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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; AND (2) SECOND LOAN EXTENSION AGREEMENT

BACKGROUND

References are made to the announcements of the Company dated 6 June 2022, 9 August 2022 and 23 August 2022 and the circular of the Company dated 19 July 2022, in relation to, among other things, the grant of Old Option under specific mandate.

As at the date of this announcement, 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 initially due for repayment on the Initial Maturity Date (i.e. 30 September 2021).

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

On 6 June 2022, the Company, as issuer, entered into the Old Option Agreement with SRA, as subscriber, pursuant to which the Company had conditionally agreed to grant the Old Option to SRA entitling SRA 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 at any time during the period commencing from the date on which all of the conditions precedent set out in the Old 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), being the Old Option Period. Pursuant to the terms and conditions of the Old Option Agreement, upon exercise of the Old Option by SRA, the aggregate option price of HK\$1.03 per option share 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.

Completion of the Old Option Agreement took place on 23 August 2022, of which the Old Option was granted by the Company to SRA on 23 August 2022 in accordance with the terms and conditions of the Old Option Agreement.

As at the date of this announcement, the Old Option Period had expired and none of the Old Option had been exercised. Pursuant to the terms and conditions of the Old Option Agreement, the Option (to the extent not already exercised) shall lapse automatically upon the expiry of the Old Option Period.

As at the date of this announcement, the total principal amount of the Loan remains outstanding.

In consideration of the Company agreeing to enter into the Second Option Agreement, SRA has agreed to further extend the Extended Maturity Date to the Further Extended Maturity Date (i.e. 30 September 2024) upon and subject to the terms and conditions of the Second Loan Extension Agreement.

GRANT OF OPTION UNDER SPECIFIC MANDATE

The Board announces that on 3 October 2023 (after trading hours of the Stock Exchange), the Company, as issuer, entered into the Second Option Agreement with 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 of HK\$1.03 per Option Share subject to the terms and conditions of the Second Option Agreement upon the exercise of the Option.

The Option Completion is subject to, among other things, the Second Loan Extension Agreement having become unconditional (save for the condition for the Second Option Agreement to become unconditional).

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

SECOND LOAN EXTENSION AGREEMENT

The Board also announces that on 3 October 2023, SRA, as lender, Wine Financier, as borrower, and Hackett Enterprises, Mr. Ting Pang Wan Raymond and the Company, as guarantors entered into the Second Loan Extension Agreement, pursuant to which SRA has conditionally agreed to further extend the Extended Maturity Date to the Further Extended Maturity Date (i.e. 30 September 2024) upon and subject to the terms and conditions of the Second Loan Extension Agreement.

The Further Loan Extension is subject to, among other things, the Second Option Agreement having become unconditional (save for the condition for the Second Loan Extension Agreement to become unconditional).

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.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, the Second Option Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Option Shares under the Specific Mandate). A circular containing, among other things, further details of the grant of Option and a notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

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

BACKGROUND

References are made to the announcements of the Company dated 6 June 2022, 9 August 2022 and 23 August 2022 and the circular of the Company dated 19 July 2022 in relation to, among other things, the grant of Old Option under specific mandate.

As at the date of this announcement, 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 initially due for repayment on the Initial Maturity Date (i.e. 30 September 2021).

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

On 6 June 2022, the Company, as issuer, entered into the Old Option Agreement with SRA, as subscriber, pursuant to which the Company had conditionally agreed to grant the Old Option to SRA entitling SRA 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 at any time during the period commencing from the date on which all of the conditions precedent set out in the Old 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), being the Old Option Period. Pursuant to the terms and conditions of the Old Option Agreement, upon exercise of the Old Option by SRA, the aggregate option price of HK\$1.03 per option share 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.

Completion of the Old Option Agreement took place on 23 August 2022, of which the Old Option was granted by the Company to SRA on 23 August 2022 in accordance with the terms and conditions of the Old Option Agreement.

As at the date of this announcement, the Old Option Period had expired and none of the Old Option had been exercised. Pursuant to the terms and conditions of the Old Option Agreement, the Option (to the extent not already exercised) shall lapse automatically upon the expiry of the Old Option Period.

As at the date of this announcement, the total principal amount of the Loan remains outstanding.

In consideration of the Company agreeing to enter into the Second Option Agreement, SRA has agreed to further extend the Extended Maturity Date to the Further Extended Maturity Date (i.e. 30 September 2024) upon and subject to the terms and conditions of the Second Loan Extension Agreement.

THE SECOND OPTION AGREEMENT

The principal terms of the Second Option Agreement are set out as follows:

- Date:** 3 October 2023
- Parties:**
- (i) The Company, as issuer; and
 - (ii) SRA, as subscriber

As at the date of this announcement, 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 date of this announcement, 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.

The Grant of Option

Pursuant to the Second 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, 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 Second 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 be the period of one (1) year from the Option Grant Date.

Option Shares

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 date of this announcement; 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 date of this announcement to the date of full exercise of the Option).

Option Price

The Option Price of HK\$1.03 represents:

- (i) a premium of approximately 379.07% over the closing price of HK\$0.215 per Share as quoted on the Stock Exchange on the date of the Second Option Agreement; and
- (ii) a premium of approximately 379.07% over the average closing price of HK\$0.215 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Second Option Agreement.

The Option Price was arrived at after arm's length negotiation between the Company and SRA with reference to, among others, the historical prices of the Shares traded on the Stock Exchange, historical financial information of the Company, the prevailing market conditions and sentiments, the business prospects of the Group, and the gradual economic recovery from the cancellation of the epidemic control measures in relation to the novel coronavirus.

Upon the exercise of the Option by SRA, the aggregate Option Price for the relevant Option Shares shall be payable by SRA by cash or by way of 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 for the time being of the Company or an independent financial adviser to determine (acting as experts) 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.

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.

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.

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.

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 Second 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 Second 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 Second 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 Second Loan Extension Agreement having becoming unconditional (save for the condition for the Second 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) on or before 5:00 p.m. on 30 November 2023, or such later date as the Company and SRA may agree, the Second 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.

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 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).

Lock-up undertaking

Pursuant to the Second 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 date of expiry of the Option Period (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 have 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.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the date of this announcement; 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 date of this announcement and the full exercise of the Option).

Name of Shareholders	As at the date of this announcement		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 date of this announcement 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>	195,920,000	31.44%	195,920,000	27.63%
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>	10,193,243	1.64%	10,193,243	1.44%
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>	1,067,200	0.17%	1,067,200	0.15%
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>Director:</i>				
Mr. Ji Zuguang (“ Mr. Ji ”) <i>(Note 5)</i>	208,978	0.03%	208,978	0.03%
<i>Public Shareholders:</i>	<u>255,354,289</u>	<u>40.98%</u>	<u>255,354,289</u>	<u>36.01%</u>
Total:	<u><u>623,127,227</u></u>	<u><u>100.00%</u></u>	<u><u>709,049,557</u></u>	<u><u>100.00%</u></u>

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.
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, 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 on 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, 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 in which Software Research Associates, Inc. is interested in under Part XV of the SFO.
5. 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.
6. Certain percentage figures included 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.

SECOND LOAN EXTENSION AGREEMENT

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

Date:	3 October 2023
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
Further Extended Maturity Date:	30 September 2024

Conditions precedent:

The Further 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 Second Loan Extension Agreement and the transactions contemplated thereunder having been obtained;
- (b) all necessary consents, approvals and authorisations required to be obtained on the part of Wine Financier in respect of the Second Loan Extension Agreement and the transactions contemplated thereunder having been obtained;
- (c) the Second Option Agreement having becoming unconditional (save for the condition for the Second 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 Second Loan Extension Agreement.

Repayment terms:

Wine Financier may repay the whole or any part of the principal amount of the Loan before the Further Extended Maturity Date, and the relevant interest shall be calculated as follows:

- (a) if an early repayment of not less than JPY100,000,000 of the principal amount of the Loan together with the interest accrued thereon of approximately JPY12,493,000 is made on or before 29 February 2024, the interest on the remaining outstanding principal amount of the Loan will be calculated at an interest rate of 2% per annum calculated on an annualised basis of 365 days; or
- (b) if the early repayment of the principal amount of the Loan and the interests accrued thereon could not be made in accordance with sub-paragraph (a) above, the interest accrued on the Loan shall be calculated at a rate of 4% per annum, calculated on an annualised basis of 365 days from 1 October 2023 onwards.

Save as disclosed, all other terms and conditions under the Original Loan Agreement (as supplemented and/or amended by the First Loan Extension Agreement) shall remain in full force and effect.

INFORMATION ON 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 date of this announcement, 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 in under Part XV of the SFO. As at the date of this announcement, 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.

INFORMATION ON THE GROUP, WINE FINANCIER AND HACKETT ENTERPRISES

As at the date of this announcement, the Group is principally engaged in (i) retail sales and wholesales of wine products and other alcoholic beverages; (ii) provision of financial 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 date of this announcement, 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 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 SECOND OPTION AGREEMENT AND THE SECOND LOAN EXTENSION AGREEMENT AND USE OF PROCEEDS

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 2023, being the Extended Maturity Date and remains outstanding as at the date of this announcement; and (ii) 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 Second Loan Extension Agreement also allows a further 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 payable by 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 would not create any cashflow burden on the Group.

Assuming the full exercise of the Option by SRA and the Option Price to be payable by SRA is set-off fully against the principal amount of the Loan on a dollar-for-dollar basis upon the exercise of the Option, no proceeds will be received by the Company upon the exercise of the Option.

Assuming the full exercise of the Option by SRA and the Option Price for the 85,922,330 Option Shares are paid by SRA in cash, the gross proceeds from the grant of Option is expected to be HK\$88,500,000. The net proceeds from the grant of Option (after deducting the estimated expenses) is expected to be approximately HK\$88,300,000. The net issue price per Option Share from the grant of Option will be approximately HK\$1.03. The Company intends to use the net proceeds from the grant of Option towards the repayment of the outstanding loans and other borrowings of the Group.

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

FUNDRAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had carried out the following equity fund-raising activities in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds raised	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
6 June 2022 (completed on 23 August 2023)	Grant of Old Option		Assuming the full exercise of the Old Option by SRA, no proceeds would be received by the Company as the Old Option Price to be payable by SRA would be fully set-off against the principal amount of the Loan on a dollar-for-dollar basis upon the exercise of the Old Option.	

Save for the grant of the Old Option, the Company has not conducted any fund-raising activities in the past 12 months immediately prior to the date of this announcement.

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 of the Company at the time the Options are issued. The options granted under share option scheme which comply with Chapter 23 of the GEM Listing Rules are excluded for the purpose of such limit.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, the Second Option Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Option Shares under Specific Mandate). A circular containing, among other things, further details of the grant of Option and a notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

As at the date of this announcement, 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 Second Option Agreement, together with its associates shall abstain from voting on the resolution(s) to approve the Second 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 therefore no other Shareholder is required to abstain from voting on the relevant resolution(s) in respect of the Second Option Agreement and the transactions contemplated thereunder to be proposed at the EGM.

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

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to this term 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: 8057)
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving, among other matters, the Second Option Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Option Shares under the Specific Mandate)
“Extended Maturity Date”	30 September 2023, being the extended maturity date of the Loan under the First Loan Extension Agreement
“First 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
“Further Extended Maturity Date”	30 September 2024, being the further extended maturity date of the Loan under the Second Loan Extension Agreement
“Further Loan Extension”	extension of the Extended Maturity Date upon the fulfillment of the conditions precedent set out in the Second 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”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries (from time to time)
“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 date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Shareholders”	Shareholder(s) other than: (i) SRA and its associates; and (ii) those who have a material interest in the grant of Option or any other person who is required to abstain from voting on the relevant resolution(s) in respect of the Second Option Agreement and the transactions contemplated thereunder
“Initial Maturity Date”	30 September 2021, being the initial maturity date of the Loan under the Original Loan Agreement
“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
“Old Option”	the call option granted by the Company to SRA entitling SRA to require the Company to allot and issue the Old Option Shares at the option price of HK\$1.03 per option share at any time during the Old Option Period upon and subject to the terms and conditions set out in the Old Option Agreement
“Old Option Agreement”	the option agreement dated 6 June 2022 and entered into by 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 Old 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 of HK\$1.03 per option share subject to the terms and conditions of the Old Option Agreement upon exercising the Old Option
“Old Option Period”	the period commencing from the date on which all of the conditions precedent set out in the Old 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”	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 Second Option Agreement
“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 Grant Date”	the date of grant of the Option
“Option Period”	the period of one (1) year from the Option Grant Date
“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
“Second Loan Extension Agreement”	the loan extension agreement dated 3 October 2023 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 Further Extended Maturity Date
“Second Option Agreement”	the option agreement dated 3 October 2023 and entered into by 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 Second Option Agreement upon exercising the Option
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	the issued ordinary share(s) in the share capital of the Company
“Shareholders”	holders of the Shares

“Specific Mandate”	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 date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JPY”	Japanese Yen, the lawful currency of Japan
“%”	per cent.

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

Hong Kong, 3 October 2023

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

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

This announcement 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.