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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: 8057)

INSIDE INFORMATION

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NON-LEGALLY BINDING MEMORANDA OF UNDERSTANDING

The Board is pleased to announce that: (i) on 15 October 2018, the Company entered into the CVP MOU with CVP, pursuant to which the Company intends to acquire, and CVP intends to sell, such number of existing shares of the Target Company representing approximately 52% of the entire issued share capital of the Target Company; and (ii) on 19 October 2018, the Company entered into the SRA MOU with SRA, pursuant to which the Company intends to acquire, and SRA intends to sell, such number of existing shares of the Target Company representing approximately 25% of the entire issued share capital of the Target Company, in each case as at the date of this announcement.

Save for the provisions on due diligence, exclusivity, confidentiality, costs, termination, the governing law and enforceability of the MOUs which are legally-binding on the parties, the MOUs are not legally binding. The Potential Acquisitions will be subject to the execution of the Formal Agreements. The detailed terms and conditions of the Potential Acquisitions will be set out in the Formal Agreements. Further announcement(s) in respect of the Potential Acquisitions in compliance with the GEM Listing Rules and the Takeovers Code will be made by the Company as soon as possible after the signing of the Formal Agreements.

POTENTIAL GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, CVP is wholly-owned by Mr Ting, who is a controlling Shareholder, the chairman and an executive Director of the Company, and therefore CVP is a connected person of the Company. As the Company is acquiring an interest in the Target Company from SRA, who is not a connected person, but the Target Company's substantial shareholder, CVP, is a controlling Shareholder and therefore a "controller" as defined under Rule 20.26 of the GEM Listing Rules, the SRA Potential Acquisition, if materializes, would constitute a connected transaction under Rule 20.26 of the GEM Listing Rules.

If the Formal Agreements are entered into between the parties to the MOUs, the CVP Potential Acquisition, whether on a standalone basis or when aggregated with the SRA Potential Acquisition, shall constitute a major and connected transaction of the Company subject to, among others, independent Shareholders' approval under the GEM Listing Rules. For completeness, the SRA Potential Acquisition, on a standalone basis, shall constitute a discloseable and connected transaction of the Company, however this scenario would not materialise as completion of the SRA Potential Acquisition is conditional upon completion of the CVP Potential Acquisition having occurred. Further announcement(s) will be made by the Company in compliance with the GEM Listing Rules and the Takeovers Code as and when appropriate.

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

POSSIBLE APPLICATION FOR WHITEWASH WAIVER

If: (i) the Potential Acquisitions materialise and involve issuance of Consideration Shares and/or Convertible Bonds; or (ii) if only the CVP Potential Acquisition materialises and involves issuance of relevant Consideration Shares and/or relevant Convertible Bonds, immediately after the allotment and issue of the relevant Consideration Shares and/or relevant Conversion Shares upon full conversion of the Convertible Bonds (as the case may be), the voting rights held by the Vendors and parties acting in concert with any of them or CVP and parties acting in concert with it (as the case may be) in the Company is expected to increase by more than 2% in both cases.

As such, under Rule 26.1 of the Takeovers Code, the Vendors (if the Potential Acquisitions materialise) or CVP (if only the CVP Potential Acquisition materialises) would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Vendors and parties acting in concert with any of them (if the Potential Acquisitions materialise) or CVP and parties acting in concert with it (if only the CVP Potential Acquisition materialises) unless the Whitewash Waiver is obtained from the Executive. In this regard, it is intended that the Potential Acquisitions will be conditional upon the Whitewash Waiver being granted by the Executive and approved by the independent Shareholders pursuant to the Takeovers Code, and such conditions will not be waivable. It is intended that the Vendors (if the Potential Acquisitions materialise) or CVP (if only the CVP Potential Acquisition materialises) will make an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the relevant Consideration Shares and the relevant Conversion Shares (as the case may be) after the signing of the Formal Agreement(s).

This announcement is made by the Company pursuant to Rule 17.10(1) 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 “SFO”).

I. NON-LEGALLY BINDING MEMORANDA OF UNDERSTANDING IN RESPECT OF THE POTENTIAL ACQUISITIONS OF AN AGGREGATE OF 77% INTEREST IN A TARGET COMPANY

1. Potential Acquisitions

The Board is pleased to announce that: (i) on 15 October 2018, the Company entered into the CVP MOU with CVP, pursuant to which the Company intends to acquire, and CVP intends to sell, such number of existing shares of the Target Company representing approximately 52% of the entire issued share capital of the Target Company (the “**CVP Potential Acquisition**”); and (ii) on 19 October 2018, the Company entered into the SRA MOU with SRA, pursuant to which the Company intends to acquire, and SRA intends to sell, such number of existing shares of the Target Company representing approximately 25% of the entire issued share capital of the Target Company (the “**SRA Potential Acquisition**”), in each case as at the date of this announcement.

The Target Company is an investment holding company which holds 70% of the issued share capital of Starlight. Starlight, together with its subsidiaries, is principally engaged in the provision of loan financing and financial consultancy services in the People’s Republic of China and provision of money lending services in Hong Kong. Its major customers include individuals as well as small and medium enterprises.

The consideration for each of the Potential Acquisitions will be subject to agreement by the parties to the respective MOUs and will be set out in the definitive agreements (the “**Formal Agreements**”) to be signed by the relevant parties to the respective MOUs. Such consideration is expected to be satisfied: (a) entirely by issuance of new Shares to the Vendors (the “**Consideration Shares**”); (b) entirely by issuance of unsecured convertible bonds by the Company (the “**Convertible Bonds**”) convertible into Shares (each a “**Conversion Share(s)**”); or (c) by issuance of a combination of Consideration Shares and Convertible Bonds.

Completion of each of the Potential Acquisitions is proposed to be conditional upon, among others:

- (a) the results of the due diligence on the Target Company, Starlight and their respective subsidiaries (collectively, the “**Target Group**”) being satisfactory to the Company;

- (b) the Shareholders or independent Shareholders (as appropriate) having passed in general meeting of the Company of all resolutions required under relevant laws and regulations, including but not limited to the GEM Listing Rules and the applicable laws of the transactions contemplated under the Formal Agreements, including without limitation to the specific mandate for the allotment and issue of the Consideration Shares, the Convertible Bonds and the Conversion Shares (as the case may be);
- (c) the granting of approvals for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares (as the case may be) by the Listing Committee of the Stock Exchange;
- (d) written consents from other shareholders of the Target Company not to exercise their right of first refusal under the shareholders' agreement in relation to the Target Company dated 28 July 2016;
- (e) the relevant Vendor(s) having made an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Consideration Shares and Conversion Shares (as the case may be) after the signing of the Formal Agreements and the Whitewash Waiver having been granted by the Executive; and
- (f) the Whitewash Waiver and the underlying transactions (i.e. the Potential Acquisitions) having been approved by the independent Shareholders at an extraordinary general meeting of the Company pursuant to the Takeovers Code.

In respect of the SRA Potential Acquisition, pursuant to the SRA MOU, in addition to the above conditions, the SRA Potential Acquisition shall also be conditional upon completion of the CVP Potential Acquisition having occurred.

It is the intention of the Vendors and the Company that the conditions regarding the Whitewash Waiver (i.e. conditions (e) and (f) above) will not be waivable.

2. Financial assistance to the Company

Pursuant to the SRA MOU, SRA shall provide financial assistance to the Company for business development of the Target Company and/or other businesses of the Company. The terms and conditions of such financial assistance shall be subject to agreement by SRA and the Company and to be set out in the relevant Formal Agreement.

3. Due Diligence and Exclusivity

After the signing of the relevant MOU(s), the Company (and its agents and/or advisers) shall be entitled to conduct a due diligence exercise on the Target Group.

Each of CVP and SRA undertakes to the Company not to enter into discussions, negotiations, agreement (verbal or written) or understanding with any other party in relation to the Potential Acquisitions (unless otherwise agreed by the Company in writing) during the period of six months from the date of the relevant MOU(s) (both days inclusive) (or such other period as the parties to the relevant MOU(s) may agree) (the “**Exclusivity Period**”), provided that parties to the relevant MOU(s) may by mutual written agreement extend the Exclusivity Period under such MOU(s).

The respective MOU(s) shall terminate on the earlier of: (a) agreement in writing by the parties to the relevant MOU(s) to terminate the negotiation and discussions relating to the relevant Potential Acquisition(s); and (b) failure by the relevant parties to finalise the relevant Formal Agreement(s) by the end of the relevant Exclusivity Period(s).

4. Non-legally binding

Save for the provisions on due diligence, exclusivity, confidentiality, costs, termination, the governing law and enforceability of the MOUs which are legally binding on the parties, the MOUs are not legally binding. The Potential Acquisitions will be subject to the execution of the Formal Agreements. The detailed terms and conditions of the Potential Acquisitions will be set out in the Formal Agreements. Further announcement(s) in respect of the Potential Acquisitions in compliance with the GEM Listing Rules and the Takeovers Code will be made by the Company as soon as possible after the signing of the Formal Agreement(s).

II. POTENTIAL GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, CVP is wholly-owned by Mr Ting, who is a controlling Shareholder, the chairman and an executive Director of the Company, and therefore CVP is a connected person of the Company. As the Company is acquiring an interest in the Target Company from SRA, who is not a connected person, but the Target Company’s substantial shareholder, CVP, is a controlling Shareholder and therefore a “controller” as defined under Rule 20.26 of the GEM Listing Rules, the SRA Potential Acquisition, if materializes, would constitute a connected transaction under Rule 20.26 of the GEM Listing Rules.

If the Formal Agreements are entered into between the parties to the relevant MOUs, the CVP Potential Acquisition, whether on a standalone basis or when aggregated with the SRA Potential Acquisition, shall constitute a major and connected transaction of the Company subject to, among others, independent Shareholders' approval under the GEM Listing Rules. For completeness, the SRA Potential Acquisition, on a standalone basis, shall constitute a discloseable and connected transaction of the Company, however this scenario would not materialise as completion of the SRA Potential Acquisition is conditional upon completion of the CVP Potential Acquisition having occurred. Further announcement(s) will be made by the Company in compliance with the GEM Listing Rules and the Takeovers Code as and when appropriate.

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

III. POSSIBLE APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, Mr. Ting indirectly holds approximately 46.27% of the voting rights in the Company, and Bartha Holdings, indirectly owned by Mr. Ting as to 85.25%, holds convertible bonds in the principal amount of HK\$150,000,000 which are convertible into 136,363,636 Shares at the conversion price of HK\$1.10 per conversion share (subject to adjustments) and share options for which 6,000,000 new Shares may be issued at the exercise price of HK\$0.80 per Share. As at the date of this announcement, SRA holds approximately 0.99% of the voting rights in the Company. Therefore, the Vendors and parties acting in concert with any of them hold in aggregate approximately 47.27% of the voting rights in the Company as at the date of this announcement.

If: (i) the Potential Acquisitions materialise and involve issuance of Consideration Shares and/or Convertible Bonds; or (ii) if only the CVP Potential Acquisition materialises and involves issuance of relevant Consideration Shares and/or relevant Convertible Bonds, immediately after the allotment and issue of the relevant Consideration Shares and/or relevant Conversion Shares upon full conversion the Convertible Bonds (as the case may be), the voting rights held by the Vendors and parties acting in concert with any of them or CVP and parties acting in concert with it (as the case may be) in the Company is expected to increase by more than 2% in both cases.

As such, under Rule 26.1 of the Takeovers Code, the Vendors (if the Potential Acquisitions materialise) or CVP (if only the CVP Potential Acquisition materialises) would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by Vendors and parties acting in concert with any of them (if the Potential Acquisitions materialise) or CVP and parties acting in concert with it (if only the CVP Potential Acquisition materialises) unless the Whitewash Waiver is obtained from the Executive. In this regard, it is intended that the Potential Acquisitions will be conditional upon the Whitewash Waiver being granted by the Executive and approved by the independent Shareholders pursuant to the Takeovers Code, and such conditions will not be waivable. It is intended that the Vendors (if the Potential Acquisitions materialise) or CVP (if only the CVP Potential Acquisition materialises) will make an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the relevant Consideration Shares and the relevant Conversion Shares (as the case may be) after the signing of the Formal Agreement(s).

IV. MONTHLY UPDATE

Monthly announcement(s) will be made in relation to the progress of the Potential Acquisitions. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the GEM Listing Rules and the Takeovers Code.

V. UNUSUAL PRICE MOVEMENT

The Board has noted the decrease in the trading price of the Shares for the one trading day immediately prior to the trading halt that took effect from 9:00 a.m. on Monday, 15 October 2018. Having made all such enquiries with respect to the Company as is reasonable in the circumstances, other than the MOUs as disclosed in this announcement, the Board confirms that it is not aware of any reasons for those price movements or of any information which must be announced to avoid a false market in the Company's securities or of any information that needs to be disclosed under Part XIVA of the SFO.

VI. RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on Monday, 15 October 2018. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Wednesday, 24 October 2018.

VII. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Bartha Holdings”	Bartha Holdings Limited, a company incorporated in Hong Kong with limited liability and indirectly owned by Mr. Ting as to 85.25%
“Board”	the board of Directors
“Company”	Madison Holdings Group Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 8057)
“Connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“CVP”	CVP Financial Group Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Ting
“CVP MOU”	the memorandum of understanding entered into between the Company and CVP on 15 October 2018
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission from time to time or any delegate of such Executive Director
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“MOUs”	collectively, the CVP MOU and the SRA MOU, and “MOU” means any one of them
“Mr. Ting”	Mr Ting Pang Wan Raymond, who is a controlling Shareholder, the chairman and an executive Director of the Company
“Potential Acquisitions”	collectively, the CVP Potential Acquisition and the SRA Potential Acquisition

“Shares”	the issued ordinary share(s) in the share capital of the Company
“Shareholders”	holders of the Shares
“SRA”	Software Research Associates, Inc., a company incorporated in Japan with limited liability and wholly-owned by SRA Holdings, Inc., the shares of which are listed on the First Section of the Tokyo Stock Exchange (TSE Stock Code: 3817)
“SRA MOU”	the memorandum of understanding entered into between the Company and SRA on 19 October 2018
“Starlight”	Starlight Financial Holdings Limited, a company incorporated in Hong Kong with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Hackett Enterprises Limited, a company incorporated in the Republic of Seychelles with limited liability
“Vendors”	collectively, CVP and SRA, and “Vendor” means any one of them
“Whitewash Waiver”	a waiver to be obtained from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Vendors (if the Potential Acquisitions materialise) or CVP (if only the CVP Potential Acquisition materialises) to make a mandatory general offer for all of the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Vendors and parties acting in concert with any of them (if the Potential Acquisitions materialise) or CVP (if only the CVP Potential Acquisition materialises) which would otherwise arise as a result of the completion of the Potential Acquisitions or the CVP Potential Acquisition (as the case may be)
“%”	percentage

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

Hong Kong, 23 October 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, Ms. Kuo Kwan and Mr. Xiong Hu and the independent non-executive Directors are Ms. Fan Wei, Mr. Chu Kin Wang Peleus and Mr. Ip Cho Yin, J.P.

As at the date of this announcement, the sole director of CVP is Mr. Ting and the directors of SRA are Toru Kashima, Makoto Ishisone, Katsumi Ohkuma, Naohiro Ichida, Junji Hirata and Isamu Fujino.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Vendors and parties acting in concert with any of them) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by Mr. Ting and the directors of SRA) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

Mr. Ting accepts full responsibility for the accuracy of the information contained in this announcement (other than information relating to SRA) and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the directors of SRA) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

The directors of SRA accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Group and CVP) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Directors and Mr. Ting) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

This announcement, for which the Directors collectively and individually accept full responsibility (other than for information relating to the Vendors and parties acting in concert with any of them), includes particulars given in compliance with the GEM Listing Rules and the Takeovers Code 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 (other than for information relating to the Vendors and parties acting in concert with any of them) 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>.