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MADISON

— G R O U P —

Madison Holdings Group Limited

麥迪森控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8057)

MAJOR AND CONNECTED TRANSACTION DISPOSAL OF 38% EQUITY INTERESTS IN HACKETT ENTERPRISES LIMITED

**Independent financial adviser to the Independent Board Committee and
the Independent Shareholders**

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
泓博資本有限公司

THE DISPOSAL

The Board would like to announce that on 28 May 2024 (after trading hours of the Stock Exchange), the Company, as the Vendor, the Purchaser, and Mr. Ting, as the Purchaser's guarantor, entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing 38% equity interests in the Disposal Company for a total consideration of HK\$56.4 million.

As at the date of this announcement, the Disposal Company is owned as to 77% by the Company, 18% by Apex Treasure International Limited and 5% by Atlantis China Star Fund Limited. Upon Completion, the Disposal Company will be owned as to 39% by the Company, 38% by the Purchaser, 18% by Apex Treasure International Limited and 5% by Atlantis China Star Fund Limited. As (i) the Company has obtained and shall remain to obtain the power to cast a majority of votes at meetings of the board of directors of the Disposal Company upon Completion pursuant to the Irrevocable Undertaking given by the Purchaser and Mr. Ting in favour of the Company; and (ii) based on the distribution of key shareholders and their beneficial shareholders as well as historical voting patterns, the equity holdings in the Disposal Company are dispersed in a way that other shareholders have not organized their holdings, and the practical risk to organize their holdings to outvote the Company in the shareholders' meetings of the Disposal Company is remote, the Company's voting rights are sufficient to give it the practical ability to direct the relevant activities of the Disposal Company unilaterally. Upon Completion, the Disposal Company shall remain to be a subsidiary of the Company and the financial information of the Disposal Group will continue to be consolidated into the consolidated financial statements of the Group.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the Disposal is more than 25% but all of the percentage ratios are less than 75%, the entering into of the Sale and Purchase Agreement constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, (i) the Purchaser is wholly and beneficially owned by Mr. Ting; and (ii) Mr. Ting is a controlling shareholder of the Company. Hence, the Disposal constitutes a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements thereunder.

None of the Directors has material interest in the Disposal and hence no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder. Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

The voting in respect of the Disposal at the EGM will be conducted by way of poll. A circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) other information as required under the GEM Listing Rules; and (v) a notice of the EGM, are expected to be despatched to the Shareholders on or before 19 June 2024.

Completion is subject to the fulfillment of the conditions precedent set out in the Sale and Purchase Agreement and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

THE DISPOSAL

The Board would like to announce that on 28 May 2024 (after trading hours of the Stock Exchange), the Company as the Vendor, the Purchaser and Mr. Ting, as the Purchaser's guarantor entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing 38% equity interests in the Disposal Company for a total consideration of HK\$56.4 million.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

- Date:** 28 May 2024
- Parties:**
- (i) the Company, as the Vendor;
 - (ii) the Purchaser, as the Purchaser; and
 - (iii) Mr. Ting, as the Purchaser's guarantor

The Purchaser is a company established in the British Virgin Islands with limited liability and is an investment holding company. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, (i) the Purchaser is wholly and beneficially owned by Mr. Ting; and (ii) Mr. Ting is a controlling shareholder of the Company. Hence, each of the Purchaser and Mr. Ting is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

Assets to be disposed of

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing 38% equity interests in the Disposal Company.

As at the date of this announcement, the Disposal Company is owned as to 77% by the Company, 18% by Apex Treasure International Limited and 5% by Atlantis China Star Fund Limited.

Consideration

The Consideration for the sale and purchase of the Sale Shares is HK\$56.4 million, which shall be settled by the Purchaser upon Completion.

As at the date of this announcement, the Company is indebted to Mr. Ting in the sum of approximately HK\$107.3 million (the "**Loan**"). Pursuant to the Sale and Purchase Agreement, the Company, the Purchaser and Mr. Ting have agreed that the Consideration payable by the Purchaser shall be settled by way of set-off against the Loan. Payment of the Consideration shall be effected by the Purchaser, as directed by the Company, directly

towards setting off the same amount due by the Company to Mr. Ting under the Loan in the sum of approximately HK\$107.3 million on a dollar to dollar basis and such payment shall constitute a full and complete discharge of the Purchaser's obligations to pay the Consideration (the "Set-off").

Basis of the Consideration

The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser on normal commercial terms with reference to the appraised value of 38% equity interests in the Disposal Company as at 31 March 2024 of approximately HK\$56.4 million based on the market value approach prepared by an independent valuer and other factors as set out in the section headed "Reasons for and benefits of the Disposal" in this announcement.

Conditions Precedent

Completion is subject to the following conditions having been fulfilled:

- (i) the Purchaser being reasonably satisfied with the results of the due diligence review to be conducted under the Sale and Purchase Agreement;
- (ii) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect, including the passing by the Independent Shareholders, at the EGM to be convened and held in accordance with the requirements of the GEM Listing Rules, of such resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (iii) all necessary consents and/or approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (iv) the representations and warranties given by the Company under the Sale and Purchase Agreement remaining true and accurate and not misleading in all material respects; and
- (v) the representations and warranties given by the Purchaser under the Sale and Purchase Agreement is remaining true and accurate and not misleading in all material respects.

Save for conditions (i) and (iv) above which may at any time be waived by the Purchaser in writing, and condition (v) above which may at any time be waived by the Company, all other conditions precedent set out above are incapable of being waived by the parties to the Sale and Purchase Agreement. If the conditions precedent under the Sale and Purchase Agreement have not been satisfied (or as the case may be, waived by the Purchaser or the Company) on or before 28 August 2024 (or such later date as may be agreed between the parties thereto), the Sale and Purchase Agreement shall cease and determine and thereafter, neither party shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

Undertaking by the Purchaser

At any time after Completion, should the Purchaser exercise its rights as a shareholder of the Disposal Company to nominate any person(s) to be appointed as director(s) of the Disposal Company, the Purchaser irrevocably and unconditionally undertakes that it shall exercise such right in such manner as directed by the Vendor.

Guarantee

Mr. Ting has provided an unconditional and irrevocable guarantee for the due and punctual payment and performance of the Purchaser's payment obligations under the Sale and Purchase Agreement and the due and punctual performance and observance by the Purchaser of all of its other obligations contained thereunder.

Completion

Completion shall take place on the third Business Days after the fulfilment of all the conditions precedent of the Sale and Purchase Agreement.

Upon Completion, the Disposal Company will be owned as to 39% by the Company, 38% by the Purchaser, 18% by Apex Treasure International Limited and 5% by Atlantis China Star Fund Limited.

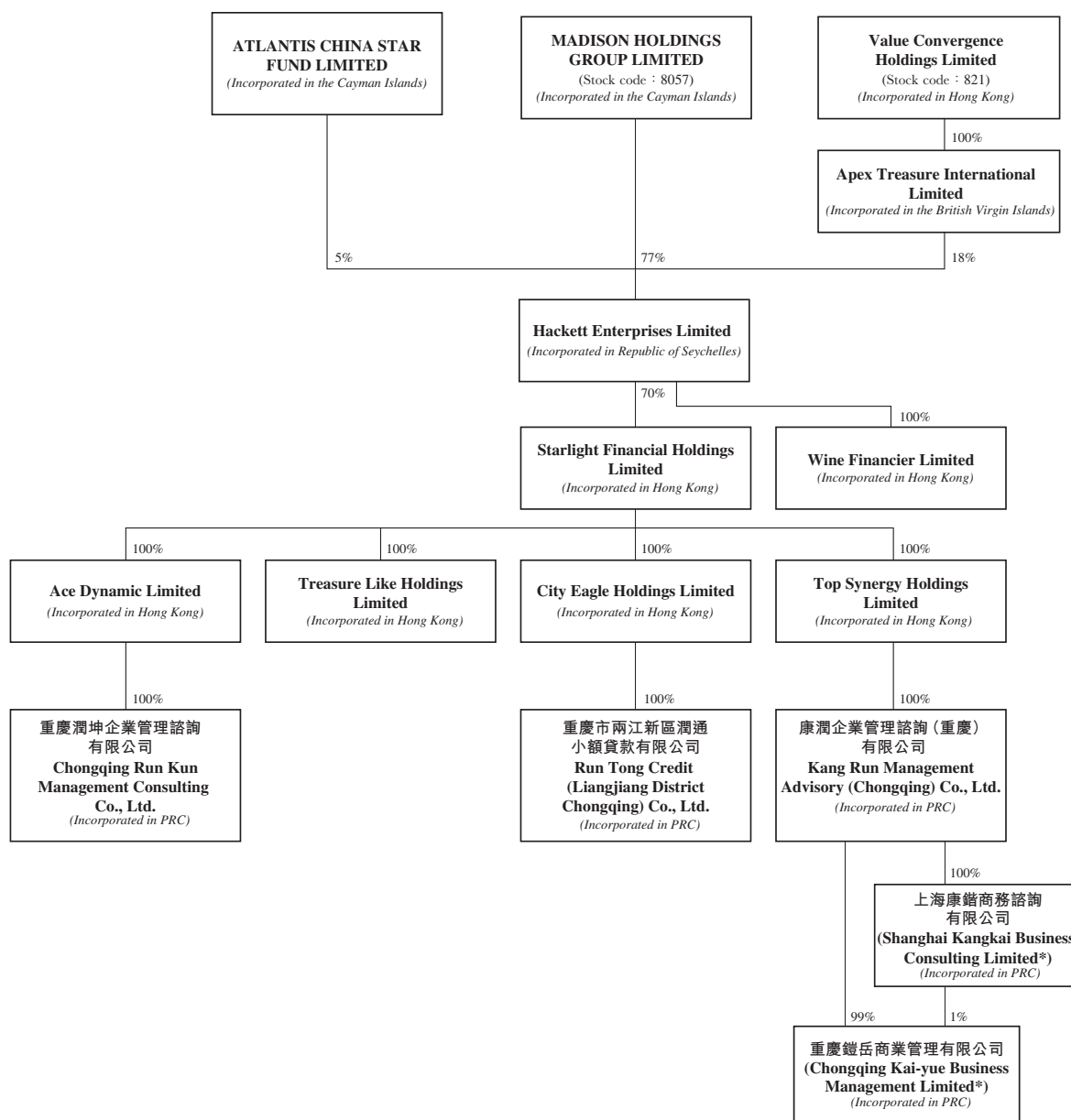
Irrevocable Undertaking

Upon Completion, the Purchaser and Mr. Ting shall give an irrevocable undertaking (the "**Irrevocable Undertaking**") in favour of the Company that the Purchaser shall unconditionally and irrevocably vest to the Company, and Mr. Ting shall procure the Purchaser to unconditionally and irrevocably vest to the Company, among others, all of the voting rights enjoyed by the Purchaser in respect of its equity interests in the Disposal Company from time to time and the Purchaser's right to nominate director(s) of the Disposal Company (if applicable).

INFORMATION ON THE DISPOSAL GROUP

The Disposal Company is a company established in the Republic of Seychelles with limited liability. As at the date of this announcement, the Disposal Company is owned as to 77% by the Company, 18% by Apex Treasure International Limited and 5% by Atlantis China Star Fund Limited. It is an investment holding company.

The following diagram illustrates the simplified shareholding structure of the Disposal Company and its operating subsidiaries as at the date of this announcement.



* For identification purposes only

The Disposal Group is principally engaged in the provision of loan financing and consultancy services in the PRC and Hong Kong.

Financial information of the Disposal Group

Set out below is the financial information of the Disposal Group based on the audited consolidated financial statements of the Disposal Group for the two years ended 31 March 2023 and 2022:

	For the year ended 31 March 2023 <i>RMB'000</i> <i>(audited)</i>	For the year ended 31 March 2022 <i>RMB'000</i> <i>(audited)</i>
Revenue	43,976 (equivalent to approximately HK\$49.5 million)	44,935 (equivalent to approximately HK\$54.0 million)
Profit before taxation	12,983 (equivalent to approximately HK\$14.6 million)	5,406 (equivalent to approximately HK\$6.5 million)
Profit after taxation	3,489 (equivalent to approximately HK\$3.9 million)	5,101 (equivalent to approximately HK\$6.1 million)

The total assets, total liabilities and net assets of the Disposal Group as at 30 September 2023 according to its unaudited consolidated financial statements were approximately HK\$507.4 million, approximately HK\$93.4 million and approximately HK\$414.0 million respectively.

INFORMATION ON THE PURCHASER AND MR. TING

The Purchaser is a company established in the British Virgin Islands with limited liability and is an investment holding company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is wholly and beneficially owned by Mr. Ting as at the date of this announcement.

Mr. Ting is a merchant and a controlling shareholder of the Company who is interested in 259,093,893 Shares, representing approximately 41.58% of the issued share capital of the Company as at the date of this announcement, of which (i) 195,920,000 Shares are beneficially owned by Royal Spectrum Holding Company Limited (“**Royal Spectrum**”); (ii) 50,487,272 Shares are beneficially owned by the Purchaser; (iii) 10,193,243 Shares are beneficially owned Mr. Ting; (iv) 1,217,200 Shares are beneficially owned by Kaiser Capital Holdings Limited (“**Kaiser Capital**”); (v) 1,067,200 Shares are beneficially owned by Highgrade Holding Limited (“**Highgrade Holding**”); and (vi) 208,978 Shares are beneficially owned by Plan Marvel Investment Limited (“**Plan Marvel**”).

As (i) the entire issued share capital in Royal Spectrum is legally and beneficially owned as to 3.37% by Mr. Zhu Qin and 96.63% by Devoss Global Holdings Limited, which was in turn wholly and beneficially owned by Mr. Ting; and (ii) each of the Purchaser, Kaiser Capital, Highgrade Holding and Plan Marvel is wholly and beneficially owned by Mr. Ting, Mr. Ting is deemed, or taken to be interested in the Shares held by each of Royal Spectrum, the Purchaser, Kaiser Capital, Highgrade Holding and Plan Marvel by virtue of the SFO.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Disposal Company will be owned as to 39% by the Company, 38% by the Purchaser, 18% by Apex Treasure International Limited and 5% by Atlantis China Star Fund Limited. As (i) the Company has obtained and shall remain to obtain the power to cast a majority of votes at meetings of the board of directors of the Disposal Company upon Completion pursuant to the Irrevocable Undertaking given by the Purchaser and Mr. Ting in favour of the Company; and (ii) based on the distribution of key shareholders and their beneficial shareholders as well as historical voting patterns, the equity holdings in the Disposal Company are dispersed in a way that other shareholders have not organized their holdings and the practical risk to organize their holdings to outvote the Company in the shareholders’ meetings of the Disposal Company is remote, the Company’s voting rights are sufficient to give it the practical ability to direct the relevant activities of the Disposal Company unilaterally. Upon Completion, the Disposal Company shall remain to be a subsidiary of the Company and the financial information of the Disposal Group will continue to be consolidated into the consolidated financial statements of the Group.

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Consideration to be payable by the Purchaser shall be set-off fully against the principal amount of the Loan on a dollar-for-dollar basis, as such, no proceeds will be received by the Company upon Completion.

The Company's control to the Disposal Company will remain unchanged upon the completion of the transaction. The Disposal Company will continue to be consolidated in the consolidation as a non-wholly owned subsidiary of the Company. The results of operations and financial position of the Disposal Company will continue to be consolidated into the Group's consolidated financial statements. It is expected that the Disposal will not result in any material gain or loss in the Company's consolidated statement of profit or loss and other comprehensive income. The actual amount to be recorded in the financial statements of the Company will be subject to review by the auditor of the Company upon Completion.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in (i) the retail sales and wholesales of a wide spectrum of wine products and other alcoholic beverages in Hong Kong with a focus on red wine; (ii) the provision of loan financing and consultancy services; and (iii) the provision of financial services.

As at the date of this announcement, the Company is indebted to Mr. Ting in the sum of approximately HK\$107.3 million under the Loan.

Having considered that the Set-off will enable the Group to repay part of the Loan without cash outflow and will allow the Group to reduce its gearing level, the Directors (excluding the independent non-executive Directors whose view will be expressed after taking into consideration the advice from the Independent Financial Adviser) believe that the terms of the Disposal (including the Consideration) are on normal commercial terms, fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the Disposal is more than 25% but all of the percentage ratios are less than 75%, the entering into of the Sale and Purchase Agreement constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, (i) the Purchaser is wholly and beneficially owned by Mr. Ting; and (ii) Mr. Ting is a controlling shareholder of the Company. Hence, the Disposal constitutes a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements thereunder.

None of the Directors has a material interest in the Disposal and hence no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder. Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

The voting in respect of the Disposal at the EGM will be conducted by way of poll. A circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) other information as required under the GEM Listing Rules; and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before 19 June 2024.

Completion is subject to the fulfillment of the conditions precedent set out in the Sale and Purchase Agreement and therefore the Disposal 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:

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business 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)
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	a sum of HK\$56.4 million, being the consideration for the Sale Shares
“controlling shareholder”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Disposal Company”	Hackett Enterprises Limited, a company established in the Republic of Seychelles with limited liability, which is owned as to 77% by the Company, 18% by Apex Treasure International Limited and 5% by Atlantis China Star Fund Limited as at the date of this announcement
“Disposal Group”	Disposal Company and its subsidiaries

“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than: (i) Mr. Ting and his associates (including Royal Spectrum Holding Company Limited, the Purchaser, Kaiser Capital Holdings Limited, Highgrade Holding Limited and Plan Marvel Investment Limited); and (ii) those who have a material interest in the Disposal or any other person who is required by the GEM Listing Rules to abstain from voting on the resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder

“Irrevocable Undertaking”	has the meaning ascribed thereto in the paragraph headed “Irrevocable Undertaking” under the section headed “The Sale and Purchase Agreement” in this announcement
“Loan”	has the meaning ascribed thereto in the paragraph headed “Consideration” under the section headed “The Sale and Purchase Agreement” in this announcement
“Mr. Ting”	Mr. Ting Pang Wan Raymond, being the Purchaser’s guarantor under the Sale and Purchase Agreement, and a controlling shareholder of the Company as at the date of this announcement
“PRC”	the People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	CVP Financial Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Mr. Ting as at the date of this announcement
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 28 May 2024 entered into among the Company, the Purchaser and Mr. Ting in respect of the Disposal
“Sale Shares”	38 shares of the Disposal Company, representing 38% issued share capital of the Disposal Company, which is beneficially owned by the Company as at the date of this announcement
“Set-off”	has the meaning ascribed thereto in the paragraph headed “Consideration” under the section headed “Reasons for and benefits of the Disposal” in this announcement
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“Share(s)”	share(s) of the Company of HK\$0.01 each

“Shareholder(s)”	holder(s) of issued Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	the Company
“%”	per cent.

* For identification purpose only

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

Hong Kong, 28 May 2024

As at the date of this announcement, the executive Directors are Ms. Kuo Kwan and Dr. Cheung Yuk Shan Shirley; the non-executive Directors are Mr. Ip Cho Yin J.P. and Mr. Ji Zuguang; 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 Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the 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.