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MADISON WINE[®]

Madison Wine Holdings Limited

麥迪森酒業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8057)

**INSIDE INFORMATION –
NON-LEGALLY BINDING MEMORANDUM OF UNDERSTANDING
IN RESPECT OF THE PROPOSED ACQUISITION OF
UP TO 45% EQUITY INTEREST IN
THE TARGET COMPANY**

The Board announces that on 13 April 2016 (after trading hours), the Company and the Potential Vendor entered into the non-legally binding MOU in relation to the Proposed Acquisition. The consideration for the Proposed Acquisition will be subject to further negotiation between the parties to the MOU and is expected to be satisfied by the Purchaser by way of cash by two instalments.

Shareholders and potential investors of the Company shall be aware that the terms of the Proposed Acquisition are subject to further negotiation between the parties to the MOU. The Board wishes to emphasise that no legally binding agreement has been entered into by the parties to the MOU in relation to the Proposed Acquisition as at the date of this announcement. As such, the Proposed Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

If the Formal Agreement is entered into between the parties to the MOU, the Proposed Acquisition may constitute a notifiable transaction of the Company under the GEM Listing Rules, and further announcement(s) will be made by the Company in compliance with the GEM Listing Rules.

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board announces that on 13 April 2016 (after trading hours), the Company and the Potential Vendor entered into the non-legally binding MOU in relation to the Proposed Acquisition.

MOU

Set out below are the principal terms of the MOU:

Date	:	13 April 2016
Purchaser	:	Madison Wine Holdings Limited
Vendor	:	Acker Merrall & Condit (Cyprus) Limited

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Potential Vendor is an independent third party, not connected with the Company, its directors, chief executive, substantial shareholders, subsidiaries and associates.

Asset to be acquired

Pursuant to the terms of the MOU, the Company intends to acquire and the Potential Vendor intends to sell up to 45% equity interest in the Target Company.

Consideration

The consideration for the Proposed Acquisition will be subject to further negotiation between the parties to the MOU under the Formal Agreement and is expected to be satisfied by the Purchaser by way of cash in the following manner:

- 75% of the consideration shall be payable upon entering into of the Formal Agreement and completion of the Proposed Acquisition; and
- 25% of the consideration shall be payable upon completion of the Group Restructuring, a condition subsequent to the completion of the Formal Agreement.

Group Restructuring

The Target Company shall conduct the Group Restructuring within six months from the completion of the Proposed Acquisition, pursuant to which the Target Group shall (i) acquire the auction business in the United States of America; and (ii) settle all liabilities owed by the Target Group to the director, shareholders, and other independent third parties, if any.

Exclusivity

The Potential Vendor will not within a period of three (3) months from the date of the MOU (or such later date as the parties to the MOU may agree in writing) negotiate or discuss or enter into any agreement or statement of intent or understanding with any third party other than the Company, its advisers and agents with respect to the selling of the equity interests or assets of the Target Company and/or its subsidiaries.

Board of directors

Upon completion of the Proposed Acquisition, the Company and the Potential Vendor shall be entitled to appoint two and three directors to the board of the Target Company respectively.

Reasons for the Proposed Acquisition

The Group is principally engaged in (i) the retail sales and wholesales of wine products and other alcoholic beverages; and (ii) the provision of wine-related delivery services, storage services, consignment services, consultation services, sourcing services and evaluation sources.

The Directors always strive to improve the Group's business and attain a leading position in the wine industry in Hong Kong. Acker Merrall & Condit is a renowned fine and rare wine auction house based in New York, with affiliated companies in Hong Kong, New York and Chicago, and is principally engaged in wine-related business, in particular, fine wines auction. As at the date of this announcement, the Target Company is an investment holding company and will acquire the Hong Kong affiliate of Acker Merrall & Condit prior to the entering into of the Formal Agreement. The Board believes that the Proposed Acquisition, if materialised, and upon completion of the Group Restructuring, will increase the Group's reputation in the wine industry; expand the Group's geographical network and market share; enlarge the Group's supply and distribution channels; as well as expand and diversify the Group's business, which in turn, will bring long-term and strategic benefits to the Group. To allow time for due diligence review to be performed and for negotiating the terms of the Formal Agreement, the Potential Vendor and the Company have entered into the MOU as the initial step for the Proposed Acquisition.

Shareholders and potential investors of the Company shall be aware that the terms of the Proposed Acquisition are subject to further negotiation between the parties to the MOU. The Board wishes to emphasise that no legally binding agreement has been entered into by the parties to the MOU in relation to the Proposed Acquisition as at the date of this announcement. As such, the Proposed Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

If the Formal Agreement is entered into between the parties to the MOU, the Proposed Acquisition may constitute a notifiable transaction of the Company under the GEM Listing Rules, and further announcement(s) will be made by the Company in compliance with the GEM Listing Rules.

DEFINITIONS

Unless the context requires otherwise, capitalised terms in this announcement shall have the following meanings:

“Board”	the board of Directors
“Company”	Madison Wine Holdings Limited, a company incorporated in the Cayman Islands, the issued Shares of which are listed on GEM (Stock code: 8057)
“Directors”	directors of the Company
“Formal Agreement”	the legally binding formal sale and purchase agreement which may or may not be entered into between the parties to the MOU in relation to the Proposed Acquisition
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Group Restructuring”	the proposed group restructuring exercise to be conducted by the Target Company within six months from the completion of the Proposed Acquisition, pursuant to which the Target Group shall (i) acquire the auction business in the United States of America; and (ii) settle all liabilities owed by the Target Group to the director, shareholders, and other independent third parties, if any
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“MOU”	the non-legally binding memorandum of understanding dated 13 April 2016 and entered into between the Potential Vendor and the Company in relation to the Proposed Acquisition
“Potential Vendor”	Acker Merrall & Condit (Cyprus) Limited, a company incorporated in the Republic of Cyprus with limited liability
“Proposed Acquisition”	the proposed acquisition by the Company of 45% equity interest in the Target Company from the Potential Vendor
“Share(s)”	share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Acker Merrall Condit Limited, a company incorporated in the Cayman Islands with limited liability
“Target Group”	the Target Company and its subsidiaries

By order of the Board
Madison Wine Holdings Limited
Ting Pang Wan Raymond
Chairman and executive Director

Hong Kong, 13 April 2016

As at the date of this announcement, the executive Directors are Mr. Ting Pang Wan Raymond, Mr. Kao Sheng-Chi and Mr. Zhu Qin, and the independent non-executive Directors are Ms. Debra Elaine Meiburg, Ms. Fan Wei and Mr. Chu Kin Wang Peleus.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the website of the Company at <http://www.madison-wine.com>.