ended 31 March 2023

	Sale of alcoholic beverages <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Loan financing services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>					
Additions to non-current assets (<i>Note</i>)	97	–	7,424	1,428	8,949
Depreciation	3,183	6	1,922	86	5,197
Amounts written-off as uncollectible on other receivables	2,543	–	–	–	2,543
Net impairment loss recognised on loan and interest receivables	–	–	19,902	–	19,902
<i>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:</i>					
Bank interest income	–	–	–	59	59
Finance costs	–	–	–	20,569	20,569
Income tax expense	–	–	10,914	–	10,914

Note: Non-current assets excluded financial instruments and deferred tax asset.

(d) **Geographical information**

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

	Revenue from external customers		Non-current assets	
	For the year ended 31 March		As at 31 March	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
PRC	39,686	49,540	2,059	1,378
Hong Kong	28,401	47,634	14,386	17,920
	68,087	97,174	16,445	19,298

(e) **Information about major customers**

During the years ended 31 March 2024 and 2023, there is no customer contributing over 10% of the total revenue of the Group.

5. **OTHER INCOME**

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	127	59
Consignment income	527	475
Management fee income (<i>Note (b)</i>)	1,732	1,310
Net exchange gain	10,602	7,630
Government grants (<i>Note (a)</i>)	–	760
Gain on disposal of plant and equipment	–	534
Gain on disposal of a subsidiary	–	1,253
Interest income from consideration receivable	–	510
Interest income from finance lease receivables	222	1,270
Gain on deemed disposal of right-of-use assets	353	2,519
Others	1,468	3,824
	15,031	20,144

Note:

- (a) During the year ended 31 March 2023, the amount represents government subsidies granted due to the COVID-19 pandemic under the Employment Support Scheme of the Hong Kong Government. There were no unfulfilled conditions or contingencies relating to these government grants.
- (b) During the year ended 31 March 2024, the Group entered into sublease arrangements as a lessor for certain office space to its tenants in which 10% of addition management and administrative fee would be charged on top of the lease agreement.

6. INCOME TAX

	2024 HK\$'000	2023 HK\$'000
PRC Enterprise Income Tax (“EIT”):		
Current tax	963	61
Over provision in prior years	(3,214)	–
	(2,251)	61
Deferred taxation	(1,797)	8,484
Withholding tax	2,076	2,369
Income tax (credit) expense	(1,972)	10,914

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

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%. For the years ended 31 March 2024 and 2023, 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%.

Tax exemptions represented reduction of Hong Kong Profits Tax for the year of assessment of 2023/2024, subject to a ceiling of HK\$3,000 (2022/2023: HK\$6,000).

No provision for Hong Kong Profits tax has been made as the Group has no net assessable profits derived from or earned in Hong Kong during the year.

Profits of the subsidiaries established in the PRC are subject to PRC EIT during both years.

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%, except for certain subsidiaries which qualified as small enterprises and micro enterprises and enjoy preferential EIT tax rate from 2.5% to 15% for both years. Further 10% withholding income tax is generally imposed on dividends relating to profits.

7. LOSS FOR THE YEAR

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments	3,584	4,317
Salaries, allowances and other benefits	26,004	26,888
Contributions to retirement benefits scheme	2,074	2,183
	<hr/>	<hr/>
Total staff costs	31,662	33,388
	<hr/>	<hr/>
Net increase in allowance for loan and interest receivables	9,645	10,860
Written-off of loans and interest receivables	20,130	9,042
	<hr/>	<hr/>
Net impairment recognised on loan and interest receivables	29,775	19,902
	<hr/>	<hr/>
Auditor's remuneration ²	690	630
Depreciation of plant and equipment	474	805
Depreciation of right-of-use assets	3,705	4,392
Cost of inventories recognised as expense ¹	15,541	29,613
Net gain on disposals and written-off of plant and equipment ³	–	(534)
Lease rentals for office premises ⁴	887	282
Amounts written-off as uncollectible on other receivables ²	–	2,543
	<hr/>	<hr/>

¹ Amounts included in cost of operations

² Amounts included in administrative and other operating expenses

³ Amounts included in other income

⁴ The amounts represent lease rentals related to short-term lease under HKFRS 16

8. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share for the year attributable to the owners of the Company	<u>(16,217)</u>	<u>(2,211)</u>
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>623,127,227</u>	<u>623,127,227</u>

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as the exercise price of which were higher than the average market price of shares for the year ended 31 March 2024 and 2023.

9. LOAN AND INTEREST RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Secured loans		
Real estate-backed loans	25,728	31,324
Secured micro loans	39,708	58,883
	<u>65,436</u>	<u>90,207</u>
Unsecured loans		
Unsecured micro loans	182,682	161,810
Unsecured other loans	20,874	18,655
	<u>203,556</u>	<u>180,465</u>
	268,992	270,672
Interest receivables	18,238	32,827
	287,230	303,499
Less: Allowances for loan and interest receivables	<u>(22,521)</u>	<u>(16,645)</u>
	<u>264,709</u>	<u>286,854</u>
Loan and interest receivables analysed for reporting purpose as:		
Non-current assets	28,854	29,456
Current assets	235,855	257,398
	<u>264,709</u>	<u>286,854</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 90 days	66,041	44,007
91 – 180 days	50,520	47,843
181 – 365 days	55,331	57,480
Over 365 days	92,817	137,524
	<u>264,709</u>	<u>286,854</u>
As at 31 March	<u>264,709</u>	<u>286,854</u>

10. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	1,407	1,862
Less: loss allowance	<u>(299)</u>	<u>(473)</u>
Net trade receivables	<u>1,108</u>	<u>1,389</u>
Payments in advance	698	1,223
Prepayments	506	526
Deposits and other receivables	<u>17,756</u>	<u>26,807</u>
Total other receivables and deposits	<u>18,960</u>	<u>28,556</u>
Trade and other receivables and deposits	<u>20,068</u>	<u>29,945</u>
Analysed as:		
Current	19,367	26,810
Non-current	<u>701</u>	<u>3,135</u>
Trade and other receivables and deposits	<u>20,068</u>	<u>29,945</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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	492	490
31 to 60 days	158	415
61 to 90 days	–	64
91 to 180 days	120	103
181 to 365 days	112	159
Over 365 days	<u>226</u>	<u>158</u>
Total	<u>1,108</u>	<u>1,389</u>

11. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	3,625	3,831
Other payables and accruals	7,770	15,470
Amounts due to related parties	<u>1,334</u>	<u>–</u>
Trade and other payables	<u>12,729</u>	<u>19,301</u>

All trade and other payables (including amounts due to related parties) are expected to be settled or recognised as income within one year or are repayable on demand. The amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	36	1,510
31 to 60 days	33	483
61 to 90 days	11	344
91 to 180 days	102	730
181 to 365 days	1,770	320
Over 365 days	<u>1,673</u>	<u>444</u>
Total	<u>3,625</u>	<u>3,831</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.

12. BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other borrowings	<u>24,992</u>	<u>39,992</u>

The other borrowings are all repayable within one year.

The ranges of effective interest rates on the Group's other borrowings are as follows:

	2024	2023
Other borrowings	<u>12% per annum</u>	<u>12% per annum</u>

All the other borrowings are at fixed rates.

As at 31 March 2024, the carrying amount of other borrowings amounted to approximately HK\$24,992,000 (2023: HK\$39,992,000) which bore interest at fixed rate. The fixed rate of other borrowings carried interest at 12% per annum and contained a repayable on demand clause. These borrowings are secured by the Company's interest in 77% of the entire issued share capital of Hackett Enterprises Limited (“**Hackett**”) and personal guarantee provided by Mr. Ting, the substantial shareholder of the Company.

13. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
<i>Ordinary shares of HK\$0.01 each</i>		
Authorised:		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024, of HK\$0.01 each	<u>1,000,000,000</u>	<u>10,000</u>
Issued and fully paid:		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024, of HK\$0.01 each	<u>623,127,227</u>	<u>6,231</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2024 (the “**Year**”), 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 Year, the Group’s revenue decreased by approximately 29.9% to approximately HK\$68.1 million (2023: HK\$97.2 million). Such decrease was mainly due to (i) the decrease in revenue generated from the Wine Business to approximately HK\$21.9 million, representing a decrease of approximately 45.1% (2023: HK\$39.9 million); and (ii) the decrease in revenue generated from the Loan Financing Business to approximately HK\$46.2 million, representing a decrease of approximately 19.4% (2023: HK\$57.3 million).

The Group’s loss for the Year was approximately HK\$17.8 million (2023: HK\$1.4 million), representing an increase in loss of approximately HK\$16.4 million as compared with last year. The increase in the loss was mainly attributable to (i) the increase in net impairment recognised on loan and interest receivables of approximately HK\$9.9 million; (ii) the decrease in gross profit of approximately HK\$14.9 million; (iii) the decrease in gain on the change in fair value of derivative financial instruments of approximately HK\$13.0 million; and partially offset by (i) the decrease in finance costs of approximately HK\$7.1 million; and (ii) the decrease in income tax expense of approximately HK\$10.9 million which turned to income tax credit of approximately HK\$2.0 million for the Year.

Wine Business

During the Year, the Group’s revenue from the Wine Business decreased by approximately 45.1%, which amounted to approximately HK\$21.9 million (2023: HK\$39.9 million) and the Group recorded a decrease in segment loss of approximately 44.4%, which amounted to approximately HK\$2.5 million (2023: HK\$4.5 million). As indicated by the drop in the average Hang Seng Index of approximately 1,900 as compared with the corresponding period last year and even hit below 15,000 in the January 2024 which was one of the bottom in the recent years, the investment atmosphere appeared to be pessimistic during the Year. Accordingly, the demand for wine, in particular the premium wines which were purchased mainly for collection purpose, decreased accordingly.

Loan Financing Business

During the Year, the Loan Financing Business recorded a decrease in revenue of approximately 19.4%, which amounted to approximately HK\$46.2 million (2023: HK\$57.3 million) and a segment loss of approximately HK\$2.3 million (2023: segment profit of approximately HK\$19.9 million), which were mainly due to an increase in net impairment recognised on loan and interest receivables.

The size of Group's loan portfolio was reduced to approximately HK\$287.2 million (2023: HK\$303.5 million) as compared to last year. The decrease in revenue was mainly due to the decrease in average loan portfolio from HK\$374.9 million in the last year to HK\$295.4 million for the Year. The management has been prudent in granting new loans in light of the prevailing economic conditions in Hong Kong and the PRC. The Group aims to grant new 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 31 March 2024, the carrying amount, after allowance for loan and interest receivables, of the loan portfolio held by the Group amounted to approximately HK\$264.7 million (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	
			2024	2023
	%		%	%
Corporate	0.3-3	Within one year	18	25
Corporate	0.3-3	2-5 years	10	8
Individual	0.3-3	Within one year	71	65
Individual	0.3-3	2-5 years	1	2

As at 31 March 2024, approximately 31.6% (2023: 42.9%) of the carrying amount of the loan portfolio was secured by collaterals with approximately 68.4% (2023: 57.1%) being unsecured. At the Year end, the loan made to all borrowers were term loans with maturity from one to five years, and the loan made to the largest borrower and the top ten customers of the Loan Financing Business accounted for approximately 10.0% (2023: 11.1%) and 31.1% (2023: 40.8%) of the Group's loan portfolio respectively.

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 31 March 2024, 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 on loan and interest receivables (the “**Loan Receivables**”) of approximately HK\$29.8 million (2023: HK\$19.9 million) (the “**Impairment**”) was recognised during the Year, including approximately HK\$9.7 million (2023: HK\$10.9 million) being attributed to the ECL to Loan Receivables and a direct written-off of approximately HK\$20.1 million (2023: HK\$9.0 million).

Reasons for and the circumstances leading to the Impairment

The economic recovery in the PRC in the post-COVID-19 era has fallen short of expectation. Further, the outbreak of debt crisis of the real estate developer in the PRC has aggravated the situation. As such, corporations in the PRC, in particular the small enterprises, continue to operate under significant pressure.

By reasons of the above, the repayment ability of the borrowers was severely impeded, resulting in a rise in loan defaults and delinquent payments. The amount of Loan Receivables written-off represented the outstanding principal loan amount and interests proven to be irrecoverable in light of the death or bankruptcy or wound-up of the debtors. During the Year, the Court of Chongqing approved the restructuring plan for a corporate borrower which declared bankrupt in 2017. According to the restructuring plan, certain portion of the Loan Receivables due from the borrower will become collectible in the foreseeable future while a further written-off of HK\$16.7 million was recorded. Further, the increasing loan default rate has raised the historical loss rate, which would amplify the valuation of the allowance. Taking into account the increasing credit risk and the slight recoverability of certain loans, the Impairment was made accordingly.

In the light of the rise in loan defaults and delinquent payments under the current global and regional economic condition, the Group recorded a segment loss of approximately HK\$2.3 million during the Year (2023: segment profit of approximately HK\$19.9 million) after deducting impairment and operating costs, and the total net impairment loss recognised, including the written-off loans, comprised approximately 10.4% (2023: 6.6%) of the total amount of the Loan Receivables. When granting loans to potential borrowers, the management strives to strike a right balance between the relevant risks and profits, and has taken into consideration the prevailing economic environment.

FINANCIAL REVIEW

During the Year, the Group's revenue amounted to approximately HK\$68.1 million (2023: HK\$97.2 million), representing a decrease of approximately HK\$29.1 million or 29.9% as compared with last year. The revenue comprised of (i) approximately HK\$21.9 million (2023: HK\$39.9 million) from the Wine Business; and (ii) approximately HK\$46.2 million (2023: HK\$57.3 million) from the Loan Financing Business. No revenue was generated from the Financial Services Business during the Year (2023: Nil).

Gross profit margin from the Wine Business was increased to approximately 24.5% (2023: 22.8%). 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 was increased to approximately 75.7% as compared with that of approximately 68.3% last year due to the increase in the proportion of revenue generated from the Loan Financing Business.

Gross profit for the Year was approximately HK\$51.5 million (2023: HK\$66.4 million), representing a decrease of approximately 22.4% as compared with last year and was mainly due to the decrease in revenue from the Wine Business. Details of the reasons of the decrease in revenue and gross profit were disclosed in the sub-section headed “Business Review” above. Staff cost and administrative and other operating expenses for the Year were approximately HK\$31.7 million and HK\$8.6 million respectively (2023: HK\$33.4 million and HK\$12.3 million respectively), representing a decrease of approximately 5.1% and 30.1% respectively as compared with last year. Depreciation was approximately HK\$4.2 million, which was decreased by approximately 19.2% when compared to approximately HK\$5.2 million for the year ended 31 March 2023.

Other income decreased from approximately HK\$20.1 million to approximately HK\$15.0 million for the Year. It was mainly attributed to a decrease in the gain on disposal of a subsidiary and gain on deemed disposal of right-of-use assets of a total of approximately HK\$3.4 million.

The finance costs for the Year amounted to approximately HK\$13.5 million (2023: HK\$20.6 million) which were mainly incurred on borrowings, lease liabilities and loan from a non-controlling shareholder.

The Group’s loss for the Year was approximately HK\$17.8 million (2023: HK\$1.4 million), representing an increase in loss of approximately 11.7 times as compared with last year. The increase in the loss was mainly attributable to (i) the increase in net impairment recognised on loan and interest receivables of approximately HK\$9.9 million; (ii) the decrease in gross profit of approximately HK\$14.9 million; (iii) the decrease in gain on the change in fair value of derivative financial instruments of approximately HK\$13.0 million; and partially offset by (i) the decrease in finance costs of approximately HK\$7.1 million; and (ii) the decrease in income tax expense of approximately HK\$10.9 million and turned to income tax credit of approximately HK\$2.0 million for the Year.

The loss included a net impairment loss recognised on loan and interest receivables arising from the Loan Financing Business of approximately HK\$29.8 million (2023: HK\$19.9 million), details of which are disclosed in the sub-section headed “Business Review” above.

Liquidity and Financial Resources

As at 31 March 2024, the Group’s net current assets were approximately HK\$63.7 million (2023 : HK\$97.3 million), including cash and cash equivalents of approximately HK\$34.4 million (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\$100.6 million (2023: HK\$120.8 million). The Group’s financial resources were funded mainly by loans and its shareholders’ funds.

As at 31 March 2024, the Group’s current ratio, as calculated by dividing current assets by current liabilities, was approximately 1.3 times (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 88.8% (2023: 80.8%).

Foreign Currency Exposure

As at 31 March 2024, 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 31 March 2024, the total number of shares of the Company was 623,127,227.

Details of the movements in the Company's share capital are set out in note 13 to the consolidated financial statements.

Capital Commitments

As at 31 March 2024, the Group did not have any capital commitments (2023: Nil).

Contingent Liabilities

As at 31 March 2024, the Group did not have any contingent liabilities (2023: Nil).

Charges on Group Assets

Details of charges on the Group assets are set out in note 12 to the consolidated financial statements.

Dividend

The Board does not recommend the payment of a final dividend for the Year (2023: Nil).

SIGNIFICANT INVESTMENTS, MATERIAL DISPOSALS AND ACQUISITIONS

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

SEGMENT INFORMATION

For the Year, the Group's business comprised three principal segments, namely (i) the Wine Business; (ii) the Loan Financing Business; and (iii) the Financial Services Business which accounted for approximately 32.2%, 67.8% and 0% (2023:41.1%, 58.9% and 0%) of the total revenue respectively.

As disclosed in the sub-section headed “Business Review” above, the sluggish economic recovery in the PRC had a material impact to the Group’s financial results. As compared with last year, the Group recorded a decrease in revenue in the Wine Business and Loan Financing Business of approximately HK\$18.0 million and HK\$11.1 million respectively and no revenue was generated from the Financial Services Business for the Year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group’s result of operations may fluctuate significantly from time to time due to seasonality and other factors. The Directors of the Company are aware that the Group is exposed to various risks and the principal risks and uncertainties which are summarised below.

This summary should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties faced by the Group, but rather those risks which the Group currently believes may have a significant impact on the Group’s performance and future prospects.

The Wine Business	(i)	slow-moving inventory
	(ii)	product liability claims
	(iii)	fluctuation in the foreign currency exchange rates
The Loan Financing Business	(i)	customer or counterparty to a financial instrument failing to meet its contractual obligations
	(ii)	failure to retain and motivate key management personnel to conduct business
The Financial Services Business	(i)	withdrawals and terminations of projects or defaults or delays in payments by clients
	(ii)	failure to retain and motivate key management personnel to conduct business
	(iii)	exposure to professional liability and litigation

EMPLOYEE AND REMUNERATION POLICIES

As at 31 March 2024, the Group employed 113 employees (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.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to building an environmentally-friendly corporation and always takes the environmental protection issues into consideration during daily operation. The Group does not produce material waste nor emit material quantities of air pollutants. The Group also strives to minimise the adverse environmental impacts by encouraging the employees to recycle office supplies and other materials and to save electricity and water.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company itself is an investment holding company, the shares of which are listed on GEM of the Stock Exchange. The operations of the Group are mainly carried out by the Company's subsidiaries in the PRC and Hong Kong. As such, the Group's operations shall comply with relevant laws and regulations in the PRC and Hong Kong accordingly. During the Year, the Group has complied with all applicable laws and regulations in the PRC and Hong Kong in all material respects. The Group shall continue to keep itself updated with the requirements of the relevant laws and regulations in the PRC and Hong Kong and adhere to them to ensure compliance.

BUSINESS PROSPECT

The global economic environment in 2024 is expected to be challenging and remain uncertain, and is likely to be affected by the development of geopolitical issues, Russian-Ukraine War and conflicts in the Middle East. The economy of the PRC and Hong Kong are still recovering from the pandemic, and the operating environment for the business segments in 2024 is expected to remain challenging. 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 proactively 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. The Group may seek new investors to meet its financial needs for expanding its businesses.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Share Option Scheme

The Company has conditionally adopted a share option scheme (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 5 December 2023, a call option, entitling the holder thereof to require the Company to allot and issue up to a maximum of 85,922,330 option shares at the option price of HK\$1.03 per option share, was granted by the Company to SRA Holdings, Inc. (“**SRA**”) in accordance with the terms and conditions of the option agreement dated 3 October 2023 entered into between the Company, as issuer, and SRA, as subscriber.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in this announcement, at no time during the Year 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 (including sale of treasury shares) during the Year.

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 Year.

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" to the prospectus of the Company dated 29 September 2015.

Code of Conduct Regarding Securities Transactions 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 Year.

Compliance with Corporate Governance Code

The Company is committed to achieving high standard 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 C1 to the GEM Listing Rules as its corporate governance practices.

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code throughout the Year.

Closure of Register of Members

The annual general meeting of the Company (the “**AGM**”) is scheduled to be held on Friday, 2 August 2024. For the purpose of ascertaining shareholders’ entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 30 July 2024 to Friday, 2 August 2024 (both days inclusive), during which no transfer of shares will be registered. In order for a shareholder of the Company to be eligible to attend and vote at the AGM, all transfer forms accompanied with the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 29 July 2024.

Review by Audit Committee

The Company has established an 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; 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 Reimer, Mary Jean, Mr. Ip Cho Yin, *J.P.* and Mr. Zhou Li, and is 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 of the Audit Committee are independent non-executive Director.

The audited consolidated financial statements for the Year 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 Companies Ordinance (Chapter 622 of the laws of Hong Kong) and the GEM Listing Rules.

Publication of Results Announcement and 2023-24 Annual Report

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.madison-group.com.hk). The annual report of the Company for the Year will be despatched to shareholders and will be published on the aforementioned websites in due course.

EVENT AFTER THE REPORTING PERIOD

On 28 May 2024, the Company as vendor, CVP Financial Group Limited (the “**Purchaser**”), as Purchaser and Mr. Ting, as the Purchaser’s guarantor entered into the sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, 38 shares of Hackett (the “**Disposal Company**”), representing 38% equity interests in the Disposal Company for a total consideration of HK\$56.4 million.

For details, please refer to the announcements of the Company dated 28 May 2024, 4 June 2024 and 18 June 2024 respectively.

Save as the above, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the end of the reporting period.

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

Hong Kong, 27 June 2024

As at the date of this announcement, the executive Directors are Ms. Kuo Kwan and Dr. Cheung Yuk Shan Shirley; the non-executive Directors are Mr. Ji Zuguang and Mr. Ip Cho Yin J.P.; 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 seven days from the date of its publication and the Company’s website at <http://www.madison-group.com.hk>.