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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 67.2% INTEREST IN BITOCEAN CO., LTD.

THE SPA

The Board is pleased to announce that on 9 December 2018, the Purchaser entered into the SPA, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, the Sale Shares, representing 67.2% of the total issued share capital of BITOCEAN Co., Ltd. as at the date of this announcement. The total consideration for the Sales Shares shall be JPY1,680,000,000 (equivalent to approximately HK\$115,852,800).

Subject to the satisfaction (or waiver, if applicable) of the Conditions, the Closing shall take place on the Closing Date.

Following Closing, the Target Company will be held as to 67.2% and 26.8% by the Purchaser and an individual, who is an independent third party and is not a connected person, respectively and the Target Company will continue to have 60 treasury shares, representing 6.0% of total issued share capital. Following Closing, the Target Company will become an indirect non wholly-owned subsidiary of the Company and therefore the financial information of the Target Company will be consolidated into the financial statements of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The use of virtual currencies around the globe has been on the rise which is mainly attributable to the gaining popularity of its underlying Blockchain technology being applied to various industries. It is expected that the wider the commercial use of Blockchain technology, the greater the demand for virtual currencies. Despite of the recent price volatility in major virtual currencies, the Directors maintain the view that application of underlying Blockchain technology will become prevalent among various industries. As a result, the Directors believe that owning and operating a virtual currency trading platform is beneficial to the long-term development of the Group.

It is the business direction of the Company to choose a developed country where its regulatory system has been well-established and allows fair competition for operating virtual currency trading platform business. The Japanese Government has introduced a registration system and set out operational guidelines for virtual currency trading platform operators since 2017. Japan is also one of the most active markets for trading virtual currency globally. According to JPbitcoin.com, Japanese Yen denominated Bitcoin trade accounted for approximately 21% of the total global Bitcoin trade in October 2018. Since 2017, Bitcoin has even been recognized as one of the legal means for settlement in Japan.

Reference is made to the announcements of the Company dated 30 March 2018, 13 April 2018, 18 April 2018, 14 May 2018 and 13 July 2018 in relation to the Company's attempts to acquire 20.0% equity interest and an option of up to additional 40.0% equity interest in BITPoint Japan Company Limited ("**BITPoint**"), a company operating a virtual currency trading platform registered with the Financial Services Agency of Japan. However, the proposed acquisition of BITPoint was eventually terminated by mutual agreement on 2 August 2018.

As one of the Company's business strategies is to participate in virtual currency trading platform business, the Company has been actively looking for investment opportunities similar to that of BITPoint. According to the public register maintained by the Financial Services Agency of Japan, the Target Company is one of the 16 virtual currency trading platform operators registered with the Financial Services Agency of Japan at the moment and there is no additional virtual currency trading platform operator registered with the Financial Services Agency of Japan subsequent to the Target Company's registration on 26 December 2017. The Company believes that the Acquisition would allow the Company to materialize its long-term goal of developing the Company's virtual currency trading platform business.

GEM LISTING RULES IMPLICATION

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

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

1. INTRODUCTION

Reference is made to the announcements of the Company dated 27 September 2018 and 20 November 2018 in relation to, among other things, the potential acquisition of an aggregate of 67.2% interest in the Target Company. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board is pleased to announce that on 9 December 2018, Madison Lab Limited, an indirect wholly-owned subsidiary of the Company (the “**Purchaser**”), entered into a share purchase agreement with the Vendors (the “**SPA**”), pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, 672 Shares of the Target Company (the “**Sale Shares**”), representing 67.2% of the total issued share capital of the Target Company as at the date of this announcement (the “**Acquisition**”).

2. THE SPA

The principal terms of the SPA are as follows:

Date: 9 December 2018

Parties:

The Vendors: Mr. Pu, Nan Ning, Daniel Kelman, Zhou Jiayu, Yoshikazu Hashimoto and Du Ping

The Purchaser: Madison Lab Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors is an independent third party and is not a connected person of the Company.

Asset to be acquired

The Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares, representing 67.2% of the total issued share capital of the Target Company.

The number of Sale Shares to be sold by each Vendor to the Purchaser are as follows:

Name	Number of Sale Shares
Mr. Pu	306
Nan Ning	181
Daniel Kelman	105
Zhou Jiayu	30
Yoshikazu Hashimoto	25
Du Ping	25

Consideration

The total consideration for the Sales Shares shall be JPY1,680,000,000 (equivalent to approximately HK\$115,852,800) (the “**Consideration**”). The amount of the Consideration payable by the Purchaser to each of the Vendors are as follows:

Name	Amount of Consideration payable
Mr. Pu	JPY765,000,000 (equivalent to approximately HK\$52,754,400)
Nan Ning	JPY452,500,000 (equivalent to approximately HK\$31,204,400)
Daniel Kelman	JPY262,500,000 (equivalent to approximately HK\$18,102,000)
Zhou Jiayu	JPY75,000,000 (equivalent to approximately HK\$5,172,000)
Du Ping	JPY62,500,000 (equivalent to approximately HK\$4,310,000)
Yoshikazu Hashimoto	JPY62,500,000 (equivalent to approximately HK\$4,310,000)

The Purchaser shall issue an irrevocable instruction to its bank to remit the Consideration by wire transfer to a single account designated by the Vendors upon, among others, (i) the delivery of all items at Closing as required under the SPA; and (ii) the holding of the General Meeting by the Target Company to approve such matters as required under the SPA. For further details, please refer to the paragraph headed “The SPA – Closing” in this announcement.

Basis of consideration

The Consideration was determined after arm’s length negotiations between the Purchaser and the Vendors on normal commercial terms having regard to: (i) the limited number of virtual currency trading platform operators currently registered with the Financial Services Agency of Japan; (ii) the future business prospects of the Target Company; and (iii) the reasons for and benefits of the Acquisition as set out in the section headed “Reasons for and Benefits of the Acquisition” below.

In view of the above, the Directors consider that the Consideration and the basis of determination thereof are on normal commercial terms and fair and reasonable.

Conditions precedent

The Purchaser's obligation to complete the Acquisition shall be conditional upon and subject to the satisfaction (or waiver by the Purchaser in its sole discretion) of the following conditions (the "**Purchaser's Conditions**") by the Closing:

- (a) Each of the representations and warranties of the Vendors set forth in the SPA must have been true and correct as at the date of the SPA and shall be true and correct in all material respects immediately prior to Closing;
- (b) the Vendors shall have performed or complied with all obligations and covenants required by the SPA to be performed or complied with prior to Closing;
- (c) the Vendors, the Purchaser, the Company and the Target Company having obtained or made all consents, confirmations, permits, approvals, licenses, authorisations, filings, notices, clearances and waivers which are necessary or which the Purchaser has been advised that it is desirable to obtain (including from or with all relevant government/administrative/regulatory bodies/authorities, courts/tribunals, the Stock Exchange or any other third parties) in connection with the execution, delivery and performance of the SPA and the consummation of the transactions contemplated under the SPA (collectively, the "**Consents**") and such Consents remaining in full force and effect and not being withdrawn or revoked;
- (d) the transactions contemplated under the SPA shall have been approved by the representative director of the Target Company;
- (e) there must not be in effect or published any law or judgment, and there must not have been commenced any formal or informal proceeding, that in any case will or would reasonably be expected to prevent, make illegal or restrain the consummation of, or otherwise materially alter, any of the transactions contemplated by the SPA; and
- (f) due diligence with respect to the Target Company conducted by the Purchaser or its designee must be completed to the reasonable satisfaction of the Purchaser.

The Vendors' obligation to complete the Acquisition shall be conditional upon and subject to the satisfaction (or waiver by the Vendors in its sole discretion) of the following conditions (the "**Vendors' Conditions**") by the Closing:

- (a) Each of the representations and warranties of Purchaser set forth in the SPA must have been true and correct as of the date of the SPA and shall be true and correct in all material respects immediately prior to Closing and

- (b) the Purchaser shall have performed or complied with all obligations and covenants required by the SPA to be performed or complied with prior to Closing.

The Purchaser and the Vendors may in its absolute discretion waive, either in whole or in part at any time by notice in writing to the other party: (i) in respect of the Purchaser, any of the Purchaser's Conditions; and (ii) in respect of the Vendors, any of the Vendors' Conditions.

If the Purchaser's Conditions are not satisfied (or waived, if applicable) at Closing or any provision relating to Closing including the Closing Obligations is not complied with, the Purchaser shall not be obliged to complete the Acquisition or pay any of the Consideration and may in its absolute discretion by written notice to the Vendors: (i) defer Closing by a period of not more than 28 days to such other date as it may specify in such notice (and so that the Purchaser's Conditions shall apply to Closing as so deferred); (ii) waive all or any of the requirements that the Vendors have to carry out in relation to operations of the Target Company as provided in the SPA at its discretion and proceed to Closing so far as practicable; or (iii) terminate the SPA without liability on its part.

Closing

Subject to the satisfaction (or waiver, if applicable) of the Conditions, closing of the Acquisition (the "**Closing**") shall take place on the Closing Date.

At Closing, the Vendors shall deliver to the Purchaser such documents, company seal, seal cards as stipulated in the SPA and the Purchaser shall deliver to the Target Company letters of acceptance of office of director executed by such persons as the Purchaser may nominate as new directors of the Target Company (the "**New Directors**"). Immediately upon delivery of the aforesaid items, the Vendors shall cause the Target Company to hold a general meeting of shareholders (the "**General Meeting**"), at which the Vendors, each in the capacity of a shareholder of the Target Company, shall pass resolutions in the form and substance satisfactory to the Purchaser, (i) to amend the articles of incorporation of the Target Company to permit persons who are not shareholders to be elected as directors and establish a board of directors; and (ii) to elect the New Directors as directors of the Target Company, effective as at Closing (the "**Closing Obligations**").

Following Closing, the Target Company will be held as to 67.2% and 26.8% by the Purchaser and an individual, who is an independent third party and is not a connected person, respectively and the Target Company will continue to have 60 treasury shares, representing 6.0% of the total issued share capital. Following Closing, the Target Company will become an indirect non wholly-owned subsidiary of the Company and therefore the financial information of the Target Company will be consolidated into the consolidated financial statements of the Group.

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 provision of financial services including securities brokerage, corporate finance advisory and asset management services; and (iii) virtual currency mining business in Asia and Europe.

INFORMATION OF THE VENDORS

Each of the Vendors is an individual and, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, each of the Vendors is an independent third party and is not a connected person of the Company.

INFORMATION OF THE TARGET COMPANY

The Target Company is one of the 16 virtual currency trading platform operators currently registered with the Financial Services Agency of Japan. According to the public register maintained by the Financial Services Agency of Japan, the Target Company completed the registration on 26 December 2017 for the permission to conduct virtual currency (mainly Bitcoin) exchange business in Japan.

Set out below is the financial information of the Target Company for the two years ended 30 April 2018 based on the unaudited financial statements for the year ended 30 April 2017 and the audited financial statements for the year ended 30 April 2018 and prepared in accordance with generally accepted accounting principles in Japan, as provided by the Vendors, are as follows:

	For the year ended 30 April 2017		For the year ended 30 April 2018	
	JPY'000 unaudited	HK\$'000	JPY'000 audited	HK\$'000
Net profit/(loss) before taxation	(2,122)	(146)	27,542	1,899
Net profit/(loss) after taxation	(2,122)	(146)	20,423	1,408

As at 30 April 2018, the audited total asset value and net assets value of the Target Company were JPY42,132,677 (equivalent to approximately HK\$2,905,469) and JPY21,750,669 (equivalent to approximately HK\$1,499,926) respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The use of virtual currencies around the globe has been on the rise which is mainly attributable to the gaining popularity of its underlying Blockchain technology being applied to various industries. It is expected that the wider the commercial use of Blockchain technology, the greater the demand for virtual currencies. Despite of the recent price volatility in major virtual currencies, the Directors maintain the view that application of underlying Blockchain technology will become prevalent among various industries. As a result, the Directors believe that owning and operating a virtual currency trading platform is beneficial to the long-term development of the Group.

It is the business direction of the Company to choose a developed country where its regulatory system has been well-established and allows fair competition for operating virtual currency trading platform business. The Japanese Government has introduced a registration system and set out operational guidelines for virtual currency trading platform operators since 2017. Japan is also one of the most active markets for trading virtual currency globally. According to JPbitcoin.com, Japanese Yen denominated Bitcoin trade accounted for approximately 21% of the total global Bitcoin trade in October 2018. Since 2017, Bitcoin has even been recognized as one of the legal means for settlement in Japan.

Reference is made to the announcements of the Company dated 30 March 2018, 13 April 2018, 18 April 2018, 14 May 2018 and 13 July 2018 in relation to the Company's attempts to acquire 20.0% equity interest and an option of up to additional 40.0% equity interest in BITPoint Japan Company Limited ("**BITPoint**"), a company operating a virtual currency trading platform registered with the Financial Services Agency of Japan. However, the proposed acquisition of BITPoint was eventually terminated by mutual agreement on 2 August 2018.

As one of the Company's business strategies is to participate in virtual currency trading platform business, the Company has been actively looking for investment opportunities similar to that of BITPoint. According to the public register maintained by the Financial Services Agency of Japan, the Target Company is one of the 16 virtual currency trading platform operators registered with the Financial Services Agency of Japan at the moment and there is no additional virtual currency trading platform operator registered with the Financial Services Agency of Japan subsequent to the Target Company's registration on 26 December 2017. The Company believes that the Acquisition would allow the Company to materialize its long-term goal of developing the Company's virtual currency trading platform business.

Based on the above, the Directors believe that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

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

As none of the Directors had a material interest in the Acquisition, no Director abstained from voting on the relevant board resolutions of the Company.

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

DEFINITIONS

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

“Acquisition”	has the meaning ascribed to it in the paragraph headed “Introduction”
“Announcement”	the announcement of the Company dated 20 November 2018 in relation to, among other things, the potential acquisition of an aggregate of 67.2% interest in the Target Company
“Board”	the board of Directors
“Company”	Madison Holdings Group Limited, a company incorporated in the Cayman Islands, whose Shares are listed on the Stock Exchange (Stock Code: 8057)
“Closing”	has the meaning ascribed to it in the paragraph headed “The SPA – Closing”
“Closing Date”	28 December 2018 or 30 calendar days after the date of the SPA or such other date as the Purchaser and the Vendors may agree in writing, whichever is later
“Closing Obligations”	has the meaning ascribed to it in the paragraph headed “The SPA – Closing”
“Conditions”	collectively, the Purchaser’s Conditions and the Vendors’ Conditions
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	has the meaning ascribed to it in the paragraph headed “The SPA – Consideration”
“Consent”	has the meaning ascribed to it in the paragraph headed “The SPA – Conditions precedent”
“Director(s)”	directors of the Company

“Daniel Kelman”	Mr. Daniel Kelman, a shareholder of the Target Company holding 10.5% interest in the Target Company, being one of the Vendors
“Du Ping”	Mr. Du Ping (杜平), a shareholder of the Target Company holding 2.5% interest in the Target Company, being one of the Vendors
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“General Meeting”	has the meaning ascribed to it in the paragraph headed “The SPA – Closing”
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Mr. Pu”	Mr. Pu Yan (蒲彦), the sole representative director of and a shareholder of the Target Company holding 30.6% interest in the Target Company, being one of the Vendors
“Nan Ning”	Mr. Nan Ning (南宁), a shareholder of the Target Company holding 18.1% interest in the Target Company, being one of the Vendors
“New Directors”	has the meaning ascribed to it in the paragraph headed “The SPA – Closing”
“Purchaser”	has the meaning ascribed to it in the paragraph headed “Introduction”
“Purchaser’s Conditions”	has the meaning ascribed to it in the paragraph headed “The SPA – Conditions precedent”
“Sale Shares”	672 Shares of the Target Company, representing 67.2% of the total issued share capital of the Target Company as at the date of this announcement
“Shares”	the common share(s) in the share capital of the Target Company

“Shareholders”	holders of the shares of the Company
“SPA”	the share purchase agreement dated 9 December 2018 entered into between the Purchaser and the Vendors in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	株式會社BITOCEAN (BITOCEAN Co., Ltd.), a company incorporated in Japan with limited liability, which is owned as to 30.6%, 18.1%, 10.5%, 3%, 2.5%, 2.5% and 26.8% by Mr. Pu, Nan Ning, Daniel Kelman, Zhou Jiayu, Yoshikazu Hashimoto, Du Ping and Mr. Tang Shunping (湯順平) respectively and has 60 treasury shares, representing 6.0% of total issued share capital
“Vendors”	Mr. Pu, Nan Ning, Daniel Kelman, Zhou Jiayu, Yoshikazu Hashimoto and Du Ping and each of them a “Vendor”
“Vendors’ Conditions”	has the meaning ascribed to it in the paragraph headed “The SPA – Conditions precedent”
“JPY”	Japanese Yen, the lawful currency of the Japan
“Yoshikazu Hashimoto”	Mr. Yoshikazu Hashimoto (橋本義和), a shareholder of the Target Company holding 2.5% interest in the Target Company, being one of the Vendors
“Zhou Jiayu”	Mr. Zhou Jiayu (周家雨), a shareholder of the Target Company holding 3% interest in the Target Company, being one of the Vendors
“%”	per cent.

By order of the Board
Madison Holdings Group Limited
Ting Pang Wan Raymond
Chairman & Executive Director

Hong Kong, 9 December 2018

In this announcement, for reference only, the translation of Japanese Yen into Hong Kong dollars is based on the exchange rate of JPY\$1 = HK\$0.06896.

As at the date of this announcement, the executive Directors are Mr. Ting Pang Wan Raymond, Mr. Zhu Qin, Mr. Teoh Ronnie Chee Keong and Ms. Kuo Kwan and the independent non-executive Directors are Ms. Fan Wei, Mr. Chu Kin Wang Peleus and Mr. Ip Cho Yin, J.P..

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in this announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the date of its posting and the Company’s website at <http://www.madison-group.com>.