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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

CVP Securities Limited

THE PLACING

The Board is pleased to announce that on 4 December 2020 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 1,038,545,379 Placing Shares at the Placing Price of HK\$0.055 per Placing Share, to not less than six Placées who and whose ultimate beneficial owners shall be Independent Third Parties.

The Placing Price of HK\$0.055 per Placing Share represents (i) a discount of approximately 9.84% to the closing price of HK\$0.061 per Share as quoted on the Stock Exchange on 4 December 2020, being the date of Placing Agreement; and (ii) a discount of approximately 19.12% to the average of the closing prices per Share of HK\$0.068 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of the Placing Shares represents (i) approximately 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$1,038,545.

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM held on 31 July 2020. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Subject to completion of the Placing, assuming the maximum number of the Placing Shares is placed under the Placing Agreement, it is expected that the maximum gross proceeds from the Placing will be approximately HK\$57,100,000 and the net proceeds from the Placing will be approximately HK\$55,600,000 (after deduction of commission and other expenses of the Placing). On such basis, the net issue price will be approximately HK\$0.054 per Placing Share.

The Company intends to use all the net proceeds as to (i) approximately HK\$40,000,000 for the repayment of loans; (ii) approximately HK\$6,000,000 for the purchase of wines for the operation of the wine business of the Group; and (iii) the remaining balance of approximately HK\$9,600,000 for the general working capital of the Group.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

The Board is pleased to announce that on 4 December 2020 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 1,038,545,379 Placing Shares at the Placing Price of HK\$0.055 per Placing Share, to not less than six Placées who and whose ultimate beneficial owners shall be Independent Third Parties. The principal terms of the Placing Agreement are set out below.

The Placing Agreement

Date: 4 December 2020

Parties: (i) the Company (as issuer); and
(ii) CVP Securities Limited (as Placing Agent)

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent is a direct wholly-owned subsidiary of Bartha International Limited, which in turn is interested in 367,700,000 Shares, representing approximately 7.08% of the issued share capital of the Company, as at the date of this announcement. Save as disclosed above, each of the Placing Agent and its ultimate beneficial owners is an Independent Third Party.

Pursuant to the terms and conditions of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 1,038,545,379 Placing Shares to independent Placees.

Placing commission

In consideration of the services of the Placing Agent in relation to the Placing and provided that completion of the Placing takes place in accordance with the terms and conditions of the Placing Agreement, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, which shall be calculated in the following manner:

- (a) 1.5% of the gross proceeds from the Placing, in the event that the amount of gross proceeds from the Placing is not more than HK\$45,000,000; or
- (b) the sum of (i) 1.5% of the first HK\$45,000,000 of the gross proceeds from the Placing and (ii) 2.5% of the remaining amount of the gross proceeds from the Placing, in the event that the gross proceeds from the Placing exceeds HK\$45,000,000.

The Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to the prevailing market rates.

Placees

The Placing Agent shall procure on a best effort basis not less than six (6) Placees, who and whose ultimate beneficial owners shall be Independent Third Parties, to subscribe for the Placing Shares.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares of up to 1,038,545,379 Shares under the Placing represents (i) approximately 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$1,038,545.

Placing Price

The Placing Price of HK\$0.055 per Placing Share represents:

- (i) a discount of approximately 9.84% to the closing price of HK\$0.061 per Share as quoted on the Stock Exchange on 4 December 2020, being the date of Placing Agreement; and
- (ii) a discount of approximately 19.12% to the average of the closing prices per Share of HK\$0.068 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares shall rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of this announcement.

Conditions of the Placing

The Placing is conditional upon the fulfillment of the following conditions:

- (i) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares and the approval not having been subsequently revoked or cancelled; and
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

In the event any of the conditions above is not fulfilled on or before 24 December 2020 (or such later date as may be agreed between the parties hereto in writing), all rights, obligations and liabilities of the Company and the Placing Agent shall cease and terminate and neither of the parties shall have any claim against the other, save for any antecedent breach under the Placing Agreement prior to such termination.

Completion of the Placing

Completion of the Placing shall take place on the fourth Business Day after the fulfilment of the conditions as set out in paragraph headed “Conditions of the Placing” above (or such later date as may be agreed between the Company and the Placing Agent in writing).

Application for listing

The Company will make an application to the GEM Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 1,038,545,379 new Shares. As at the date of this announcement, no new Shares have been issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of all the Placing Shares. Accordingly, the allotment and issue of the Placing Shares is not subject to the further approval of the Shareholders.

Termination and force majeure

The Placing Agent may terminate the Placing Agreement by notice in writing prior to given to the Company at any time prior to 6:00 p.m. on the day immediately preceding the Completion Date upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing if there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or

- (vi) any breach of any of the representations and warranties set out in the Placing Agreement represented, warranted and undertaken by the Company comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant to the paragraph above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

As at the date of this announcement, the Group is principally engaged in (i) retail sales and wholesales of wine products and other alcoholic beverages; (ii) provision of financial services including securities advisory and asset management; (iii) provision of cryptocurrency exchange business in Japan; and (iv) provision of loan financing and consultancy services.

Subject to completion of the Placing, assuming the maximum number of the Placing Shares is placed under the Placing Agreement, it is expected that the maximum gross proceeds from the Placing will be approximately HK\$57,100,000 and the net proceeds from the Placing will be approximately HK\$55,600,000 (after deduction of commission and other expenses of the Placing). On such basis, the net issue price will be approximately HK\$0.054 per Placing Share.

The Company intends to use all the net proceeds as to (i) approximately HK\$40,000,000 for the repayment of loans; (ii) approximately HK\$6,000,000 for the purchase of wine for the operation of the wine business of the Group; and (iii) the remaining balance of approximately HK\$9,600,000 for the general working capital of the Group.

The Directors consider that the Placing represents an opportunity to strengthen the Group's financial position and raise additional funding for the business operations of the Group as explained above without any interest burden, within a relatively shorter time frame and at lower costs when compared with other means of fundraising, as well as to enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares.

The Board has considered other alternative fundraising methods such as debt financing, rights issue or open offer. The Board considered that debt financing may incur interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position and the then financial market condition and it may be relatively uncertain and time-consuming. Rights issue or open offer may also involve relatively substantial time and cost to complete as compared to the equity financing through issue of the new Shares under General Mandate.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Placing (assuming the Placing Shares are subscribed in full and there will be no other change in the issued share capital of the Company between the date of this announcement and the completion of the Placing) are set out below:

Name of Shareholders	As at the date of this announcement		Immediately after completion of the Placing (assuming the Placing Shares are subscribed in full)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Royal Spectrum Holding Company Limited ("Royal Spectrum")	1,968,000,000 <i>(Note 1)</i>	37.90%	1,968,000,000 <i>(Note 1)</i>	31.58%
<i>Directors:</i>				
Mr. Zhang Li ("Mr. Zhang")	6,904,000 <i>(Note 2)</i>	0.13%	6,904,000 <i>(Note 2)</i>	0.11%
Mr. Ji Zuguang ("Mr. Ji")	32,633,786 <i>(Note 3)</i>	0.63%	32,633,786 <i>(Note 3)</i>	0.52%
<i>Public Shareholders:</i>				
The Placees	–	–	1,038,545,379	16.67%
Bartha International Limited	367,700,000	7.08%	367,700,000	5.90%
Other public Shareholders	2,817,489,112	54.26%	2,817,489,112	45.22%
Total	5,192,726,898	100%	6,231,272,277	100%

Notes:

- The entire issued share capital in Royal Spectrum is legally and beneficially owned as to 96.63% by Devoss Global Holdings Limited ("Devoss Global") and 3.37% by Montrachet Holdings Limited. Devoss Global is legally and beneficially owned by Mr. Ting Pang Wan Raymond.
- Ms. Chen Hua is the spouse of Mr. Zhang. Mr. Zhang is deemed to be interested in the Shares in which Ms. Chen Hua is interested in by virtue of the SFO.
- Plan Marvel Investment Limited ("Plan Marvel"), being a company incorporated in the British Virgin Islands with limited liability, is wholly-owned by Mr. Ji. Mr. Ji is deemed to be interested in 32,633,786 Shares held by Plan Marvel by virtue of the SFO.
- The percentages are subject to rounding errors.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 31 July 2020
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Madison Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8057)
“Completion Date”	a date falling on the fourth Business Day after the day on which all the conditions precedent set out in the Placing Agreement have been fulfilled (or such later date as may be agreed between the parties thereto in writing)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM as operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Placee(s)”	any independent professional, institutional or other investor(s) procured by the Placing Agent or its agent(s) to subscribe for any Placing Share pursuant to the terms and conditions of the Placing Agreement
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s) on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	CVP Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement dated 4 December 2020 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.055 per Placing Share (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable)
“Placing Shares”	a total of up to 1,038,545,379 new Shares to be placed pursuant to the terms and conditions of the Placing Agreement and each a “Placing Share”
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Madison Holdings Group Limited
Ji Zuguang
Chairman & non-executive Director

Hong Kong, 4 December 2020

As at the date of this announcement, the executive Directors are Ms. Kuo Kwan and Mr. Zhang Li; the non-executive Directors are Mr. Ip Cho Yin J.P. and Mr. Ji Zuguang; and the independent non-executive Directors are Ms. Fan Wei, Mr. Chu Kin Wang Peleus and Dr. Lau Reimer, Mary Jean.

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.madison-group.com.hk.