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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)

**(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
THE ACQUISITIONS OF 77% INTEREST IN A TARGET COMPANY;
(2) ISSUANCE OF SHARES UNDER SPECIFIC MANDATE;
AND
(3) APPLICATION FOR WHITEWASH WAIVER**

THE ACQUISITIONS

The Board is pleased to announce that on 20 November 2018 (before trading hours), the Company entered into the Agreements with each of CVP and SRA respectively, pursuant to which the Company has conditionally agreed to acquire, and each of CVP and SRA has conditionally agreed to sell, the CVP Sale Shares and the SRA Sale Shares respectively, representing 52% and 25% of the entire issued share capital of the Target Company respectively as at the date of this announcement.

Under the CVP Agreement, the CVP Consideration for the purchase of the CVP Sale Shares is HK\$462.8 million. The CVP Consideration shall be satisfied: (i) in respect of 60% of the CVP Consideration, by the Company allotting and issuing the CVP Consideration Shares at the Issue Price to CVP at Completion; and (ii) in respect of 40% of the CVP Consideration, by the Company issuing the Promissory Note to CVP at Completion.

Under the SRA Agreement, the SRA Consideration for the purchase of the SRA Sale Shares is HK\$222.5 million and shall be satisfied entirely by the Company allotting and issuing the SRA Consideration Shares at the Issue Price to SRA at Completion.

The Consideration Shares in aggregate represent approximately 21.23% of the existing issued share capital of the Company as at the date of this announcement and approximately 17.51% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares immediately after completion of the CVP Acquisition and SRA Acquisition (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date, save for the issuance of the Consideration Shares).

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM. An application will be made to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when allotted and issued following the Completion, will rank *pari passu* in all respects with the existing Shares in issue.

Completion of each of the Acquisitions shall take place on the Completion Date after all the conditions precedent of the relevant Agreement (which, in respect of the SRA Agreement, also include the SRA Additional Condition) have been fulfilled (or waived, if applicable).

Following Completion, the Target Company will be held as to 77%, 18% and 5% by the Company, Apex Treasure International Limited and Kwan Tong Enterprises Ltd respectively, therefore will become a direct non wholly-owned subsidiary of the Company, and the Target Company's financial results will be consolidated into those of the Company.

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 and the CVP Acquisition constitutes a connected transaction of the Company, which is subject to reporting, announcement, circular and independent shareholders' approval requirements. As the Promissory Note is on normal commercial terms and is not secured by assets of the Group, the Promissory Note constitutes a financial assistance received by the Group from a connected person that is fully exempt under Rule 20.88 of the GEM Listing Rules. 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 Acquisition constitutes a connected transaction under Rule 20.26 of the GEM Listing Rules, which is subject to reporting, announcement, circular and independent shareholders' approval requirements.

As Mr. Ting was considered to have a material interest in the Acquisitions and transactions contemplate thereunder, the Specific Mandate and the Whitewash Waiver, Mr. Ting has abstained from voting on the relevant board resolutions of the Company. Save as disclosed above, no other Directors had a material interest in the Acquisitions and transactions contemplate thereunder, the Specific Mandate and the Whitewash Waiver and no other Director has abstained from voting on the relevant board resolutions of the Company.

As the highest applicable percentage ratio (as defined in Rule 19.07 of the GEM Listing Rules), whether in respect of the CVP Acquisition on a standalone basis or in respect of the Acquisitions on an aggregated basis, is more than 25% but less than 100%, each of the CVP Acquisition on a standalone basis and the Acquisitions on an aggregated basis constitute a major transaction for the Company under Rule 19.06(3) of the GEM Listing Rules and will accordingly be subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules. For completeness, the SRA Acquisition, on a standalone basis, constitutes a discloseable and connected transaction of the Company, however this scenario would not materialise as completion of the SRA Acquisition is conditional upon completion of the CVP Acquisition having occurred.

IMPLICATIONS UNDER TAKEOVERS CODE AND APPLICATION OF 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, which is 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 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, CVP and parties acting in concert with it (which include SRA and, before Completion, Mr. Teoh) hold in aggregate approximately 47.29% of the voting rights in the Company as at the date of this announcement.

Upon Completion, Mr. Teoh will no longer be presumed to be acting in concert with CVP under class (6) presumption under the definition of “acting in concert” under the Takeovers Code.

Upon Completion of the CVP Acquisition only, the shareholding interest of CVP and parties acting in concert with it (which include SRA but not Mr. Teoh) in the Company represents approximately 52.83% of the total issued share capital of the Company as enlarged by the issuance of the CVP Consideration Shares (assuming that the SRA Acquisition does not complete).

Upon Completion of the Acquisitions, the aggregate shareholding interest of CVP and parties acting in concert with it (which include SRA but not Mr. Teoh) in the Company represents approximately 56.50% of the total issued share capital of the Company as enlarged by the issuance of all Consideration Shares.

Under Rule 26.1 of the Takeovers Code, CVP 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 CVP and parties acting in concert with it (which include SRA but not Mr. Teoh) which would otherwise arise as a result of the completion of the CVP Acquisition or the Acquisitions (as the case may be), unless the Whitewash Waiver is obtained from the Executive. In this regard, CVP will make an application to the Executive for the Whitewash Waiver.

The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval of at least 75% (in respect of the Whitewash Waiver) and more than 50% (in respect of the CVP Acquisition or the Acquisitions (as the case may be)) of the Independent Shareholders at the EGM by way of poll. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the CVP Agreement or the Agreements (as the case may be) will not become unconditional and the CVP Acquisition or the Acquisitions (as the case may be) will not proceed.

In the 6 months prior to the date of the MOU Announcement up to and including the date of this announcement: (i) Mr. Ting, through his controlled corporations (which include CVP), acquired an aggregate of 14,044,000 Shares on market at the then prevailing market price; and (ii) Mr. Teoh acquired an aggregate of 980,000 Shares on market at the then prevailing market price. Such acquisitions of Shares were made prior to the negotiations, discussions or the reaching of understandings or agreements with the Directors (which include informal discussions) in relation to the Acquisitions.

Save as disclosed above and save for the entering into of the Agreements, none of CVP and parties acting in concert with it has acquired any voting rights in the Company or has dealt in any the Company Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into the Company Shares in the 6 months prior to the date of the MOU Announcement up to and including the date of this announcement.

INDEPENDENT BOARD COMMITTEE

Pursuant to the GEM Listing Rules and the Takeovers Code, the Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders regarding the Agreements and transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreements and transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver. Further announcement(s) in relation to the appointment of independent financial adviser will be made by the Company in compliance with the GEM Listing Rules and the Takeovers Code.

CIRCULAR AND THE EGM

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve the Agreements and transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver. As CVP is a party to the CVP Acquisitions, and given that completion of the SRA Acquisition is conditional upon completion of the CVP Acquisition, CVP and its associates (as defined in the GEM Listing Rules) and parties acting in concert with CVP (with include SRA and, before Completion, Mr. Teoh) are regarded as having a material interest in the Acquisitions and transactions contemplated thereunder, the Specific Mandate and Whitewash Waiver and shall abstain from voting on the relevant resolution(s) approving the same at the EGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates (as defined in the GEM Listing Rules) has a material interest in the Acquisitions and the transactions contemplated thereunder, the Specific Mandate or the Whitewash Waiver, and therefore no other Shareholder would be required to abstain from voting on the relevant resolutions to be proposed at the EGM. It is expected that a circular will be despatched to the Shareholders on or before 11 December 2018, which is within 21 days of the date of this announcement, in accordance with Rule 8.2 of the Takeovers Code. The circular will contain, among other things, further details of the Agreements and transactions contemplated thereunder, the Specific Mandate, the Whitewash Waiver, a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions and the transactions contemplated under the CVP Agreement and the SRA Agreement. The circular will also be accompanied by a notice to convene the EGM and the proxy form.

I. MAJOR AND CONNECTED TRANSACTION

Introduction

Reference is made to the announcement of the Company dated 23 October 2018 in relation to, among other things, the non-legally binding memoranda of understanding in respect of the acquisitions of an aggregate of 77% interest in the Target Company, which shall constitute a major and connected transaction of the Company under the GEM Listing Rules (the “**MOU Announcement**”).

The Board is pleased to announce that on 20 November 2018 (before trading hours), the Company entered into the CVP Agreement and the SRA Agreement (collectively, the “**Agreements**”) with each of CVP and SRA respectively, pursuant to which the Company has conditionally agreed to acquire, and each of CVP and SRA has conditionally agreed to sell, 52 shares (the “**CVP Sale Shares**”) and 25 shares (“**SRA Sale Shares**”) of the Target Company respectively, representing 52% and 25% of the entire issued share capital of the Target Company respectively as at the date of this announcement.

Principal terms of the Agreements

The principal terms of each of the Agreements are substantially the same, save for certain conditions precedent and provisions governing payment of the relevant Consideration as further described below. Their principal terms are set out below:

The CVP Agreement

Date : 20 November 2018

Parties

The Vendor : CVP

The Purchaser : The Company

The SRA Agreement

Date : 20 November 2018

Parties

The Vendor : SRA

The Purchaser : The Company

Assets to be acquired

Pursuant to the CVP Agreement, the Company has conditionally agreed to purchase, and CVP has conditionally agreed to sell, the CVP Sale Shares, representing 52% of the entire issued share capital of the Target Company as at the date of this announcement.

Pursuant to the SRA Agreement, the Company has conditionally agreed to purchase, and SRA has conditionally agreed to sell, the SRA Sale Shares, representing 25% of the entire issued share capital of the Target Company as at the date of this announcement.

Consideration and basis of determination

Under the CVP Agreement, the consideration (the “**CVP Consideration**”) for the purchase of the CVP Sale Shares is HK\$462.8 million. The CVP Consideration shall be satisfied: (i) in respect of 60% of the CVP Consideration, by the Company allotting and issuing 504,872,727 new Shares (the “**CVP Consideration Shares**”) at an issue price of HK\$0.55 per Share (the “**Issue Price**”) to CVP at Completion; and (ii) in respect of 40% of the CVP Consideration, by the Company issuing a promissory note in the principal amount of HK\$185,120,000 (the “**Promissory Note**”) to CVP at Completion.

Principal terms of the Promissory Note

The principal terms of the Promissory Note are summarised as follows:

Principal amount:	HK\$185,120,000
Interest:	The Promissory Note will not carry any interest.
Maturity Date:	The day falling on the 3rd anniversary of the first issue date of the Promissory Note.
Redemption:	The Promissory Note may be redeemed any time at the request of any party by giving the other party prior notice.
Transferability:	Freely transferrable
Security:	None

Under the SRA Agreement, the consideration (the “**SRA Consideration**”) for the purchase of the SRA Sale Shares is HK\$222.5 million and shall be satisfied entirely by the Company allotting and issuing 404,545,454 new Shares (the “**SRA Consideration Shares**”) at the Issue Price to SRA at Completion.

Each of the CVP Consideration and the SRA Consideration was agreed between the Company on the one hand and CVP and SRA respectively on the other hand after arm's length negotiations with reference to, among others, (i) the consideration of the acquisition of 18% interest in the Target Company by Apex Treasure International Limited, an indirect wholly-owned subsidiary of Value Convergence Holdings Limited (Stock Code: 821) (“**Value Convergence**”), on 8 March 2018 (which was HK\$160,000,000, please refer to the announcement of Value Convergence dated 8 March 2018 for further details); (ii) the future business prospects of the Target Company; and (iii) the benefits to be derived by the Group from the Acquisitions as described under the paragraph headed “Reasons for and benefits of the Acquisitions” in this announcement.

Consideration Shares

The Consideration Shares in aggregate represent approximately 21.23% of the existing issued share capital of the Company as at the date of this announcement and approximately 17.51% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares immediately after completion of the CVP Acquisition and SRA Acquisition (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date, save for the issuance of the Consideration Shares).

The Issue Price:

- (i) represents a discount of approximately 15.38% to the closing price of HK\$0.65 per Share as quoted on the Stock Exchange as at 19 November 2018, being the date on which trading in the Shares last occurred prior to the signing of the Agreements;
- (ii) represents a premium of approximately 7.00% to the average closing price of HK\$0.514 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Agreements; and
- (iii) represents a premium of approximately 33.50% to the average closing price of HK\$0.412 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Agreements.

The Issue Price was determined after arm's length negotiation between the Company and the respective Vendors, with reference to the average closing price of HK\$0.412 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to the date of the Agreements. The Directors (excluding (i) Mr. Ting who has abstained from voting on the relevant Board resolutions due to his interests in the Acquisitions; and (ii) the members of the Independent Board Committee who will give their opinion after considering the advice from the independent financial adviser) consider that the Issue Price, the CVP Consideration and the SRA Consideration are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Specific Mandate and application for listing

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM. An application will be made to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when allotted and issued following the Completion, will rank *pari passu* in all respects with the existing Shares in issue.

Effect of the issuance of the Consideration Shares on the shareholding structure of the Company

For illustrative purposes only, assuming there is no other change to the issued share capital of, and the shareholding in, the Company from the date of this announcement up to and including the Completion Date, set out below is the shareholding structure of the Company: (a) as at the date of this announcement; (b) immediately after the issuance of the CVP Consideration Shares only (assuming the SRA Acquisition does not complete); and (c) immediately after the issuance of the CVP Consideration Shares and SRA Consideration Shares:

Name of Shareholders	As at the date of this announcement		Immediately after the issuance of the CVP Consideration Shares only (assuming the SRA Acquisition does not complete)		Immediately after the issuance of CVP Consideration Shares and SRA Consideration Shares	
	Number of Shares	Approximate % ⁽¹⁾	Number of Shares	Approximate % ⁽²⁾	Number of Shares	Approximate % ⁽³⁾
CVP and parties acting in concert with it						
CVP	1,982,044,000	46.27	2,486,916,727	51.94	2,486,916,727	47.89
SRA	42,500,000	0.99	42,500,000	0.89	447,045,454	8.61
Mr. Teoh ⁽⁴⁾	980,000	0.02	980,000	0.02	980,000	0.02
Sub-total	2,025,524,000	47.29	2,530,396,727	52.85	2,934,942,181	56.52
Public Shareholders	<u>2,257,784,717</u>	<u>52.71</u>	<u>2,257,784,717</u>	<u>47.15</u>	<u>2,257,784,717</u>	<u>43.48</u>
Total	<u>4,283,308,717</u>	<u>100</u>	<u>4,788,181,444</u>	<u>100</u>	<u>5,192,726,898</u>	<u>100</u>

Notes:

1. The percentage was calculated on the basis of 4,283,308,717 Shares in issue as at the date of this announcement and is rounded to the nearest 2 decimal places. Numbers may not add up to 100% due to rounding.
2. The percentage was calculated on the enlarged issued share capital of the Company as a result of the issue of the CVP Consideration Shares comprising a total of 504,872,727 Shares and is rounded to the nearest 2 decimal places. Numbers may not add up to 100% due to rounding.
3. The percentage was calculated on the enlarged issued share capital of the Company as a result of the issuance of the Consideration Shares comprising a total of 909,418,181 Shares and is rounded to the nearest 2 decimal places. Numbers may not add up to 100% due to rounding.
4. Mr. Teoh is an executive Director and is presumed to be acting in concert with CVP under class (6) presumption under the definition of “acting in concert” under the Takeovers Code until Completion. This class (6) presumption will cease to apply after Completion.

Conditions to the Completion for each of the CVP Agreement and SRA Agreement

Completion of each of the CVP Agreement and the SRA Agreement is conditional upon the fulfillment (or waiver, if applicable) of the following conditions:

- (1) the Independent Shareholders having passed at the EGM all resolutions to approve the relevant Agreement and the transactions contemplated thereunder in accordance with the GEM Listing Rules, including without limitation to the Specific Mandate for the allotment and issuance of the relevant Consideration Shares;
- (2) the granting of approvals for the listing of, and permission to deal in, the relevant Consideration Shares by the Listing Committee;
- (3) CVP having made an application to the Executive for the Whitewash Waiver and such Whitewash Waiver having been granted by the Executive and not having been revoked;
- (4) the Whitewash Waiver and the relevant Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders at the EGM in accordance to the Takeovers Code;
- (5) all licences, permit, consent, authorisation, permission, clearance, warrant, confirmation, certificate or approval of any relevant authorities required for any of the parties to the relevant Agreement to enter into, and perform their obligations under, the relevant Agreement and to complete the transactions contemplated the relevant Agreement having been obtained, if any, and remaining in full force and effect and not being withdrawn or revoked;
- (6) the results of the due diligence exercise on the business, affairs, operations, assets, financial condition, prospects and records on the Target Group being satisfactory to the Company;
- (7) written consents not to exercise, and/or waivers (including waivers deemed to be obtained pursuant to the shareholders' agreement in relation to the Target Company dated 28 July 2016 (the "**Shareholders' Agreement**") from all shareholders of the Target Company other than CVP and SRA, of their respective rights of first refusal, co-sale rights and all other rights under the Shareholders' Agreement that may, but for such consent or waiver, prohibit or restrict the consummation of any of the Acquisitions in any way;
- (8) no material adverse change having occurred since the date of the Agreements; and
- (9) all the representations and warranties contained in the relevant Agreement remaining true, accurate in all material respects and not misleading when made, and being true, accurate in all material aspects and not misleading.

In respect of the SRA Agreement, in addition to the conditions precedent set out above, completion of the SRA Acquisition shall also be conditional upon completion of the CVP Acquisition having occurred (“**SRA Additional Condition**”).

The Company may in its absolute discretion waive at any time by notice in writing to the relevant Vendor the conditions set out above except for the conditions set out in paragraphs (1) to (6) above, which are not waivable by any party to the relevant Agreement. In respect of the SRA Agreement, the SRA Additional Condition is not waivable by any party to the SRA Agreement.

In the event that any of the conditions set out above (in the case of the SRA Agreement, including the SRA Additional Condition) shall not have been fulfilled (or waived, if applicable) prior to 30 June 2019 (or such other date as may be agreed by the parties to the Agreement) (the “**Long Stop Date**”), the Company shall not be bound to proceed with the relevant Acquisition (or any part thereof) and the relevant Agreement shall cease to be of any effect save for, among other things, as to any antecedent breach of the relevant Agreement.

Completion

Completion of each of the Acquisitions shall take place on the Completion Date after all the conditions precedent of the relevant Agreement (which, in respect of the SRA Agreement, also includes the SRA Additional Condition) have been fulfilled (or waived, if applicable).

Following Completion, the Target Company will be held as to 77%, 18% and 5% by the Company, Apex Treasure International Limited and Kwan Tong Enterprises Ltd respectively, therefore will become a direct non wholly-owned subsidiary of the Company, and the Target Company’s financial results will be consolidated into those of the Company.

II. REASONS FOR AND BENEFITS OF THE ACQUISITIONS

As stated in the Company’s annual report for the year ended 31 March 2018, the acquisitions and subscription of shares in CVP Asset Management Limited and CVP Capital Limited allow the Group to engage in the financial services business (the “**Financial Services Business**”). The Directors are optimistic about the future prospects of the financial sector and will keep looking for opportunities to strengthen its position in Hong Kong and overseas.

With a view to strengthen the Group’s all-rounded market position in Hong Kong as well as exploring business opportunities overseas, the Group has been striving to improve its business operations and financial position by proactively seeking potential investment opportunities that can enhance the Group’s existing service scope in both the financial services and cryptocurrency mining segments.

Upon commencement of cryptocurrency mining business, the Group notices the growing demand on financing for purchase or lease of cryptocurrency mining equipments and establishment of data centers. Upon Completion of the Acquisitions, the Company will gain full access and control over the business operation of the Target Company. With the Group's expertise in cryptocurrency mining, the Acquisitions will strengthen the Group's ability to potentially develop cryptocurrency mining related financing or leasing products and further explore business development in both cryptocurrency mining and the Financial Services Business. The Directors believe that the Acquisitions may create synergies to both cryptocurrency mining and the Financial Services Business.

In addition to the potential synergy, the Acquisitions also allow the Company to obtain the Target Company's customer base and business connections. With the strong reputation of the Target Company in Chongqing, the PRC, the Group is able to leverage on the market position of the Target Company as well as its extensive relationship with the municipal government of Chongqing and the business community in the region which should contribute significantly to the Group's entry into the PRC loan financing market and possible development of other financial products and services in the PRC market. The Directors also believe that building customer base in the PRC could help to further expand the Group's existing retail and wholesale of wine products and other alcoholic beverages.

In addition, upon Completion of the Acquisitions, SRA will own approximately 8.61% of the enlarged issued share capital of the Company. SRA is the subsidiary of SRA Holdings, Inc., a company listed on the First Section of the Tokyo Stock Exchange (TSE Stock Code: 3817). With SRA becoming a substantial Shareholder of the Company, the Company believes that it is favourable to the reputation and brand awareness of the Company and its businesses in the Japanese market.

Having considered the factors set out above, the Directors believe that the Acquisitions represent a good opportunity for the Group to penetrate into the PRC market, enabling the Group to capitalise on the growth potential of the loan financing market in both Hong Kong and the PRC, increasing the Group's reputation in Hong Kong, the PRC and Japan, as well as expanding the Group's business, which will bring long-term and strategic benefits to the Group. The Directors (excluding (i) Mr. Ting who has abstained from voting on the relevant Board resolutions due to his interests in the Acquisitions; and (ii) the members of the Independent Board Committee who will give their opinion after considering the advice from the independent financial adviser) are of the view that the terms of the Agreements (including the Issue Price) are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

III. INFORMATION OF THE GROUP, THE VENDORS AND THE TARGET COMPANY

Information of the Group

The Group is principally engaged in (i) the retail sales and wholesales of wine products and other alcoholic beverages, (ii) the Financial Services Business including the provision of corporate financial advisory services and asset management services; and (iii) cryptocurrency mining business in Asia and Europe.

Information of CVP

CVP is an investment holding company wholly-owned by Mr. Ting. It is a beneficial owner of 52% of the issued share capital of the Target Company as at the date of this announcement.

Information of SRA

SRA is 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). It is principally engaged in the development of core operations and information systems for metropolitan and regional banking companies; development of asset management and online trading systems for securities firms; development of core operations systems, as well as mainframe and open systems for life and casualty insurance companies; and providing migration services.

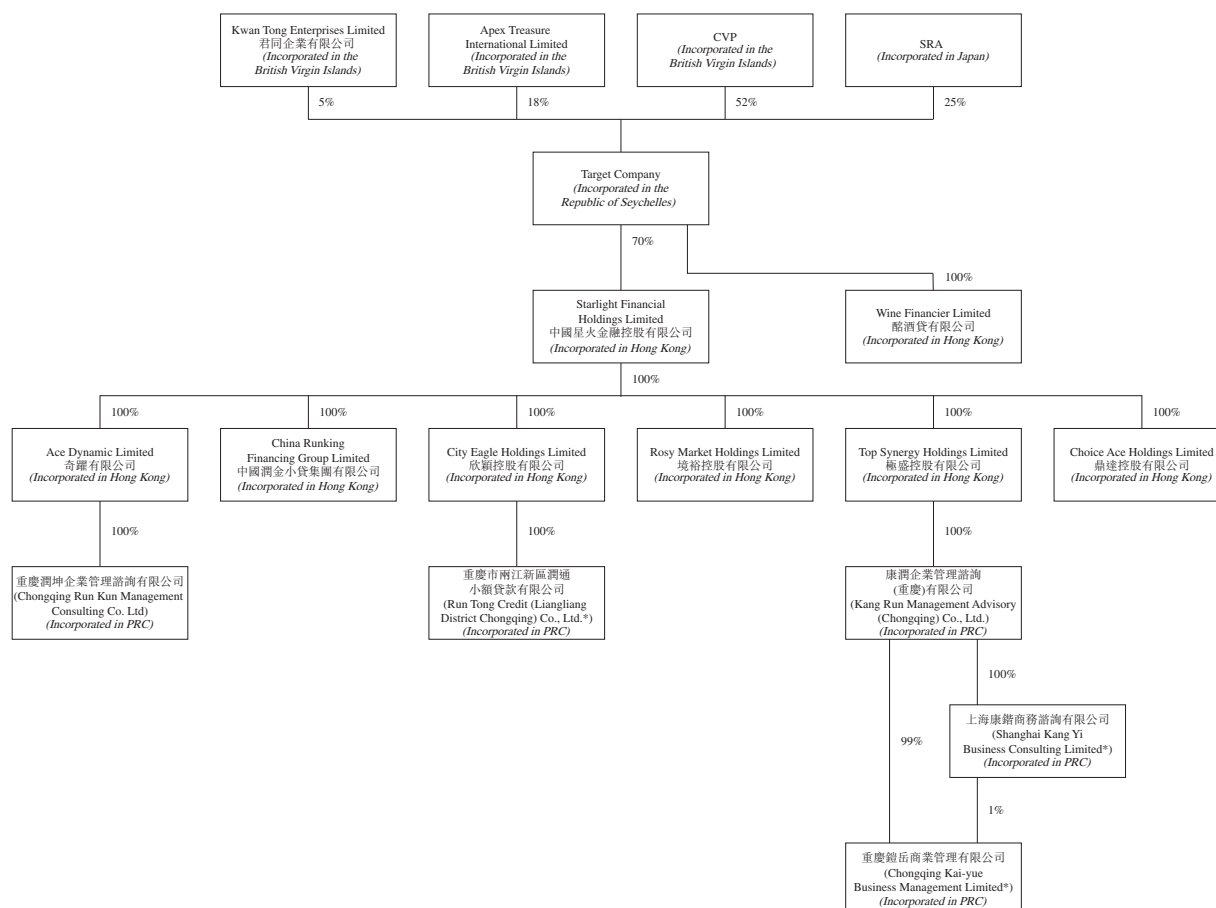
To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, SRA and its ultimate beneficial owner(s) are third parties independent of, and not connected persons of, the Company.

Information of the Target Group

The Target Company is an investment holding company incorporated in the Republic of Seychelles with limited liability.

The Target Group is principally engaged in the provision of (i) secured financing services, (ii) microfinance services, (iii) financial consulting services in the PRC and (iv) provision of loan financing services in Hong Kong.

The existing structure chart of the Target Group as at the date of this announcement is shown below:



Set out below is the consolidated financial information of the Target Company for the two financial years ended 31 December 2016 and 31 December 2017, respectively:

	For the year ended 31 December 2016 RMB'000 (audited)	For the year ended 31 December 2017 RMB'000 (audited)
Net profit before taxation	24,117	9,009
Net profit after taxation	15,142	2,405

As at 30 September 2018, the unaudited consolidated total asset value and net assets value of the Target Group were approximately RMB496,888,000 and RMB347,614,000 respectively.

IV. 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 and the CVP Acquisition constitutes a connected transaction of the Company, which is subject to reporting, announcement, circular and independent shareholders' approval requirements. As the Promissory Note is on normal commercial terms and is not secured by assets of the Group, the Promissory Note constitutes a financial assistance received by the Group from a connected person that is fully exempt under Rule 20.88 of the GEM Listing Rules. 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 Acquisition constitutes a connected transaction under Rule 20.26 of the GEM Listing Rules, which is subject to reporting, announcement, circular and independent shareholders' approval requirements.

As Mr. Ting was considered to have a material interest in the Acquisitions and transactions contemplate thereunder, the Specific Mandate and the Whitewash Waiver, Mr. Ting has abstained from voting on the relevant board resolutions of the Company. Save as disclosed above, no other Directors had a material interest in the Acquisitions and transactions contemplate thereunder, the Specific Mandate and the Whitewash Waiver and no other Director has abstained from voting on the relevant board resolutions of the Company.

As the highest applicable percentage ratio (as defined in Rule 19.07 of the GEM Listing Rules), whether in respect of the CVP Acquisition on a standalone basis or in respect of the Acquisitions on an aggregated basis, is more than 25% but less than 100%, each of the CVP Acquisition on a standalone basis and the Acquisitions on an aggregated basis constitute a major transaction for the Company under Rule 19.06(3) of the GEM Listing Rules and will accordingly be subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules. For completeness, the SRA Acquisition, on a standalone basis, constitutes a discloseable and connected transaction of the Company, however this scenario would not materialise as completion of the SRA Acquisition is conditional upon completion of the CVP Acquisition having occurred.

V. IMPLICATIONS UNDER TAKEOVERS CODE AND APPLICATION OF 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, which is 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 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, CVP and parties acting in concert with it (which include SRA and, before Completion, Mr. Teoh) hold in aggregate approximately 47.29% of the voting rights in the Company as at the date of this announcement.

Upon Completion, Mr. Teoh will no longer be presumed to be acting in concert with CVP under class (6) presumption under the definition of "acting in concert" under the Takeovers Code.

Upon Completion of the CVP Acquisition only, the shareholding interest of CVP and parties acting in concert with it (which include SRA but not Mr. Teoh) in the Company represents approximately 52.83% of the total issued share capital of the Company as enlarged by the issuance of the CVP Consideration Shares (assuming that the SRA Acquisition does not complete).

Upon Completion of the Acquisitions, the aggregate shareholding interest of CVP and parties acting in concert with it (which include SRA but not Mr. Teoh) in the Company represents approximately 56.50% of the total issued share capital of the Company as enlarged by the issuance of all Consideration Shares.

Under Rule 26.1 of the Takeovers Code, CVP 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 CVP and parties acting in concert with it (which include SRA but not Mr. Teoh) which would otherwise arise as a result of the completion of the CVP Acquisition or the Acquisitions (as the case may be), unless the Whitewash Waiver is obtained from the Executive. In this regard, CVP will make an application to the Executive for the Whitewash Waiver.

The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval of at least 75% (in respect of the Whitewash Waiver) and more than 50% (in respect of the CVP Acquisition or the Acquisitions (as the case may be)) of the Independent Shareholders at the EGM by way of poll. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the CVP Agreement or the Agreements (as the case may be) will not become unconditional and the CVP Acquisition or the Acquisitions (as the case may be) will not proceed.

As at the date of this announcement, save for the Agreements and the Acquisitions contemplated thereunder:

- (i) save for : (a) 1,982,044,000 Shares (representing approximately 46.27% of the voting rights in the Company as at the date of this announcement) held by CVP; (b) 42,500,000 Shares (representing approximately 0.99% of the voting rights in the Company as at the date of this announcement) held by SRA; (c) convertible bonds in the principal amount of HK\$150,000,000 held by Bartha Holdings which are convertible into 136,363,636 Shares of the Company at the conversion price of HK\$1.10 per conversion share (subject to adjustments); (d) share options held by Devoss Global for which 6,000,000 new Shares may be issued at the exercise price of HK\$0.80 per Share; (e) 980,000 Shares (representing approximately 0.02% of the voting rights in the Company as at the date of this announcement) held by Mr. Teoh (f) share options for which 2,000,000 new Shares may be issued at the exercise price of HK\$1.89 per Share held by Mr. Zhu Qin; (g) share options for which 5,000,000 new Shares may be issued at the exercise price of HK\$1.89 per Share held by Mr. Teoh; (h) share options for which 5,000,000 new Shares may be issued at the exercise price of HK\$1.89 per Share held by Ms. Kuo Kwan; (i) share options for which 300,000 new Shares may be issued at the exercise price of HK\$1.89 per Share held by Ms. Fan Wei; (j) share options for which 300,000 new Shares may be issued at the exercise price of HK\$1.89 per Share held by Mr. Chu Kin Wang Peleus; and (k) share options for which 300,000 new Shares may be issued at the exercise price of HK\$1.89 per Share held by Mr. Ip Cho Yin, *J.P.*, CVP and parties acting in concert with it do not hold, control or have direction over any the Company Shares, outstanding options, warrants, or any securities that are convertible into the Company Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (ii) CVP and parties acting in concert with it have not secured any irrevocable commitment from any the Independent Shareholders to vote in favour of or against the resolutions approving the CVP Acquisition, SRA Acquisition and/or the Whitewash Waiver;
- (iii) CVP and parties acting in concert with it have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (iv) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the CVP Acquisition, SRA Acquisition and/or the Whitewash Waiver; and
- (v) there is no agreement or arrangement to which CVP or any party acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the CVP Acquisition, SRA Acquisition and/or the Whitewash Waiver.

In the 6 months prior to the date of the MOU Announcement up to and including the date of this announcement: (i) Mr. Ting, through his controlled corporations (which include CVP), acquired an aggregate of 14,044,000 Shares on market at the then prevailing market price; and (ii) Mr. Teoh acquired an aggregate of 980,000 Shares on market at the then prevailing market price. Such acquisitions of Shares were made prior to the negotiations, discussions or the reaching of understandings or agreements with the Directors (which include informal discussions) in relation to the Acquisitions.

Save as disclosed above and save for the entering into of the Agreements, none of CVP and parties acting in concert with it has acquired any voting rights in the Company or has dealt in any the Company Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into the Company Shares in the 6 months prior to the date of the MOU Announcement up to and including the date of this announcement.

As at the date of this announcement, the Company does not believe that the Acquisitions give rise to any concerns in relation to compliance with other applicable rules or regulations (including the GEM Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular in relation to, among others, the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Acquisitions do not comply with other applicable rules and regulations.

VI. INDEPENDENT BOARD COMMITTEE

Pursuant to the GEM Listing Rules and the Takeovers Code, the Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders regarding the Agreements and transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreements and transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver. Further announcement(s) in relation to the appointment of independent financial adviser will be made by the Company in compliance with the GEM Listing Rules and the Takeovers Code.

VII. CIRCULAR AND THE EGM

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve the Agreements and transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver. As CVP is a party to the CVP Acquisitions, and given that completion of the SRA Acquisition is conditional upon completion of the CVP Acquisition, CVP and its associates (as defined in the GEM Listing Rules) and parties acting in concert with CVP (which include SRA and, before Completion, Mr. Teoh) are regarded as having a material interest in the Acquisitions and transactions contemplated thereunder, the Specific Mandate and Whitewash Waiver and shall abstain from voting on the relevant resolution(s) approving the same at the EGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder or any of its associates (as defined in the GEM Listing Rules) has a material interest in the Acquisitions and the transactions contemplated thereunder, the Specific Mandate or the Whitewash Waiver, and therefore no other Shareholder would be required to abstain from voting on the relevant resolutions to be proposed at the EGM. It is expected that a circular will be despatched to the Shareholders on or before 11 December 2018, which is within 21 days of the date of this announcement, in accordance with Rule 8.2 of the Takeovers Code. The circular will contain, among other things, further details of the Agreements and transactions contemplated thereunder, the Specific Mandate, the Whitewash Waiver, a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and a letter from the independent financial adviser containing their advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions and the transactions contemplated under the CVP Agreement and the SRA Agreement. The circular will also be accompanied by a notice to convene the EGM and the proxy form.

VIII. GENERAL

Warning: The completion of the Acquisitions is subject to satisfaction (or, if applicable, waiver) of all of the conditions to the Agreements, and therefore the Acquisitions may or may not be completed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or other securities of the Company.

IX. DEFINITIONS

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

“Acquisitions”	collectively, the CVP Acquisition and the SRA Acquisition
“acting in concert”	has the meaning as ascribed to it under the Takeovers Code
“Agreements”	collectively, the CVP Agreement and the SRA Agreement
“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)
“Completion”	completion of the CVP Acquisition and the SRA Acquisition, or completion of any one of them as the context may require
“Completion Date”	the date on which Completion is scheduled to occur, which shall be any business day within five (5) business days after the date on which all the conditions to the relevant Agreement have been satisfied (or waived, if applicable) as the relevant Vendor and the Company may mutually agree, or failing agreement, on the fifth (5th) Business Day, whichever is later, or on such other date as the parties to the relevant Agreement may agree in writing
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	collectively, the CVP Consideration and the SRA Consideration
“Consideration Shares”	collectively, the CVP Consideration Shares and the SRA Consideration Shares
“CVP”	CVP Financial Group Limited (遠見金融集團有限公司), a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Ting

“CVP Acquisition”	the acquisition of the CVP Sale Shares by the Company from CVP pursuant to, and in accordance with the terms of, the CVP Agreement
“CVP Agreement”	the sale and purchase agreement entered into between the Company and CVP on 20 November 2018
“CVP Consideration”	has the meaning ascribed to it under the paragraph headed “Consideration and basis of determination” in this announcement
“CVP Consideration Shares”	has the meaning ascribed to it under the paragraph headed “Consideration and basis of determination” in this announcement
“CVP Sale Shares”	has the meaning ascribed to it under the paragraph headed “Introduction” in this announcement
“Devoss Global”	Devoss Global Holdings Limited, a company incorporated in British Virgin Islands and directly wholly-owned by Mr. Ting
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting to be convened by the Company to consider and approve the Agreements and transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver
“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
“Financial Services Business”	has the meaning ascribed to it under the paragraph headed “Reasons for and Benefits of the Acquisitions” in this announcement
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries

“Independent Board Committee”	the independent board committee comprising all the independent non- executive Directors, being Ms. Fan Wei, Mr. Chu Kin Wang Peleus, Mr. Ip Cho Yin, <i>J.P.</i> , established to advise the Independent Shareholders in respect of the Agreements and transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver
“Independent Shareholders”	the Shareholders other than CVP, its associates and parties acting in concert with CVP (which include SRA and, before Completion, Mr. Teoh) and any other Shareholder who is interested or involved in any of the Acquisitions and/or the Whitewash Waiver
“Issue Price”	has the meaning ascribed to it under the paragraph headed “Consideration and basis of determination” in this announcement
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Long Stop Date”	has the meaning ascribed to it under the paragraph headed “Conditions to the Completion for each of the CVP Agreement and SRA Agreement” in this announcement
“MOU Announcement”	has the meaning ascribed to it under the paragraph headed “Introduction” in this announcement
“Mr. Teoh”	Mr. Teoh Ronnie Chee Keong, an executive Director
“Mr. Ting”	Mr. Ting Pang Wan Raymond, who is a controlling Shareholder, the chairman and an executive Director of the Company
“Promissory Note”	the promissory note in the principal amount of HK\$185,120,000 to be issued by the Company in favour of CVP as part of the CVP Consideration
“PRC”	the People’s Republic of China
“Purchaser”	the Company
“Shares”	the issued ordinary share(s) in the share capital of the Company
“Shareholders”	the holders of the Shares
“Shareholders Agreement”	has the meaning ascribed to it under the paragraph headed “Conditions to the Completion for each of the CVP Agreement and SRA Agreement” in this announcement

“Specific Mandate”	the specific mandate to be sought at the EGM for the approval of the allotment and issuance of the Consideration 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 Acquisition”	the acquisition of the SRA Sale Shares by the Company from SRA pursuant to, and in accordance with the terms of, the SRA Agreement
“SRA Additional Condition”	has the meaning ascribed to it under the paragraph headed “Conditions to the Completion for each of the CVP Agreement and SRA Agreement” in this announcement
“SRA Agreement”	the sale and purchase agreement entered into between the Company and SRA on 20 November 2018
“SRA Consideration”	has the meaning ascribed to it under the paragraph headed “Consideration and basis of determination” in this announcement
“SRA Consideration Shares”	has the meaning ascribed to it under the paragraph headed “Consideration and basis of determination” in this announcement
“SRA Sale Shares”	has the meaning ascribed to it under the paragraph headed “Introduction” in this announcement
“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, which is held as to 52%, 25%, 18% and 5% by CVP, SRA, Apex Treasure International Limited and Kwan Tong Enterprises Ltd respectively as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries
“Value Convergence”	has the meaning ascribed to it under the paragraph headed “Consideration and basis of determination” in this announcement

“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 CVP 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 CVP and parties acting in concert with it (which include SRA and, before Completion, Mr. Teoh) which would otherwise arise as a result of the Completion of the CVP Acquisition or the Acquisitions (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, 20 November 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.

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 (including 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>.