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Madex International (Holdings) Limited

盛明國際(控股)有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00231)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF EXCHANGEABLE NOTE

On 8 January 2016 (after trading hours), the Subscriber, an indirect wholly-owned subsidiary of the Company, entered into the Exchangeable Note Agreement with the Issuer, the Target and the Target's Principal Subsidiaries pursuant to which the Subscriber has conditionally agreed to subscribe for the Exchangeable Note in the principal amount of HK\$30,000,000. Assuming that the exchangeable rights attaching to the Exchangeable Note are exercised in full, the Exchange Shares, representing not less than 9% of the issued share capital of the Target, will be transferred from the Issuer to the Subscriber.

As certain applicable percentage ratios as set out in Rule 14.07 of the Listing Rules are more than 5% but all of which are less than 25%, the subscription of the Exchangeable Note by the Subscriber constitutes a discloseable transaction on the part of the Company pursuant to Rule 14.06 of the Listing Rules and is subject to the disclosure requirements under Chapter 14 of the Listing Rules.

On 8 January 2016 (after trading hours), the Subscriber, an indirect wholly-owned subsidiary of the Company, entered into the Exchangeable Note Agreement with the Issuer, the Target and the Target's Principal Subsidiaries pursuant to which the Subscriber has conditionally agreed to subscribe for the Exchangeable Note in the principal amount of HK\$30,000,000. Assuming that the exchangeable rights attaching to the Exchangeable Note are exercised in full, the Exchange Shares, representing not less than 9% of the issued share capital of the Target, will be transferred from the Issuer to the Subscriber.

THE EXCHANGEABLE NOTE AGREEMENT

Date: 8 January 2016

Issuer: Mr. Lai Sze Ming, who legally and beneficially own the entire issued share capital of the Target

Subscriber: Ping An Securities Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

Guarantors: the Target;

 Abacus International; and

 IBO Technology

To the best of the knowledge, information and belief of the Directors having made all reasonably enquiries, each of the Issuer, the Target and the Target's Principal Subsidiaries and their respective ultimate beneficial owners are independent third parties (as defined in the Listing Rules).

Conditions precedent to the Exchangeable Note Agreement

Completion of the Exchangeable Note Agreement is conditional upon, *inter alia*, the following conditions being fulfilled (or waived, if applicable) on or before the Long Stop Date:

- (i) all necessary approvals and consents (if required) in relation to the Exchangeable Note Agreement, Exchangeable Note and the Exchange Share Charge having been obtained from all relevant governments and regulatory authorities;
- (ii) as security of the Issuer's performance of obligations under the Exchangeable Note Agreement, the Issuer shall charge in favour of the Subscriber (or its nominee) 90,000 Target Shares, representing 9% of the issued share capital of the Target; and
- (iii) the Subscriber having conducted and completed a due diligence exercise on all business, legal and financial matters of the Target, and satisfied with the results of such due diligence in its absolute discretion.

If any of the above conditions precedent has not been fulfilled or waived (save for condition precedent (i) above which cannot be waived) on or before the Long Stop Date, the Exchangeable Note Agreement shall cease and determine and neither parties shall have any obligations and liability towards each other save for antecedent breaches.

Principal terms of the Exchangeable Note Agreement

Set out below are the principal terms of the Exchangeable Note Agreement:

Principal amount: HK\$30,000,000

Issue price: 100% of the principal amount of the Exchangeable Note

Interest rate: 15% per annum, which will accrue from the Completion Date on the principal amount of the Exchangeable Note, and will be payable on the Maturity Date or, if earlier, upon redemption of the Exchangeable Note.

Maturity Date: Subject to early redemption of the Exchangeable Note in full, the date falling on the first anniversary of the Completion Date or such other later date agreed by the Issuer and the Subscriber.

Early redemption of the Exchangeable Note: The Issuer shall be entitled to redeem the Exchangeable Note at any time from the Completion Date up to the Maturity Date by paying to the Subscriber the principal amount of the Exchange Note. In the event of such early redemption, the Issuer shall still be liable to pay to the Subscriber one year's interest at the rate of 15% per annum payable on the date of redemption.

Guarantee and indemnity: The Target and the Target's Principal Subsidiaries unconditionally and irrevocably guarantee and warrant to the Subscriber the due and punctual performance by the Issuer of all the obligations imposed on or assumed by him under the Exchangeable Note Agreement.

The Issuer, the Target and Target's Principal Subsidiaries undertake to indemnify and keep effectively indemnified the Subscriber against all liabilities, losses, damages, costs and expenses stipulated under the Exchangeable Agreement or otherwise which the Subscriber may suffer or incur in connection with any default or delay on the part of the Issuer in the performance of such obligations.

Exchange rights and Exchange Shares: On the Maturity Date, the Issuer shall redeem the Exchangeable Note by paying to the Subscriber an amount equivalent to the principal amount of the Exchange Note and one year's interest at the rate of 15% per annum.

In the event that the Issuer fails to redeem the Exchangeable Note on or before the Maturity Date, the Subscriber shall be entitled to exercise its rights attaching to Exchangeable Note by serving a written notice upon the Issuer to exchange the Exchangeable Note for Exchange Shares.

The Exchange Shares to be transferred upon exchange shall rank pari passu in all respects with all other existing Target Shares on the date of exchange and all Exchange Shares shall be entitled to all rights and benefits to participate in all dividends and other distributions the record date of which falls on or after the date of exchange. Once the Subscriber has exercised the exchange rights thereto (whether the Subscriber has been in receipt of the certificate(s) for the Exchange Shares or not), (i) the Subscriber shall be entitled to and/or responsible for the rights and benefits attributable to and/or obligations incurred by the Target during the period from the date of issuance of the Exchangeable Note until the day immediately prior to the date of exchange at the ratio of half of the proportional shareholding interests of the

Subscriber in the Target as represented by the Exchange Shares; and (ii) the Subscriber shall be entitled to and/or responsible for the rights and benefits attributable to and/or obligations incurred by the Target since the date of exchange by reference to the full proportional shareholding interests of the Subscriber in the Target as represented by the Exchange Shares.

After the Subscriber exercises the exchangeable rights in full, the Subscriber will be the legal and beneficial owner of not less than 9% of the issued share capital of the Target.

Undertakings by the Issuer:

- (a) the Issuer shall not transfer the Target Shares, or cause the Target to issue and allot new shares or conduct any activity to the detriment of the assets of the Target without the prior written consent of the Subscriber at any time before the Maturity Date;
- (b) in the event of the Issuer transferring the Target Shares or causing the Target to issue and allot new shares, the Issuer's shareholding in the Target shall not be less than 50%; and
- (c) the Issuer further undertakes that the Subscriber's shareholding in the Target shall be not less than 9% after exercising the rights attaching to the Exchangeable Note to exchange for the Exchange Shares.

Transferability:

With the approval of the relevant authorities (if required) and subject to the applicable laws and regulations, the Subscriber may transfer the Exchangeable Note to third party, provided that the Issuer shall be entitled to the same early redemption right as contemplated under Exchangeable Note Agreement.

INFORMATION ON THE PARTIES

The Group is principally engaged in leasing of properties, leasing of royalty right, trading of goods and provision of financial services. The Company is an investment holding company.

The Subscriber is an indirect wholly owned subsidiary of the Company. It is a licensed corporation under the SFO to carry on types 1, 4, 6 and 9 regulated activities and is engaged in the provision of securities brokerage, securities underwriting and placements and financial advisory services.

The Target, a company incorporated in the British Virgin Islands, is an investment holding company whose entire issued share capital is legally and beneficially owned by the Issuer.

Abacus International is a company incorporated in Hong Kong with limited liability, the entire issued share capital of which is owned by the Target.

IBO Technology is a company incorporated in the PRC with limited liability and the entire issued share capital of which is owned by Abacus International, which is wholly owned by

the Target. IBO Technology is principally engaged in the development and wholesale of police equipment products and manufacturing of electronic products.

REASON FOR THE SUBSCRIPTION OF THE EXCHANGEABLE NOTE

The Directors consider that the subscription of the Exchangeable Note provides an opportunity for the Group to get a reasonable rate of return on its equity under the current low-interest environment. Assuming the Exchangeable Note is redeemed by the Issuer before or upon the Maturity Date, the Group is expected to generate an interest income of HK\$4,500,000 over a period of 12 months pursuant to the Exchangeable Note Agreement. In the event that the Subscriber shall decide to exchange the Exchangeable Note for the Exchange Shares, it could offer an opportunity to the Group to expand its investment horizon.

The terms of the Exchangeable Note Agreement and the Exchangeable Note, including but not limited to the interest rate and the principal amount of the Exchangeable Note, were arrived at between the parties based on arm's length negotiation. The Company intends to finance the principal amount of the Exchangeable Note by internal resources of the Group. Taking into account of the potential interest income of approximately HK\$4,500,000 over a period of 12 months, the Directors consider that the Exchangeable Note Agreement is entered into on normal commercial terms, the terms of which are fair and reasonable and the subscription of the Exchangeable Note is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratios as set out in Rule 14.07 of the Listing Rules are more than 5% but all of which are less than 25%, the subscription of the Exchangeable Note by the Subscriber constitutes a discloseable transaction on the part of the Company pursuant to Rule 14.06 of the Listing Rules and is subject to the disclosure requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“IBO Technology”	艾伯資訊(深圳)有限公司 (IBO Technology (Shenzhen) Co., Ltd.*), a company incorporated in the PRC with limited liability, the entire issued share capital of which is owned by Abacus International
“Abacus International”	Abacus International Group Company Limited, a company incorporated in Hong Kong with limited liability, the entire issued share capital of which is owned by the Target
“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday and public holidays) on which banks are open in Hong Kong for general banking business

“Company”	Madex International (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion Date”	the fifth Business Days after fulfilment of all the conditions precedent or such other dates as the Issuer and the Subscriber may mutually agree
“Director(s)”	directors of the Company
“Exchangeable Note”	the 15% coupon exchangeable note proposed to be issued by the Issuer in the principal amount of HK\$30,000,000
“Exchangeable Note Agreement”	the subscription agreement dated 8 January 2016 entered into amongst the Issuer, the Subscriber, the Target and the Target’s Principal Subsidiaries and in relation to the subscription of the Exchangeable Note by the Subscriber
“Exchange Shares”	90,000 Target Shares together with additional Target Shares representing not less than 9% of the entire issued share capital of the Target
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issuer”	Mr. Lai Tse Ming, who legally and beneficially owns the entire issued share capital in the Target as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 January 2016 or such other date as may be agreed by the Issuer and Subscriber
“Maturity Date”	the first anniversary of the Completion Date
“PRC”	the People’s Republic of China, but for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	the ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Shine Well Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is beneficially owned by the Issuer
“Target Share(s)”	the ordinary share(s) of US\$0.01 each in the share capital of the Target
“Target’s Principal Subsidiaries”	IBO Technology and Abacus International, collectively
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

** For identification purpose only*

By Order of the Board
Madex International (Holdings) Limited
Liang Huixin
Executive Director

Hong Kong, 8 January 2016

As at the date of this announcement, the Board comprises Mr. Zhang Guodong and Ms. Liang Huixin as executive Directors; Mr. William Keith Jacobsen as non-executive Director; and Dr. Dong Ansheng and Mr. Wong Yee Shuen, Wilson as independent non-executive Directors.