MADISON
GROUP

**MADISON HOLDINGS GROUP LIMITED**
**麥迪森控股集團有限公司**
*(Incorporated in the Cayman Islands with limited liability)*
**(Stock code: 08057)**

# SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CHANGE IN USE OF PROCEEDS FROM RIGHTS ISSUE

References are made to (i) the prospectus of Madison Holdings Group Limited (the "**Company**") dated 29 May 2026 (the "**Prospectus**"); (ii) the announcement of the Company dated 9 July 2026 in relation to, among other matters, the Rights Issue on the basis of three (3) Rights Shares for every two (2) Shares held on the Record Date; (iii) the annual report of the Company for the year ended 31 March 2026 published on 3 July 2026 (the "**Annual Report**"); and (iv) the announcement of the Company dated 20 July 2026 in relation to the proposed change in use of proceeds from the Rights Issue (the "**Announcement**"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Prospectus and the Announcement.

The Company wishes to provide the Shareholders and potential investors with the following supplemental information in relation to the change in use of proceeds:

## REASONS FOR AND BENEFITS FOR CHANGE IN USE OF PROCEEDS

At the material time when the intended use of proceeds under the Rights Issue was formulated and disclosed in the Prospectus, the Group's original intention was to apply part of the net proceeds in the amount of approximately HK$14.99 million towards the early repayment of a majority part of the Group's other borrowings (the "**Other Borrowings**") with relatively higher financing costs, i.e. a loan in the outstanding amount of HK$16,992,109 at an interest rate of 12% per annum, within the third quarter of 2026. At the relevant time, although the Group had recorded outstanding payables in the ordinary course of business (the "**Trade Payables**"), the Group had not received any demand for immediate repayment from its suppliers. Subsequently, as set out in the Announcement, in or around June 2026, the Group received demands from certain suppliers of its wine and alcoholic beverages wholesale and retail business requesting settlement of the overdue Trade Payables. Thereafter, the Group had been in negotiations with the relevant suppliers in respect of the repayment schedule of the outstanding Trade Payables. In or around early July 2026, the Group received further written demands and communications from certain suppliers indicating that legal actions will be commenced against the Group if the outstanding Trade Payables remained unpaid.

The Board considered that the circumstances had materially changed subsequent to the completion of the Rights Issue. In particular, the outstanding Trade Payables subject to the demands had become more imminent and required immediate attention to mitigate the risk of potential legal proceedings and disruption to the Group's business relationships. Hence, the Board considered it appropriate to expedite the settlement of the overdue Trade Payables with the Remaining Net Proceeds.

The Board considers that the reallocation of the Remaining Net Proceeds is consistent with the overall objective of strengthening the Group's financial position and reducing its liabilities as set out in the Prospectus. The reallocation reflects a change in the priority of repayment among different categories of liabilities in response to the change in circumstances subsequent to the completion of the Rights Issue. At the time of publication of the Prospectus and the Annual Report, notwithstanding the existence of overdue Trade Payables, the Board was of the view that the Group possessed sufficient cash resources and working capital to settle such liabilities. As such, having considered the Group's liquidity position and available financial resources, the Board did not consider such outstanding Trade Payables constitute a material adverse change in the financial or trading position of the Group. However, as a substantial portion of the Group's available funds were located in the PRC, additional time and costs were required for internal treasury arrangements and deployment of funds. Following the receipt of the written demands and the increased likelihood of legal actions, in order to maintain the Group's business relationships with the relevant suppliers and mitigate the risk of escalation into legal proceedings, the Board considered that prioritising the settlement of the outstanding Trade Payables by reallocating part of the Remaining Net Proceeds is in the interests of the Company and its shareholders as a whole. Upon the settlement of the outstanding Trade Payables, having considered the Group's current liquidity position and available financial resources, the Company considers that the risk of other legal threat is low.

**Impact on Repayment of the Other Borrowings**

The Board is of the view that the timetable for early repayment of the Group's Other Borrowings would be deferred as a result of the reallocation of part of the Remaining Net Proceeds to settle the outstanding Trade Payables. However, the Board does not expect such reallocation will give rise to any material adverse impact on the Group's financial or trading position, and the Board does not have any fundraising plan for the purpose of early repayment of the remaining outstanding balance of the Other Borrowings for the upcoming 12 months as at the date of this announcement.

As disclosed in the Prospectus, the Other Borrowings are repayable in thirty-eight tranches from December 2025 to April 2028. Having considered (i) an amount of approximately HK$6.79 million out of the net proceeds of the Rights Issue, representing approximately 45.3% of the total amount of the Other Borrowings, would still be utilised for the repayment of part of the Other Borrowings by the end of December 2026; (ii) the early repayment of part of the Other Borrowings would reduce the finance costs of the Group, which in turn would improve the Group's overall financial position; and (iii) the expected operating cash flows to be generated from the ordinary course of business of the Group, the Board is of the view that the Group has sufficient financial resources to settle the Other Borrowings when they fall due and that the reallocation of part of the Remaining Net Proceeds is in the best interests of the Company and its shareholders as a whole. Nevertheless, should the Group have sufficient surplus cash flow, it may apply such excess funds to repay the remaining outstanding balance of the Other Borrowings, in whole or in part, prior to the scheduled repayment schedule.

Save as disclosed above, the Board confirms that all other information in the Announcement remains unchanged.

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

Hong Kong, 27 July 2026

*As at the date of this announcement, the executive Directors are Mr. Jiang Tian, Dr. Cheung Yuk Shan Shirley and Mr. Su Lei; 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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