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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)

VOLUNTARY ANNOUNCEMENT THE ENTERING INTO OF THE JV AGREEMENT

The Board is pleased to announce that on 23 July 2018 (after trading hours), the Company and Blockhouse entered into the JV Agreement, pursuant to which the Company and Blockhouse have agreed to form a joint venture owned as to 33.3% by Blockhouse and as to 66.7% by Madison Blockchain, for the purpose of (i) providing advisory services on the commercial application of Blockchain technology, including online public services, tokenization of transaction data into different forms of cryptocurrencies and integration of Blockchain technology into various business sectors; (ii) developing cryptocurrency banking platform by offering payment and settlement services; (iii) developing a fair exchange platform for trading cryptocurrencies globally; and (iv) creating a complete ecosystem of public Blockchain by providing the above-mentioned services to the proposed users.

Pursuant to the JV Agreement, the total initial capital contribution to the JV Company shall be US\$2,000,000, which shall be made by Madison Blockchain (with the Group's internal resources) and Blockhouse in proportion to the parties' respective shareholding in the JV Company and shall be used for advisory service on Blockchain application.

This announcement is made by the Company on a voluntary basis to inform the public of the latest business update of the Group.

The Board is pleased to announce that on 23 July 2018 (after trading hours), the Company and Blockhouse entered into the JV Agreement, pursuant to which the Company and Blockhouse have agreed to form a joint venture to engage in (i) provision of advisory services on the commercial application of Blockchain technology, including online public services (“**e-government**”), tokenization of transaction data into different forms of cryptocurrencies and integration of Blockchain technology into various business sectors; (ii) development of cryptocurrency banking platform by offering payment and settlement services; (iii) development of a fair exchange platform for trading cryptocurrencies globally; and (iv) creation of a complete ecosystem of public Blockchain by providing the above-mentioned services to the proposed users.

The principal terms of the JV Agreement are set out below.

THE JV AGREEMENT

Date: 23 July 2018

Parties: Madison Holdings Group Limited; and

The Blockhouse Technology Limited

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, save for Mr. Ting Pang Wan Raymond, an executive Director and a controlling shareholder of the Company, who is interested in 160 preferred ordinary shares in, representing approximately 4.8% of all the issued shares (including the ordinary shares and the preferred ordinary shares) of, Blockhouse as at the date of this announcement, Blockhouse and its ultimate beneficial owner(s) are independent third parties not connected with the Company and its connected persons.

Scope of business The JV Company will be principally engaged in (i) provision of advisory services on the commercial application of Blockchain technology, including e-government, tokenization of transaction data into different forms of cryptocurrencies and integration of Blockchain technology into various business sectors; (ii) development of cryptocurrency banking platform by offering payment and settlement services; (iii) development of a fair exchange platform for trading cryptocurrencies globally; and (iv) creation of a complete ecosystem of public Blockchain by providing the above-mentioned services to the proposed users.

Shareholding structure	<p>The JV Company is owned as to 33.3% by Blockhouse and as to 66.7% by Madison Blockchain, a direct wholly-owned subsidiary of the Company.</p> <p>Share options of up to 10% of the issued share capital of the JV Company as enlarged by the allotment and issue of the JV Shares upon exercise of such share options may be granted by the JV Board to the employees or consultants who have contributed to the development of the business of the JV Company.</p>
Restriction on transfer	<p>Any transfer of all or part of a shareholder's equity interest in the JV Company shall be subject to the transfer restrictions provided under the JV Agreement (including right of first refusal, tag-along right and drag-along right).</p>
Capital contribution	<p>The total initial capital contribution to the JV Company shall be US\$2,000,000, which shall be made by Madison Blockchain (with the Group's internal resources) and Blockhouse in proportion to the parties' respective shareholding in the JV Company and shall be used for advisory service on Blockchain application.</p>
JV Board	<p>The JV Board will consist of 3 directors. Madison Blockchain is entitled to appoint 2 directors and Blockhouse is entitled to appoint 1 director. The chairman of the board of the JV Board shall be a director appointed by Madison Blockchain.</p> <p>The quorum for a meeting of the JV Board shall be two directors, one of which shall be a director appointed by Madison Blockchain and one of which shall be a director appointed by Blockhouse.</p> <p>Since (i) the Group owns 66.7% of the issued share capital of the JV Company, and (ii) the Group has control of the JV Board, the JV Company is recognised as a non-wholly owned subsidiary of the Company. As a result, the financial results, assets and liabilities of the JV Company will be consolidated into the accounts of the Group.</p>

Matters requiring unanimous consent

Unanimous consent from the shareholders of the JV Company will be required for, among others:

- (a) the winding-up, dissolution or liquidation of the JV Company;
- (b) the alteration of the rights of a shareholder of the JV Company;
- (c) the alteration of the articles of association of the JV Company and the passing of any resolutions, inconsistent with the provisions of the JV Agreement;
- (d) the entering into of any transaction with any person by the JV Company other than in its ordinary course of business or otherwise on an arm's length basis;
- (e) the admission of any person and whether by subscription or transfer of the shares of the JV Company as a member of the JV Company;
- (f) the alteration of the composition of the Board;
- (g) the acquisition or disposal of any undertaking, property, asset or investment of the JV Company or interest therein or the creation of any charge, mortgage or other encumbrances over such undertaking, property, asset or investment or interest therein or contracting so to do;
- (h) investment of an amount in excess of 50% of the total asset value of the JV Company;
- (i) the alteration of the JV Agreement; and
- (j) the change of the scope of the business of the JV Company.

Technology team

The JV Company will enter into a project-based employment contract with Professor Andrew William Roscoe, Dr. Chen Bangdao, Professor Ivan Martinovic, and Professor Peter Ryan on or before 1 August 2018, as scientists of the JV Company to performing the business of the JV Company.

Termination

Unless otherwise agreed by the parties to the JV Agreement, the term of the JV Agreement shall lapse upon any of Professor Andrew William Roscoe and Dr. Chen Bangdao resigning as a member of the technology team of the JV Company within two (2) years from the date of the JV Agreement.

INFORMATION OF THE GROUP AND BLOCKHOUSE

The Company is an investment holding company and its subsidiaries are 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 on red wine; and (ii) the provision of financial services.

Blockhouse is a company incorporated in Oxford, the United Kingdom with limited liability in March 2018. It was founded by Professor Andrew William Roscoe (FREng, former head of Computer Science Department, University of Oxford) and Dr. Bangdao Chen (PhD in Computer Science, University of Oxford). Blockhouse Company researches and develops regulation technologies, secure Blockchain infrastructures and standards, green mining algorithms and systems, and secure smart contract tools and technologies. Its research team includes experts from top universities such as University of Oxford and Luxembourg University. The shareholders of Blockhouse include University College Oxford, experts, partners and venture capital funds. Blockhouse had assisted University College Oxford in setting up University College Oxford Blockchain Research Centre (the “**Centre**”), of which Andrew William Roscoe is the director. The principal activity of the Centre is to conduct academic research on Blockchain technology.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

The Directors noticed that there are more and more commercial organizations to apply Blockchain technology on their respective business operations. For instance, a global commercial bank had successfully using Blockchain technology to complete a cross-border trade finance transaction and a software development company has created a mobile application for consumers to access information on the Blockchain network regarding different products being purchased and respective warranties in the case of product malfunction.

The formation of the JV Company with the Blockhouse shall enable the Group to (i) capture the growing demand in the advisory services for the application of Blockchain technology across different industries; (ii) enlarge our business network to cross-sell our other products and services through the provision of the Blockchain advisory service to potential customers of different industries; (iii) create an online community for sharing intelligence of latest movement of various Blockchain-related start-up and fintech companies; and (iv) be one of the pioneers to apply Blockchain technology on financial services activities by combing the technology experts of the Blockhouse and financial professionals of our licensed corporations.

The Directors are therefore of the view that the terms of the JV Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

DEFINITIONS

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

“Blockhouse”	The Blockhouse Technology Limited, a company incorporated in Oxford, the United Kingdom with limited liability
“Board”	the board of Directors
“Company”	Madison Holdings Group Limited, a company incorporated in the Cayman Islands, whose Shares are listed on GEM (Stock code: 8057)
“Director(s)”	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
“JV Agreement”	the joint venture agreement dated 23 July 2018 entered into between the Company and Blockhouse in relation to the formation of the JV Company
“JV Board”	the board of directors of the JV Company
“JV Company”	Madison Blockhouse Limited, a company incorporated in Hong Kong with limited liability and owned as to 33.3% by Blockhouse and as to 66.7% by Madison Blockchain
“Madison Blockchain”	Madison Blockchain Holdings Company Limited, a company incorporated in Seychelles with limited liability, a wholly-owned subsidiary of the Company
“Share(s)”	the issued ordinary share(s) in the share capital of the Company

“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	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

Hong Kong, 23 July 2018

As at the date of this announcement, the executive Directors are Mr. Ting Pang Wan Raymond, Mr. Zhu Qin, Mr. Zhou Francis Bingrong, 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 of the Stock Exchange 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. This announcement will also be published on the website of the Company at <https://www.madison-group.com.hk>.