

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



MADISON GROUP®

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: 8057)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE ENTERING INTO THE AGREEMENT TO ACQUIRE
(I) 20% EQUITY INTEREST IN THE TARGET COMPANY
AND
(II) THE OPTION TO ACQUIRE
THE ADDITIONAL EQUITY INTEREST**

THE ACQUISITION

The Board is pleased to announce that on 30 March 2018, the Company as purchaser, the Vendor as vendor and the Target Company entered into the Agreement, pursuant to which (i) the Vendor conditionally agreed to sell and the Company conditionally agreed to acquire, the Sale Interest for a consideration of JPY5,000,000,000 (equivalent to approximately HK\$362,000,000), which shall be satisfied in cash; and (ii) the Vendor conditionally agreed to grant to the Company the Option with a right (but not an obligation) to acquire the Additional Equity Interest.

IMPLICATION UNDER THE GEM LISTING RULES

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

THE ACQUISITION

The Board is pleased to announce that on 30 March 2018, the Company as purchaser, the Vendor as vendor and the Target Company entered into the Agreement, pursuant to which (i) the Vendor conditionally agreed to sell and the Company conditionally agreed to acquire, the Sale Interest for a consideration of JPY5,000,000,000 (equivalent to approximately HK\$362,000,000), which shall be satisfied in cash; and (ii) the Vendor conditionally agreed to grant to the Company the Option with a right (but not an obligation) to acquire the Additional Equity Interest.

THE AGREEMENT

Set out below are the principal terms of the Agreement:

Date:	30 March 2018
Purchaser:	Madison Holdings Group Limited
Vendor:	Remixpoint, Inc.
Target Company:	BITPoint Japan Company Limited

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Target Company, the Vendor and their respective ultimate beneficial owners are Independent Third Parties.

Asset to be acquired

- (i) the Sale Interest, being 20% equity interest in the Target Company as at the date of Completion;
and
- (ii) the Option, being a right but not an obligation to acquire the Additional Equity Interest.

Consideration

The consideration for the Acquisition is JPY5,000,000,000 (equivalent to approximately HK\$362,000,000), which will be satisfied in cash upon completion of the Acquisition.

The consideration for the Acquisition was determined after arm's length negotiations between the Company and the Vendor taking into account (i) the limited number of virtual currency trading platform operating licences granted by Kanto Local Finance Bureau of Japan; (ii) the future business prospectus of the Target Company; and (iii) the benefits to be derived by the Group from the Acquisition as described under the paragraph headed "Reasons for and benefits of the Acquisition" in this announcement.

The Company will finance the consideration partly by internal resources of the Group, and partly by equity or debt financing, or a combination of the above.

In view of the above, the Directors consider that the Agreement is on normal commercial terms and the consideration for the Acquisition is fair and reasonable, and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Acquisition shall be conditional upon and subject to the fulfilment of the following Conditions:

- (i) completion of a due diligence exercise over the business, the contracts and assets or debts of the Target Company, in terms satisfactory to the Company;
- (ii) all licenses which the Target Company obtains in relation to the operation of virtual currency trading platform in Japan being valid and in full effect;
- (iii) the Company having obtained a valuation report issued by a professional firm, which indicates the value of the Target Company is no less than JPY25,000,000,000 (equivalent to approximately HK\$1,810,000,000);
- (iv) the Company and Vendor having obtained all necessary approvals, consents, registrations and authorisation required to be obtained from regulators or other relevant authorities, including the Stock Exchange and Kanto Local Finance Bureau of Japan, for the transaction pursuant to the Agreement;

- (v) the Company having obtained a legal opinion (in form and substance satisfactory to the Company) issued from a firm of Japanese lawyers appointed by the Company, which shall include but not limited to the legality and validity of the transaction pursuant to the Agreement and the operation of virtual currency trading platform, and the due incorporation and other corporate matters of the Target Company; and
- (vi) the warranties given by the Vendor remaining true and accurate in all respects.

The Vendor and the Company shall make maximum efforts to fulfill the Conditions on or before 30 April 2018.

Completion

Subject to the fulfillment of the Conditions, completion of the Acquisition shall take place on the Completion Date. Upon completion of the Acquisition, the Sale Interest is accounted for as the Group's available-for-sale financial assets.

If any of the Conditions have not been fulfilled on the Completion Date, the Agreement shall be ceased and determined and neither parties to the Agreement shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms of the Agreement.

In the event that all the Conditions have been fulfilled before the Completion Date but the Company does not proceed to completion, the Vendor may terminate the Agreement and the Company shall be obliged to pay JPY500,000,000 (equivalent to approximately HK\$36,200,000) (being 10% of the consideration) to the Vendor as the liquidated damages. Upon the full payment of the liquidated damages by the Company, the Vendor shall not initiate any further claims against the Company.

Option

Within 15 days after entering into the Agreement, the Vendor shall execute and deliver to the Company the Option Deed (in the form otherwise agreed by the Vendor and the Company) to grant the Option to the Company, whereby the Company shall have a right but not an obligation to acquire the Additional Equity Interest, and the terms of the Option are subjected to further negotiation between the Vendor and the Company.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Japan with limited liability. In September 2017, the Target Company was granted a licence to operate virtual currency trading platform in Japan. The Target Company has investments in the associated companies which are incorporated in Hong Kong, Korea, Taiwan, Samoa and China respectively. All of the associated companies are engaged in virtual currency exchange industry.

Set out below is a summary of the financial information of the Target Company prepared under the Japan Financial Reporting Standards for the financial years ended 31 March 2016 and 31 March 2017 as follows:

	From 3 March 2016 (the incorporation date) to 31 March 2016	From 1 April 2016 to 31 March 2017
	<i>JPY'000</i>	<i>JPY'000</i>
	(Unaudited)	(Audited)
Turnover	–	25,068
Profit/(Loss) before tax	(509)	(187,704)
Profit/(Loss) after tax	(515)	(187,994)

The audited net assets of the Target Company as at 31 March 2017 was approximately JPY41,490,000.

INFORMATION OF THE VENDOR

The Vendor is a company incorporated in Japan whose issued shares are listed on the Tokyo Stock Exchange and is mainly engaged in energy-related business and automotive business. It is also engaged in virtual currency trading platform business and hotel-related business through its subsidiaries.

Save for the Acquisition and the transactions contemplated thereunder, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owners, are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE 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 financial services including corporate financial advisory services and asset management services.

As stated in the Company's interim report for the six months ended 30 September 2017, the acquisitions and subscription of shares in licensed corporations has diversified the Group's business and brought financial benefits to the Group. The Directors are optimistic with the future prospect of financial sectors and will keep looking for opportunities to diversify its business and strengthen its position in Hong Kong and overseas.

The demand for virtual currencies has been on the rise as it has developed as a convenient medium of currency exchange. Virtual currencies are encrypted codes that be easily transferred through computers or smartphones in electronic formats. Thus, it is anticipated that virtual currencies will eliminate the need for card or cash to enable transactions in future.

In 2017, total virtual currency market capitalisation increased by nearly US\$600 billion, from US\$17.7 billion to US\$612.9 billion. Japan, one of the most active markets for digital assets and virtual currency globally, introduced a licensing system for virtual currency trading in 2017. Since 2017, virtual currency has been recognized as one of the legal means for settlement in Japan. In early March 2018, 16 licences of virtual currency trading platform have been issued by Financial Services Agency of Japan, and the Target Company is one of the licence holders to operate virtual currency trading platform in Japan. As advised by the Vendor, since the grant of the licence to operate virtual currency trading platform in Japan in September 2017, the business performance of the Target Company has been improved, and the Target Company has also extended its business beyond Japan through joint venture and partnership.

In view of the historical and expected growth of virtual currency globally, together with the licensing system in Japan, the Directors are optimistic with the development of virtual currency trading platforms. The Directors believe that development in virtual currency trading platform is at the early stage but having great potential. To balance the risk as well as to capture the growth, the Company adopts prudent and progressive approach by initially acquiring 20% equity interest in the Target Company with an option to increase its shareholding when the virtual currency market becomes mature in the future.

IMPLICATION UNDER THE GEM LISTING RULES

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

DEFINITIONS

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

“Acquisition”	the proposed acquisition by the Company of (i) the 20% equity interest in the Target Company from the Vendor, and (ii) the Option, i.e. a right but not an obligation, to acquire the Additional Equity Interest
“Additional Equity Interest”	up to 40% equity interest in the Target Company in addition to the Sale Interest, subject to further negotiation between the Vendor and the Company
“Agreement”	the agreement entered into between the Company and the Vendor dated 30 March 2018 in relation to the Acquisition
“Board”	the board of Directors
“Company”	Madison Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM of the Stock Exchange
“Completion Date”	on or before 14 May 2018 or such later date as the parties to the Agreement may agree in writing
“Conditions”	the conditions precedent to the completion of the Acquisition
“Directors”	directors of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	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
“Option”	the option, which is a right but not an obligation, to be granted by the Vendor to the Company to acquire the Additional Equity Interest
“Option Deed”	the deed to be entered into between the Company and the Vendor within 15 days after the execution of the Agreement, pursuant to which the Vendor grants the Option to the Company to acquire the Additional Equity Interest
“Sale Interest”	20% equity interest in the Target Company
“Share(s)”	the issued ordinary share in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	BITPoint Japan Company Limited, a wholly-owned subsidiary of the Vendor, is a company carrying on virtual currency trading platform licensed by the Japanese Government (No.:00009)
“Vendor”	Remixpoint, Inc., a company incorporated in Japan and whose shares are listed on the Tokyo Stock Exchange (stock code: 3825)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JPY”	Japanese yen, the lawful currency of Japan

“US\$” the United States dollars, the lawful currency of the United States

“%” per cent.

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

In this announcement, for reference only, the translation of Japanese yen into Hong Kong dollars is based on the exchange rate of JPY100 = HK\$7.24.

Hong Kong, 30 March 2018

As at the date of this announcement, the executive Directors are Mr. Ting Pang Wan Raymond, Mr. Zhu Qin, Mr. Teoh Ronnie Chee Keong and Ms. Kuo Kwan; 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.