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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

Reference is made to the annual report (the “**Annual Report**”) of Madison Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 March 2022 (“**FY2022**”) published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company on 29 June 2022 respectively. Unless otherwise defined, capitalised terms used in this announcement shall bear the same meanings as those defined in the Annual Report.

In addition to the information provided in the Annual Report, the Board wishes to further inform the Shareholders and potential investors of the Company the following information:

IMPAIRMENT LOSS

As disclosed in the Annual Report, a net impairment recognised on loan and interest receivables (the “**Loan Receivables**”) of approximately HK\$35.6 million (the “**Impairment**”) was recognised during FY2022, including approximately HK\$16.7 million being attributed to the increase in allowance (the “**Allowance**”) to Loan Receivables and a direct written-off of approximately HK\$18.9 million.

(i) Details of the Impaired Loans, Overdue Loans and Written-off Loans

As at 31 March 2022, there were 1,602 loans (the “**Impaired Loans**”) to which Impairment was made in FY2022 based on the assessment of expected credit loss (“**ECL**”), out of which (i) 919 loans were overdue and remained outstanding (the “**Overdue Loans**”); and (ii) 343 loans had been written-off (the “**Written-off Loans**”). The majority of the Impaired Loans were micro loans, which the Overdue Loans and the Written-off Loans amounted to approximately HK\$89.1 million and HK\$18.9 million respectively, representing approximately 20.0% and 4.2% of the Group’s overall loan portfolio. The following tables set forth the summary of (i) all Impaired Loans; (ii) the Overdue Loans; and (iii) the Written-off Loans:

(a) *Impaired Loans*

	Chongqing, PRC	Hong Kong
Identities of borrowers	A total of 1,601 borrowers, including 1,576 individuals and 25 corporate clients	An individual
Relationship between borrowers and the Company	All being independent third parties to the Group	
Principal amount	An aggregate of approximately RMB361.8 million (equivalent to approximately HK\$440.9 million)	HK\$19.0 million
Date of grant	Ranging from 24 June 2013 to 31 March 2022	3 December 2018
Tenure	Ranging from 2 months to 96 months	52 months
Interest rates	Ranging from 0.38% to 2.18% per month	3% per month
Outstanding amount as at 31 March 2022	An aggregate of approximately RMB209.9 million (equivalent to approximately HK\$255.8 million)	approximately HK\$41.8 million
Latest status	As at 30 September 2022, the outstanding amount of the loans amounted to approximately RMB111.3 million (equivalent to approximately HK\$121.5 million)	As at 30 September 2022, the borrower has repaid a sum of approximately HK\$11.9 million and an amount of approximately HK\$33.3 million remained outstanding
Guarantee/collateral	Total value of collaterals obtained is approximately RMB3.0 million (equivalent to approximately HK\$3.6 million), comprising of approximately RMB2.2 million (equivalent to approximately HK\$2.6 million), being the value of real estates collaterals, and approximately RMB0.8 million (equivalent to approximately HK\$1.0 million), being the value of motor vehicles collaterals.	Nil

(b) *Overdue Loans*

Identities of borrowers	A total of 919 borrowers, including 911 individuals and 8 corporate clients
Relationship between the borrowers and the Company	All being independent third parties to the Group
Principal amount	An aggregate of approximately RMB123.8 million (equivalent to approximately HK\$150.8 million)
Date of grant	Ranging from 24 June 2013 to 30 June 2021
Tenure	Ranging from 6 months to 96 months
Interest rates	Ranging from 0.38% to 2.18% per month
Outstanding amount as at 31 March 2022	An aggregate of approximately RMB73.2 million (equivalent to approximately HK\$89.1 million)
Latest status	<p>As at 30 September 2022, the outstanding amount of the Overdue Loans amounted to approximately RMB66.2 million (equivalent to approximately HK\$80.7 million).</p> <p>As at the date of this announcement, the Group has taken all the recovery actions as disclosed in the paragraph headed “<i>Money Lending Business – (iii) Recovery Actions</i>” in this announcement below. In cases where the Group has obtained solid proofs to show that late repayments or defaults in repayment were only due to short term liquidity issue of the borrowers, the Group has made further negotiations with such borrowers on the terms of the loans to recover them.</p>
Guarantee/collateral	An aggregate of approximately RMB26.1 million (equivalent to approximately HK\$31.9 million) of the outstanding amount of the Overdue Loans as at 31 March 2022 was guaranteed by guarantors.

(c) *Written-off Loans*

Identities of borrowers	A total of 343 borrowers, including 338 individuals and 5 corporate clients.
Relationship between the borrowers and the Company	All being independent third parties to the Group
Principal amount	An aggregate of approximately RMB37.6 million (equivalent to approximately HK\$45.8 million)
Date of grant	Ranging from 24 September 2013 to 19 October 2020
Tenure	Ranging from 3 months to 36 months
Interest rates	Ranging from 0.68% to 1.7% per month
Outstanding amount as at 31 March 2022	Nil
Outstanding amount immediately before write-off	An aggregate of approximately RMB15.5 million (equivalent to approximately HK\$18.9 million)
Latest status	As at the date of this announcement, the Group had commenced court proceedings against all of the Written-off Loans, two of which have been partially recovered in the total amount of RMB2,400 (equivalent to approximately HK\$2,600).
Guarantee/collateral	An aggregate of approximately RMB7.4 million (equivalent to approximately HK\$9.0 million) of the outstanding amount immediately before write-off was guaranteed by guarantors.

Details of the identities of the borrowers and the date when the Overdue Loans were granted are set out as follows:

For the year ended 31 March	Number of loans granted
2018 or before	812
2019	24
2020	45
2021	32
2022	6
	<hr/>
	919

Details of the identities of the borrowers and the date when the Written-off Loans were granted are set out as follows:

For the year ended 31 March	Number of loans granted
2018 or before	325
2019	12
2020	4
2021	2
2022	—
	<hr/>
	343

Among the Overdue Loans, there were 173 loans with special mention grading where there was a significant increase in credit risk since initial recognition but with no credit impairment (the “**Stage 2 Loans**”), and 746 loans with a substandard/doubtful/loss grading which are assessed to be credit impaired with one or more event(s) that has/have a detrimental impact on the estimated future cash flows of that asset occurred (the “**Stage 3 Loans**”). The Stage 3 Loans represent loans with borrowers (i) whose businesses were still in operation in the past few years but were only unable to repay the last few installments of the loans; or (ii) who/which were able to repay but require additional time to the original repayment schedule and/or may only be able to repay in smaller installments. As at 31 March 2022, the average outstanding amount of each of the Stage 3 Loans was approximately HK\$68,000, and the aggregate outstanding amount of the Stage 3 Loans was approximately HK\$51.3 million, representing approximately 11.49% of the Group’s overall loan portfolio.

In view of the above, the Board is of the view that, despite the fact that a large number of the Overdue Loans was categorised as Stage 3 Loans with credit impairment, the Stage 3 Loans represent a relatively small proportion of the Group’s overall loan portfolio. As at the date of this announcement, the Group is still in the process of recovering these Stage 3 Loans in accordance with the established internal control and recovery procedures of the Group.

(ii) Reasons for and the circumstances leading to the Impairment

The outbreak of the COVID-19 pandemic have cast a continuing adverse impact on the global economic environment. During FY2022, the economy was further unstabilised by social uncertainties, including but not limited to the Russo-Ukrainian war, the resurgence in the pandemic caused by the COVID-19 variants, and the sporadic lockdown measures imposed by the Government of the PRC or quarantine policy announced by the Hong Kong Government.

By reasons of the above, the repayment ability of the borrowers was severely impeded, resulting in a rise in loan defaults and delinquent payments. Although the general COVID-19 precautionary measures appear to have eased up worldwide, the PRC continues to adopt a stringent COVID-19 policy. In particular, in Chongqing, the PRC, where the Group's money lending business mainly operates, lockdown remains to be the key precautionary measures against COVID-19, and borrowers of the Group yet face another hurdle before resuming to normal business operations. The amount of Loan Receivables written-off represented the outstanding principal loan amount and interests proven to be irrecoverable in light of the death or bankruptcy or wound-up of the debtors. Further, the increasing loan default rate has raised the historical loss rate, which would amplify the valuation of the Allowance. Taking into account the increasing credit risk and the slight recoverability of certain loans, the Impairment was made accordingly.

Notwithstanding the rise in loan defaults and delinquent payments in the midst of the current global and regional economic condition, for FY2022, the Group recorded a segment profit of approximately HK\$4.0 million after deducting impairment and operating costs, and the total net impairment loss recognised, including the Written-off Loans, was approximately 7.97% to the total amount of the Loan Receivables. When granting loans to potential borrowers, the management strives to strike a right balance between the relevant risks and profits, and has taken into consideration the prevailing economic environment, including the impact of the outbreak of COVID-19.

(iii) Value of inputs used or key assumptions adopted in the valuation

The Company has engaged Roma Appraisals Limited (“**Roma**”), an independent valuer, to conduct valuation of the ECL of the Loan Receivables as at 31 March 2022 in Hong Kong and the PRC respectively.

Valuation of ECL of the Loan Receivables in Hong Kong

Roma adopted the probability of default method (the “**PD Method**”) for the valuation of ECL of the Loan Receivables in Hong Kong. Major inputs of the PD Method include (i) exposure at default (“**EAD**”); (ii) probability of default (“**PD**”); (iii) loss given default (“**LGD**”); and (iv) discount factor (“**DF**”), and the valuation is based on the following formula:

$$\text{ECL} = \text{EAD} \times \text{PD} \times \text{LGD} \times \text{DF}$$

As at 31 March 2022, the amount of EAD was approximately RMB24.8 million (equivalent to approximately HK\$30.2 million). Details of which are set out below:

As at 31 March 2022	<i>HK\$'000</i>
Gross balance of the Loan Receivables in Hong Kong	59,350
<i>Less: Guaranteed loans</i>	<u>(29,128)</u>
EAD	<u><u>30,222</u></u>

The valuation assumptions are as follows:

	Percentage change	Sensitivity	Sensitivity Weighted Return
a) Hong Kong Gross Domestic Product (<i>Note 1</i>)	0.463%	(13.562)	(0.063)
<i>Add: Intercept</i>			<u>(3.868)</u>
Logit Forward Looking Global Probability of Default			(3.931)
b) Credit Rating Specific Factor (<i>Note 2</i>)			0.021 – 0.324
c) Country Specific Factor (<i>Note 3</i>)			<u>0.006</u>
Probability of Default			1.977% – 2.656%
d) Expiration Status Factor (<i>Note 4</i>)			17.110% – 30.390%
Adjusted Probability of Default			19.087% – 33.046%
e) Recovery Rate (<i>Note 5</i>)			0.000%
f) Discount Factor (<i>Note 6</i>)			0.865 – 1.000

Notes: Total figures may not sum up due to rounding

- 1) Hong Kong Gross Domestic Product : Based on the IMF forecasted Hong Kong gross domestic product constant prices annual percentage change in 2022 as extracted from Bloomberg.
- 2) Credit Rating Specific Factor : Difference between global probability of default and the probability of default as extracted from Moody's.
- 3) Country Specific Factor : Difference between the Rating-based Default Spread of the PRC as extracted from Damodaran Online.
- 4) Expiration Status Factor : Based on the expiration duration between the expiry date and 31 March 2022.
- 5) Recovery Rate : Proportion that expected to be recovered when there is a default on the loan.
- 6) Discount Factor : Calculated based on the applicable discount rate and the expected time period before settlement.

Valuation of ECL of Loan Receivables in the PRC

Roma adopted the provision matrix (the “**Provision Matrix**”), which is based on the Company’s historical loss rates over the expected life of the Loan Receivables and is adjusted for forward-looking factor, for the valuation of ECL of the Loan Receivables in the PRC. Major inputs of the Provision Matrix include EAD and expected loss rate (“**ELR**”) and the valuation is based on the following formula:

$$\text{ECL} = \text{EAD} \times \text{ELR}$$

As at 31 March 2022, the amount of EAD was approximately RMB318.0 million (equivalent to approximately HK\$387.0 million). Details of which are set out below:

As at 31 March 2022	<i>HK\$'000</i>
Gross balance of the Loan Receivables in the PRC	386,988
<i>Less: Guaranteed loans</i>	—
EAD	<u><u>386,988</u></u>

The valuation assumptions are as follows:

	Percentage change	Sensitivity	Sensitivity Weighted Return
a) PRC Gross Domestic Product (<i>Note 1</i>)	4.373%	(13.957)	(0.610)
<i>Add:</i> Intercept			(3.081)
Logit Forward-looking Default Rate			(3.691)
Forward-looking Default Rate			2.434%
b) <i>Less:</i> 2021 Global Corporate Default Rate (<i>Note 2</i>)			0.800%
Forward-looking Adjustment			1.634%
c) Country Specific Factor (<i>Note 3</i>)			0.006
d) Recovery Rate (%) (<i>Note 4</i>)			0.000 – 61.500
e) Historical Loss Rate (%) (<i>Note 5</i>)			1.206 – 67.922
Adopted Expected Loss Rate (%)			0.943 – 70.370

Notes: Total figures may not sum up due to rounding

- 1) PRC Gross Domestic Product : Based on the IMF forecasted PRC gross domestic product constant prices annual percentage change in 2022 as extracted from Bloomberg.
- 2) Global Probability of Default : 2021 Global Probability of Default as extracted from Moody's.
- 3) Country Specific Factor : Difference between the Rating-based Default Spread of the PRC as extracted from Damodaran Online.
- 4) Recovery Rate : Recovery Rate of senior secured bonds, senior unsecured bonds and subordinated bonds as extracted from Moody's further adjusted with the security status (secured/unsecured) and risk category of the Loan Receivables.
- 5) Historical Loss Rate : Rate calculated from the data in prior years including historical receivables settlement pattern and loss incurred.

(iv) Valuation methods and reason for their adoption

The Group's impairment assessment policy on Loan Receivables was set out in note 4 to the consolidated financial statements (the "**Financial Statements**") of the Company as included in the Annual Report.

The Group estimated the ECL of Loan Receivables in Hong Kong and in the PRC under the general approach and the simplified approach in HKFRS 9 respectively, according to the accounting policy of the Group.

As stated in note 4 to the Financial Statements, the measurement of ECL is a function of the PD, LGD and EAD and the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Based on the valuation reports, Roma adopted the PD Method and the Provision Matrix for the valuation of ECL of Loan Receivables in Hong Kong and the PRC respectively, which are commonly used in measuring ECL of receivables.

With the support of the valuation results, the Allowance of approximately HK\$50.8 million was recognised as at 31 March 2022. The Impairment of approximately HK\$35.6 million was recognised for FY2022.

As at the date of this announcement, there are no subsequent changes to the valuation methods as referred to above following their adoption.

MONEY LENDING BUSINESS

(i) Top 10 borrowers

As at 31 March 2022, the outstanding loan balance of the top ten borrowers amounted to approximately HK\$160.7 million, representing approximately 36% of the Group's overall loan portfolio. Set out below is a summary of the top ten borrowers of the Group as at 31 March 2022:

Borrower(s)	Individual/ Company (place of incorporation/ establishment)	Principal loan amount <i>(approximate)</i>	Date of grant	Tenure of loan	Interest rate per month	Outstanding loan balance as at 31 March 2022 <i>(approximate)</i>	Approximate % to the Group's overall loan portfolio	Guarantee/Collateral
Borrower A	Individual	HK\$19.0 million	3 December 2018	52 months	3.00%	HK\$41.8 million <i>(Note 1)</i>	9%	Nil
Borrower B <i>(Note 2a)</i>	Company (PRC)	RMB18.0 million (equivalent to approximately HK\$21.9 million)	22 July 2014	8 months	1.85%	RMB28.1 million (equivalent to approximately HK\$34.2 million) <i>(Note 2b)</i>	8%	real estate collaterals with an aggregate fair value of approximately RMB27.8 million (equivalent to approximately HK\$33.9 million)
Borrower C <i>(Note 3a)</i>	Company (PRC)	RMB10.0 million (equivalent to approximately HK\$12.2 million)	26 August 2014	11 months	1.85%	RMB24.8 million (equivalent to approximately HK\$30.2 million) <i>(Note 3b)</i>	7%	real estate collaterals with an aggregate fair value of approximately RMB26.7 million (equivalent to approximately HK\$32.5 million)
Borrower D	Company (Samoa)	HK\$11.2 million	4 December 2018	52 months	2.00%	HK\$17.2 million <i>(Note 4)</i>	4%	A personal guarantee was given in respect of all monies and obligations owing by Borrower D under the loan.
Borrower E	Company (PRC)	RMB10.6 million (equivalent to approximately HK\$12.9 million)	26 April 2020	52 months	1.12%	RMB10.6 million (equivalent to approximately HK\$12.9 million) <i>(Note 5)</i>	3%	Nil
Borrower F	Individual	RMB4.5 million (equivalent to approximately HK\$5.5 million)	21 January 2022	6 months	1.28%	RMB4.5 million (equivalent to approximately HK\$5.5 million) <i>(Note 6)</i>	1%	real estate collaterals with an aggregate fair value of approximately RMB4.8 million (equivalent to approximately HK\$5.8 million)
Borrower G	Company (PRC)	RMB4.0 million (equivalent to approximately HK\$4.9 million)	13 December 2019	52 months	0.42%	RMB4.0 million (equivalent to approximately HK\$4.9 million) <i>(Note 7)</i>	1%	Nil
Borrower H	Company (PRC)	RMB4.0 million (equivalent to approximately HK\$4.9 million)	13 January 2022	12 months	0.38%	RMB4.0 million (equivalent to approximately HK\$4.9 million) <i>(Note 8)</i>	1%	Nil

Borrower(s)	Individual/ Company (place of incorporation/ establishment)	Principal loan amount (<i>approximate</i>)	Date of grant	Tenure of loan	Interest rate per month	Outstanding loan balance as at 31 March 2022 (<i>approximate</i>)	Approximate % to the Group's overall loan portfolio	Guarantee/Collateral
Borrower I (<i>Note 9a</i>)	Company (PRC)	RMB14.0 million (equivalent to approximately HK\$17.1 million)	26 August 2014	11 months	1.85%	RMB3.9 million (equivalent to approximately HK\$4.8 million) (<i>Note 9b</i>)	1%	real estate collaterals with an aggregate fair value of approximately RMB4.2 million (equivalent to approximately HK\$5.1 million)
Borrower J	Individual	RMB3.5 million (equivalent to approximately HK\$4.3 million)	24 March 2022	3 months	1.50%	RMB3.5 million (equivalent to approximately HK\$4.3 million) (<i>Note 10</i>)	1%	Nil

Notes:

1. For the period from 31 March 2022 to 30 September 2022, a sum of approximately HK\$11.9 million had been repaid. As at 30 September 2022, the outstanding amount of the loan amounted to approximately HK\$33.3 million.
- 2a. Borrower B has declared bankrupt and applied to the court of Chongqing in the PRC for bankruptcy restructuring in 2017. As at the date of this announcement, the bankruptcy restructuring has not been completed yet, pending the judgment of the court of Chongqing, the PRC.
- 2b. As at 30 September 2022, the outstanding amount of the loan amounted to approximately RMB28.1 million (equivalent to approximately HK\$34.2 million).
- 3a. Borrower C declared bankrupt and applied to the court of Chongqing in the PRC for reorganisation in 2016. As at the date of this announcement, the reorganisation has not been completed yet, pending the judgment of the court of Chongqing, the PRC.
- 3b. As at 30 September 2022, the outstanding amount of the loan amounted to approximately RMB24.8 million (equivalent to approximately HK\$30.2 million).
4. As at 30 September 2022, the loan was fully settled.
5. As at 30 September 2022, the outstanding amount of the loan amounted to approximately RMB10.6 million (equivalent to approximately HK\$12.9 million).
6. As at 30 September 2022, the loan was fully settled.
7. As at 30 September 2022, the outstanding amount of the loans amounted to approximately RMB4.0 million (equivalent to approximately HK\$4.9 million).
8. As at 30 September 2022, the outstanding amount of the loan amounted to approximately RMB4.0 million (equivalent to approximately HK\$4.9 million).

- 9a. Borrower I declared bankrupt and applied to the court of Chongqing in the PRC for reorganisation in 2016. As at the date of this announcement, the reorganisation has not been completed yet, pending the judgment of the court of Chongqing, the PRC.
- 9b. As at 30 September 2022, the outstanding amount of the loan amounted to approximately RMB3.9 million (equivalent to approximately HK\$4.8 million).
10. As at 30 September 2022, the loan was fully settled.
11. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the top 10 borrowers is a third party independent of the Company.

(ii) Internal control procedures

As disclosed on pages 15 to 16 of the Annual Report, the Group has credit policies, guidelines and procedures in place which cover key internal controls of a loan transaction (the “**Key Internal Control Procedures**”).

Credit approval

Before granting new loans, the Group will perform credit appraisal process to assess the potential borrower's credit quality and define 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.

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

Continuous monitoring

Further to the continuous monitoring on the repayment from each borrower, regular communication with each borrower of his/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 as set out in the Key Internal Control Procedures, 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 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.

(iii) Recovery Actions

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

Timetable	Action(s)
Overdue balance not settled within 30-40 days after the maturity date of the loans	Legal actions will be taken against the debtors

In respect of the Impaired Loans, during the period from 1 April 2022 and up to the date of this announcement, a total sum of approximately RMB108.4 million (equivalent to approximately HK\$132.1 million) have been recovered, representing approximately 44.4% of the outstanding amount of the Impaired Loans as at 31 March 2022.

For the purpose of this announcement, unless otherwise indicated, conversion of Renminbi into Hong Kong dollars is calculated at the approximate exchange rate of RMB1.0000 to HK\$1.2185. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 22 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, for which the Directors 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its publication and on the website of the Company at <http://www.madison-group.com.hk>.