

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 2024

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 2024, together with the comparative unaudited figures for the corresponding period in 2023, as follows:

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	<i>Notes</i>	For the six months ended 30 September	
		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	3		
– sales of alcoholic beverages		9,701	12,620
– loan financing services		24,736	22,057
		34,437	34,677
Cost of operations			
– cost of alcoholic beverages		(7,219)	(9,739)
Other income	4	2,115	12,934
Staff costs		(15,480)	(14,917)
Depreciation		(2,107)	(2,250)
Administrative and other operating expenses		(6,811)	(4,554)
Net impairment recognised on loan and interest receivables		(3,903)	(6,110)
Change in fair value of financial assets at fair value through profit or loss		139	471
Change in fair value of derivative financial instruments		29	9
Finance costs	5	(3,577)	(9,571)
(Loss) profit before tax		(2,377)	950
Income tax (expense) credit	6	(2,921)	955
(Loss) profit for the period	7	(5,298)	1,905

		For the six months ended	
		30 September	
		2024	2023
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
		(unaudited)	(unaudited)
(Loss) profit for the period attributable to:			
– Owners of the Company		(6,885)	(1,366)
– Non-controlling interests		<u>1,587</u>	<u>3,271</u>
		<u>(5,298)</u>	<u>1,905</u>
Loss per share (<i>HK cents</i>)	9		
Basic and diluted		<u>(1.10)</u>	<u>(0.22)</u>
(Loss) profit for the period		<u>(5,298)</u>	<u>1,905</u>
Other comprehensive income (expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising from translation of foreign operations		9,686	(20,278)
– Release of translation reserve upon disposal of a subsidiary		<u>(160)</u>	<u>–</u>
		<u>9,526</u>	<u>(20,278)</u>
Total comprehensive income (expense) for the period		<u>4,228</u>	<u>(18,373)</u>
Total comprehensive income (expense) for the period attributable to:			
– Owners of the Company		(3,284)	(12,590)
– Non-controlling interests		<u>7,512</u>	<u>(5,783)</u>
		<u>4,228</u>	<u>(18,373)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

		As at	As at
		30 September	31 March
		2024	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
Non-current assets			
Plant and equipment	<i>10</i>	526	672
Loan receivables	<i>11</i>	16,959	28,854
Deposits	<i>12</i>	–	701
Intangible assets		1,280	1,280
Right-of-use assets	<i>13</i>	3,559	5,465
Deferred tax asset		6,349	5,596
Goodwill		9,028	9,028
		<u>37,701</u>	<u>51,596</u>
Current assets			
Inventories		6,228	7,157
Finance lease receivables	<i>13</i>	–	2,100
Loan and interest receivables	<i>11</i>	286,003	235,855
Trade and other receivables	<i>12</i>	16,992	19,367
Amounts due from associates		300	298
Bank balances and cash		13,316	34,435
		<u>322,839</u>	<u>299,212</u>

		As at	As at
		30 September	31 March
		2024	2024
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
Current liabilities			
Trade and other payables	<i>14</i>	12,406	12,729
Lease liabilities	<i>13</i>	3,476	4,937
Contract liabilities		3,180	3,713
Amount due to a shareholder	<i>15</i>	54,430	107,366
Loan from a non-controlling shareholder	<i>16</i>	80,100	75,654
Borrowings	<i>17</i>	24,992	24,992
Tax payable		8,687	6,044
Derivative financial instruments		<u>–</u>	<u>29</u>
		<u>187,271</u>	<u>235,464</u>
Net current assets		<u>135,568</u>	<u>63,748</u>
Total assets less current liabilities		<u>173,269</u>	<u>115,344</u>

		As at	As at
		30 September	31 March
		2024	2024
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
Capital and reserves			
Share capital	<i>18</i>	6,231	6,231
Reserves		<u>(107,552)</u>	<u>(45,106)</u>
Equity attributable to owners of the Company		(101,321)	(38,875)
Non-controlling interests		<u>274,167</u>	<u>152,159</u>
Total equity		<u>172,846</u>	<u>113,284</u>
Non-current liabilities			
Deferred tax liability		423	422
Lease liabilities	<i>13</i>	<u>–</u>	<u>1,638</u>
		<u>423</u>	<u>2,060</u>
		<u>173,269</u>	<u>115,344</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Attributable to owners of the Company										Non-controlling interests HK\$'000	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	Translation reserve HK\$'000	Statutory reserve HK\$'000 (Note d)	Accumulated losses HK\$'000	Total HK\$'000		
As at 1 April 2024 (audited)	6,231	1,311,985	29,047	(90,894)	(598,127)	17,930	(23,519)	6,871	(698,399)	(38,875)	152,159	113,284
Loss for the period	-	-	-	-	-	-	-	-	(6,885)	(6,885)	1,587	(5,298)
Other comprehensive income for the period:												
– Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	3,761	-	-	3,761	5,925	9,686
– Release of translation reserve upon disposal of a subsidiary	-	-	-	-	-	-	(160)	-	-	(160)	-	(160)
Loss for the period and other comprehensive income for the period	-	-	-	-	-	-	3,601	-	(6,885)	(3,284)	7,512	4,228
Lapse of share options	-	-	-	-	-	(6,686)	-	-	6,686	-	-	-
Disposal of interest in a subsidiary without loss of control (Note 21)	-	-	-	(59,162)	-	-	-	-	-	(59,162)	114,496	55,334
As at 30 September 2024 (unaudited)	<u>6,231</u>	<u>1,311,985</u>	<u>29,047</u>	<u>(150,056)</u>	<u>(598,127)</u>	<u>11,244</u>	<u>(19,918)</u>	<u>6,871</u>	<u>(698,598)</u>	<u>(101,321)</u>	<u>274,167</u>	<u>172,846</u>
	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note a)	Capital reserve HK\$'000 (Note b)	Merger reserve HK\$'000 (Note c)	Share options reserve HK\$'000	Translation reserve HK\$'000	Statutory reserve HK\$'000 (Note d)	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total 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>(24,503)</u>	<u>6,643</u>	<u>(683,320)</u>	<u>(25,008)</u>	<u>156,208</u>	<u>131,200</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 2024

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 2024, and Mr. Ting Pang Wan Raymond (“**Mr. Ting**”), who is interested in approximately 41.58% of the issued share capital of the Company as at 30 September 2024 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 2024 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2024. 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 2024 for the preparation of the Group’s condensed consolidated financial statements:

- Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current;
- Amendments to HKAS 1 – Non-current Liabilities with Covenants;
- Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements;
- Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback;
- Amendments to Hong Kong Interpretation 5 (Revised) – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause.

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 six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(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	9,701	12,620
Loan financing services segment		
– Loan referral services income	6,830	5,285
Total revenue from contracts with customers	16,531	17,905
Revenue from other sources		
Loan financing segment		
– Interest income – Micro loans	15,292	13,523
– Interest income – Other loans	2,614	3,249
	17,906	16,772
Total revenue	34,437	34,677

Disaggregation of revenue by timing of recognition

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
At a point in time	<u>16,531</u>	<u>17,905</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 six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Revenue		
Sales of alcoholic beverages	9,701	12,620
Loan financing services	24,736	22,057
	<u>34,437</u>	<u>34,677</u>
Segment (loss) profit		
Sales of alcoholic beverages	(1,265)	(1,866)
Loan financing services	11,866	6,765
Financial services	(720)	(736)
	<u>9,881</u>	<u>4,163</u>
Total segment profit	9,881	4,163
Unallocated income	2,088	12,770
Unallocated expenses	(10,769)	(6,412)
Finance costs	(3,577)	(9,571)
	<u>(2,377)</u>	<u>950</u>
(Loss) profit before tax	(2,377)	950

Segment (loss) profit represents the (loss) profit from each segment without allocation of central and certain other 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 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Sales of alcoholic beverages	11,185	14,129
Loan financing services	323,326	286,373
Financial services	—	—
	<hr/>	<hr/>
Total segment assets	334,511	300,502
Unallocated assets	26,029	50,306
	<hr/>	<hr/>
Consolidated total assets	360,540	350,808

Segment liabilities

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Sales of alcoholic beverages	11,878	14,417
Loan financing services	5,859	6,412
Financial services	117	23
	<hr/>	<hr/>
Total segment liabilities	17,854	20,852
Unallocated liabilities	169,840	216,672
	<hr/>	<hr/>
Consolidated total liabilities	187,694	237,524

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 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 six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
PRC	22,122	18,808
Hong Kong	12,315	15,869
	34,437	34,677

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
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
PRC	1,484	2,059
Hong Kong	12,909	14,386
	14,393	16,445

4. OTHER INCOME

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	61	57
Consignment income	33	265
Management fee income	1,373	1,040
Net exchange gain	–	9,510
Interest income from finance lease receivables	–	182
Gain on disposal of plant and equipment	38	–
Gain on deemed disposal of right-of-use assets (<i>Note 13</i>)	–	353
Others	610	1,527
	<u>2,115</u>	<u>12,934</u>

5. FINANCE COSTS

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expense on:		
– borrowings	1,504	2,406
– loan from a non-controlling shareholder	1,911	6,625
– lease liabilities	162	540
	<u>3,577</u>	<u>9,571</u>

6. INCOME TAX

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
PRC Enterprise Income Tax (“EIT”):		
Current tax	<u>2,714</u>	<u>(1,167)</u>
	2,714	(1,167)
Deferred taxation	(565)	(1,143)
Withholding tax	<u>772</u>	<u>1,355</u>
	2,921	(955)
Income tax expense (credit)	<u><u>2,921</u></u>	<u><u>(955)</u></u>

Hong Kong Profits Tax

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

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 periods.

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

7. (LOSS) PROFIT FOR THE PERIOD

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Directors' emoluments	1,832	1,797
Salaries, allowances and other benefits	12,600	12,092
Contributions to retirement benefits scheme	1,048	1,028
	<u>15,480</u>	<u>14,917</u>
Total staff costs	<u>15,480</u>	<u>14,917</u>
Depreciation of plant and equipment	161	271
Depreciation of right-of-use assets	1,946	1,979
Cost of inventories recognised as expense	6,734	9,261
Lease rental for office premises		
– short-term lease under HKFRS 16	470	417
Net exchange loss (gain)	4,030	(9,510)
Net impairment recognised on loan and interest receivables	3,903	6,110

8. DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 September 2024. The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2024 (2023: nil).

9. 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:

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share for the period attributable to the owners of the Company	<u>(6,885)</u>	<u>(1,366)</u>
	For the six months ended 30 September	
	2024	2023
	(unaudited)	(unaudited)
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 periods.

10. PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired of plant and equipment of approximately HK\$19,000 (2023: HK\$91,000). Items of plant and equipment with a net book value of approximately HK\$10,000 were disposed of during the six months ended 30 September 2024 (2023: nil), resulting in a gain on disposal of approximately HK\$38,000 (2023: nil). In addition, there was no impairment of plant and equipment for the six months ended 30 September 2024 (2023: nil).

11. LOAN AND INTEREST RECEIVABLES

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Secured loans		
Real estate-backed loans	26,592	25,728
Secured micro loans	54,786	39,708
	<u>81,378</u>	<u>65,436</u>
Unsecured loans		
Unsecured micro loans	209,530	182,682
Unsecured other loans	16,143	20,874
	<u>225,673</u>	<u>203,556</u>
	307,051	268,992
Interest receivables	21,464	18,238
	<u>328,515</u>	<u>287,230</u>
<i>Less: Allowances for loan and interest receivables</i>	<u>(25,553)</u>	<u>(22,521)</u>
	<u>302,962</u>	<u>264,709</u>
Loan and interest receivables analysed for reporting purpose as:		
Non-current assets	16,959	28,854
Current assets	286,003	235,855
	<u>302,962</u>	<u>264,709</u>

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

	As at 30 September 2024 (unaudited)	As at 31 March 2024 (audited)
Real estate-backed loans	180 days to 1 year	180 days to 1 year
Secured and unsecured micro loans	30 days to 5 years	30 days to 7 years
Other loans	2 years to 6 years	180 days to 6 years

As at 30 September 2024, the loans provided to customers bore fixed interest rate at 0.3% to 3.0% per month (31 March 2024: 0.3% to 3.0% per month), and were repayable according to the loan agreements.

As at 30 September 2024, included in the gross balances are loans of approximately HK\$80,360,000 (31 March 2024: HK\$63,904,000) secured by real estates in the PRC; approximately HK\$1,018,000 (31 March 2024: HK\$1,532,000) secured by motor vehicles; and approximately HK\$50,841,000 (31 March 2024: HK\$50,582,000) guaranteed by guarantors (including related parties).

As at 30 September 2024, the Group held collaterals with value of approximately HK\$351,268,000 (31 March 2024: HK\$229,270,000) 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:

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Within 90 days	98,241	66,041
91 – 180 days	60,663	50,520
181 – 365 days	34,905	55,331
Over 365 days	109,153	92,817
Total	302,962	264,709

12. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Trade receivables	2,084	1,407
<i>Less:</i> loss allowance	(299)	(299)
	<hr/>	<hr/>
Net trade receivables	1,785	1,108
	<hr/>	<hr/>
Payments in advance	362	698
Prepayments	511	506
Deposits and other receivables	14,334	17,756
	<hr/>	<hr/>
Total other receivables and deposits	15,207	18,960
	<hr/>	<hr/>
Trade and other receivables and deposits	<u>16,992</u>	<u>20,068</u>
	<hr/>	<hr/>
Analysed as:		
Current	16,992	19,367
Non-current	–	701
	<hr/>	<hr/>
Trade and other receivables and deposits	<u>16,992</u>	<u>20,068</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 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Within 30 days	836	492
31 to 60 days	99	158
61 to 90 days	303	–
91 to 180 days	159	120
181 to 365 days	147	112
Over 365 days	241	226
	<hr/>	<hr/>
Total	<u>1,785</u>	<u>1,108</u>

13. LEASES

(i) Right-of-use assets

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 2024 (2023: nil), due to new leases of properties.

During the six months ended 30 September 2024, the Group has not entered into any sublease arrangement and no disposal of right-of-use assets was recognised.

During the six months ended 30 September 2023, the Group entered into sublease arrangements classified as finance lease and deemed 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 on deemed disposal of right-of-use assets of approximately HK\$353,000.

As at 30 September 2024, the carrying amount of right-of-use assets was approximately HK\$3,559,000 (31 March 2024: HK\$5,465,000) in respect of the leased properties.

(ii) Lease liabilities

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Non-current	–	1,638
Current	<u>3,476</u>	<u>4,937</u>
	<u><u>3,476</u></u>	<u><u>6,575</u></u>

Amount payable under lease liabilities

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Within 1 year	3,476	4,937
After 1 year but within 2 years	<u>–</u>	<u>1,638</u>
	3,476	6,575
<i>Less:</i> Amount due for settlement within 12 months (shown under current liabilities)	<u>(3,476)</u>	<u>(4,937)</u>
Amount due for settlement after 12 months	<u><u>–</u></u>	<u><u>1,638</u></u>

During the six months ended 30 September 2024, the Group has not entered into new lease agreements in respect of renting properties and no lease liabilities was recognised (2023: nil).

As at 30 September 2024, the carrying amount of lease liabilities was approximately HK\$3,476,000 (31 March 2024: HK\$6,575,000).

(iii) **Finance lease receivables**

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Amounts receivable under finance leases:		
Within 1 year	—	2,100
Undiscounted lease payments	—	2,100
<i>Less:</i> Unearned finance income	—	—
Net investment in the lease	<u>—</u>	<u>2,100</u>
Undiscounted lease payments analysed as:		
Within 1 year	<u>—</u>	<u>2,100</u>
Net investment in the lease analysed as:		
Within 1 year	<u>—</u>	<u>2,100</u>

During the six months ended 30 September 2024, the Group has not entered into any new sublease arrangement.

During the six months ended 30 September 2023, 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% 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

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Trade payables	3,878	3,625
Other payables and accruals	7,212	7,770
Amounts due to related parties	<u>1,316</u>	<u>1,334</u>
Trade and other payables	<u>12,406</u>	<u>12,729</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:

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Within 30 days	33	36
31 to 60 days	97	33
61 to 90 days	77	11
91 to 180 days	91	102
181 to 365 days	136	1,770
Over 365 days	<u>3,444</u>	<u>1,673</u>
Total	<u>3,878</u>	<u>3,625</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\$80,100,000 (31 March 2024: HK\$75,654,000) with fixed interest rate of 4% (31 March 2024: 4%) 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**”) 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 upon the exercise of the option. As at the date of Option Agreement, Wine Financier Limited, an indirect non-wholly owned subsidiary of the Company, is indebted to 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 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, the option had lapsed automatically upon the expiration of the option period on 30 September 2023.

As at the date of the Second Option Agreement, Wine Financier Limited, an indirect non-wholly owned subsidiary of the Company, was indebted to SRA Holdings in the Loan which was due for repayment on 30 September 2023. In consideration of the Company agreeing to enter into the Second Option Agreement to grant the option to SRA Holdings, SRA Holdings has agreed to extend the maturity date of the Loan to 30 September 2024. The grant of option was subsequently completed and the loan extension become unconditional on 5 December 2023. On 3 October 2023, the Company, as an issuer, entered into a second option agreement (the “**Second Option Agreement**”) with SRA Holdings, as a 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 Second Option Agreement upon the exercise of the option. For further details of the Second Option Agreement and the Loan, please refer to the circular of the Company dated 7 November 2023 and the announcements of the Company dated 3 October 2023, 24 November 2023 and 5 December 2023.

The effective interest rate of the Loan is 5.04% (31 March 2024: 5.04%) per annum.

17. BORROWINGS

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Other borrowings	<u>24,992</u>	<u>24,992</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 2024 (unaudited)	As at 31 March 2024 (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 2024, included in other borrowings is carrying amount of approximately HK\$24,992,000 (31 March 2024: HK\$24,992,000) which bore interest at fixed rate. 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 39.0% (31 March 2024: 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>
<i>Ordinary shares of HK\$0.01 each</i>		
Authorised:		
As at 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024 of HK\$0.01 each	<u>1,000,000,000</u>	<u>10,000</u>
Issued and fully paid:		
As at 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024 of HK\$0.01 each	<u>623,127,227</u>	<u>6,231</u>

19. RELATED PARTY TRANSACTIONS

- (a) Save as disclosed elsewhere in this announcement, the Group had the following material transactions with its related parties during the six months ended 30 September 2024 and 2023:

Name of related party	Notes	Nature of transaction	For the six months ended	
			2024	2023
			HK\$'000	HK\$'000
			(unaudited)	(unaudited)
Mr. Ting	<i>i</i>	Storage income	128	113
SRA Holdings	<i>ii</i>	Interest expenses on loan from a non-controlling shareholder	1,911	6,625
Madison Auction Limited	<i>iii</i>	Other income	–	280
		Sales of wine	18	58
		Purchase of wine	–	445
Golden Liquid Fine Wine Invest Limited	<i>iv</i>	Storage income	–	8
		Sales of wine	–	22
		Purchase of wine	–	145
			<u>–</u>	<u>145</u>

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

Note ii: 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 iii: Madison Auction Limited is beneficially owned as to approximately 61.43% by Mr. Ting.

Note iv: Golden Liquid Fine Wine Invest Limited is beneficially owned as to approximately 60.0% by Mr. Ting.

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

	For the six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Short-term benefits	3,132	2,607
Post-employment benefits	51	45
	3,183	2,652

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.

On 5 December 2023, the Company granted an aggregate of 85,922,330 option shares under 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 Second Option Agreement entered into between the Company and SRA Holdings dated 3 October 2023. For details, please refer to the announcements of the Company dated 3 October 2023 and 5 December 2023 and the circular of the Company dated 7 November 2023.

As at 30 September 2024, the number of share options had been granted and remained outstanding under the Share Option Scheme and the Specific Mandate were 48,470,000 share options (31 March 2024: 50,370,000 share options) and 85,922,330 option shares (31 March 2024: 85,922,330 option shares) respectively, representing approximately 7.8% (31 March 2024: 8.1%) and 13.8% (31 March 2024: 13.8%) of the total number of shares in issue as at 30 September 2024. 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 2024 and 2023 in relation to share options granted by the Company.

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

Category of participant	Date of grant	Outstanding as at 31 March 2024	Outstanding as at 30 September 2024	Vesting period	Exercise period	Exercise price per share
Shareholders	17 December 2015	2,100,000	2,100,000	17 December 2015 to 16 June 2016	17 June 2016 to 16 December 2025	HK\$8.00
Consultants	17 December 2015	16,000,000	16,000,000	17 December 2015 to 16 June 2016	17 June 2016 to 16 December 2025	HK\$8.00
Directors	3 April 2018	560,000	60,000	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.90
Employees	3 April 2018	570,000	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	100,000	6 December 2019 to 5 December 2020	6 December 2020 to 5 December 2029	HK\$2.07
Directors	6 December 2019	750,000	100,000	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	600,000	550,000	6 December 2019 to 5 December 2020	6 December 2020 to 5 December 2029	HK\$2.07
Employees	6 December 2019	600,000	550,000	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	5 December 2023	85,922,330	85,922,330	Immediate on date of grant	the period of one year from the date of grant	HK\$1.03

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

During the six months ended 30 September 2024

Category of participant	Outstanding as at 1 April 2024	Granted during the period	Lapsed during the period	Outstanding as at 30 September 2024
Directors	2,060,000	–	(1,800,000)	260,000
Employees	1,770,000	–	(100,000)	1,670,000
Shareholders	2,100,000	–	–	2,100,000
Consultants	44,440,000	–	–	44,440,000
The ultimate holding company of a non-controlling shareholder	<u>85,922,330</u>	<u>–</u>	<u>–</u>	<u>85,922,330</u>
	<u>136,292,330</u>	<u>–</u>	<u>(1,900,000)</u>	<u>134,392,330</u>
Exercisable as at 30 September 2024				<u>134,392,330</u>
Weighted average exercise price (HK\$)	<u>4.9</u>	<u>–</u>	<u>6.5</u>	<u>4.9</u>

During the six months ended 30 September 2023

Category of participant	Outstanding as at 1 April 2023	Granted during the period	Lapsed during the period	Outstanding as 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	<u>85,922,330</u>	<u>–</u>	<u>(85,922,330)</u>	<u>–</u>
	<u>136,552,330</u>	<u>–</u>	<u>(86,182,330)</u>	<u>50,370,000</u>
Exercisable as at 30 September 2023				<u>50,370,000</u>
Weighted average exercise price (HK\$)	<u>5.0</u>	<u>–</u>	<u>1.1</u>	<u>11.6</u>

21. CHANGES IN OWNERSHIP INTEREST IN A SUBSIDIARY

For the six months ended 30 September 2024, the Group had the following changes in equity interest in a subsidiary that did not result in a change in control:

Disposal of 38% equity interests in Hackett

On 28 May 2024, the Company, as the Vendor, CVP Financial Group Limited (the “**Purchaser**”), and Mr. Ting, being a controlling shareholder of the Company and the Purchaser’s guarantor, entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the sale shares, representing 38% equity interests in the Hackett (the “**Disposal Company**”), a non-wholly owned subsidiary of the Company, for a total consideration of HK\$56,400,000 and was settled against the principal amount of the loan indebted to Mr. Ting by the Company.

The transaction was subsequently completed on 7 August 2024. This resulted in a decrease in the equity interest in the Disposal Company from 77% to 39%, an increase in non-controlling interests of approximately HK\$114,496,000 and a decrease in amount due to a shareholder of HK\$56,400,000. The detail of the effect of the disposal at the date of disposal is as follow:

	<i>HK\$’000</i> (unaudited)
Carry amount of the 38% interest disposal in the Disposal Company	114,496
Expenses directly attributable to the transaction	1,066
Consideration – set-off against the amount due to a shareholder	<u>(56,400)</u>
Difference recognised in capital reserve within equity	<u><u>59,162</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the six months ended 30 September 2024 (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 slightly decreased by approximately 0.9% to approximately HK\$34.4 million (2023: HK\$34.7 million). Such decrease was mainly due to the decrease in revenue generated from the Wine Business by approximately 23.0%, which amounted to approximately HK\$9.7 million (2023: HK\$12.6 million), which was partially offset by the increase in revenue generated from the Loan Financing Business by approximately 11.8%, which amounted to approximately HK\$24.7 million (2023: HK\$22.1 million).

The Group’s loss for the Period was approximately HK\$5.3 million (2023: profit of approximately HK\$1.9 million), representing a decline in result of approximately HK\$7.2 million as compared with last year. The decline in result was mainly attributable to (i) the decrease in other income of approximately HK\$10.8 million; (ii) the income tax credit of approximately HK\$1.0 million turned to income tax expense of approximately HK\$2.9 million; (iii) the increase in administrative and other operating expenses of approximately HK\$2.3 million; and partially offset by (i) the decrease in finance costs of approximately HK\$6.0 million; (ii) increase in gross profit of approximately HK\$2.3 million; and (iii) the decrease in net impairment recognised on loan and interest receivables of approximately HK\$2.2 million.

Wine Business

During the Period, the Group’s revenue from the Wine Business decreased by approximately 23.0% to approximately HK\$9.7 million (2023: HK\$12.6 million) and recorded a decrease in segment loss of approximately 31.6%, which amounted to approximately HK\$1.3 million (2023: HK\$1.9 million). As indicated by the drop in the average Hang Seng Index of approximately 1,300 points 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 an increase in revenue of approximately 11.8% to approximately HK\$24.7 million (2023: HK\$22.1 million) and an increase in segment profit of approximately 75.0%, which amounted to approximately HK\$11.9 million (2023: HK\$6.8 million), which were mainly due to an increase in revenue and a decrease in net impairment recognised on loan and interest receivables.

The size of Group's loan portfolio increased to approximately HK\$328.5 million (31 March 2024: HK\$287.2 million) as compared to the balance as at 31 March 2024. The increase in revenue was mainly due to the increase in average loan portfolio from HK\$300.8 million in the corresponding period in the last year to HK\$307.9 million for the Period. The management has been prudent in controlling the overall size of the loan portfolio giving the prevailing economic conditions in Hong Kong and PRC and therefore only a slight increase of 2.4% was noted 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 2024, the carrying amount, after allowance for loan and interest receivables, of the loan portfolio held by the Group amounted to approximately HK\$303.0 million (31 March 2024: HK\$264.7 million) with details as follows:

Category of borrowers	Maturity	Approximate weighting to the carrying amount of the Group's loan portfolio	
		As at 30 September 2024 %	As at 31 March 2024 %
Corporate	Within one year	20	18
Corporate	2-5 years	5	10
Individual	Within one year	74	71
Individual	2-5 years	1	1

As at 30 September 2024, approximately 33.1% (31 March 2024: 31.6%) of the carrying amount of the loan portfolio was secured by collaterals with approximately 66.9% (31 March 2024: 68.4%) 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 9.0% (31 March 2024: 10.0%) and 34.0% (31 March 2024: 31.1%) respectively of the Group's loan portfolio.

As at 30 September 2024, the loans provided to customers bore fixed interest rate at 0.3% to 3.0% per month (31 March 2024: 0.3% to 3.0% per month).

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 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 macroeconomic 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 of approximately HK\$3.9 million (2023: HK\$6.1 million) 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:

Loan size	Approval hierarchy
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:

Timetable	Action(s)
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\$34.4 million (2023: HK\$34.7 million), representing a decrease of approximately HK\$0.3 million or 0.9% as compared with the corresponding period in the last year. The revenue included (i) approximately HK\$9.7 million (2023: HK\$12.6 million) from the Wine Business; and (ii) approximately HK\$24.7 million (2023: HK\$22.1 million) from the Loan Financing Business. No revenue was generated from the Financial Services Business during the Period (2023: nil).

Gross profit margin from the Wine Business increased to approximately 25.6% (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 increased to approximately 79.0% as compared with that of approximately 71.9% in the corresponding period last year.

Gross profit for the Period was approximately HK\$27.2 million (2023: HK\$24.9 million), representing an increase of approximately 9.2% as compared with the corresponding period last year and was mainly due to the increase in revenue from Loan Financing Business while the decrease in gross profit from the Wine Business was not significant. Details of the reasons of the decrease in revenue and increase in 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\$15.5 million and HK\$6.8 million respectively (2023: HK\$14.9 million and HK\$4.6 million respectively), representing an increase of approximately 4.0% and 47.8% respectively as compared with the corresponding period last year. Depreciation for the Period was approximately HK\$2.1 million (2023: HK\$2.3 million), representing a decrease of approximately 8.7%.

Other income decreased from approximately HK\$12.9 million for the six months ended 30 September 2023 to approximately HK\$2.1 million for the Period. It was mainly attributed to the decrease in net exchange gain of approximately HK\$9.5 million and the decrease in gain on deemed disposal of right-of-use assets of approximately HK\$0.4 million.

The finance costs for the Period amounted to approximately HK\$3.6 million (2023: HK\$9.6 million) which were mainly incurred on borrowings, lease liabilities and loan from a non-controlling shareholder.

The Group's loss for the Period was approximately HK\$5.3 million (2023: profit of approximately HK\$1.9 million), representing a decline in result of approximately HK\$7.2 million as compared with the corresponding period last year. The decline in result was mainly attributable to (i) the decrease in other income of approximately HK\$10.8 million; (ii) the income tax credit of approximately HK\$1.0 million turned to income tax expense of approximately HK\$2.9 million; (iii) the increase in administrative and other operating expenses of approximately HK\$2.3 million; and partially offset by (i) the decrease in finance costs of approximately HK\$6.0 million; (ii) increase in gross profit of approximately HK\$2.3 million; and (iii) the decrease in net impairment recognised on loan and interest receivables of approximately HK\$2.2 million.

Liquidity and Financial Resources

As at 30 September 2024, the Group's net current assets were approximately HK\$135.6 million (31 March 2024: HK\$63.7 million), including cash and cash equivalents of approximately HK\$13.3 million (31 March 2024: HK\$34.4 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\$105.1 million (31 March 2024: HK\$100.6 million). The Group's financial resources were funded mainly by loans and its shareholders' funds.

As at 30 September 2024, the Group's current ratio, as calculated by dividing current assets by current liabilities, was approximately 1.7 times (31 March 2024: 1.3 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 60.8% (31 March 2024: 88.8%).

Foreign Currency Exposure

As at 30 September 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 30 September 2024, the total number of issued 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 condensed consolidated financial statements for the Period.

Capital Commitments

As at 30 September 2024, the Group did not have any capital commitments (31 March 2024: nil).

Contingent Liabilities

As at 30 September 2024, the Group did not have any contingent liabilities (31 March 2024: nil).

Charges on Group Assets

As at 30 September 2024, the Group had pledged 39.0% (31 March 2024: 77.0%) equity interest in Hackett Enterprises Limited (“**Hackett**”), a non-wholly owned subsidiary of the Company, to secure a loan of approximately HK\$25.0 million.

Dividend

The Directors do not recommend the payment of interim dividend for the Period (2023: nil).

Employee and Remuneration Policies

As at 30 September 2024, the Group employed 109 employees (31 March 2024: 113). 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 2024, there was no specific plan for material investments or capital assets.

Significant Investments, Material Acquisitions and Disposals

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.

The completion of the disposal took place on 7 August 2024 in accordance with the terms and conditions of the sale and purchase agreement.

For details, please refer to the announcements of the Company dated 28 May 2024, 4 June 2024, 18 June 2024, 5 July 2024, 2 August 2024 and 7 August 2024 and the circular dated 17 July 2024 respectively.

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

Business Prospects

The global economic environment in 2024 is still 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 should opportunities arise.

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 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 Period was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to an arrangement that would enable the Directors or their close associates to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

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

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

Directors' Interests in Competing Business

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

Deed of Non-Competition

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

Code of Conduct Regarding Securities Transaction by Directors

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

Compliance with Corporate Governance Code

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders and enhancing its corporate value. The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the GEM Listing Rules as its corporate governance practices.

Throughout the Period, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code as set out in Appendix C1 to the GEM Listing Rules.

Change of Directors

Appointment of Executive Director

Mr. Jiang Tian has been appointed as an executive Director with effect from 12 August 2024.

Resignation of Executive Director

Ms. Kuo Kwan had resigned as an executive Director with effect from 2 September 2024.

Significant event after the Period

Up to the date of this announcement, 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 Period.

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 2024 Interim Report

This announcement is published on the website of Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.madison-group.com.hk). The Company's 2024 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, 12 November 2024

As at the date of this announcement, the executive Directors are Mr. Jiang Tian 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 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>.