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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Madison Holdings Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**(1) THE GRANT OF OPTION UNDER SPECIFIC MANDATE;
(2) LOAN EXTENSION AGREEMENT;
(3) PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Capitalised terms used in this cover page shall have the same meanings as defined in the section headed “Definitions” in this circular.

A notice convening the EGM to be held at Units 26-28, 8/F, One Island South, 2 Heung Yip Road, Wong Chuk Hang, Hong Kong on Tuesday, 9 August 2022 at 10:30 a.m. (or at such time immediately after the conclusion of the annual general meeting of the Company to be convened on the same day and at the same place at 10:00 a.m. or, as the case may be, the adjourned meeting thereof) or any adjournment thereof is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for use at the EGM by the Shareholders is enclosed with this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE EGM

Due to the on-going COVID-19 pandemic, to safeguard the health and safety of Shareholders, the Company will implement the following precautionary measures at the EGM:

- compulsory body temperature checks
- compulsory wearing of a surgical face mask for each attendee
- maintain appropriate social distancing and the number of attendees at the meeting will be limited according to the latest regulations announced by the government
- submission of personal information form, which may be used for contact tracing, if required
- no distribution of corporate gift nor provision of refreshment

Any person who does not comply with these precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the EGM venue. Shareholders are reminded that they may appoint the chairman of the EGM as their proxy to vote on any resolution(s) at the EGM as an alternative to attending the EGM in person. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement(s) on such measures as appropriate.

This circular will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at www.madison-group.com.hk.

19 July 2022

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CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be convened and held at Units 26-28, 8/F, One Island South, 2 Heung Yip Road, Wong Chuk Hang, Hong Kong on Tuesday, 9 August 2022 at 10:00 a.m. or any adjournment thereof to consider and, if thought fit, to approve, among other things, (i) the re-election of Directors; (ii) the granting of the general mandate (including the extended general mandate) and the repurchase mandate; and (iii) the proposed adoption of the amended and restated memorandum and articles of association
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or 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
“Company”	Madison Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 08057)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Units 26-28, 8/F, One Island South, 2 Heung Yip Road, Wong Chuk Hang, Hong Kong on Tuesday, 9 August 2022 at 10:30 a.m. (or such time immediately after the conclusion of the AGM) for the purpose of considering and, if thought fit, approving the Option Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Option Shares under the Specific Mandate) and the refreshment of Scheme Mandate Limit

DEFINITIONS

“Extended Maturity Date”	30 September 2023, being the extended maturity date of the Loan under the Loan Extension Agreement
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hackett Enterprises”	Hackett Enterprises Limited, being a company incorporated in the Republic of Seychelles with limited liability and a direct non-wholly owned subsidiary of the Company as at the Latest Practicable Date
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	14 July 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Loan”	a loan in the principal amount of JPY1,500,000,000 owed by Wine Financier to SRA subject to and upon the terms and conditions of the Original Loan Agreement
“Loan Extension”	the extension of the maturity date of the Loan upon the fulfillment of the conditions precedent set out in the Loan Extension Agreement
“Loan Extension Agreement”	the loan extension agreement dated 6 June 2022 and entered into by, among others, SRA, the Company and Wine Financier, in relation to the extension of the maturity date of the Loan to the Extended Maturity Date
“Option”	the call option granted by the Company to SRA entitling SRA to require the Company to allot and issue the Option Shares at the Option Price at any time during the Option Period upon and subject to the terms and conditions set out in the Option Agreement

DEFINITIONS

“Option Agreement”	the option agreement dated 6 June 2022 and entered into between the Company, as issuer, and SRA, as subscriber, pursuant to which the Company has conditionally agreed to grant the Option to SRA at a nominal consideration of HK\$1.00, exercisable within the Option Period, and SRA shall be entitled to require the Company to allot and issue up to a maximum of 85,922,330 Option Shares at the Option Price subject to the terms and conditions of the Option Agreement upon exercising the Option
“Option Completion”	completion of the subscription for and allotment and issue of, the relevant Option Shares subject to the Option Exercise Notice
“Option Completion Date”	the third Business Day following the date of the Option Exercise Notice (or such other date as may be agreed between the Company and SRA in writing)
“Option Exercise Notice”	the notice(s) to be served by SRA for the exercise of the Option during the Option Period
“Option Period”	commencing on the date on which all of the conditions precedent set out in the Option Agreement are satisfied or waived (as the case may be) and ending at 5:00 p.m. on the Extended Maturity Date (i.e. 30 September 2023)
“Option Price”	HK\$88,500,000, equivalent to HK\$1.03 per Option Share
“Option Share(s)”	up to a maximum of 85,922,330 new Shares
“Original Loan Agreement”	the loan agreement dated 2 April 2018 and entered into amongst SRA, as lender, Wine Financier, as borrower, Hackett Enterprises and Mr. Ting Pang Wan Raymond, as guarantors, pursuant to which SRA has granted a loan in the principal amount of JPY1,500,000,000 to Wine Financier
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon exercise of all Share Options to be granted under the Share Option Scheme
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Share Option(s)”	the share option(s) granted or to be granted by the Company pursuant to the Share Option Scheme entitling the holders thereof to subscribe for Shares
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to the written resolution of the Shareholders on 21 September 2015
“Specific Mandate”	the specific mandate to allot, issue or otherwise deal in additional Shares to be sought from the Shareholders at the EGM to satisfy the allotment and issue of the Option Shares upon the exercise of the Option
“SRA”	SRA Holdings, Inc., a company incorporated in Japan with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wine Financier”	Wine Financier Limited, being a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company as at the Latest Practicable Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JPY”	Japanese Yen, the lawful currency of Japan
“%”	per cent.

LETTER FROM THE BOARD

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)

Executive Directors:

Ms. Kuo Kwan

Mr. Zhang Li

Non-executive Directors:

Mr. Ip Cho Yin *J.P.*

Mr. Ji Zuguang

Independent non-executive Directors:

Ms. Fan Wei

Mr. Chu Kin Wang *Peleus*

Dr. Lau Reimer, *Mary Jean*

Registered office:

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

Units 26-28, 8/F

One Island South

2 Heung Yip Road

Wong Chuk Hang

Hong Kong

19 July 2022

To the Shareholders

Dear Sir or Madam,

- (1) THE GRANT OF OPTION UNDER SPECIFIC MANDATE;
(2) LOAN EXTENSION AGREEMENT;
(3) PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 6 June 2022 in relation to, among other things, the Option Agreement, the Loan Extension Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

On 2 April 2018, SRA, as lender, Wine Financier, as borrower, Hackett Enterprises and Mr. Ting Pang Wan Raymond, as guarantors, entered into the Original Loan Agreement, pursuant to which SRA has granted the Loan in the principal amount of JPY1,500,000,000 to Wine Financier for the general working capital of its referral financing services. As at the date of the Original Loan Agreement, SRA was interested in 25% of the issued share capital of Hackett Enterprises, which in turn is interested in the entire issued share capital of Wine Financier.

On 20 November 2018, SRA, as vendor, and the Company, as purchaser, entered into a sale and purchase agreement, pursuant to which SRA has conditionally agreed to sell and the Company has conditionally agreed to purchase 25 shares of Hackett Enterprises, representing 25% of the issued share capital of Hackett Enterprises. Completion of which took place on 29 March 2019. For further details of the acquisition of Hackett Enterprises by the Company, please refer to the announcements of the Company dated 20 November 2018 and 29 March 2019, and the circular of the Company dated 13 March 2019.

As at the Latest Practicable Date, Wine Financier, being an indirect non-wholly owned subsidiary of the Company, is indebted to SRA in the principal amount of JPY1,500,000,000 which was due for repayment on 30 September 2021 and remains outstanding as at the Latest Practicable Date.

In consideration of the Company agreeing to enter into the Option Agreement to grant the Option to SRA, SRA has agreed to extend the maturity date of the Loan to 30 September 2023 upon and subject to the terms and conditions of the Loan Extension Agreement.

The purpose of this circular is to provide you with, among other things, (i) further information on the Option Agreement and the transactions contemplated thereunder; (ii) the refreshment of Scheme Mandate Limit; and (iii) a notice of the EGM.

THE OPTION AGREEMENT

The principal terms of the Option Agreement are summarised as follows:

- Date:** 6 June 2022
- Parties:** (i) the Company, as issuer; and
(ii) SRA, as subscriber

As at the Latest Practicable Date, Software Research Associates, Inc., being a direct wholly owned subsidiary of SRA, is interested in 40,454,545 Shares, representing approximately 6.49% of the issued share capital of the Company. As at the Latest Practicable Date, Wine Financier, being an indirect non-wholly owned subsidiary of the Company, is indebted to SRA in the principal amount of JPY1,500,000,000.

LETTER FROM THE BOARD

The Grant of Option

Pursuant to the Option Agreement, the Company has conditionally agreed to grant the Option to SRA at a nominal consideration of HK\$1.00, exercisable within the Option Period commencing on the date on which all of the conditions precedent set out in the Option Agreement are satisfied or waived (as the case may be) and ending at 5:00 p.m. on the Extended Maturity Date (i.e. 30 September 2023), and SRA shall be entitled to require the Company to allot and issue up to a maximum of 85,922,330 Option Shares at the Option Price of HK\$1.03 per Option Share subject to the terms and conditions of the Option Agreement upon the exercise of the Option.

Exercise of Option

The Option can be exercised in whole or in part in relation to all (or part of) the Option Shares at any time during the Option Period provided that the Option Shares subject to the Option Exercise Notice shall be 5,000,000 Shares or an integral multiple thereof provided that where the Option Shares subject to the Option is less than 5,000,000 Shares, the Option Exercise Notice shall relate to the entire number of such Option Shares.

Option Period

The Option Period shall commence on the date on which all of the conditions precedent set out in the Option Agreement are satisfied or waived (as the case may be) and ending at 5:00 p.m. (Hong Kong time) on the Extended Maturity Date (i.e. 30 September 2023) (both days inclusive).

Option Shares

Subject to the fulfilment or waiver (as the case may be) of the conditions precedent as set out in the paragraph headed “*Conditions precedent*” below and assuming full exercise of the Option, the aggregate of 85,922,330 Option Shares represent:

- (i) approximately 13.79% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (ii) approximately 12.12% of the issued share capital of the Company as enlarged by the allotment and issue of the Option Shares (assuming there will be no change to the issued share capital of the Company from the Latest Practicable Date to the date of full exercise of the Option).

LETTER FROM THE BOARD

Option Price

The Option Price of HK\$1.03 per Option Share represents:

- (i) a premium of approximately 18.39% over the closing price of HK\$0.87 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 8.42% over the closing price of HK\$0.95 per Share as quoted on the Stock Exchange on the date of the Option Agreement; and
- (iii) the average closing price of HK\$1.03 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Option Agreement.

The Option Price was determined after arm's length negotiation between the Company and SRA with reference to, among others, the prevailing market price of the Shares. The Directors consider that the Option Price is fair and reasonable.

Upon the exercise of the Option by SRA, the aggregate Option Price for the relevant Option Shares payable by SRA shall be set-off against an equivalent amount of the principal amount of the Loan on a dollar-for-dollar-basis.

Adjustment to Option Price

If the Company or SRA considers that an adjustment should be made to the Option Price or the whole of the Option Shares as a result of the reorganisation of the share capital of the Company or any change in the share capital of the Company (including but not limited to the sub-division or consolidation of the Shares), the Company shall at its own expense request the auditors or an independent financial adviser to determine (acting as experts) for the time being of the Company as soon as practicable what adjustment (if any) to the Option Price or the whole of the Option Shares is fair and reasonable to take account thereof, and the date on which such adjustment should take effect and upon such determination, such adjustment (if any) shall be made and shall take effect in accordance with such determination. The costs and expenses for such certification shall be borne by the Company.

LETTER FROM THE BOARD

Subject to the determination of the auditors or independent financial advisers (acting as experts) for the time being of the Company, the Option Price or the whole of the Option Shares may be adjusted upon the following events:

(i) Consolidation, Subdivision or Reclassification:

If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Option Price shall be adjusted by multiplying the Option Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

(ii) Capitalisation of Profits or Reserves:

If and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account) including Shares paid up out of distributable profits or reserves and/or share premium account issued (except any scrip dividend) and which would not have constituted a distribution, the Option Price shall be adjusted by multiplying the Option Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective (if appropriate, retrospectively) from the commencement of the day following the record date for such issue.

LETTER FROM THE BOARD

In the case of an issue of Shares by way of a scrip dividend where the current market price of such Shares on the date of announcement of the terms of the scrip dividend exceeds the amount of the relevant cash dividend or the relevant part thereof and which would not have constituted a distribution, the Option Price shall be adjusted by multiplying the Option Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{(A + B)}{(A + C)}$$

Where:

- A is the aggregate nominal amount of the issued Shares immediately before such issue;*
- B is the aggregate nominal amount of the Shares issued by way of such scrip dividend multiplied by a fraction of which (a) the numerator is the amount of the whole, or the relevant part, of the relevant cash dividend and (b) the denominator is the current market price of the Shares issued by way of scrip dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the relevant cash dividend on the date of announcement of the terms of the scrip dividend; and*
- C is the aggregate nominal amount of the Shares issued by way of such scrip dividend.*

Such adjustment shall become effective on the date of issue of such Shares.

(iii) Capital Distributions:

- (a) Subject to (iii)(b) below, if and whenever the Company shall pay or make any capital distribution to the Shareholders (except to the extent that the Option Price falls to be adjusted under adjustment (ii) above), the Option Price shall be adjusted by multiplying the Option Price in force immediately before such capital distribution by the following fraction:

$$\frac{(A - B)}{A}$$

LETTER FROM THE BOARD

Where:

A is the current market price of one Share on the last trading day preceding the date on which the capital distribution is publicly announced; and

B is the fair market value of the portion of the capital distribution attributable to one Share on the date of such announcement.

Such adjustment shall become effective on the date that such capital distribution is actually made.

- (b) If and whenever the Company shall pay or make any capital distribution in cash only to the Shareholders, the Option Price shall be adjusted by multiplying the Option Price in force immediately before such capital distribution by the following fraction:

$$\frac{(A - B)}{A}$$

Where:

A is the current market price of one Share on the record date for the determination of Shareholders entitled to receive such capital distribution in cash; and

B is the amount of cash so distributed attributable to one Share.

Such adjustment shall become effective on the record date for the determination of Shareholders entitled to receive such capital distribution in cash.

LETTER FROM THE BOARD

- (iv) **Rights Issues of Shares or options over Shares:** If and whenever the Company shall (a) issue Shares to all or substantially all of the Shareholders as a class by way of rights or (b) issue or grant to all or substantially all of the Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than the current market price per Share on the last trading day preceding the date of the announcement of the terms of the issue or grant, the Option Price shall be adjusted by multiplying the Option Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A* is the number of Shares in issue immediately before such announcement;
- B* is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein would purchase at such current market price per Share; and
- C* is the aggregate number of Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective on (aa) with respect to the situation envisaged in sub-paragraph (a) above, the date of issue of such Shares or (bb) with respect to the situation envisaged in sub-paragraph (b) above, on the date when the said issue or grant of such options, warrants or other rights occurs.

Ranking of the Option Shares

Upon the exercise of the Option and the payment of the Option Price for the relevant Option Shares subject to an Option Exercise Notice, the Company shall allot and issue the Option Shares to SRA free from all liens, charges, encumbrances or third party rights, interests or claims of any nature whatsoever together with all rights attaching thereto (including the right to receive dividends and other distributions) with effect from the Option Completion Date.

The Option Shares, when allotted and issued, shall rank *pari passu* in all respects among themselves and with all other Shares in issue on the date of allotment and issue of the Option Shares and the Option Shares shall include rights to participate in all dividends and other distributions made by the Company the record date of which falls on or after the Option Completion Date.

LETTER FROM THE BOARD

Transferability of the Option

The Option shall not be transferrable and SRA shall not in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to the Option or enter into any agreement so to do. Any breach of the foregoing by SRA shall entitle the Company to cancel the Option or any party thereof granted to SRA to the extent not already exercised.

Lapse of Option

The Option (to the extent not already exercised) shall lapse automatically on the earliest of: (a) the expiry of the Option Period; (b) the breach of the transferability of the Option; or (c) the date of commencement of the winding-up of the Company.

Cancellation of Option

Save for the occurrence of any breach of the transferability of the Option by SRA, any Option granted but not exercised cannot be cancelled except with the written consent of SRA and prior approval of the Board.

Rights on liquidation

In the event of the liquidation of the Company, the Option (to the extent not already exercised) shall lapse and SRA, as holder of the Option, would not have any rights to participate in the distribution of assets of the Company available in liquidation.

Rights of Option holder

Prior to the exercise of the Option and the allotment and issue of the Option Shares, SRA, as holder of the Option, would not have any rights to participate in any distributions and/or offers of further securities made by the Company.

Application of listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Option Shares. The Company will not apply to the Stock Exchange for the listing of, and permission to deal in, the Option.

Specific Mandate

The Option Shares will be allotted and issued pursuant to the Specific Mandate which is subject to Shareholders' approval at the EGM.

LETTER FROM THE BOARD

Conditions precedent

The grant of Option and the Option Completion are conditional upon the fulfillment or waiver (as the case may be) of the following conditions precedent:

- (a) all necessary consents and approvals required to be obtained on the part of SRA in respect of the Option Agreement and the transactions contemplated thereunder having been obtained and remained in full force and effect;
- (b) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Option Agreement and the transactions contemplated thereunder having been obtained and remained in full force and effect;
- (c) the passing by the Shareholders who are allowed to vote and not required to abstain from voting, at the EGM to be convened and held in accordance with the GEM Listing Rules, of an ordinary resolution to approve, the Option Agreement and the transactions contemplated thereunder, including but not limited to the grant of the Option and the allotment and issue of the Option Shares under the Specific Mandate, as applicable;
- (d) the GEM Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor SRA shall reasonably object) the listing of and permission to deal in the Option Shares to be issued upon the exercise of the Option;
- (e) the Loan Extension Agreement having becoming unconditional (save for the condition for the Option Agreement to become unconditional); and
- (f) the warranties provided by the Company remaining true and accurate and not misleading in all material respects.

SRA may at its absolute discretion at any time waive in writing the condition precedent as set out in (f) above and such waiver may be made subject to such terms and conditions as are determined by SRA. Save for the condition precedent as set out in (f) above, none of the conditions precedent is capable of being waived.

If any of the above conditions precedent are not fulfilled (or as the case may be, waived) at or before 5:00 p.m. on 31 August 2022, or such later date as the Company and SRA may agree, the Option Agreement will lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save for the liabilities for any antecedent breaches thereof.

As at the Latest Practicable Date, none of the conditions precedent above has been fulfilled.

Option Completion

Subject to the fulfillment or waiver (as the case may be) of the conditions precedent as detailed above and exercise of the Option by SRA within the Option Period, Option Completion shall take place at 3:00 p.m. at the principal place of business of the Company on the Option Completion Date, being the third Business Day following the date of the Option Exercise Notice (or such other date as may be agreed between the Company and SRA in writing).

LETTER FROM THE BOARD

Lock-up undertaking

Pursuant to the Option Agreement, SRA undertakes and warrants to the Company that during the lock-up period commencing on the first Option Completion Date and ending on the Extended Maturity Date (i.e. 30 September 2023) (both days inclusive), it will not and shall procure its nominee(s) (where applicable) not to sell, transfer, dispose of or enter into any agreement with similar effect or otherwise create any options, rights, interests or encumbrances in respect of any of the Option Shares without prior written approval from the Company.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the allotment and issue of the Option Shares in full (assuming there being no other changes in the share capital of the Company between the Latest Practicable and the full exercise of the Option).

Name of Shareholders	As at the Latest Practicable Date		Immediately after the allotment and issue of the Option Shares in full (assuming there being no other changes in the share capital of the Company between the Latest Practicable Date and the full exercise of the Option)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Royal Spectrum Holding Company Limited (“ Royal Spectrum ”) <i>(Notes 1 and 2)</i>	196,800,000	31.58%	196,800,000	27.76%
CVP Financial Group Limited (“ CVP Financial ”) <i>(Note 2)</i>	50,487,272	8.10%	50,487,272	7.12%
Mr. Ting Pang Wan Raymond (“ Mr. Ting ”) <i>(Notes 1 and 2)</i>	8,060,000	1.29%	8,060,000	1.14%
Kaiser Capital Holdings Limited (“ Kaiser Capital ”) <i>(Note 2)</i>	1,217,200	0.20%	1,217,200	0.17%
Highgrade Holding Limited (“ Highgrade Holding ”) <i>(Note 2)</i>	187,200	0.03%	187,200	0.03%
Atlantis Investment Management Limited (“ Atlantis Investment ”) <i>(Note 3)</i>	68,224,500	10.95%	68,224,500	9.62%
Software Research Associates, Inc. <i>(Note 4)</i>	40,454,545	6.49%	40,454,545	5.71%
SRA <i>(Note 4)</i>	–	–	85,922,330	12.12%
<i>Directors:</i>				
Mr. Zhang Li (“ Mr. Zhang ”) <i>(Note 5)</i>	442,000	0.07%	442,000	0.06%
Mr. Ji Zuguang (“ Mr. Ji ”) <i>(Note 6)</i>	208,978	0.03%	208,978	0.03%
Public Shareholders	<u>257,045,532</u>	<u>41.25%</u>	<u>257,045,532</u>	<u>36.25%</u>
Total:	<u>623,127,227</u>	<u>100.00%</u>	<u>709,049,557</u>	<u>100.00%</u>

LETTER FROM THE BOARD

Notes:

1. The entire issued share capital in Royal Spectrum is legally and beneficially owned as to 96.63% by Devoss Global Holdings Limited (the “**Devoss Global**”) and 3.37% by Zhu Qin respectively. Devoss Global is deemed to be interested in the Shares held by Royal Spectrum under Part XV of the SFO.
2. Each of Devoss Global, CVP Financial, Kaiser Capital and Highgrade Holding is wholly-owned by Mr. Ting. Mr. Ting is deemed to be interested in 248,691,672 Shares, representing approximately 39.91% of the issued share capital of the Company as at the Latest Practicable Date, held by Devoss Global, CVP Financial, Kaiser Capital and Highgrade Holding under Part XV of the SFO.
3. Based on the notices of disclosure of interest filed by Atlantis Capital Group Holdings Limited (“**ACGHL**”) and Ms. Liu Yang both dated 14 January 2022 respectively, Atlantis Investment is wholly-owned by ACGHL, which in turn is wholly-owned by Ms. Liu Yang. As such, ACGHL and Ms. Liu Yang are both deemed to be interested in 68,224,500 Shares, representing approximately 10.95% of the issued share capital of the Company as at the Latest Practicable Date, held by Atlantis Investment under Part XV of the SFO.
4. Software Research Associates, Inc. is a direct wholly-owned subsidiary of SRA. As such, SRA is deemed to be interested in the Shares held by Software Research Associates, Inc. under Part XV of the SFO.
5. 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 by virtue of the SFO.
6. 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 208,978 Shares held by Plan Marvel by virtue of the SFO.
7. Certain percentage figures in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

LOAN EXTENSION AGREEMENT

The principal terms of the Loan Extension Agreement are set out as follows:

Date:	6 June 2022
Parties:	(i) SRA, as lender; (ii) Wine Financier, as borrower; and (iii) Hackett Enterprises, the Company and Mr. Ting Pang Wan Raymond, as guarantors
Principal amount:	JPY1,500,000,000
Extended Maturity Date:	30 September 2023

LETTER FROM THE BOARD

- Conditions precedent:** The Loan Extension is conditional upon the fulfillment of the following conditions precedent:
- (a) all necessary consents, approvals and authorisations required to be obtained on the part of SRA in respect of the Loan Extension Agreement and the transactions contemplated thereunder having been obtained and remained in full force and effect;
 - (b) all necessary consents, approvals and authorisations required to be obtained on the part of Wine Financier in respect of the Loan Extension Agreement and the transactions contemplated thereunder having been obtained and remained in full force and effect;
 - (c) the Option Agreement having becoming unconditional (save for the condition for the Loan Extension Agreement to become unconditional); and
 - (d) no event of default or potential event of default has occurred or is continuing to occur as at the date of the Loan Extension Agreement.

Save as disclosed, all other terms and conditions under the Original Loan Agreement shall remain in full force and effect.

INFORMATION OF SRA

SRA is a company incorporated in Japan with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, SRA is principally engaged in IT services. As at the Latest Practicable Date, Software Research Associates, Inc., being a direct wholly-owned subsidiary of SRA, is interested in 40,454,545 Shares, representing approximately 6.49% of the issued share capital of the Company. As such, SRA is deemed to be interested in the Shares in which Software Research Associates, Inc. is interested under Part XV of the SFO. As at the Latest Practicable Date, Wine Financier, being an indirect non-wholly owned subsidiary of the Company, is indebted to SRA in the principal amount of JPY1,500,000,000.

Save as disclosed above and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, SRA and its associates have no other interests in the Company.

LETTER FROM THE BOARD

INFORMATION OF THE GROUP, WINE FINANCIER AND HACKETT ENTERPRISES

As at the Latest Practicable Date, the Group is principally engaged in (i) retail sales and wholesales of wine products and other alcoholic beverages; (ii) provision of financial consultancy services; and (iii) provision of loan financing and loan referral services.

Wine Financier is a company incorporated in Hong Kong with limited liability and is principally engaged in referral financing services.

Hackett Enterprises is a company incorporated in the Republic of Seychelles with limited liability and is principally engaged in investment holding.

As at the Latest Practicable Date, Wine Financier is wholly-owned by Hackett Enterprises, which in turn is owned as to 77% by the Company, 18% by Apex Treasure International Limited and 5% by Atlantis China Star Fund Limited. Atlantis Investment Management Limited is a substantial Shareholder and is interested in 68,224,500 Shares, representing approximately 10.95% of the issued share capital of the Company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, both Atlantis China Star Fund Limited and Atlantis Investment Management Limited are ultimately and beneficially owned by Ms. Liu Yang.

REASONS FOR ENTERING INTO OF THE OPTION AGREEMENT AND THE LOAN EXTENSION AGREEMENT

Having considered, among others, (i) the Loan in the principal amount of JPY1,500,000,000 indebted to SRA which was due for repayment on 30 September 2021 and remains outstanding as at the Latest Practicable Date; (ii) the Option Price of HK\$1.03 represents a premium over the closing price of HK\$0.95 per Share as quoted on the Stock Exchange on the date of the Option Agreement and equals to the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Option Agreement; and (iii) other equity financing such as rights issue would be relatively costly and time-consuming, the Directors are of the view that the grant of the Option serves as a good alternative to cash repayment of the outstanding amount under the Loan which may not have an immediate dilution effect on the shareholding of the existing Shareholders as that in the case of other equity financing, such as placing of Shares, and the entering into of the Loan Extension Agreement also allows an extension of time for the Group to repay the outstanding amount under the Loan to SRA. In addition, the principal amount of the Loan may be set off against the Option Price payable by SRA on a dollar-for-dollar basis upon the exercise of the Option and the allotment and issue of the Option Shares, and therefore does not create any cashflow burden on the Group. Due to the set-off, no proceeds will be received by the Company upon the exercise of the Option.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Option Agreement and the Loan Extension Agreement are on normal commercial terms, fair and reasonable and the Option and the Loan Extension are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FUNDRAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any fundraising activities during the past 12 months immediately prior to the Latest Practicable Date.

GEM LISTING RULES IMPLICATIONS

The Option Shares will be allotted and issued under the Specific Mandate. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Option Shares. The Company will not apply to the Stock Exchange for the listing of, and permission to deal in, the Option.

The Company will seek the Shareholders' approval at the EGM for the grant of the Specific Mandate to allot and issue the Option Shares.

Pursuant to Rule 21.02(1) of the GEM Listing Rules, the Option Shares to be issued on exercise of the Options must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued Shares at the time the Options are issued. The Share Options granted under the Share Option Scheme which comply with Chapter 23 of the GEM Listing Rules are excluded for the purpose of such limit.

PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT

Background of the Share Option Scheme

The Share Option Scheme was adopted by the Company pursuant to Shareholders' written resolution passed on 21 September 2015. The Share Option Scheme remains valid and effective for a period of ten (10) years from the date of adoption. Apart from the Share Option Scheme, there was no other share option scheme adopted by the Company as at the Latest Practicable Date.

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest (the "**Invested Entity(ies)**").

The participants of the Share Option Scheme shall be:

- (1) any employee (whether full-time or part-time) of the Company, any of the subsidiaries and any Invested Entity;
- (2) any director (including executive, non-executive and independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

LETTER FROM THE BOARD

- (3) any supplier of goods or services to any member of the Group or any Invested Entity;
- (4) any customer of the Group or any Invested Entity;
- (5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity; or
- (6) any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Share Option Scheme.

The basis of eligibility of any of the above classes of participants to the grant of any Shares Options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group and/or any Invested Entity. For each category of participants (in particular, those other than employees or directors of the Group), the Board will assess the eligibility of the relevant participant based on the following factors:

- (a) the participant's potential and/or actual contribution to the business affairs of and benefits to the Group or the Invested Entity (in terms of, including but not limited to, proactively promoting/catalysing the continuing development and growth of the Group or the Invested Entity, and bringing expertise to the Group or the Invested Entity), with regard to the quality or importance of services/goods provided/supplied or expected to be provided/supplied by such participant to the Group or the Invested Entity, and the actual or expected change in the Group's or any Invested Entity's performance which is or may be attributable to the provision or supply of such services/goods;
- (b) the potential/actual degree of involvement in and/or cooperation with the Group or the Invested Entity with regard to the number, scale and nature of the projects, and the period of engagement/cooperation/business relationship with the Group or the Invested Entity; and/or
- (c) whether the participant is regarded as a valuable human resource of the Group or the Invested Entity based on his/her performance, working experience, professional qualifications, knowledge in the industry or other relevant factors (including but not limited to technical know-how, market competitiveness, synergy between him/her and the Group, external business connections, strategic value, and repute and credibility).

LETTER FROM THE BOARD

The Company considers that the inclusion of persons other than the employees and directors of the Group as participants to the Share Option Scheme is appropriate, as the successful development of the Group could not be achieved by the Directors and employees alone and would also depend on the cooperation of the business partners of the Group, including suppliers, customers and consultants as well as personnel of the Invested Entities, all of which play an important role in the business of the Group. Despite the fact that the Group might only hold minimal equity interests in certain Invested Entities, the employees, directors or other parties in connection with these Invested Entities may provide valuable business referrals and potential partnership introduction to the Group, which in turn support the growth and long-term business development of the Group. Given that the success of the Group requires the cooperation and contribution from such parties, the inclusion of any supplier, customer and consultant as well as personnel of the Invested Entities is to provide the Board with sufficient flexibility under the Share Option Scheme to grant Share Options in incentivising and rewarding persons who have or will contribute(d) to the Group and serve the purpose of the Share Option Scheme. In the event that any such person is able to contribute to the Group or any Invested Entity by being a long-term strategic investor or business partner, or by introducing potential business opportunities to the Group or any Invested Entity, the Share Option Scheme can align the interest of the Group and these external parties, and provide incentive and reward for their participation and involvement in promoting the business of the Group or any Invested Entity. In particular, the grant of Share Options will offer incentives for (i) suppliers to offer more economic and high quality supplies to the Group; (ii) customers to maintain long term and sustainable business relationships with the Group; and (iii) consultants to provide better services to the Group, all of which are material and beneficial to the long-term growth of the Group. Further, notwithstanding that certain participants (in particular, employees, directors and other parties in connection with the Invested Entities) may not be employed directly under the Group, such participants may be providing services or be involved in projects which contributes to the success of the Group and/or the Invested Entities, and may also be regarded as a valuable human resource to the Group or the Invested Entities.

In light of the above, the Board considers that the inclusion of these persons other than the employees and directors of the Group (including personnels of the Invested Entities) is appropriate and in the interests of the Company and the Shareholders as a whole; and is in line with the objectives of the Share Option Scheme to provide incentives or rewards to participants for their contribution to the Group and to attract human resources valuable to the Group.

As at the date of adoption of the Share Option Scheme on 21 September 2015, the total number of issued Shares was 400,000,000 Shares. Pursuant to the GEM Listing Rules and the Share Option Scheme, the total number of Shares which may fall to be issued upon exercise of all Share Options to be granted under the Share Option Scheme was 40,000,000, representing 10% of the then total number of issued Shares as at the date of adoption of the Share Option Scheme on 21 September 2015 and the maximum number of Shares that might be issued upon the exercise of all Share Options under the Share Option Scheme or other schemes.

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Upon the completion of the subdivision of the issued and unissued shares of the Company which became effective on 8 November 2016, the exercise price per Share and number of Shares which may be issued in respect of the outstanding Share Options have been adjusted, details of which were set out in the announcement of the Company dated 7 November 2016.

On 17 August 2018, resolution was passed by the then Shareholders to refresh the then Scheme Mandate Limit to up to 10% of the total number of Shares in issue as at the date of passing the resolution, for which the maximum number of Shares which may be issued under the then refreshed Scheme Mandate Limit was 428,330,871.

On 31 July 2020, resolution was passed by the then Shareholders to refresh the then Scheme Mandate Limit to up to 10% of the total number of Shares in issue as at the date of passing the resolution, for which the maximum number of Shares which may be issued under the then refreshed Scheme Mandate Limit was 519,272,689.

Upon the completion of the share consolidation which became effective on 20 January 2022, the exercise price per Share and the total number of Shares which may be issued in respect of the outstanding Share Options have been adjusted, details of which were set out in the announcement of the Company dated 18 January 2022.

As at the Latest Practicable Date, there were 50,830,000 Share Options granted and remained outstanding under the Share Option Scheme, representing approximately 8.16% of the Company's issued share capital as at the Latest Practicable Date.

Set out below the particulars of the outstanding Share Options as at the Latest Practicable Date:

Name of grantee	Types of consultancy services provided (if applicable)	Date of grant	Vesting period	Exercise Period	Exercise Price	Number of
						outstanding Share Options
<i>Directors</i>						
Ms. Kuo Kwan	-	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	500,000
	-	6 December 2019	(Note 1)	(Note 2)	HK\$2.07	1,300,000
Mr. Zhang Li	-	6 December 2019	(Note 1)	(Note 2)	HK\$2.07	100,000
Mr. Ji Zuguang	-	6 December 2019	(Note 1)	(Note 2)	HK\$2.07	100,000
Ms. Fan Wei	-	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	30,000
Mr. Chu Kin	-	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	30,000
Wang Peleus	-					
Mr. Ip Cho Yin	-	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	30,000
	-	6 December 2019	(Note 1)	(Note 2)	HK\$2.07	100,000

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Name of grantee	Types of consultancy services provided (if applicable)	Date of grant	Vesting period	Exercise Period	Exercise Price	Number of outstanding Share Options
<i>Shareholders</i>						
Devoss Global Holdings Limited (“Devoss Global”) (Note 3)	-	17 December 2015	17 December 2015 to 16 June 2016	17 June 2016 to 16 December 2025	HK\$8.00	600,000
Montrachet Holdings Limited (“Montrachet”) (Note 4)	-	17 December 2015	17 December 2015 to 16 June 2016	17 June 2016 to 16 December 2025	HK\$8.00	1,500,000
<i>Consultants (Note 5)</i>						
Gilberton Holdings Limited	introduction of investors and investor relations	17 December 2015	17 December 2015 to 16 June 2016	17 June 2016 to 16 December 2025	HK\$8.00	4,000,000
Horizon Trend Limited	introduction of investors and investor relations	17 December 2015	17 December 2015 to 16 June 2016	17 June 2016 to 16 December 2025	HK\$8.00	4,000,000
Keyword Limited	introduction of investors and investor relations	17 December 2015	17 December 2015 to 16 June 2016	17 June 2016 to 16 December 2025	HK\$8.00	4,000,000
Timebase Holdings Limited	introduction of investors and investor relations	17 December 2015	17 December 2015 to 16 June 2016	17 June 2016 to 16 December 2025	HK\$8.00	4,000,000
Chang Wai Chun Winsy	potential acquisition	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	50,000
CHENG Shiu Mei	business development	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	30,000
Comfort Homes and Strategies Limited	business development, and public relations and marketing	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	4,000,000
Ding Lu	business development	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	200,000

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Name of grantee	Types of consultancy services provided (if applicable)	Date of grant	Vesting period	Exercise Period	Exercise Price	Number of
						outstanding Share Options
Hiroaki YAMAJI	potential acquisition	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	100,000
HON Chun Yu	business development	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	200,000
HUANG Baolong	potential acquisition	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	3,160,000
HUI Pan	business development	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	100,000
Sun Yuan Yuan	potential acquisition	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	4,000,000
Kwan Tong Enterprises Limited	business development	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	4,000,000
Oilpro (Asia) Limited	potential acquisition	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	1,820,000
Sharp Edge Ventures Limited	business development	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	500,000
WONG Chi Ming	business development	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	30,000
Gabriel James SUK	business development	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	100,000
CHAN Yin Yin	potential acquisition	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	30,000
Cheong Mei Ying Daisy	business development	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	10,000
CHIU Shu Ming	business development	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	30,000
HUANG LI	business development	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	30,000
LIU Pui Man	potential acquisition	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	30,000
Wang Zheng Zhen	potential acquisition	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	30,000
Buttonwood Development Limited	business development	13 December 2018	13 December 2018 to 30 June 2019	1 July 2019 to 12 December 2028	HK\$11.2	4,200,000
Adachi Hisayuki	business development	13 December 2018	13 December 2018 to 30 June 2019	1 July 2019 to 12 December 2028	HK\$11.2	600,000
Dong Zimeng	business development and introduction of investors	6 December 2019	(Note 1)	(Note 2)	HK\$2.07	5,190,000
Employees	-	3 April 2018	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK\$18.9	850,000
	-	6 December 2019	(Note 1)	(Note 2)	HK\$2.07	<u>1,250,000</u>
					Total:	<u>50,830,000</u>

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Notes:

1. Vesting period for: (i) 50% of the Share Options is from 6 December 2019 to 5 December 2020 (both days inclusive); and (ii) 50% of the Share Options is from 6 December 2019 to 5 December 2021 (both days inclusive).
2. Exercise period: (i) 50% of the Share Options are exercisable from 6 December 2020 to 5 December 2029 (both days inclusive); and (ii) 50% of the Share Options are exercisable from 6 December 2021 to 5 December 2029 (both days inclusive).
3. Devoss Global is a company wholly-owned by Mr. Ting, being the controlling shareholder of Royal Spectrum Holding Company Limited, a substantial Shareholder.
4. As at the date of the grant of Share Options to Montrachet on 17 December 2015, Montrachet, being a company wholly-owned by Mr. Zhu Hui Xin, the father of Mr. Zhu Qin (a former executive Director), held 2.7% interest in Royal Spectrum Holding Company Limited, a substantial Shareholder.
5. Consultants are corporations and individuals which/who render consultancy services to the Group. The Board considered that the Share Options granted to the consultants would help to motivate these non-employees to optimise their future contributions to the Group and reward them for their past contributions. The Share Options were granted as incentive for the consultants to help the Group expand its business network, acquire and explore new business projects and opportunities and to provide ongoing services to the Group and to maintain a long-term relationship with the Group.

Refreshment of the Scheme Mandate Limit

As at the Latest Practicable Date, there were 623,127,227 Shares in issue. Assuming that no further Shares will be repurchased and issued and no Share Options are being exercised prior to the EGM and the said refreshment is approved at the EGM, then the maximum number of Shares that can be allotted and issued upon the exercise of Share Options which may be granted by the Company under the Scheme Mandate Limit so refreshed would be 62,312,722, being 10% of the total number of issued Shares as at the date of passing of the resolution approving the said refreshment at the EGM.

Notwithstanding the foregoing, pursuant to the GEM Listing Rules, the Shares which may be issued upon exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time must not in aggregate exceed 30% of the Shares in issue from time to time. No share options shall be granted under any share option scheme of the Company if this will result in the 30% limit being exceeded.

As required by the Share Option Scheme and the GEM Listing Rules, an ordinary resolution will be proposed at the EGM to approve the refreshment of the Scheme Mandate Limit such that the total number of Shares which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme shall not exceed 10% of the total number of the Shares in issue as at the date of passing the relevant resolution at the EGM. In this connection, any Share Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed or exercised) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

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In light of the on-going global pandemic of the novel coronavirus disease 2019 (COVID-19), the worldwide economic recession significantly reduces trades and business activities, thus the Group's business operation has been seriously affected. As shown in the above table, given that the exercise prices of the outstanding Share Options (ranging from HK\$2.07 to HK\$18.90) are at a premium of approximately 117.9% to 1,889.5% over the average closing prices of approximately HK\$0.95 per Share for the last 30 trading days up to and including the Latest Practicable Date, the Board considers that the current trading price of the Shares does not reflect the intrinsic value of the Share Options which could hardly incentivize the existing grantees. Further, having taken into account the allotment and issue of placing shares on 22 December 2020 pursuant to the placing agreement dated 4 December 2020, and the adjustment made according to the terms of the Share Option Scheme subsequent to the share consolidation of the Company which took place on 20 January 2022 since the Share Option Scheme was last refreshed on 31 July 2020, the Directors consider that it is in the interests of the Company and the Shareholders as a whole to grant the refreshment of the Scheme Mandate Limit so that the Company will have more flexibility to provide further incentives or rewards to the existing grantees and/or participants for their contribution to the Group and to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The Board therefore seeks the approval of the Shareholders by passing of an ordinary resolution for the granting of the proposed refreshment of the Scheme Mandate Limit at the EGM.

As at the Latest Practicable Date, the Company had no concrete plan or intention to grant any Share Options under the Share Option Scheme immediately after obtaining the Shareholders' approval for the proposed refreshment. However, the Board does not rule out the possibility that the Company will grant any Share Options under the Share Option Scheme in the future when such need arise in order to incentivise the respective eligible participants.

Conditions

The proposed refreshment of the Scheme Mandate Limit is conditional upon:

- (i) the passing of an ordinary resolution to approve the proposed refreshment of the Scheme Mandate Limit by the Shareholders at the EGM; and
- (ii) the GEM Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the new Shares to be allotted and issued upon exercise of any Share Options that may be granted under the refreshed limit of the Share Option Scheme of up to 10% of the total issued Shares as at the date of passing the relevant ordinary resolution at the EGM.

LETTER FROM THE BOARD

Application for listing

Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares which may fall to be allotted and issued upon exercise of any Share Options that may be granted under the refreshed limit of the Share Option Scheme.

GENERAL

The EGM will be convened and held at Units 26-28, 8/F, One Island South, 2 Heung Yip Road, Wong Chuk Hang, Hong Kong on Tuesday, 9 August 2022 at 10:30 a.m. (or at such time immediately after the conclusion of the AGM) for the Shareholders to consider and, if thought fit, to approve (i) the Option Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Option Shares under the Specific Mandate) and (ii) the refreshment of Scheme Mandate Limit.

A notice convening the EGM is set out on pages EGM-1 to EGM-4 of this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

The voting in respect of the grant of Option and the refreshment of Scheme Mandate Limit at the EGM will be conducted by way of poll.

As at the Latest Practicable Date, Software Research Associates, Inc., being a direct wholly-owned subsidiary of SRA, is interested in 40,454,545 Shares, representing approximately 6.49% of the issued share capital of the Company. As such, SRA, being a party to the Option Agreement, together with its associates shall abstain from voting on the resolution(s) to approve the Option Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the grant of Option and the refreshment of the Scheme Mandate Limit, and therefore no other Shareholder is required to abstain from voting on the relevant resolution(s) in respect of the Option Agreement and the transactions contemplated thereunder and the refreshment of the Scheme Mandate Limit to be proposed at the EGM.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed Wednesday, 3 August 2022 to Tuesday, 9 August 2022 (both days inclusive), during which no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 2 August 2022.

RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the terms of the Option Agreement and the transactions contemplated thereunder (including the allotment and issue of the Option Shares) and the proposed refreshment of the Scheme Mandate Limit are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all the resolution(s) as set out in the notice of the EGM.

RESPONSIBILITY STATEMENT

This circular, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

Option Completion and the Loan Extension are subject to the fulfillment or waiver (as the case may be) of the conditions precedent set out in the Option Agreement and the Loan Extension Agreement respectively and therefore the grant of Option and/or the Loan Extension may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Yours faithfully,
For and on behalf of the Board
Madison Holdings Group Limited
Ji Zuguang
Chairman and non-executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Madison Holdings Group Limited (the “Company”) will be held at Units 26-28, 8/F, One Island South, 2 Heung Yip Road, Wong Chuk Hang, Hong Kong on Tuesday, 9 August 2022 at 10:30 a.m. (or at such time immediately after the conclusion of the annual general meeting of the Company to be convened on the same day and at the same place at 10:00 a.m. or, as the case may be, the adjourned meeting thereof) for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “THAT:–

- (a) the option agreement dated 6 June 2022 (the “Option Agreement”) and entered into between the Company as issuer and SRA Holdings, Inc. (“SRA”), as subscriber in relation to the grant of option by the Company to SRA, entitling SRA to require the Company to allot and issue up to a maximum of 85,922,330 new ordinary shares of the Company (the “Option Share(s)”) at HK\$1.03 per Option Share subject to the terms and conditions of the Option Agreement (a copy of which has been produced to the EGM and marked “A” and initialed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) subject to the fulfillment (or waiver, as the case may be) of the conditions precedent set out in the Option Agreement and the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of, and permission to deal in, the Option Shares, the directors (each a “Director”) of the Company be and are hereby granted a specific mandate to allot and issue up to a maximum of 85,922,330 Option Shares to SRA (or its nominee(s)), credited as fully paid, at the option price of HK\$1.03 per Option Share pursuant to the terms and conditions of the Option Agreement; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) any one or more Director(s) be and is/are hereby authorised to do all such acts and things, to sign and execute all such documents (and to affix the common seal of the Company thereon, if necessary) for the purpose of, or in connection with, the implementation of and giving effect to the Option Agreement, including but not limited to the allotment and issue of the Option Shares, and the transactions contemplated thereunder, and to make and agree to make such variations of the terms of the Option Agreement which he/she/they consider necessary, desirable or expedient.”

2. **“THAT:**

Subject to and conditional upon the granting by the GEM Listing Committee of the Stock Exchange the listing of, and permission to deal in, the additional shares of HK\$0.01 each in the share capital of the Company (the “**Shares**”) which may be allotted and issued upon the exercise of share options to be granted under the refreshed scheme mandate limit (the “**Scheme Mandate Limit**”) under the share option scheme of the Company adopted on 21 September 2015, which entitles the Directors to grant share options after the listing of Shares on the Stock Exchange, in the manner as set out in paragraph (a) of this resolution,

- (a) the refreshment of the Scheme Mandate Limit of up to 10% of the Shares in issue as at the date of passing this resolution be and is hereby refreshed; and
- (b) the Directors be and are hereby authorised to do such acts and things and execute all such documents, including under seal where applicable as they consider necessary or expedient to give effect to the foregoing arrangement.”

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

Hong Kong, 19 July 2022

Registered office:

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place
of business in Hong Kong:*

Units 26-28, 8/F
One Island South
2 Heung Yip Road
Wong Chuk Hang
Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy and (if required by the board of Directors) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the EGM (i.e. at or before 10:30 a.m. on Sunday, 7 August 2022) or adjourned meeting (as the case may be).
3. Delivery of an instrument appointing a proxy will not preclude a member from attending and voting in person at the EGM if the member so desires and in such event, the instrument appointing the proxy shall be deemed to be revoked.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto to if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 3 August 2022 to Tuesday, 9 August 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the above meeting, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 2 August 2022.
6. Any voting at the EGM shall be taken by poll pursuant to the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**GEM Listing Rules**") and the results of the poll will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.madison-group.com.hk in accordance with the GEM Listing Rules.
7. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on the websites of the Company at www.madison-group.com.hk and on the Stock Exchange at www.hkexnews.hk to notify members of the Company of the date, time and place of the rescheduled meeting.
8. In the case of any inconsistency between the Chinese translation and the English text hereof, the English text shall prevail.
9. In line with the latest recommendations issued by the Government of Hong Kong in relation to the COVID-19 pandemic, and for the health and safety of the members of the Company and other attendees, the precautionary measures to be taken by the Company at the EGM are as follows:–
 - (1) compulsory temperature checks at the entrance of the EGM venue;
 - (2) compulsory wearing of surgical face mask by the attendees (please bring your own mask);

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (3) maintain appropriate social distancing and the number of attendees at the meeting will be limited according to the latest regulations announced by the government;
- (4) submission of personal information form, which may be used for contact tracing, if required; and
- (5) no distribution of corporate gift nor provision of refreshment.

Attendees are requested to observe and practise good personal hygiene at the EGM venue during the EGM. To the extent permitted by law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue so as to safeguard the health and safety of the attendees at the EGM.

Members of the Company are reminded that, in order to avoid attending the EGM in person, they may appoint the chairman of the EGM as their proxy to vote on any resolution(s) at the EGM in accordance with the voting preferences indicated on the proxy form. Members of the Company attending the EGM via telephone conference are also reminded that a proxy form is required to be submitted in advance of the EGM and their votes through proxy form will be valid.

Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement(s) on such measures as appropriate.

As at the date of this notice, the Directors are:

Executive Directors:

Ms. Kuo Kwan

Mr. Zhang Li

Non-executive Directors:

Mr. Ip Cho Yin *J.P.*

Mr. Ji Zuguang

Independent non-executive Directors:

Ms. Fan Wei

Mr. Chu Kin Wang Peleus

Dr. Lau Reimer, Mary Jean

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This notice will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its publication and on the website of the Company at <http://www.madison-group.com.hk>.