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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: 08057)

PROPOSED SHARE CONSOLIDATION

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The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of HK\$0.001 each will be consolidated into one (1) Consolidated Share of HK\$0.01 each. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

As at the date of this announcement, there are 6,231,272,277 Existing Shares in issue which are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and assuming that no new Existing Shares will be issued or repurchased from the date of this announcement until the effective date of the Share Consolidation, there will be 623,127,227 Consolidated Shares in issue which are fully paid or credited as fully paid.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the EGM.

A circular containing, among other things, further information on the proposed Share Consolidation and a notice to convene the EGM, is expected to be despatched to the Shareholders on or before Tuesday, 28 December 2021.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of HK\$0.001 each will be consolidated into one (1) Consolidated Share of HK\$0.01 each.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$10,000,000 divided into 10,000,000,000 Existing Shares of par value of HK\$0.001 each, of which 6,231,272,277 Existing Shares have been issued and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and assuming that no new Existing Shares will be issued or repurchased from the date of this announcement until the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$10,000,000 divided into 1,000,000,000 Consolidated Shares of par value of HK\$0.01 each, of which 623,127,227 Consolidated Shares will be in issue which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the relevant expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group and that on the date the Share Consolidation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Share Consolidation would be, unable to pay its liabilities as they become due. The Share Consolidation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Share Consolidation, if any.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Thursday, 20 January 2022, being the second Business Day after the date of EGM.

Listing Application

An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

OTHER ARRANGEMENTS

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots, if any, of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular of the Company to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Free exchange of share certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be Thursday, 20 January 2022, being the second Business Day immediately after the date of the EGM, the Shareholders may on or after Thursday, 20 January 2022 and until Wednesday, 2 March 2022 (both days inclusive), submit their existing share certificates in purple colour for the Existing Shares to the Company's branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for exchange for new share certificates on the basis of every ten (10) Existing Shares for one (1) Consolidated Share without any fractional Consolidated Share in blue colour for the Consolidated Shares at the expense of the Company. Thereafter, a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Company's branch share registrar and transfer office for each share certificate for the Consolidated Shares issued or each share certificate for the Existing Shares submitted for cancellation, whichever is higher.

After 4:10 p.m. on Monday, 28 February 2022, trading will only be in Consolidated Shares which share certificates will be issued in blue colour. Existing share certificates in purple colour for the Existing Shares will cease to be valid for trading, settlement and registration purpose, but will remain valid and effective as documents of title.

ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

As at the date of this announcement, there are 508,300,000 outstanding share options (the "**Share Options**") granted under the share option scheme of the Company adopted on 21 September 2015 (the "**Share Option Scheme**") and convertible bonds (the "**Convertible Bonds**") in the outstanding principal amount of HK\$150,000,000 which may be converted into 136,363,636 Existing Shares at a conversion price of HK\$1.1 per Existing Share upon full exercise of the conversion rights. The Share Consolidation may lead to adjustments to (i) the exercise prices of the Share Options and/or the number of Consolidated Shares to be issued under the outstanding Share Options pursuant to the terms and conditions of the Share Option Scheme; and/or (ii) the conversion price and/or the number of Consolidated Shares which may be issued upon exercise of the outstanding Convertible Bonds pursuant to the terms and conditions of the Convertible Bonds. The Company will make further announcement(s) on such adjustments as and when appropriate.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

REASONS FOR THE PROPOSED SHARE CONSOLIDATION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 states that (i) market price of the shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value per board lot should be greater than HK\$2,000.

The Existing Shares have predominantly been trading at closing prices close to HK\$0.1 each in the past few months. Based on the closing price of the Existing Shares of HK\$0.079 as at the date of this announcement, the Existing Shares were trading at board lot value of HK\$316. In view of the prevailing trading prices of the Existing Shares, the Board proposes to implement the Share Consolidation.

The proposed Share Consolidation will reduce the total number of Shares currently in issue. As such, it is expected that the proposed Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. As a result, the proposed Share Consolidation would enable the Company to continue to comply with the trading requirements under the GEM Listing Rules. Based on the closing price of HK\$0.079 per Existing Share (equivalent to HK\$0.79 per Consolidated Share) as quoted on the Stock Exchange as at the date of this announcement, the expected market value of each board lot of 4,000 Consolidated Shares, assuming the Share Consolidation had become effective, would be HK\$3,160, which is greater than HK\$2,000 and therefore complies with the requirement as set out in the said “Guide on Trading Arrangements for Selected Types of Corporate Actions”.

Save for the relevant expenses, including but not limited to professional fees and printing charge to be incurred by the Company, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor alter the underlying assets, business operations, management or the financial position of the Company or the proportionate interests of the Shareholders. In view of the above, the Board considers that the Share Consolidation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Share Consolidation. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

| Event | Date and time |
|---|---|
| Despatch date of circular, proxy form with notice of the EGM | on or before Tuesday, 28 December 2021 |
| Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM | 4:30 p.m. on Wednesday, 12 January 2022 |
| Closure of the register of members for the entitlements to attend and vote at the EGM | Thursday, 13 January 2022 to Tuesday, 18 January 2022 (both days inclusive) |
| Latest time for lodging proxy forms for the EGM | 2:00 p.m. on Sunday, 16 January 2022 |
| Date and time of the EGM | 2:00 p.m. on Tuesday, 18 January 2022 |
| Publication of the announcement of poll results of the EGM | Tuesday, 18 January 2022 |

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation as set out in this announcement.

| Event | Date and time |
|--|--|
| Effective date of the Share Consolidation | Thursday, 20 January 2022 |
| Dealing in the Consolidated Shares commences | 9:00 a.m. on Thursday, 20 January 2022 |
| First day of free exchange of existing share certificates for new share certificates for Consolidated Shares | Thursday, 20 January 2022 |
| Original counter for trading in the Existing Shares in board lots of 4,000 Existing Shares (in the form of existing share certificates) temporarily closes | 9:00 a.m. on Thursday, 20 January 2022 |
| Temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates) opens | 9:00 a.m. on Thursday, 20 January 2022 |
| Original counter for trading in the Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of new share certificates for the Consolidation Shares) re-opens | 9:00 a.m. on Tuesday, 8 February 2022 |

| Event | Date and time |
|---|---------------------------------------|
| Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences | 9:00 a.m. on Tuesday, 8 February 2022 |
| Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares | 9:00 a.m. on Tuesday, 8 February 2022 |
| Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares | 4:00 p.m. on Monday, 28 February 2022 |
| Temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates) closes | 4:10 p.m. on Monday, 28 February 2022 |
| Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidation Shares and existing share certificates) ends | 4:10 p.m. on Monday, 28 February 2022 |
| Last date and time for free exchange of existing share certificates for new share certificates for the Consolidated Shares | 4:30 p.m. on Wednesday, 2 March 2022 |

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the EGM.

A circular containing, among other things, further information on the proposed Share Consolidation and a notice to convene the EGM, is expected to be despatched to the Shareholders on or before Tuesday, 28 December 2021.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” above in this announcement. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

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| “Board” | the board of Directors |
| “Business Day” | a day (other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “CCASS Operational Procedures” | the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time |
| “Company” | Madison Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM (stock code: 8057) |
| “Consolidated Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company after the Share Consolidation becoming effective |
| “Convertible Bonds” | has the meaning ascribed thereto under the section headed “Adjustments in relation to other securities of the Company” in this announcement |
| “Conversion Price” | HK\$1.1 per Conversion Share |
| “Conversion Share(s)” | 136,363,636 Existing Shares to be allotted and issued upon exercise of conversion rights attached to the Convertible Bonds |
| “Director(s)” | director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation |
| “Existing Share(s)” | issued and unissued ordinary share(s) of HK\$0.001 each in the existing share capital of the Company before the Share Consolidation becoming effective |
| “GEM” | GEM of the Stock Exchange |

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|--------------------------|--|
| “GEM Listing Committee” | the GEM Listing Committee of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM of the Stock Exchange |
| “General Rules of CCASS” | the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “PRC” | the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Share Consolidation” | the proposed consolidation of every ten (10) Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Existing Share(s) or the Consolidated Share(s), as the case may be |
| “Share(s)” | the Existing Share(s) or as the context may require, the Consolidated Share(s) |
| “Share Option Scheme” | has the meaning ascribed thereto under the section headed “Adjustments in relation to other securities of the Company” in this announcement |
| “Share Options” | has the meaning ascribed thereto under the section headed “Adjustments in relation to other securities of the Company” in this announcement |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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

Hong Kong, 17 December 2021

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 Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 Listed Company Information” page of the GEM website at <http://www.hkgem.com> for at least seven days from the date of its publication and the Company’s website at <http://www.madison-group.com.hk>.