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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)

**(I) DISCLOSEABLE TRANSACTION –
ENTERING INTO OF THE SUBSCRIPTION AGREEMENT;
(II) CONNECTED TRANSACTION INVOLVING ISSUE OF
CONSIDERATION SHARES UNDER SPECIFIC MANDATE –
ENTERING INTO OF THE FIRST DEED WITH
A CONNECTED PERSON AT SUBSIDIARY LEVEL; AND
(III) DISCLOSEABLE TRANSACTION INVOLVING ISSUE OF
CONSIDERATION SHARES UNDER SPECIFIC MANDATE –
ENTERING INTO OF THE SECOND DEED
WITH AN INDEPENDENT THIRD PARTY**

THE SUBSCRIPTION

The Company is pleased to announce that, on 9 February 2017 (after trading hours), Perfect Zone as the subscriber and CVP Capital as the issuer entered into the Subscription Agreement, pursuant to which Perfect Zone conditionally agreed to subscribe for, and CVP Capital conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price of HK\$14 million which will be payable in cash by using the Company's internal resources at Completion.

THE DEEDS

On 9 February 2017 (after trading hours), Perfect Zone entered into the First Deed with Mr. Lin and the Second Deed with Star Beauty respectively, pursuant to which, (i) each of Mr. Lin and Star Beauty has conditionally agreed to grant Perfect Zone the right of first refusal, and (ii) Perfect Zone has conditionally agreed to grant (i) each of Mr. Lin and Star Beauty (a) the tag along right, and (b) the Put Option. Each of Mr. Lin and Star Beauty, pursuant to the Put Option, during the 12-month period after the 2nd anniversary of the Completion, has the right to require Perfect Zone to acquire all the CVP Capital Shares held by him/it immediately prior to the exercise of the Put Option, at the consideration of HK\$1.26 per CVP Capital Share. The consideration payable by Perfect Zone to each of Mr. Lin and Star Beauty shall be satisfied at the discretion of Mr. Lin or Star Beauty (as the case may be), either in cash or by Perfect Zone procuring the Company to issue and allot Consideration Shares under the specific mandate to be sought in the EGM at the Issue Price.

GEM LISTING RULES IMPLICATIONS

Discloseable transaction

As certain applicable percentage ratios in respect of the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Connected transaction involving issue of Consideration Shares

Since Mr. Lin, being one of the CVP Capital Existing Shareholders and an ex-director of certain subsidiaries of the Company in the past 12 months, is a connected person at the subsidiary level, the entering into of the First Deed constitutes a connected transaction at the subsidiary level under Chapter 20 of the GEM Listing Rules. While the entering into of the First Deed is fully exempted from the reporting and announcement requirements as all the applicable percentage ratios in respect of the First Deed are less than 5%, the issue of Consideration Shares under special mandate is subject to Shareholders' approval at the EGM.

Discloseable transaction involving issue of Consideration Shares

As one of the applicable percentage ratios in respect of the Second Deed exceeds 5% but all are less than 25%, the entering into of the Second Deed constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules. The issue of Consideration Shares under special mandate is subject to Shareholders' approval at the EGM.

EGM

The EGM will be held and convened to consider and, if thought fit, to approve, among other things, the Deeds and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares).

To the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the transactions contemplated under the Deeds. As such, no Shareholder will be required to abstain from voting on the resolution to approve the Deeds and any vote exercised by the Shareholders taken at the EGM shall be taken by way of poll.

A circular containing, among other things, further details of the Deeds, together with the notice convening the EGM will be despatched to the Shareholders as soon as practicable in compliance with the GEM Listing Rules.

Shareholders and potential investors of the Company should be aware that the Subscription, the Deeds and the respective transactions contemplated thereunder are subject to certain conditions being satisfied, and consequently the Subscription and the Deeds may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Company.

Reference is made to the announcement of the Company dated 9 December 2016 in relation to the entering into of the Second Term Sheet dated 9 December 2016 between Perfect Zone, an indirect wholly-owned subsidiary of the Company, as the subscriber, and CVP Capital, as the issuer, in relation to the Subscription.

(I) DISCLOSEABLE TRANSACTION – ENTERING INTO OF THE SUBSCRIPTION AGREEMENT

The Company is pleased to announce that, on 9 February 2017 (after trading hours), Perfect Zone as the subscriber and CVP Capital as the issuer entered into the Subscription Agreement, pursuant to which Perfect Zone conditionally agreed to subscribe for, and CVP Capital conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price of HK\$14 million which will be payable in cash by using the Company's internal resources at Completion.

The Subscription Agreement

Date: 9 February 2017

Parties Perfect Zone, as the subscriber; and

CVP Capital, as the issuer

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of the Subscription Agreement, CVP Capital is beneficially owned as to 25% by Mr. Lin, an ex-director of certain subsidiaries of the Company in the past 12 months, and as to 75% by Star Beauty, an Independent Third Party.

Asset to be acquired

The Subscription Shares, represent approximately 60% of the entire issued share capital of CVP Capital as enlarged by the Subscription Shares as at the date of Completion.

Subscription price

The Subscription Price of HK\$14 million will be payable in cash by using the Company's internal resources at Completion.

The Subscription Price was determined after arm's length negotiations between Perfect Zone and CVP Capital on normal commercial terms after taking into account the paid-up share capital and the unaudited net asset value of CVP Capital as at 31 December 2016 and the prospects of the regulated activities (defined under SFO) conducted by CVP Capital. With a stronger capital base and a listing platform for potential fund raising activities as well as absolute control of management of CVP Capital after Completion, the Directors believe that CVP Capital is able to undertake larger underwriting commitment for more securities placement business opportunities, and increase its profit-making momentum in longer term. Please also refer to paragraph headed "Reasons for and benefits of the Subscription" of this announcement.

Conditions

Completion of the Subscription shall be conditional upon:

- (1) Perfect Zone being satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of CVP Capital;
- (2) the obtaining of approval from the SFC for the change in substantial shareholder of CVP Capital;
- (3) the warranties given by CVP Capital remaining true and accurate in all material respects; and
- (4) all necessary consents and approvals required to be obtained on the part of CVP Capital in respect of the Subscription and the transactions contemplated under the Subscription Agreement having been obtained by CVP Capital.

Save for conditions (2) and (4) which are incapable of being waived, Perfect Zone may at its absolute discretion at any time waive in writing conditions (1) and (3) and such waiver may be made subject to such terms and conditions as are determined by Perfect Zone. As at the date of this announcement, Perfect Zone has no intention to waive such conditions.

If the above conditions have not been fulfilled on or before 4:00 p.m. on 30 June 2017 or such later date as CVP Capital and Perfect Zone may agree in writing, the Subscription Agreement shall cease and determine and neither party shall have any obligations and liabilities under the Subscription Agreement save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place within three Business Days after the fulfillment (or waiver) of the conditions to the Subscription Agreement.

Upon Completion, Perfect Zone will own approximately 60% of the entire issue share capital of the CVP Capital as enlarged by the Subscription Shares, and CVP Capital will be accounted as an indirect non wholly-owned subsidiary of the Company and the financial results of CVP Capital will be consolidated into the Group's accounts.

Board composition

Pursuant to the Subscription Agreement, Perfect Zone and CVP Capital agreed that the board of directors of CVP Capital shall comprise of at least two directors, all of which shall be appointed by Perfect Zone upon Completion.

INFORMATION OF CVP CAPITAL

CVP Capital is a company incorporated in Hong Kong with limited liability. As at the date of the Subscription Agreement, CVP Capital has the issued capital of HK\$9.3 million divided into 9,300,000 CVP Capital Shares, of which 2,325,000 CVP Capital Shares are beneficially owned by Mr. Lin, an ex-director of certain subsidiaries of the Company in the past 12 months, and 6,975,000 CVP Capital Shares by Star Beauty, an Independent Third Party.

CVP Capital is a corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.

Principal businesses of CVP Capital include private and public securities placement, pre-IPO advisory, mergers and acquisitions advisory, corporate restructuring and other business advisory services to public and private companies in Hong Kong. CVP Capital is subject to licensing conditions that it shall only provide services to professional investors and shall not hold client assets. The terms “professional investor”, “hold” and “client assets” are defined under the SFO. Further, CVP Capital shall not engage in dealing activities other than those relating to corporate finance under the Type 1 regulated activity and shall not act as sponsor in respect of an application for the listing on a recognised stock market of any securities under the Type 6 regulated activity respectively.

The audited and unaudited financial information of CVP Capital prepared under the Hong Kong Financial Reporting Standards for the year ended 31 December 2015 and 2016 respectively are as follows:

	For the year ended	
	31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Unaudited)
Turnover	3,791	1,630
(Loss) before tax	(2,119)	(1,930)
(Loss) after tax	(2,119)	(1,930)

The unaudited net asset of CVP Capital as at 31 December 2016 was approximately HK\$4,210,282.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company is an investment holding company. Its major operating subsidiaries are mainly engaged in sales of alcoholic beverages and provision of wine storage services.

As stated in the annual report of the Company for the year ended 31 March 2016, the wine retail industry is severely affected by economic downturn and it is expected to be a more challenging year ahead. In order to deliver long-term increase in Shareholders’ value, the Company has been actively looking for suitable acquisition opportunities so as to maximise Shareholders’ return in a more sustainable manner.

Given that Hong Kong is an important global financial hub, bridging capital flows between the PRC and international markets and fund raising through securities issuance and relevant corporate finance advisory in Hong Kong has been top of the global ranking, the Company is of the view that the Subscription can provide the Group with a platform to expose to the business opportunities brought by the prospective financial market of Hong Kong by offering corporate finance advisory and securities placement services, which eventually enhance the Shareholders’ value of the Company in long term.

In particular, the Board expects that, with the enlarged capital base of CVP Capital from the Subscription, it will be able to meet the large underwriting commitment of stronger capital base as being a placing agent of fundraising activities for listed companies in Hong Kong, which in turn, enables CVP Capital to further develop its securities placement business and contributes higher underwriting commission income to the Group. Further, both the Group and CVP Capital can be mutually benefited from each other by CVP Capital advising clients of the Group who wishes to invest their own securities investment, and the Group providing wine products and services to clients of CVP Capital who enjoy wines.

(II) CONNECTED TRANSACTION INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE – ENTERING INTO OF THE FIRST DEED WITH A CONNECTED PERSON AT SUBSIDIARY LEVEL

On 9 February 2017 (after trading hours), Perfect Zone and Mr. Lin entered into the First Deed, pursuant to which, (i) Mr. Lin has conditionally agreed to grant Perfect Zone the right of first refusal, and (ii) Perfect Zone has conditionally agreed to grant Mr. Lin (a) the tag along right, and (b) the Put Option.

The First Deed

Date: On 9 February 2017

Parties: Perfect Zone; and

Mr. Lin

Mr. Lin, being an ex-director of certain subsidiaries of the Company in the past 12 months, is a connected person at subsidiary level. As at the date of this announcement, Mr. Lin is a CVP Capital Existing Shareholder who owns 2,325,000 CVP Capital Shares.

Put Option

Pursuant to the First Deed, Perfect Zone has agreed to grant the Put Option to Mr. Lin, subject to the conditions precedent thereof. Pursuant to the Put Option, Mr. Lin, during the 12-month period after the 2nd anniversary of the Completion, has the right to require Perfect Zone to acquire all the CVP Capital Shares held by him immediately prior to exercise of the Put Option, representing 25% of the entire issued share capital of CVP Capital as at the date of the announcement, and approximately 10% of the issued share capital of CVP Capital as enlarged by the allotment and issue of the Subscription Shares.

The consideration for all the CVP Capital Shares held by Mr. Lin shall be satisfied at the election of Mr. Lin at the option price of HK\$1.26 per CVP Capital Share either in cash or by Perfect Zone procuring the Company to issue the Consideration Shares at the Issue Price.

The consideration have been determined after arm's length negotiation between Perfect Zone and Mr. Lin with reference to (i) the investment cost of Mr. Lin for those CVP Capital Shares held by him of HK\$2,232,306; (ii) the unaudited net asset value of CVP Capital as at 31 December 2016; (iii) future prospects of regulated activities conducted by CVP Capital; and (iv) in case of Consideration Shares, the current business performance of the Group and share trading liquidity of the Company. Having taken into account of the above factors, the Directors considered the consideration is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Consideration Shares

Assuming no new CVP Capital Shares having been issued prior to the exercise of the Put Option, upon exercise of the Put Option, the consideration payable by Perfect Zone to Mr. Lin shall be HK\$2,923,712 and shall be satisfied at the election of Mr. Lin either in cash or by Perfect Zone procuring the Company to issue and allot a total of 2,657,920 Consideration Shares to Mr. Lin (or his nominee(s)) at the Issue Price, representing approximately 0.07% of the entire issued share capital of the Company as at the date of this announcement, and 0.07% of the entire issued share capital of the Company as enlarged by the issue and allotment of 2,657,920 Consideration Shares upon exercise of the Put Option in full.

The Directors (including the independent non-executive Directors) consider that the entering into of the First Deed is on normal commercial terms but not in the ordinary course of business of the Group and the terms of the First Deed including the consideration and the Issue Price are fair and reasonable and is in the interests of the Group and its Shareholders as a whole.

As none of the Directors have interest in the First Deed, none of the Directors are required to abstain from voting in the Board meeting to approve the First Deed and the transactions contemplated thereunder.

(III) DISCLOSEABLE TRANSACTION INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE – ENTERING INTO OF THE SECOND DEED WITH AN INDEPENDENT THIRD PARTY

On 9 February 2017 (after trading hours), Perfect Zone and Star Beauty entered into the Second Deed, pursuant to which, (i) Star Beauty has conditionally agreed to grant Perfect Zone the right of first refusal, and (ii) Perfect Zone has conditionally agreed to grant Star Beauty (a) the tag along right, and (b) the Put Option.

The Second Deed

Date: On 9 February 2017

Parties: Perfect Zone; and

Star Beauty

Star Beauty is an investment holding company. As at the date of this announcement, Star Beauty is a CVP Capital Existing Shareholder who owns 6,975,000 CVP Capital Shares. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Star Beauty and its beneficial owner is an Independent Third Party.

Put Option

Pursuant to the Second Deed, Perfect Zone has agreed to grant the Put Option to Star Beauty, subject to the conditions precedent thereof. Pursuant to the Put Option, Star Beauty, during the 12-month period after the 2nd anniversary of the Completion, has the right to require Perfect Zone to acquire all the CVP Capital Shares held by it immediately prior to the exercise of the Put Option, representing 75% of the entire issued share capital of CVP Capital as at the date of the announcement, and approximately 30% of the issued share capital of CVP Capital as enlarged by the allotment and issue of the Subscription Shares.

The consideration for all the CVP Capital Shares held by Star Beauty shall be satisfied at the election of Star Beauty at the option price of HK\$1.26 per CVP Capital Share either in cash or by Perfect Zone procuring the Company to issue the Consideration Shares at the Issue Price.

The consideration have been determined after arm's length negotiation between Perfect Zone and Star Beauty with reference to (i) the investment cost of Star Beauty for those CVP Capital Shares held by it of HK\$6,696,919 (ii) the unaudited net asset value of CVP Capital as at 31 December 2016; (iii) future prospects of regulated activities conducted by CVP Capital; and (iv) in case of Consideration Shares, the current business performance of the Group and share trading liquidity of the Company. Having taken into account of the above factors, the Directors considered the consideration is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Consideration Shares

Assuming no new CVP Capital Shares having been issued prior to the exercise of the Put Option, upon exercise of the Put Option, the consideration payable by Perfect Zone to Star Beauty shall be HK\$8,771,137 and shall be satisfied at the election of Star Beauty either in cash or by Perfect Zone procuring the Company to issue and allot a total of 7,973,761 Consideration Shares to Star Beauty (or its nominee(s)) at the Issue Price, representing approximately 0.20% of the entire issued share capital of the Company as at the date of this announcement, and 0.20% of the entire issued share capital of the Company as enlarged by the issue and allotment of 7,973,761 Consideration Shares upon exercise of the Put Option in full.

PRINCIPAL TERMS OF THE DEEDS

Apart from the identities of the parties to the Deeds, the number of the CVP Capital Shares which each of the CVP Capital Existing Shareholders may require Perfect Zone to acquire under the Put Option and the number of Consideration Shares to be allotted and issued to Mr. Lin and Star Beauty respectively as set out above, the terms of each of the Deeds are the same. Set out below are the key terms of the Deeds.

Issue Price

The Issue Price of HK\$1.1 per Share represents:

- (i) a discount of approximately 45.27% to the closing price of HK\$2.01 per Share quoted on the Stock Exchange on 9 February 2017, being the date of the Deeds;
- (ii) a discount of approximately 46.18% to the average of the closing price of approximately HK\$2.044 for the last five consecutive trading days immediately preceding the date of the Deeds;
- (iii) a discount of approximately 47.97% to the average of the closing price of approximately HK\$2.114 for the last ten consecutive trading days immediately preceding the date of the Deeds;
- (iv) a premium of approximately 3,534% over the unaudited consolidated net asset value attributable to owners of the Company per Share of approximately HK\$0.0303, based on the unaudited net asset value attributable to owners of the Company of approximately HK\$121,072,000 as at 30 September 2016 and 4,000,000,000 Shares in issue as at the date of the Deeds; and
- (v) a premium of approximately 1,367% to the placing price of the Shares at the initial public offering on 8 October 2015 (after adjusting for share subdivision effective on 8 November 2016).

The Issue Price has been determined after arm's length negotiation between Perfect Zone and each of the CVP Capital Existing Shareholders with reference to the unaudited net asset value per Share as at 30 September 2016, the then prevailing market price and trading volume of the Shares, the placing price of the Shares at the initial public offering on 8 October 2015, the net loss positions of the Group for the six months ended 30 September 2016 and for the year ended 31 March 2016 and the current business environment of wine retail market. Having taken into account of the above factors, the Directors considered the Issue Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of each of the Deeds is subject to the following conditions having been fulfilled:

- (i) the Completion of the Subscription;
- (ii) the Listing Committee having granted or having agreed to grant the listing of, and permission to deal in, the Consideration Shares; and
- (iii) the passing by the Shareholders at the EGM of the necessary resolutions to approve the Deeds and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares).

All of the above conditions are incapable of being waived.

Specific mandate

The Consideration Shares will be allotted and issued pursuant to the specific mandate to be sought at the EGM. The Consideration Shares, when allotted and issued, will rank pari passu in all respects with all the Shares then in issue.

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

Tag along right

Pursuant to the Deeds, Perfect Zone has also agreed to grant a tag along right to each of the CVP Existing Shareholders so that if Perfect Zone sells part of or whole of its stake in CVP Capital to an independent third party, it shall give the CVP Existing Shareholders the right to join the transaction to sell part (based on the then respective shareholding in CVP Capital) or whole of his/its stake in CVP Capital.

Right of first refusal

Pursuant to the Deeds, each of the CVP Existing Shareholders has agreed to grant a first right of refusal to Perfect Zone, whereby no transfer of the CVP Capital Shares can be made by the CVP Existing Shareholders unless he/it has first made an offer to Perfect Zone.

Each of Mr. Lin and Star Beauty is independent of each other.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE DEEDS

As mentioned earlier in the paragraph headed “Reasons for and benefits of the Subscription” of this announcement, the Directors are of the view that expanding into financial services business in Hong Kong can enhance the shareholders’ value of the Company in long term. The Directors consider that granting the Put Option is the result of arm’s length negotiation with the CVP Existing Shareholders. In particular, by granting the CVP Existing Shareholders the Put Option at a discount to the trading price of the Shares, the Company may wholly-own CVP Capital upon the CVP Existing Shareholders exercising the Put Option.

CHANGES IN SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the First Deed; (iii) immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the Second Deed; and (iv) immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the Deeds, assuming there is no change in the existing shareholding of the Company:

	As at the date of this announcement		Immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the First Deed (for illustration only)		Immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the Second Deed (for illustration only)		Immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the Deeds (for illustration only)	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Royal Spectrum Holding Company Limited (“Royal Spectrum”) <i>(Note)</i>	1,968,000,000	49.20	1,968,000,000	49.17	1,968,000,000	49.10	1,968,000,000	49.07
Public Shareholders								
Mr. Lin	–	–	2,657,920	0.07	–	–	2,657,920	0.07
Star Beauty	–	–	–	–	7,973,761	0.20	7,973,761	0.20
Other Shareholders	2,032,000,000	50.80	2,032,000,000	50.76	2,032,000,000	50.70	2,032,000,000	50.66
Total	4,000,000,000	100.00	4,002,657,920	100.00	4,007,973,761	100.00	4,010,631,682	100.00

Note: The entire issued share capital in Royal Spectrum is legally and beneficially owned as to 96.63% by Devoss Global Holdings Limited (“Devoss Global”). The entire issued share capital in Devoss Global is legally and beneficially owned by Mr. Ting Pang Wan Raymond.

GEM LISTING RULES IMPLICATIONS

As certain applicable percentage ratios in respect of the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Discloseable transaction

As one of the applicable percentage ratios in respect of the Second Deed exceeds 5% but all are less than 25%, the entering into of the Second Deed constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Connected transaction involving issue of Consideration Shares

Since Mr. Lin, being one of the CVP Capital Existing Shareholders and an ex-director of certain subsidiaries of the Company in the past 12 months, is a connected person at the subsidiary level, the entering into of the First Deed constitutes a connected transaction at the subsidiary level under Chapter 20 of the GEM Listing Rules. While the entering into of the First Deed is fully exempted from the reporting and announcement requirements as all the applicable percentage ratios in respect of the First Deed are less than 5%, the issue of Consideration Shares under special mandate is subject to Shareholders' approval at the EGM.

Discloseable transaction involving issue of Consideration Shares

As one of the applicable percentage ratios in respect of the Second Deed exceeds 5% but all are less than 25%, the entering into of the Second Deed constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules. The issue of Consideration Shares under special mandate is subject to Shareholders' approval at the EGM.

EGM

The EGM will be held and convened to consider and, if thought fit, to approve, among other things, the Deeds and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares).

To the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the transactions contemplated under the Deeds. As such, no Shareholder will be required to abstain from voting on the resolution to approve the Deeds and any vote exercised by the Shareholders taken at the EGM shall be taken by way of poll.

A circular containing, among other things, further details of the Deeds, together with the notice convening the EGM will be despatched to the Shareholders as soon as practicable in compliance with the GEM Listing Rules.

Shareholders and potential investors of the Company should be aware that the Subscription, the Deeds and the respective transaction contemplated thereunder are subject to certain conditions being satisfied, and consequently the Subscription and the Deeds may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday, public or statutory holiday and days on which a typical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Madison Wine Holdings Limited, a company incorporated in the Cayman Islands, whose Shares are listed on GEM (Stock code: 8057)
“Completion”	completion of the Subscription
“connected person(s)”	has the meaning ascribed under the GEM Listing Rules
“Consideration Shares”	the new Shares to be allotted and issued by the Company to the holder(s) of the Put Option upon exercise of the Put Option
“CVP Capital”	CVP Capital Limited, a company incorporated in Hong Kong with limited liability, a corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the issuer to the Subscription Agreement

“CVP Capital Existing Shareholders”	existing shareholders of CVP Capital, which include Mr. Lin and Star Beauty
“CVP Capital Share(s)”	ordinary share(s) in the share capital of CVP Capital
“Deeds”	collectively, the First Deed and the Second Deed
“Director(s)”	the Director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Deeds and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares)
“First Deed”	the deed dated 9 February 2017 entered into between Perfect Zone and Mr. Lin in respect of the grant of right of first refusal, tag along, and the Put Option
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the GEM Listing Rules) any of the directors, chief executives or substantial shareholders of the Company or subsidiaries of the Company or any of their respective associates
“Issue Price”	the issue price of HK\$1.1 per Share
“Mr. Lin”	Mr. Samuel Lin Jr., an ex-director of certain subsidiaries of the Company in the past 12 months a shareholder of CVP Capital who owns 2,325,000 CVP Capital Shares, representing 25% of the issued share capital of CVP Capital as at the date of this announcement and a party to the First Deed

“Perfect Zone”	Perfect Zone Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company, the subscriber to the Subscription Agreement, a party to the Deeds
“Put Option”	the option granted by Perfect Zone to the CVP Capital Existing Shareholders pursuant to the Deeds whereby each of the CVP Capital Existing Shareholders shall have the right to require Perfect Zone to purchase from him/it all the CVP Capital Shares held by him/it immediately prior to exercise of the Put Option at the consideration of HK\$1.26 per CVP Capital Share
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Second Deed”	the deed dated 9 February 2017 entered into between Perfect Zone and Star Beauty in respect of the grant of right of first refusal, tag along, and the Put Option
“Second Term Sheet”	the non-legally binding term sheet entered into between CVP Capital and Perfect Zone dated 9 December 2016 in relation to the Subscription
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.001 each in the capital of the Company
“Shareholders”	holders of the issued Shares
“Star Beauty”	Star Beauty Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, one of the CVP Capital Existing Shareholders who owns 6,975,000 CVP Capital Shares, representing 75% of the issued share capital of CVP Capital and a party to the Second Deed

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by Perfect Zone pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 9 February 2017 entered into between Perfect Zone and CVP Capital in relation to the Subscription
“Subscription Price”	the aggregate sum of HK\$14 million
“Subscription Shares”	the number of new CVP Capital Shares to be subscribed by Perfect Zone so that at the time of Completion, which represents approximately 60% of the entire issued share capital of the CVP Capital as enlarged by the new CVP Capital Shares to be subscribed for by Perfect Zone
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 9 February 2017

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. Fan Wei, Mr. Chu Kin Wang Peleus and Mr. Ip Cho Yin, J.P..

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 www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.madison-wine.com.