

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 2022

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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.*

FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2022, the unaudited results from continuing operations of the Company and its subsidiaries (collectively referred to as the “**Group**”) were as follows:

- the Group recorded a revenue from continuing operations of approximately HK\$51.0 million for the six months ended 30 September 2022 (for the six months ended 30 September 2021: HK\$67.8 million), representing a decrease of approximately 24.8% as compared with the corresponding period in 2021;
- net exchange gain from continuing operations amounted to approximately HK\$19.3 million for the six months ended 30 September 2022 (for the six months ended 30 September 2021: HK\$0.6 million), representing an increase of approximately HK\$18.7 million as compared with the corresponding period in 2021;
- profit attributable to the owners of the Company from continuing operations for the six months ended 30 September 2022 amounted to approximately HK\$13.9 million (for the six months ended 30 September 2021: loss attributable to the owners of the Company of HK\$7.9 million); and
- the Directors do not recommend the payment of interim dividend for the six months ended 30 September 2022 (for the six months ended 30 September 2021: nil).

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 2022, together with the comparative unaudited figures for the corresponding period in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Note	For the three months ended 30 September		For the six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited) (restated)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited) (restated)
Continuing operations					
Revenue	3				
– sales of alcoholic beverages		11,246	17,725	21,653	35,449
– loan financing services		13,430	16,283	29,371	32,356
		<u>24,676</u>	<u>34,008</u>	<u>51,024</u>	<u>67,805</u>
Cost of operations					
– cost of alcoholic beverages		(8,704)	(13,798)	(16,796)	(28,548)
Other income	4	10,426	2,969	25,793	3,580
Staff costs		(8,176)	(8,165)	(16,670)	(16,176)
Depreciation		(1,362)	(3,093)	(2,639)	(4,896)
Administrative and other operating expenses		(2,778)	(3,391)	(5,208)	(8,025)
Change in fair value of financial assets at fair value through profit or loss		192	221	368	221
Change in fair value of financial liabilities at fair value through profit or loss		2,906	–	2,906	–
Change in fair value of derivative financial instruments		–	3,873	1,365	3,873
Gain on disposal of a subsidiary		–	–	1,253	–
Net impairment reversed (recognised) on loan and interest receivables		1,996	(2,787)	1,403	(6,776)
Finance costs	5	(4,924)	(6,789)	(11,629)	(13,310)
Profit (loss) before tax		14,252	3,048	31,170	(2,252)
Income tax expense	6	(3,553)	(2,188)	(6,883)	(3,288)
Profit (loss) for the period from continuing operations		<u>10,699</u>	<u>860</u>	<u>24,287</u>	<u>(5,540)</u>
Discontinued operations					
Loss for the period from discontinued operations	8	–	–	–	(1,346)
Profit (loss) for the period	7	<u>10,699</u>	<u>860</u>	<u>24,287</u>	<u>(6,886)</u>

	Note	For the three months ended 30 September		For the six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited) (restated)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited) (restated)
Profit (loss) for the period attributable to owners of the Company					
– from continuing operations		6,178	(1,284)	13,884	(7,851)
– from discontinued operations		–	–	–	(1,274)
Profit (loss) for the period attributable to owners of the Company		<u>6,178</u>	<u>(1,284)</u>	<u>13,884</u>	<u>(9,125)</u>
Profit (loss) for the period attributable to non-controlling interests					
– from continuing operations		4,521	2,144	10,403	2,311
– from discontinued operations		–	–	–	(72)
Profit (loss) for the period attributable to non-controlling interests		<u>4,521</u>	<u>2,144</u>	<u>10,403</u>	<u>2,239</u>
		<u>10,699</u>	<u>860</u>	<u>24,287</u>	<u>(6,886)</u>
Earning (loss) per share (HK cents)	10				
From continuing and discontinued operations					
Basic		<u>0.99</u>	<u>(0.21)</u>	<u>2.23</u>	<u>(1.46)</u>
Diluted		<u>0.99</u>	<u>(0.21)</u>	<u>2.23</u>	<u>(1.46)</u>
From continuing operations					
Basic		<u>0.99</u>	<u>(0.21)</u>	<u>2.23</u>	<u>(1.26)</u>
Diluted		<u>0.99</u>	<u>(0.21)</u>	<u>2.23</u>	<u>(1.26)</u>
From discontinued operations					
Basic		<u>–</u>	<u>–</u>	<u>–</u>	<u>(0.20)</u>
Diluted		<u>–</u>	<u>–</u>	<u>–</u>	<u>(0.20)</u>

	For the three months ended 30 September		For the six months ended 30 September	
	2022	2021	2022	2021
	<i>Note</i> HK\$'000 (unaudited)	<i>Note</i> HK\$'000 (unaudited) (restated)	HK\$'000 (unaudited)	HK\$'000 (unaudited) (restated)
Profit (loss) for the period	<u>10,699</u>	<u>860</u>	<u>24,287</u>	<u>(6,886)</u>
Other comprehensive (expense)/income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising from translation of foreign operations	(22,796)	771	(43,178)	6,001
Release of translation reserve upon disposal of subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,811</u>
	<u>(22,796)</u>	<u>771</u>	<u>(43,178)</u>	<u>8,812</u>
Total comprehensive (expense) income for the period	<u>(12,097)</u>	<u>1,631</u>	<u>(18,891)</u>	<u>1,926</u>
Total comprehensive (expense) income for the period attributable to:				
Owners of the Company	(6,229)	(865)	(9,593)	(3,067)
Non-controlling interests	<u>(5,868)</u>	<u>2,496</u>	<u>(9,298)</u>	<u>4,993</u>
	<u>(12,097)</u>	<u>1,631</u>	<u>(18,891)</u>	<u>1,926</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

		As at 30 September 2022 <i>HK\$'000</i> (unaudited)	As at 31 March 2022 <i>HK\$'000</i> (audited)
	<i>Note</i>		
Non-current assets			
Plant and equipment	<i>11</i>	1,332	2,050
Loan receivables	<i>12</i>	15,861	21,288
Deposits	<i>13</i>	3,135	2,434
Intangible assets		1,280	1,280
Right-of-use assets	<i>14A</i>	10,612	5,307
Finance lease receivables	<i>14B</i>	6,491	8,876
Deferred tax asset		9,776	13,665
Goodwill		9,028	9,028
		<u>57,515</u>	<u>63,928</u>
Current assets			
Inventories		11,330	14,016
Finance lease receivables	<i>14B</i>	7,972	6,382
Loan and interest receivables	<i>12</i>	317,656	374,254
Trade and other receivables	<i>13</i>	25,941	109,931
Amounts due from associates		283	273
Bank balances and cash		45,381	49,738
		<u>408,563</u>	<u>554,594</u>

		As at 30 September 2022 <i>HK\$'000</i> (unaudited)	As at 31 March 2022 <i>HK\$'000</i> (audited)
	<i>Note</i>		
Current liabilities			
Trade and other payables	<i>15</i>	19,709	29,459
Lease liabilities	<i>14A</i>	9,792	7,955
Contract liabilities		6,192	12,534
Amount due to a shareholder	<i>16</i>	124,324	18,286
Loan from a non-controlling shareholder	<i>17</i>	62,651	96,450
Financial liabilities at fair value through profit or loss		16,969	–
Borrowings	<i>18</i>	44,992	44,992
Tax payable		12,232	10,980
Promissory notes payables	<i>19</i>	–	65,595
Convertible bonds	<i>20</i>	–	145,596
		<u>296,861</u>	<u>431,847</u>
Net current assets		<u>111,702</u>	<u>122,747</u>
Total assets less current liabilities		<u>169,217</u>	<u>186,675</u>

		As at 30 September 2022 <i>HK\$'000</i> (unaudited)	As at 31 March 2022 <i>HK\$'000</i> (audited)
	<i>Note</i>		
Capital and reserves			
Share capital	<i>21</i>	6,231	6,231
Reserves		<u>(12,297)</u>	<u>(2,704)</u>
Equity attributable to owners of the Company		(6,066)	3,527
Non-controlling interests		<u>163,442</u>	<u>172,740</u>
Total equity		<u>157,376</u>	<u>176,267</u>
Non-current liabilities			
Deferred tax liability		1,063	1,089
Lease liabilities	<i>14A</i>	<u>10,778</u>	<u>9,319</u>
		<u>11,841</u>	<u>10,408</u>
		<u>169,217</u>	<u>186,675</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Attributable to owners of the Company												Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note a)	Capital reserve HK\$'000 (Note b)	Merger reserve HK\$'000 (Note c)	Share options reserve HK\$'000	Convertible bonds – equity conversion reserve HK\$'000	Translation reserve HK\$'000	Statutory reserve HK\$'000 (Note d)	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
As at 1 April 2022 (audited)	6,231	1,311,985	29,047	(90,894)	(598,127)	21,155	174,782	455	5,228	(856,335)	3,527	172,740	176,267
Profit for the period	-	-	-	-	-	-	-	-	-	13,884	13,884	10,403	24,287
Other comprehensive expense for the period	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	(23,477)	-	-	(23,477)	(19,701)	(43,178)
Profit for the period and other comprehensive expense for the period	-	-	-	-	-	-	-	(23,477)	-	13,884	(9,593)	(9,298)	(18,891)
Lapse of share options	-	-	-	-	-	(321)	-	-	-	321	-	-	-
Release of convertible bonds – equity conversion reserve upon expiration of the option	-	-	-	-	-	-	(174,782)	-	-	174,782	-	-	-
As at 30 September 2022 (unaudited)	<u>6,231</u>	<u>1,311,985</u>	<u>29,047</u>	<u>(90,894)</u>	<u>(598,127)</u>	<u>20,834</u>	<u>-</u>	<u>(23,022)</u>	<u>5,228</u>	<u>(667,348)</u>	<u>(6,066)</u>	<u>163,442</u>	<u>157,376</u>

	Attributable to owners of the Company												Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note a)	Capital reserve HK\$'000 (Note b)	Merger reserve HK\$'000 (Note c)	Share options reserve HK\$'000	Convertible bonds – equity conversion reserve HK\$'000	Translation reserve HK\$'000	Statutory reserve HK\$'000 (Note d)	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
As at 1 April 2021 (audited)	6,231	1,311,985	29,047	(103,832)	(598,127)	20,609	174,782	(8,012)	4,351	(825,879)	11,155	227,937	239,092
Loss for the period	-	-	-	-	-	-	-	-	-	(9,125)	(9,125)	2,239	(6,886)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	3,247	-	-	-	3,247	2,754	6,001
Release of translation reserve upon disposal of subsidiaries	-	-	-	-	-	-	2,811	-	-	-	2,811	-	2,811
Loss for the period and other comprehensive income for the period	-	-	-	-	-	-	-	6,058	-	(9,125)	(3,067)	4,993	1,926
Recognition of equity-settled share-based payments expenses	-	-	-	-	-	410	-	-	-	-	410	-	410
Lapse of share options	-	-	-	-	-	(1)	-	-	-	1	-	-	-
Disposal of Madison Lab Limited ("Madison Lab")	-	-	-	12,938	-	-	-	-	-	(12,938)	-	(59,362)	(59,362)
As at 30 September 2021 (unaudited)	<u>6,231</u>	<u>1,311,985</u>	<u>29,047</u>	<u>(90,894)</u>	<u>(598,127)</u>	<u>21,018</u>	<u>174,782</u>	<u>(1,954)</u>	<u>4,351</u>	<u>(847,941)</u>	<u>8,498</u>	<u>173,568</u>	<u>182,066</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 amounting to approximately HK\$20,144,000 exercisable by non-controlling shareholders.

During the year ended 31 March 2021, BITOCEAN Co., Ltd., a then subsidiary of the Company, issued additional ordinary shares to its minority shareholders which constituted a deemed disposal of the Group's equity interest. As a result, approximately HK\$61,947,000 was reduced from capital reserve.

The capital reserve related to the put option of approximately HK\$9,742,000 has been transferred to accumulated losses upon lapse of the put option at expiry date during the year ended 31 March 2021.

- (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 2022

1. GENERAL

Madison Holdings Group Limited (the “**Company**”) was incorporated in the Cayman Islands under the Companies Act, Chapter 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 15 April 2015 and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 October 2015. Royal Spectrum Holding Company Limited (“**Royal Spectrum**”), which is a company incorporated in the Republic of Seychelles and is directly interested in approximately 31.58% of the issued share capital of the Company as at 30 September 2022, and Mr. Ting Pang Wan Raymond (“**Mr. Ting**”), who is interested in approximately 41.20% of the issued share capital of the Company as at 30 September 2022 and has control over Royal Spectrum, are controlling shareholders of the Company. The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and unit 26-28, 8/F., One Island South, 2 Heung Yip Road, Wong Chuk Hang, Hong Kong, respectively.

The Company is an investment holding company. Its major operating subsidiaries are mainly engaged in the retail sales and wholesales of a wide spectrum of wine products and other alcoholic beverages in Hong Kong with a focus in red wine, the provision of loan financing and consultancy services and the provision of financial services. On 20 January 2022, share consolidation of the Company was completed as detailed in note 21. Accordingly, the earning (loss) per share presented in unaudited condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2021 has been re-presented.

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 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 2022 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2022. The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are stated at fair values.

All amounts are presented in HK\$ thousands (HK\$’000) in this 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 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to IFRS 3	Reference to the Conceptual Framework
Amendment to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendment to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

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

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from contracts with customers				
Disaggregated of revenue by major products or services lines				
Sales of alcoholic beverages segment				
– Sales of alcoholic beverages income	11,246	17,725	21,653	35,449
Loan financing services segment				
– Loan referral services income	2,424	4,454	6,554	8,559
Total revenue from contracts with customers	13,670	22,179	28,207	44,008
Revenue from other sources				
Loan financing services segment				
– Interest income – Micro loans	9,071	9,425	18,490	19,015
– Interest income – Other loans	1,935	2,404	4,327	4,782
	11,006	11,829	22,817	23,797
Total Revenue	24,676	34,008	51,024	67,805

Disaggregation of revenue by timing of recognition

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Timing of revenue recognition				
At a point in time	<u>13,670</u>	<u>22,179</u>	<u>28,207</u>	<u>44,008</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 from continuing operations by reportable and operating segments:

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue				
Sales of alcoholic beverages	11,246	17,725	21,653	35,449
Loan financing services	13,430	16,283	29,371	32,356
Financial services	—	—	—	—
	<u>24,676</u>	<u>34,008</u>	<u>51,024</u>	<u>67,805</u>
Segment profit				
Sales of alcoholic beverages	(767)	5,706	(1,543)	5,404
Loan financing services	11,111	8,364	20,452	13,485
Financial services	(479)	(480)	(948)	(961)
	<u>9,865</u>	<u>13,590</u>	<u>17,961</u>	<u>17,928</u>
Segment profit	9,865	13,590	17,961	17,928
Unallocated income	12,645	6,991	30,472	7,351
Unallocated expenses	(3,334)	(10,744)	(5,634)	(14,221)
Finance cost	(4,924)	(6,789)	(11,629)	(13,310)
	<u>14,252</u>	<u>3,048</u>	<u>31,170</u>	<u>(2,252)</u>
Profit (loss) before tax	14,252	3,048	31,170	(2,252)

Segment profit represents the profit from each segment without allocation of central administration costs, directors' salaries and certain other income, changes in fair value of financial assets and liabilities at FVTPL and derivative financial instrument, gain on disposal of a subsidiary 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 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Continuing operations		
Sales of alcoholic beverages	23,953	21,038
Loan financing services	362,677	420,644
Financial services	10	11
	<hr/>	<hr/>
Total segment assets	386,640	441,693
Unallocated assets	79,438	176,829
	<hr/>	<hr/>
Consolidated total assets	466,078	618,522

Segment liabilities

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Continuing operations		
Sales of alcoholic beverages	16,146	14,195
Loan financing services	14,139	27,169
Financial services	82	132
	<hr/>	<hr/>
Total segment liabilities	30,367	41,496
Unallocated liabilities	278,335	400,759
	<hr/>	<hr/>
Consolidated total liabilities	308,702	442,255

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

- all assets are allocated to operating segments other than deposit, finance lease receivables, certain other receivables, deferred tax asset, 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, financial liabilities at fair value through profit or loss, borrowings, tax payable, deferred tax liability, derivative financial instruments, convertible bonds and promissory notes payables.

Geographical information

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

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
PRC	13,430	13,879	29,371	27,574
Hong Kong	11,246	20,129	21,653	40,231
	<u>24,676</u>	<u>34,008</u>	<u>51,024</u>	<u>67,805</u>

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

	As at	As at
	30 September	31 March
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
PRC	2,018	3,211
Hong Kong	20,234	14,454
	<u>22,252</u>	<u>17,665</u>

4. OTHER INCOME

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Continuing operations				
Bank interest income	10	6	22	11
Consignment income	116	88	192	291
Net exchange gain	5,879	604	19,253	604
Interest income from consideration receivable	–	1,192	510	1,374
Interest income from finance lease receivables	351	–	579	–
Gain on disposal of right-of-use assets	2,519	–	2,519	–
Gain on disposal of plant and equipment	542	–	542	–
Government grants	264	–	760	–
Others	745	1,079	1,416	1,300
	<u>10,426</u>	<u>2,969</u>	<u>25,793</u>	<u>3,580</u>

5. FINANCE COSTS

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Continuing operations				
Interest expense on:				
convertible bonds	1,113	3,078	4,404	6,087
promissory notes payables	–	1,464	1,365	2,894
other borrowings	1,361	1,511	2,707	3,007
loan from a non-controlling shareholder	2,096	534	2,554	1,063
lease liabilities	354	202	599	259
	<u>4,924</u>	<u>6,789</u>	<u>11,629</u>	<u>13,310</u>

6. INCOME TAX EXPENSE

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Continuing operations				
Current tax:				
Hong Kong Profits Tax	–	–	–	–
PRC Enterprise Income Tax (“EIT”)	<u>1,198</u>	<u>2,893</u>	<u>3,116</u>	<u>4,973</u>
	1,198	2,893	3,116	4,973
Deferred taxation	<u>1,314</u>	<u>(705)</u>	<u>2,726</u>	<u>(1,685)</u>
Withholding tax on undistributed profits	<u>1,041</u>	<u>–</u>	<u>1,041</u>	<u>–</u>
	<u>3,553</u>	<u>2,188</u>	<u>6,883</u>	<u>3,288</u>

Hong Kong Profits Tax

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

PRC Enterprise Income Tax and withholding tax on undistributed profits

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

7. PROFIT (LOSS) FOR THE PERIOD

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Continuing operations				
Profit (loss) for the period has been arrived at after charging (crediting):				
Directors' emoluments	1,020	1,124	2,043	2,249
Salaries, allowances and other benefits	6,561	6,496	13,514	12,789
Contributions to retirement benefits scheme	595	472	1,113	993
Equity-settled share-based payment expenses – employees	–	73	–	145
Total staff costs	<u>8,176</u>	<u>8,165</u>	<u>16,670</u>	<u>16,176</u>
Depreciation of plant and equipment	201	573	406	765
Depreciation of right-of-use assets	1,161	2,520	2,233	4,131
Cost of inventories recognised as expense	8,356	13,468	16,221	27,839
Equity-settled share-based payment expenses – consultants	–	31	–	63
Net (gain) loss on disposals and written off of plant and equipment	(542)	–	(542)	43
Net impairment (reversed) recognised on loan and interest receivables	<u>(1,996)</u>	<u>2,787</u>	<u>(1,403)</u>	<u>6,776</u>

8. DISCONTINUED OPERATIONS

Blockchain Services Business

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

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

**1.4.2021 to
17.6.2021 (date
of disposal)**
HK\$'000
(audited)

Other income	259
Staff costs	(155)
Deprecation	(42)
Administrative and other operating expenses	(246)
Finance costs	<u>(1)</u>
Loss for the period	(185)
Loss on disposal of discontinued operations	<u>(1,161)</u>
Loss for the period from discontinued operations	<u><u>(1,346)</u></u>
Loss for the period attributable to:	
Owners of the Company	(1,274)
Non-controlling interests	<u>(72)</u>
Loss for the period from discontinued operations	<u><u>(1,346)</u></u>

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

**1.4.2021 to
17.6.2021 (date
of disposal)**
HK\$'000
(audited)

Salaries, allowances and other benefits	138
Contributions to retirement benefits scheme	17
Depreciation of plant and equipment and right-of-use assets	<u><u>42</u></u>

The net assets of Madison Lab disposed of at the date of disposal were as follows:

HK\$'000
(audited)

Plant and equipment	382
Intangible assets	145,606
Right-of-use assets	217
Other receivables	590
Bank balances and cash	90
Other payables	(439)
Lease liabilities	(206)
Amount due to a non-controlling shareholder	(2)
Amount due to immediate holding company	(111,813)
	<u>34,425</u>
Loss on disposal of Madison Lab	
Consideration receivable*	88,526
Net assets disposed of	(34,425)
Non-controlling interest	59,362
Cumulative exchange differences in respect of the net liabilities of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	(2,811)
Sale Loan 1	(111,813)
	<u>(1,161)</u>
Consideration received	
Promissory note receivable, at fair value	<u>88,526</u>
Net cash outflow arising on disposal	
Back balances and cash disposed of	<u>(90)</u>

* *Consideration receivable was the fair value of promissory note at the date of initial recognition. The face value of this promissory note was HK\$90,000,000 for a term of six months at an interest rate of 2.0% per annum. The effective interest rate is 5.3%.*

9. DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 September 2022. The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2022 (2021: nil).

10. EARNINGS (LOSS) PER SHARE

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

From continuing and discontinued operations

	For the three months ended 30 September		For the six months ended 30 September	
	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Earnings (loss)				
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share for the period attributable to the owners of the Company	<u>6,178</u>	<u>(1,284)</u>	<u>13,884</u>	<u>(9,125)</u>

	For the three months ended 30 September		For the six months ended 30 September	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)

Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	<u>623,127,227</u>	<u>623,127,227</u>	<u>623,127,227</u>	<u>623,127,227</u>
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The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted retrospectively for the consolidation of shares on 20 January 2022.

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

From continuing operations

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings (loss) profit for the purpose of basic and diluted earnings (loss) per share from continuing operations	<u>6,178</u>	<u>(1,284)</u>	<u>13,884</u>	<u>(7,851)</u>

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

From discontinued operations

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss for the purpose of basic and diluted loss per share from discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,274)</u>

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

11. PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired and disposed of plant and equipment of approximately HK\$37,000 (2021: HK\$4,814,000) and HK\$210,000 (2021: HK\$6,388,000) respectively. In addition, there was no impairment of plant and equipment for the six months ended 30 September 2022 (2021: nil).

12. LOAN AND INTEREST RECEIVABLES

	As at 30 September 2022 <i>HK\$'000</i> (unaudited)	As at 31 March 2022 <i>HK\$'000</i> (audited)
Secured loans		
Real estate-backed loans	30,264	33,790
Secured micro loans	<u>56,681</u>	<u>59,530</u>
	<u>86,945</u>	<u>93,320</u>
Unsecured loans		
Unsecured micro loans	220,667	257,611
Unsecured other loans	<u>19,646</u>	<u>31,281</u>
	<u>240,313</u>	<u>288,892</u>
	327,258	382,212
Interest receivables	<u>45,973</u>	<u>64,126</u>
	373,231	446,338
<i>Less: Allowances for loan and interest receivables</i>	<u>(39,714)</u>	<u>(50,796)</u>
	<u>333,517</u>	<u>395,542</u>
Loan and interest receivables analysed for reporting purpose as:		
Non-current	15,861	21,288
Current	<u>317,656</u>	<u>374,254</u>
	<u>333,517</u>	<u>395,542</u>

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

	As at 30 September 2022 (unaudited)	As at 31 March 2022 (audited)
Real estate-backed loans	180 days to 1 year	180 days to 1 year
Secured and unsecured micro loans	90 days to 4 years	90 days to 4 years
Other loans	180 days to 3 years	180 days to 3 years

As at 30 September 2022, the loans provided to customers bore fixed interest rate at 0.3% to 3.0% per month (31 March 2022: 0.3% to 3.0% per month), and were repayable according to the loan agreements.

As at 30 September 2022, included in the gross balances are loans of approximately HK\$82,930,000 (31 March 2022: approximately HK\$85,580,000) secured by real estates in the PRC; approximately HK\$4,015,000 (31 March 2022: approximately HK\$7,740,000) secured by motor vehicles; and approximately HK\$91,070,000 (31 March 2022: approximately HK\$139,433,000) guaranteed by guarantors (including related parties).

As at 30 September 2022, the Group held collaterals with value of approximately HK\$376,151,000 (31 March 2022: approximately HK\$329,203,000) 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 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Within 90 days	80,542	91,380
91 – 180 days	46,264	66,863
181 – 365 days	47,113	41,503
Over 365 days	159,598	195,796
Total	333,517	395,542

13. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	As at 30 September 2022 <i>HK\$'000</i> (unaudited)	As at 31 March 2022 <i>HK\$'000</i> (audited)
Trade receivables	2,171	1,369
<i>Less: loss allowance</i>	<u>(473)</u>	<u>(473)</u>
Net trade receivables	<u>1,698</u>	<u>896</u>
Payments in advance	4,012	5,072
Prepayments	434	348
Deposits and other receivables	22,932	15,272
Consideration receivable (<i>Note</i>)	<u>–</u>	<u>90,777</u>
Total other receivables and deposits	<u>27,378</u>	<u>111,469</u>
Trade and other receivables and deposits	<u>29,076</u>	<u>112,365</u>
Analysed as:		
Current	25,941	109,931
Non-current	<u>3,135</u>	<u>2,434</u>
Trade and other receivables and deposits	<u>29,076</u>	<u>112,365</u>

Note: The consideration receivable was interest bearing at 3% per annum, unsecured, and repayable on maturity date as at 16 June 2022. Details are set out in note 8. It has been settled on 16 June 2022 then set-off with the entire promissory notes payables and amount due to a shareholder.

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 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Within 30 days	727	264
31 to 60 days	48	231
61 to 90 days	161	55
91 to 180 days	443	101
181 to 365 days	176	149
Over 365 days	143	96
	<hr/>	<hr/>
Total	1,698	896

14A. LEASES

(i) Right-of-use assets

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
At beginning of the period/year	5,307	4,599
Addition	7,936	21,639
Derecognised upon early termination	–	(159)
Derecognised upon entering into sublease arrangements	(233)	(15,498)
Disposal of subsidiaries (<i>Note 8</i>)	–	(217)
Depreciation	(2,233)	(5,059)
Exchange realignment	(165)	2
	<hr/>	<hr/>
At end of the period/year	10,612	5,307

The Group has leased arrangements for leased properties (office premises, warehouses). The lease terms are generally two to three years. Additions to the right-of-use assets for the six months ended 30 September 2022 amounted to approximately HK\$7,936,000 (31 March 2022: approximately HK\$21,639,000), due to new leases of properties.

During the six months ended 30 September 2022, the Group entered into sublease arrangements classified as finance lease and disposal of the right-of-use assets of approximately HK\$233,000 and recognition of finance lease receivables of approximately of HK\$2,752,000, resulting in gain of disposal of right-of-use assets of approximately HK\$2,519,000.

As at 30 September 2022, the carrying amount of right-of-use assets was approximately HK\$10,612,000 (31 March 2022: approximately HK\$5,307,000) in respect of the leased properties.

(ii) Lease liabilities

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Non-current	10,778	9,319
Current	<u>9,792</u>	<u>7,955</u>
	<u>20,570</u>	<u>17,274</u>

Amount payable under lease liabilities

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Within one year	9,792	7,955
After one year but within two years	8,321	7,934
After two years but within three years	<u>2,457</u>	<u>1,385</u>
	20,570	17,274
<i>Less: Amount due for settlement within 12 months (shown under current liabilities)</i>	<u>(9,792)</u>	<u>(7,955)</u>
Amount due for settlement after 12 months	<u>10,778</u>	<u>9,319</u>

During the six months ended 30 September 2022, the Group entered into a number of new lease agreements in respect of renting properties and recognised lease liabilities of approximately HK\$7,936,000 (31 March 2022: approximately HK\$21,639,000).

As at 30 September 2022, the carrying amount of lease liabilities was approximately HK\$20,570,000 (31 March 2022: approximately HK\$17,274,000).

14B. FINANCE LEASE RECEIVABLES

	As at 30 September 2022 <i>HK\$'000</i>	As at 31 March 2022 <i>HK\$'000</i>
Amounts receivable under finance leases:		
Within 1 year	9,000	7,500
After 1 year but within 2 years	6,750	7,500
After 2 years but within 3 years	<u>–</u>	<u>1,875</u>
Undiscounted lease payments	15,750	16,875
Less: Unearned finance income	<u>(1,287)</u>	<u>(1,617)</u>
Net investment in the lease	<u><u>14,463</u></u>	<u><u>15,258</u></u>
Undiscounted lease payments analysed as:		
Within 1 year	9,000	7,500
Over 1 year	<u>6,750</u>	<u>9,375</u>
	<u><u>15,750</u></u>	<u><u>16,875</u></u>
Net investment in the lease analysed as:		
Within 1 year	7,972	6,382
Over 1 year	<u>6,491</u>	<u>8,876</u>
	<u><u>14,463</u></u>	<u><u>15,258</u></u>

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

	For the three months ended 30 September		For the six months ended 30 September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited) (restated)	(unaudited)	(unaudited) (restated)
Gain on disposal of right-of-use assets	<u><u>2,519</u></u>	<u><u>–</u></u>	<u><u>2,519</u></u>	<u><u>–</u></u>

The Group entered into 3-year sublease arrangements as a lessor for certain office space to its tenants.

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

The average effective interest rate contracted is approximately 9.21% (31 March 2022: 9.51%) per annum.

Management 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.

15. TRADE AND OTHER PAYABLES

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Trade payables	2,071	2,247
Other payables and accruals	<u>17,638</u>	<u>27,212</u>
Trade and other payables	<u>19,709</u>	<u>29,459</u>

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 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Within 30 days	439	991
31 to 60 days	343	424
61 to 90 days	543	74
91 to 180 days	154	307
181 to 365 days	208	86
Over 365 days	<u>384</u>	<u>365</u>
Total	<u>2,071</u>	<u>2,247</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.

16. AMOUNT DUE TO A SHAREHOLDER

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

17. LOAN FROM A NON-CONTROLLING SHAREHOLDER

The amount of JPY1,500,000,000 (with carrying amount equivalent to approximately HK\$62,651,000 (31 March 2022: HK\$96,450,000)) with fixed interest rate of 2.0% (31 March 2022: 2.0%) per annum was guaranteed by Mr. Ting, a controlling shareholder of the Company and is repayable within one year.

18. BORROWINGS

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Other borrowings	<u>44,992</u>	<u>44,992</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 2022 (unaudited)	As at 31 March 2022 (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 2022, included in other borrowings is carrying amount of approximately HK\$44,992,000 (31 March 2022: approximately HK\$44,992,000) bore interest at fixed rate and were due within one year. The fixed rate of other borrowings carried interest at 12.0% per annum and contained a repayable on demand clause. These borrowings are secured by the Company's interest in the 77.0% of the entire issued share capital of Hackett Enterprises Limited ("Hackett") and personal guarantee provided by Mr. Ting, a controlling shareholder of the Company.

19. PROMISSORY NOTES PAYABLES

	PN1	PN2	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 April 2021	–	59,667	59,667
<i>Add: effective interest expenses</i>	–	5,928	5,928
	<hr/>	<hr/>	<hr/>
As at 31 March 2022	–	65,595	65,595
<i>Less: discounting effect of extension of loan on 1 April 2022</i>	–	(1,365)	(1,365)
<i>Add: effective interest expenses</i>	–	1,365	1,365
<i>Less: early redemption</i>	–	(65,595)	(65,595)
	<hr/>	<hr/>	<hr/>
As at 30 September 2022	<u>–</u>	<u>–</u>	<u>–</u>

On 28 July 2017, CVP Financial Holdings Limited issued a promissory note (“**PN1**”) with the principal amount of HK\$14,000,000 as the consideration for the acquisition for CVP Asset Management Limited. PN1 is based on effective interest rate of approximately 9.4%. PN1 has been fully settled with the amount of HK\$14,000,000 and set-off against consideration receivables during the year ended 31 March 2021.

On 29 March 2019, the Company agreed to settle part of consideration for the acquisition of 52.0% equity interest in Hackett by issuing a promissory note (“**PN2**”) in the sum of HK\$185,120,000 to CVP. The maturity date of PN2 is the third anniversary from the date of issue of PN2, being 28 March 2022. PN2 may be redeemed any time at the request of any party by giving the other party prior notice. PN2 is based on effective interest rate of approximately 9.51%. PN2 has been partially repaid with a principal amount of HK\$119,525,000 during the year ended 31 March 2022. The PN2 was classified as a current liability as at 31 March 2022.

As at 31 March 2022, the outstanding principal amount of the PN2 of HK\$65,595,000 was due for settlement. On 1 April 2022, the maturity date of PN2 was extended for 1 year to 29 March 2023 and was redeemed early on 16 June 2022.

20. CONVERTIBLE BONDS

	As at 30 September 2022 <i>HK\$'000</i> (unaudited)	As at 31 March 2022 <i>HK\$'000</i> (audited)
At beginning of the period/year	145,596	133,144
Add: effective interest expense	4,404	12,452
Less: redemption at maturity	<u>(150,000)</u>	<u>–</u>
At end of the period/year	<u>–</u>	<u>145,596</u>

The Company issued convertible bonds (“CB”) with zero coupon rate at a total principal value of HK\$150,000,000 on 28 July 2017 to Bartha Holdings Limited (“**Bartha Holdings**”). CB has matured on 27 July 2022 at its principal amount or can be converted into 136,363,636 shares in the Company at Bartha Holdings’ option at the conversion price of HK\$1.1 per share.

The fair value of the CB as at 28 July 2017 was valued by an independent valuer at HK\$271,290,000. The CB comprised a liability component and an equity conversion component.

The fair value of the CB as a whole is determined by using the Binomial Option Pricing Model. The fair value of the liability component of the CB is calculated using cash flows discounted at a rate based on an equivalent market interest rate of approximately 9.2% (31 March 2022: approximately 9.2%) per annum for equivalent non-convertible bonds using market comparable approach. The initial carrying amount of the equity component is determined by deducting the estimated legal and professional fee and fair value of the liability component from the fair value of the CB, which is included in the “Convertible bonds – equity conversion reserve” under reserve of the Company.

Upon the share consolidation (note 21) on 20 January 2022 and in accordance with the terms and conditions of the convertible bonds, the conversion price of the convertible bonds was adjusted from HK\$1.1 to HK\$11.0. Based on the outstanding principal amount of HK\$150,000,000, the number of shares to be allotted and issued to the holder(s) of the convertible bonds, assuming full exercise of the conversion rights, was adjusted from 136,363,636 shares to 13,636,363 shares as a result of the share consolidation.

CB was classified as a current liability as at 31 March 2022 and was redeemed and cancelled as at 30 September 2022.

21. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each at 30 September 2022		
Authorised:		
At 1 April 2021 of HK\$0.001 each	10,000,000,000	10,000
Share consolidation on 20 January 2022 (<i>Note</i>)	<u>(9,000,000,000)</u>	<u>–</u>
At 31 March 2022 and 30 September 2022 of HK\$0.01 each	<u>1,000,000,000</u>	<u>10,000</u>
Issued and fully paid:		
At 1 April 2021 of HK\$0.001 each	6,231,272,277	6,231
Share consolidation on 20 January 2022 (<i>Note</i>)	<u>(5,608,145,050)</u>	<u>–</u>
At 31 March 2022 and 30 September 2022 of HK\$0.01 each	<u>623,127,227</u>	<u>6,231</u>

Note:

On 18 January 2022, an ordinary resolution was passed at an extraordinary general meeting to approve the share consolidation (the “**Share Consolidation**”) on the basis of every ten (10) then issued and unissued existing shares of HK\$0.001 each to be consolidated into one (1) consolidated Share of HK\$0.01 each. Immediately prior to the Share Consolidation becoming effective, the authorised share capital of the Company was HK\$10,000,000 divided into 10,000,000,000 existing shares of par value of HK\$0.001 each, of which 6,231,272,277 existing shares have been issued and are fully paid or credited as fully paid. Upon the Share Consolidation on 20 January 2022, the authorised share capital of the Company became HK\$10,000,000 divided into 1,000,000,000 consolidated shares of par value of HK\$0.01 each (the “**Share(s)**”), of which 623,127,227 consolidated Shares was issued which are fully paid or credited as fully paid. The consolidated Shares rank pari passu in all respects with each other. The details of which were set out in the Company’s announcements dated 17 December 2021 and 18 January 2022 and the circular of the Company dated 28 December 2021.

22. RELATED PARTY TRANSACTIONS

- (a) During the six months ended 30 September 2022 and 2021, the Group had the following material transactions with its related parties:

Name of related party	Nature of transaction	For the three months ended 30 September		For the six months ended 30 September	
		2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited) (restated)	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited) (restated)
Bartha Holdings	Interest expenses on CB	1,113	3,078	4,404	6,087
CVP Financial Group Limited ("CVP")	Interest expenses on PN 2	–	1,464	1,365	2,894
Mr. Ting	Storage income	47	44	95	88
	Sales of wine	–	66	–	168
	Purchase of wine	–	42	–	42
Software Research Associates, Inc ("SRA")	Interest expenses on loan from a non-controlling shareholder	2,096	534	2,554	1,063
Madison Auction Limited	Management income	–	60	–	120
	Other income	141	138	281	270
	Sales of wine	379	41	424	142
	Purchase of wine	–	14	–	14
Madison Investment (China) Limited	Purchase of wine	–	122	–	122
	Sales of wine	–	–	9	–
Golden Liquid Fine Wine Invest Limited	Storage income	7	6	15	11
	Sales of wine	–	94	127	526

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

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

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

Note d: SRA is a non-controlling shareholder of the Company.

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

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Short-term benefits	1,457	1,422	2,872	2,834
Post-employment benefits	–	–	–	–
Equity settled share-based payment expenses	–	102	–	203
	<u>1,457</u>	<u>1,524</u>	<u>2,872</u>	<u>3,037</u>

23. SHARE-BASED PAYMENT TRANSACTIONS

The Company has conditionally adopted a share option scheme pursuant to a written resolution of the shareholders of the Company passed on 21 September 2015 (the “**Share Option Scheme**”) for the purpose of providing incentives or rewards to eligible persons for their contribution to the Group and/or enabling the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

On 17 December 2015, the Company granted an aggregate of 18,100,000 share options to the grantees of the Company, to subscribe, in aggregate, for up to 18,100,000 ordinary shares of HK\$0.01 each in the share capital of the Company under the Share Option Scheme.

Upon the share subdivision becoming effective on 8 November 2016, adjustments had been made to the exercise price of the outstanding share options and the number of subdivided shares to be allotted and issued (the “**Subdivided Shares(s)**”) upon full exercise of subscription rights attaching to the outstanding share options in the following manner:

Date of grant	Immediately before the share subdivision becoming effective		Immediately after the share subdivision becoming effective	
	Number of Shares to be issued under granted share options	Exercise price per share option	Adjusted number of Subdivided Shares to be issued	Adjusted exercise price per Subdivided Share
17 December 2015	18,100,000	HK\$8.00	181,000,000	HK\$0.80

Save for the above adjustments, all other terms and conditions of the outstanding share options granted under the Share Option Scheme remain unchanged. Details of the adjustments to the share options upon the share subdivision are disclosed in the announcement of the Company dated 7 November 2016.

On 3 April 2018, the Company granted an aggregate of 219,000,000 share options to the employees, directors and consultants of the Company, to subscribe, in aggregate, for up to 219,000,000 ordinary shares of HK\$0.001 each in the share capital of the Company at exercise price of HK\$1.89 each per then issued shares of the Company. For details, please refer to the announcement of the Company dated 3 April 2018.

On 17 August 2018, resolutions were passed by the then shareholders of the Company granting general and unconditional mandates to exercise the powers of the Company to, among other things, refresh the then scheme mandate limit of up to 10% of the total number of the then issued shares of the Company in issue as at the date of passing the resolution, for which the maximum number of the then issued shares of the Company which may be issued under the refreshed scheme mandate limit was 428,330,871.

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

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

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

Upon the Share Consolidation becoming effective on 20 January 2022, adjustments had been made to the exercise price of the outstanding share options and the number of consolidated Shares to be allotted and issued 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 are disclosed in the announcement of the Company dated 18 January 2022.

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

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

As at 30 September 2022, the number of share options had been granted and remained outstanding under the Share Option Scheme and the Specific Mandate were 50,800,000 shares options (31 March 2022: 50,830,000 shares options) and 85,922,330 option shares (31 March 2022: nil) respectively, representing approximately 8.2% (31 March 2022: 8.2%) and 13.8% (31 March 2022: nil) of the total number of Shares in issue at that date. Fair value of Share Options granted to consultants was measured at market prices for their services provided.

The Company granted a total of 85,922,330 share options under the Specific Mandate at exercise price of HK\$1.03 each per Share during the six months ended 30 September 2022 (30 September 2021: nil).

No share-based payment expenses was recognised by the Group for the six months ended 30 September 2022 in relation to share options granted by the Company (30 September 2021: HK\$410,000).

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

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

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

During the six months ended 30 September 2022

Category of participant	Outstanding at 1 April 2022	Granted during the period	Lapsed during the period	Outstanding at 30 September 2022
Directors	2,190,000	–	(30,000)	2,160,000
Employees	2,100,000	–	–	2,100,000
Shareholders	2,100,000	–	–	2,100,000
Consultants	44,440,000	–	–	44,440,000
The ultimate holding company of a non-controlling shareholder	–	85,922,330	–	85,922,330
	<u>50,830,000</u>	<u>85,922,300</u>	<u>(30,000)</u>	<u>136,722,330</u>
Exercisable at 30 September 2022				<u>136,722,330</u>
Weighted average exercise price (HK\$)	<u>11.6</u>	<u>1.03</u>	<u>18.9</u>	<u>5.0</u>

During the six months ended 30 September 2021

Category of participant	Outstanding at 1 April 2021	Granted during the period	Lapsed during the period	Outstanding at 30 September 2021
Directors	21,900,000	–	–	21,900,000
Employees	21,000,000	–	–	21,000,000
Shareholders	21,000,000	–	–	21,000,000
Consultants	444,500,000	–	(100,000)	444,400,000
	<u>508,400,000</u>	<u>–</u>	<u>(100,000)</u>	<u>508,300,000</u>
Exercisable at 30 September 2021				<u>508,300,000</u>
Weighted average exercise price (HK\$)	<u>0.8</u>	<u>–</u>	<u>0.2</u>	<u>1.2</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 September 2022 (the “**Period**”), the Company and its subsidiaries (collectively, the “**Group**”) were principally engaged in (i) the retail sales and wholesales of a wide spectrum of wine products and other alcoholic beverages in Hong Kong with a focus in red wine (the “**Wine Business**”); (ii) the provision of loan financing and consultancy services (the “**Loan Financing Business**”); and (iii) the provision of financial services (the “**Financial Services Business**”).

During the Period, revenue generated from Wine Business amounted to approximately HK\$21.7 million, representing a decrease of approximately 38.7% as compared with that of approximately HK\$35.4 million for the corresponding period last year. Such decrease was mainly due to the anti-epidemic measures implemented such as restriction on maximum number of persons per table for catering premises in Hong Kong which deter holding of events that demand a lot of wines. Also, many business meetings or visits were deferred or cancelled due to quarantine requirement in Hong Kong and less purchases were being made by the purchasers especially on medium and high-end red wines. Revenue generated from the Loan Financing Business amounted to approximately HK\$29.3 million, representing a decrease of approximately 9.6% as compared with that of approximately HK\$32.4 million for the corresponding period last year. Such decrease was mainly due to a decrease in overall loan size to approximately HK\$373.2 million as at the end of the Period as compared to approximately HK\$446.3 million as at 31 March 2022. The Group has been more prudent in granting new loans since the on-going anti-pandemic restrictions and policies making the business environment remains uncertain. No revenue was generated from the Financial Services Business which was the same as the corresponding period last year.

Loan Financing Business

During the Period, the Loan Financing Business reported a decrease in revenue by approximately 9.6% to approximately HK\$29.3 million (2021: HK\$32.4 million) and an increase in segment profit by approximately 51.9% to approximately HK\$20.5 million (2021: HK\$13.5 million), which were mainly due to a decrease in net impairment recognised on loan and interest receivables. During the Period, net impairment reversed on loan and interest receivables amounted to approximately HK\$1.4 million (2021: net impairment recognised of HK\$6.8 million), which was primarily due to a decrease in overall loan size.

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 the end of the Period, 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, such as the negative impact of the COVID-19 pandemic on the economy, 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 track the latest credit profile of and risk associated with each borrower and could take prompt and appropriate actions for recovery of loans. Should the need arises, the Group will commence legal actions against borrowers for recovery of the overdue loans and realisation of the collaterals pledged.

For the Period, a net impairment reversed on loan and interest receivables of approximately HK\$1.4 million (2021: net impairment recognised of HK\$6.8 million) including the decrease in allowance to loan and interest receivables of approximately HK\$4.7 million and a direct written off of approximately HK\$3.3 million.

The size of Group’s loan portfolio was reduced compared to the balance as at 31 March 2022. The management of the Group has been prudent in granting new loans in light of the prevailing economic conditions in Hong Kong and the PRC. 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 customers of Loan Financing Business are individuals and corporate entities with both long-term or short-term funding needs 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 2022, the carrying amount, after allowance for loan and interest receivables, of the loan portfolio held by the Group amounted to approximately HK\$333.5 million (31 March 2022: HK\$395.5 million) with details as follows:

Category of borrowers	Approximate weighting to the carrying amount of the Group's loan portfolio	Interest rate per month	Maturity
	%	%	
Corporate	25%	0.3-3	Within one year
Corporate	2%	0.3-3	2-5 years
Individual	70%	0.3-3	Within one year
Individual	3%	0.3-3	2-5 years

As at 30 September 2022, approximately 31.8% of the gross amount of loan and interest receivables was secured by collaterals with approximately 68.2% being unsecured. As at the end of the Period, the loans made to all borrowers were term loans with maturity from one to five years, and the loans made to the largest borrower and the five largest borrowers accounted for approximately 8.9% and 28.6% respectively of the Group's loan portfolio.

The Group has credit policies, guidelines and procedures in place which cover key internal controls of a loan transaction including (i) due diligence, (ii) credit appraisal, (iii) proper execution of documentations, (iv) continuous monitoring and (v) 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:

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.
Credit appraisal	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.
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.
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.
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.

Financial Review

During the Period, the Group's revenue from continuing operations amounted to approximately HK\$51.0 million (2021: HK\$67.8 million), representing a decrease of approximately HK\$16.8 million or 24.8% as compared with the corresponding period last year. The revenue included (i) approximately HK\$21.7 million (2021: HK\$35.4 million) from the Wine Business; and (ii) approximately HK\$29.3 million (2021: HK\$32.4 million) from the Loan Financing Business. No revenue was generated from the Financial Services Business (2021: Nil).

Gross profit margin from the Wine Business in continuing operations was increased to approximately 22.4% (2021: 19.5%). Such increase was mainly attributable to more sales on wines supplied by contracted suppliers and the purchasing price of those wines are relatively lower. Total gross profit margin from continuing operations was decreased to approximately 67.1% as compared with that of approximately 57.9% in the corresponding period last year.

Gross profit from continuing operations was approximately HK\$34.2 million (2021: HK\$39.3 million), representing a decrease of approximately 13.0% as compared with the corresponding period last year. Details of the reasons of the increase in revenue and gross profit were disclosed in the sub-section headed "Business Review" above. Staff cost and administrative and other operating expenses from continuing operations were approximately HK\$16.7 million and HK\$5.2 million respectively (2021: HK\$16.2 million and HK\$8.0 million respectively), representing an increase of approximately 3.1% and a decrease of 35.0% respectively as compared with the corresponding period last year. Depreciation from continuing operations was approximately HK\$2.6 million, which decreased by approximately 46.9% when compared to approximately HK\$4.9 million for the corresponding period last year.

Other income from continuing operations was approximately HK\$25.8 million (2021: approximately HK\$3.6 million). The other income mainly comprised of (i) net exchange gain of approximately HK\$19.3 million (2021: approximately HK\$0.6 million); (ii) gain on disposal of right-of-use assets of approximately HK\$2.5 million (2021: nil); and (iii) government grant of approximately HK\$0.8 million (2021: nil).

The finance costs amounted to approximately HK\$11.6 million (2021: HK\$13.3 million) which were mainly incurred on convertible bonds, promissory notes payables, other borrowings and loans from a non-controlling shareholder. The decrease in the finance cost incurred for the Period was due to settlement of the convertible bonds and the promissory notes payables during the Period.

The Group's profit from continuing operations for the Period was approximately HK\$24.3 million (2021: loss of HK\$5.5 million). Such improvement was mainly attributable to (i) decrease in finance cost of approximately HK\$1.7 million; and (ii) net impairment loss reversed on loan and interest receivables arising from Loan Financing business of approximately HK\$1.4 million compared to impairment recognised of HK\$6.8 million in the corresponding period last year. After the effect of increase in net exchange gain of approximately HK\$18.6 million, the Group generated the said profit for the Period accordingly.

Liquidity and Financial Resources

As at 30 September 2022, the Group's net current assets were approximately HK\$111.7 million (31 March 2022: HK\$122.7 million), including cash and cash equivalents of approximately HK\$45.4 million (31 March 2022: HK\$49.7 million). The Group had both interest-bearing and non-interest bearing borrowings, which mainly comprised amount due to a shareholder, borrowings, convertible bonds, promissory notes payables and loan from a non-controlling shareholder amounted to approximately HK\$232.0 million (31 March 2022: HK\$370.9 million). The Group's financial resources were funded mainly by loans and its shareholders' funds.

As at 30 September 2022, the Group's current ratio, as calculated by dividing current assets by current liabilities, was approximately 1.4 times (31 March 2022: 1.3 times) and the gearing ratio, as measured by the debts of non-trade nature, excluding lease liabilities, divided by total equity, was approximately 158.2% (31 March 2022: 210.4%). The decrease in the gearing ratio was due to the settlement in convertible bonds and promissory notes payables during the Period.

Foreign Currency Exposure

As at 30 September 2022, 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 2022, the total number of shares (the “**Share(s)**”) of the Company was 623,127,227.

On 4 December 2020, the Company entered into a placing agreement with CVP Securities Limited, as the placing agent (“**Placing Agent**”), pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 1,038,545,379 new Shares (103,854,537 upon the share consolidation which became effective on 20 January 2022) (“**Placing Share(s)**”) to not less than six places at the placing price of HK\$0.055 per Placing Share under the then general mandate granted by the then Shareholders to the Directors (the “**Placing**”).

On the basis that the net proceeds were approximately HK\$56.0 million (after deduction of commission and other expenses of the Placing), the net issue price was approximately HK\$0.054 per Placing Share. The Placing was completed on 22 December 2020 and the Company issued 1,038,545,379 (103,854,537 upon the share consolidation which became effective on 20 January 2022) Placing Shares to not less than six places. For further details, please refer to the announcements of the Company dated 4 December 2020 and 22 December 2020.

Capital Commitments

As at 30 September 2022, the Group did not have any capital commitments (2021: Nil).

Contingent Liabilities

As at 30 September 2022, the Group did not have any contingent liabilities (2021: Nil).

Charges on Group Assets

As at 30 September 2022 and 31 March 2022, the Group had pledged 77.0% equity interest in Hackett Enterprises Limited (“**Hackett**”), a non-wholly owned subsidiary of the Company, to secure a loan of approximately HK\$45.0 million.

Dividend

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

Employee and Remuneration Policies

As at 30 September 2022, the Group employed 135 employees (31 March 2022: 124). 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 (the “**Share Option Scheme**”) of the Company adopted on 21 September 2015 to eligible employees taking into account 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.

Material Acquisition and Disposal of Significant Subsidiaries and Affiliated Companies

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

Promissory Note

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

Grant of Option and Loan Extension Agreement

On 6 June 2022, the Company entered into an option agreement (the “**Option Agreement**”) with SRA Holdings Inc. (“**SRA Holdings**”), as subscriber, pursuant to which the Company has conditionally agreed to grant an option and SRA Holdings shall be entitled to require the Company to allot and issue up to a maximum of 85,922,330 option shares at option price of HK\$1.03 per Share subject to the terms and conditions stated in the Option Agreement upon the exercise of the option. As at the date of Option Agreement, Wine Financier Limited, an indirect non-wholly owned subsidiary of the Company, is indebted to Software Research Associates, Inc (“**SRA**”), a subsidiary of SRA Holdings, in the principal amount of JPY1,500,000,000 (the “**Loan**”) which was due for repayment on 30 September 2021. In consideration of the Company agreeing to enter into the Option Agreement to grant the option to SRA Holdings, SRA has agreed to extend the maturity date of the Loan to 30 September 2023. The grant of option and loan extension was subsequently completed on 23 August 2022. For further details of the Option Agreement and the Loan, please refer to the announcements of the Company dated 6 June 2022 and 23 August 2022.

Business Prospects

The sporadic lockdown and restriction measures in the mainland China remain to be a barrier for economic recovery. Besides, the Hang Seng Index reached 16,000 points which was the lowest among the recent years by the time of writing this section. It is of the management’s view that there remains material uncertainty over the overall economy in the mainland China and Hong Kong whether it will offsets the Group’s performance in the second half of the financial year ending 31 March 2023. The Directors will continue to enhance the Group’s businesses through review of its existing business portfolio from time to time. In addition, the Group will actively seek other investment opportunities in other streams so as to broaden the source of income of the Group and diversify the Group’s business portfolio on an on-going basis and sustain the growth of the Group in the long run.

Significant Event after the Reporting Period

Up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the six months ended 30 September 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Share Option Scheme

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

The Remaining Life of the Share Option Scheme

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

Option Granted under Specific Mandate

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

Directors’ Rights to Acquire Shares or Debentures

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

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

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

Directors' Interests in Competing Business

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

Deed of Non-Competition

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

Code of Conduct Regarding Securities Transaction by Directors

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

Compliance with Corporate Governance Code

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

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

Audit Committee

The Company has established an audit committee (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 Remier, Mary Jean, Mr. Ip Cho Yin, *J.P.* and Mr. Zhou Li, and chaired by Mr. Chu Kin Wang Peleus, who has appropriate professional qualifications and experience as required by the GEM Listing Rules. Save for Mr. Ip Cho Yin, *J.P.*, who is a non-executive Director, all other members are independent non-executive Directors.

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

Publication of Results Announcement and 2022 Interim Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.madison-group.com.hk). The Company’s 2022 interim report will be despatched to shareholders and will be published on the aforementioned websites in due course.

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

Hong Kong, 7 November 2022

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

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange website 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>.