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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 the Company, you should at once hand the 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 was effected for transmission to the purchaser or the transferee.

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

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MADISON WINE®

**Madison Wine Holdings Limited**

**麥迪森酒業控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8057)**

**(1) ISSUE OF CONSIDERATION SHARES UPON EXERCISE OF  
PUT OPTION UNDER SPECIFIC MANDATE;  
(2) RE-ELECTION OF RETIRING DIRECTOR;  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**紅日資本有限公司**

**RED SUN CAPITAL LIMITED**

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Capitalised terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 1 to 22 of this circular. A letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this circular. A letter from Red Sun Capital, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-23 of this circular.

A notice convening the EGM to be held at Flat A&B, 10/F, North Point Industrial Building, 499 King's Road, North Point, Hong Kong on Thursday, 27 July 2017 at 10:15 a.m. is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, 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 the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjournment thereof should you so desire and in such case, the proxy form shall be deemed to be revoked.

This circular will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at <http://www.madison-wine.com>.

5 July 2017

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## CHARACTERISTICS OF GEM

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**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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## DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday, public or statutory holiday and days on which a typical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Madison Wine Holdings Limited, a company incorporated in the Cayman Islands, whose Shares are listed on GEM (Stock code: 8057)
“Completion”	completion of the Subscription
“connected person(s)”	has the meaning ascribed to that term under the GEM Listing Rules
“connected transaction”	has the meaning ascribed to that term under the GEM Listing Rules
“Consideration Shares”	the new Shares to be allotted and issued by the Company to the CVP Capital Existing Shareholders upon exercise of the Put Option under the Deeds
“CVP Capital”	CVP Capital Limited, a company incorporated in Hong Kong with limited liability, a corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“CVP Capital Existing Shareholders”	existing shareholders of CVP Capital, which include Mr. Lin and Star Beauty
“CVP Capital Share(s)”	ordinary share(s) in the share capital of CVP Capital

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## DEFINITIONS

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“CVP Financial”	CVP Financial Holdings Limited (formerly known as Perfect Zone Holdings Limited), a company incorporated in the British Virgin Islands with limited liability, and an indirect non wholly-owned subsidiary of the Company, a party to the Deeds
“CVP Holdings”	CVP Holdings Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Mr. Ting
“Deeds”	together, the First Deed and the Second Deed
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Deeds and the transactions contemplated thereunder (including but not limited to the grant of the Specific Mandate to allot and issue the Consideration Shares)
“Enlarged Group”	the Group as enlarged by the Subscription
“First Deed”	the deed dated 9 February 2017 entered into between CVP Financial and Mr. Lin in respect of the grant of right of first refusal, tag along, and the Put Option
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders in respect of the First Deed and the transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Consideration Shares upon exercise of the Put Option under the First Deed

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## DEFINITIONS

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“Independent Financial Adviser” or “Red Sun Capital”	Red Sun Capital Limited, a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Deeds and the respective transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Consideration Shares upon exercise of the Put Option under the Deeds
“Independent Shareholders”	the Shareholders who are not required under the GEM Listing Rules to abstain from voting on the resolution approving the First Deed and the transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Consideration Shares upon exercise of the Put Option under the First Deed
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the GEM Listing Rules) any of the directors, chief executives or substantial shareholders of the Company or subsidiaries of the Company or any of their respective associates
“Issue Price”	the issue price of HK\$1.1 per Share
“Latest Practicable Date”	29 June 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Mr. Lin”	Mr. Samuel Lin Jr., an ex-director of certain subsidiaries of the Company in the past 12 months, a shareholder of CVP Capital who owns 2,325,000 CVP Capital Shares, representing 25% of the issued share capital of CVP Capital as at the Latest Practicable Date and a party to the First Deed
“Mr. Ting”	Mr. Ting Pang Wan Raymond, an executive Director and chairman of the Board

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## DEFINITIONS

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“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Put Option”	the option granted by CVP Financial to the CVP Capital Existing Shareholders pursuant to the Deeds whereby each of the CVP Capital Existing Shareholders shall have the right to require CVP Financial to purchase from him/it all the CVP Capital Shares held by him/it immediately prior to exercise of the Put Option at the consideration of HK\$1.26 per CVP Capital Share
“Quick Express”	Quick Express International Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Ting
“Second Deed”	the deed dated 9 February 2017 entered into between CVP Financial and Star Beauty in respect of the grant of right of first refusal, tag along, and the Put Option
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Specific Mandate”	the mandate to be sought from Shareholders at the EGM for the allotment and issue of the Consideration Shares upon exercise of the Put Option
“Star Beauty”	Star Beauty Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Zhang Min, one of the CVP Capital Existing Shareholders which owns 6,975,000 CVP Capital Shares, representing 75% of the issued share capital of CVP Capital and a party to the Second Deed

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the CVP Capital Shares by CVP Financial pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 9 February 2017 entered into between CVP Financial and CVP Capital in relation to the Subscription
“Subscription Price”	the aggregate sum of HK\$14 million
“Subscription Shares”	the number of new CVP Capital Shares to be subscribed by CVP Financial at the time of Completion, which represents approximately 60% of the entire issued share capital of the CVP Capital as enlarged by the new CVP Capital Shares to be subscribed for by CVP Financial
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.



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## LETTER FROM THE BOARD

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MADISON WINE®

**Madison Wine Holdings Limited**

**麥迪森酒業控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8057)**

*Executive Directors:*

Mr. Ting Pang Wan Raymond (*Chairman*)

Mr. Zhu Qin (*Chief executive officer*)

*Non-executive Director:*

Mr. Kao Sheng-Chi

*Independent Non-executive Directors:*

Ms. Fan Wei

Mr. Chu Kin Wang Peleus

Mr. Ip Cho Yin, *J.P.*

*Registered office:*

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal place of business*

*in Hong Kong:*

Flat A & B, 10/F

North Point Industrial Building

499 King's Road, North Point

Hong Kong

5 July 2017

*To the Shareholders*

Dear Sir/Madam,

- (1) ISSUE OF CONSIDERATION SHARES UPON EXERCISE OF  
PUT OPTION UNDER SPECIFIC MANDATE;  
(2) RE-ELECTION OF RETIRING DIRECTOR;  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

On 9 February 2017, the Board announced, among other things, that CVP Financial entered into (i) the Subscription Agreement with CVP Capital, pursuant to which CVP Financial conditionally agreed to subscribe for, and CVP Capital conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price of HK\$14 million which will be payable in cash by using the Company's internal resources upon completion; and (ii) the First Deed with Mr. Lin and the Second Deed with Star Beauty, pursuant to which (a) each of Mr. Lin and Star Beauty has conditionally agreed to grant CVP Financial the right of first refusal, and (b) CVP Financial has conditionally agreed to grant each of Mr. Lin and Star Beauty the tag along right and the Put Option.

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## LETTER FROM THE BOARD

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Each of Mr. Lin and Star Beauty, pursuant to the Put Option, during the 12-month period after the second anniversary of the Completion, has the right to require CVP Financial to acquire all the CVP Capital Shares held by him/it immediately prior to the exercise of the Put Option, at the consideration of approximately HK\$1.26 per CVP Capital Share. The consideration payable by CVP Financial to each of Mr. Lin and Star Beauty shall be satisfied at the election of Mr. Lin or Star Beauty (as the case may be), either in cash or by CVP Financial procuring the Company to allot and issue Consideration Shares under the Specific Mandate to be sought in the EGM at the Issue Price.

The purpose of this circular is to provide you with, among other things, information of the Deeds, the recommendation of the Independent Board Committee to the Independent Shareholders, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and a notice of the EGM at which resolutions will be proposed to consider and, if thought fit, approve the Deeds and the transactions contemplated thereunder (including the grant of the Specific Mandate to allot and issue the Consideration Shares to the CVP Capital Existing Shareholders), and the re-election of Director.

### THE SUBSCRIPTION AGREEMENT

Date: 9 February 2017

Parties: CVP Financial, as the subscriber; and

CVP Capital, as the issuer

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of the Subscription Agreement, CVP Capital is beneficially owned as to 25% by Mr. Lin, an ex-director of certain subsidiaries of the Company in the past 12 months, and as to 75% by Star Beauty, an Independent Third Party.

### Asset to be acquired

The Subscription Shares represent approximately 60% of the entire issued share capital of CVP Capital as enlarged by the Subscription Shares as at the date of Completion.

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## LETTER FROM THE BOARD

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### Subscription Price

The Subscription Price of HK\$14 million will be payable in cash by using the Company's internal resources at Completion.

The Subscription Price was determined after arm's length negotiations between CVP Financial and CVP Capital on normal commercial terms after taking into account the paid-up share capital and the unaudited net asset value of CVP Capital as at 31 December 2016 and the prospects of the regulated activities (defined under SFO) conducted by CVP Capital.

### Conditions

Completion of the Subscription is conditional upon:

- (1) CVP Financial being satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of CVP Capital;
- (2) the obtaining of approval from the SFC for the change in substantial shareholder of CVP Capital;
- (3) the warranties given by CVP Capital remaining true and accurate in all material respects; and
- (4) all necessary consents and approvals required to be obtained on the part of CVP Capital in respect of the Subscription and the transactions contemplated under the Subscription Agreement having been obtained by CVP Capital.

Save for conditions (2) and (4) which are incapable of being waived, CVP Financial may at its absolute discretion at any time waive in writing conditions (1) and (3) and such waiver may be made subject to such terms and conditions as are determined by CVP Financial. As at the Latest Practicable Date, conditions (1) and (2) have been fulfilled and CVP Financial has no intention to waive other conditions.

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## **LETTER FROM THE BOARD**

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If the above conditions have not been fulfilled on or before 4:00 p.m. on 30 June 2017 or such later date as CVP Capital and CVP Financial may agree in writing, the Subscription Agreement shall cease and determine and neither party shall have any obligations and liabilities under the Subscription Agreement save for any antecedent breaches of the terms thereof.

### **Completion**

Completion shall take place within three Business Days after the fulfillment (or waiver) of the conditions to the Subscription Agreement.

Upon Completion, CVP Financial will own approximately 60% of the entire issue share capital of the CVP Capital as enlarged by the Subscription Shares, and CVP Capital will be accounted as an indirect non wholly-owned subsidiary of the Company and the financial results of CVP Capital will be consolidated into the Group's accounts.

### **Board composition**

Pursuant to the Subscription Agreement, CVP Financial and CVP Capital agreed that the board of directors of CVP Capital shall comprise of at least two directors, all of which shall be appointed by CVP Financial upon Completion.

### **THE FIRST DEED**

Date: 9 February 2017

Parties: CVP Financial; and

Mr. Lin

Mr. Lin, being an ex-director of certain subsidiaries of the Company in the past 12 months, is a connected person at subsidiary level. As at the Latest Practicable Date, Mr. Lin is a CVP Capital Existing Shareholder who owns 2,325,000 CVP Capital Shares.

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## LETTER FROM THE BOARD

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### **Put Option to be exercised at the discretion of Mr. Lin**

Pursuant to the First Deed, CVP Financial has agreed to grant the Put Option to Mr. Lin, subject to the conditions precedent thereof. Pursuant to the Put Option, Mr. Lin, during the 12-month period after the second anniversary of the Completion, has the right to require CVP Financial to acquire all the CVP Capital Shares held by him immediately prior to exercise of the Put Option, representing 25% of the entire issued share capital of CVP Capital as at the Latest Practicable Date, and approximately 10% of the issued share capital of CVP Capital as enlarged by the allotment and issue of the Subscription Shares. The right to exercise the Put Option shall lapse at the expiry of the 12-month period after the second anniversary of the Completion.

### **Consideration to be paid by way of cash or Consideration Shares at the discretion of Mr. Lin**

The consideration for all the CVP Capital Shares held by Mr. Lin shall be satisfied at the election of Mr. Lin at the option price of approximately HK\$1.26 per CVP Capital Share either in cash or by CVP Financial procuring the Company to issue the Consideration Shares at the Issue Price. **If Mr. Lin elects the consideration to be paid by issue of Consideration Shares, the Consideration Shares may be issued at substantial discount to the then prevailing trading price of the Shares.**

The consideration is determined after arm's length negotiation between CVP Financial and Mr. Lin with reference to (i) the original acquisition cost of approximately HK\$1,804,806 paid by Mr. Lin for 1,875,000 CVP Capital Shares on 30 March 2016 and the aggregate subscription price of HK\$450,000 for allotment and issue of a total of 450,000 CVP Capital Shares in 2016; (ii) the unaudited net asset value of CVP Capital as at 31 December 2016; (iii) future prospects of regulated activities conducted by CVP Capital, details of which is disclosed in the section headed "Information of CVP Capital" in this circular. Having taken into account of the above factors, the Directors considered the consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Subsequent to the acquisition of the entire issued share capital of CVP Capital by Mr. Lin and Star Beauty, the CVP Capital Existing Shareholders have strengthened the team by recruiting new advisory representatives to provide quality advice on corporate finance to its clients. Given that CVP Capital can expand its business quickly with the strengthened advisory team and potential clients to be referred by the Company, the Directors considered that the premium of the consideration payable to the original acquisition cost of Mr. Lin is fair and reasonable.

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## LETTER FROM THE BOARD

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### **The Consideration Shares**

Assuming no new CVP Capital Shares having been issued prior to the exercise of the Put Option, upon exercise of the Put Option, the consideration payable by CVP Financial to Mr. Lin shall be HK\$2,923,712 and shall be satisfied at the election of Mr. Lin either in cash or by CVP Financial procuring the Company to allot and issue a total of 2,657,920 Consideration Shares to Mr. Lin (or his nominee(s)) at the Issue Price, representing approximately 0.07% of the entire issued share capital of the Company as at the Latest Practicable Date, and 0.07% of the entire issued share capital of the Company as enlarged by the allotment and issue of 2,657,920 Consideration Shares upon exercise of the Put Option in full.

The Directors consider that the entering into of the First Deed is on normal commercial terms and the terms of the First Deed including the consideration and the Issue Price are fair and reasonable and are in the interests of the Group and its Shareholders as a whole.

As none of the Directors have interest in the First Deed, none of the Directors are required to abstain from voting in the Board meeting to approve the First Deed and the transactions contemplated thereunder.

### **THE SECOND DEED**

Date: 9 February 2017

Parties: CVP Financial; and

Star Beauty

Star Beauty is an investment holding company. As at the Latest Practicable Date, Star Beauty is a CVP Capital Existing Shareholder which owns 6,975,000 CVP Capital Shares. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Star Beauty and its beneficial owner is an Independent Third Party.

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## LETTER FROM THE BOARD

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### **Put Option to be exercised at the discretion of Star Beauty**

Pursuant to the Second Deed, CVP Financial has agreed to grant the Put Option to Star Beauty, subject to the conditions precedent thereof. Pursuant to the Put Option, Star Beauty, during the 12-month period after the second anniversary of the Completion, has the right to require CVP Financial to acquire all the CVP Capital Shares held by it immediately prior to the exercise of the Put Option, representing 75% of the entire issued share capital of CVP Capital as at the Latest Practicable Date, and approximately 30% of the issued share capital of CVP Capital as enlarged by the allotment and issue of the Subscription Shares. The right to exercise the Put Option shall lapse at the expiry of the 12-month period after the second anniversary of the Completion.

### **Consideration to be paid by way of cash or Consideration Shares at the discretion of Star Beauty**

The consideration for all the CVP Capital Shares held by Star Beauty shall be satisfied at the election of Star Beauty at the option price of approximately HK\$1.26 per CVP Capital Share either in cash or by CVP Financial procuring the Company to issue the Consideration Shares at the Issue Price. **If Star Beauty elects the consideration to be paid by issue of Consideration Shares, the Consideration Shares may be issued at substantial discount to the then prevailing trading price of the Shares.**

The consideration is determined after arm's length negotiation between CVP Financial and Star Beauty with reference to (i) the original acquisition cost of HK\$5,414,418.8 paid by Star Beauty for 5,625,000 CVP Capital Shares on 30 March 2016 and the aggregate subscription price of HK\$1,350,000 for allotment and issue of a total of 1,350,000 CVP Capital Shares in 2016; (ii) the unaudited net asset value of CVP Capital as at 31 December 2016; (iii) future prospects of regulated activities conducted by CVP Capital, details of which is disclosed in the section headed "Information of CVP Capital" in this circular. Having taken into account of the above factors, the Directors considered the consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Subsequent to the acquisition of the entire issued share capital of CVP Capital by Mr. Lin and Star Beauty, the CVP Capital Existing Shareholders have strengthened the team by recruiting new advising representatives to provide quality advice on corporate finance to its clients. Given that CVP Capital can expand its business quickly with the strengthened advisory team and potential clients to be referred by the Company, the Directors considered that the premium of the consideration payable to the original acquisition cost of Star Beauty is fair and reasonable.

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## LETTER FROM THE BOARD

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### **The Consideration Shares**

Assuming no new CVP Capital Shares having been issued prior to the exercise of the Put Option, upon exercise of the Put Option, the consideration payable by CVP Financial to Star Beauty shall be HK\$8,771,137 and shall be satisfied at the election of Star Beauty either in cash or by CVP Financial procuring the Company to allot and issue a total of 7,973,761 Consideration Shares to Star Beauty (or its nominee(s)) at the Issue Price, representing approximately 0.20% of the entire issued share capital of the Company as at the Latest Practicable Date, and 0.20% of the entire issued share capital of the Company as enlarged by the allotment and issue of 7,973,761 Consideration Shares upon exercise of the Put Option in full.

The Directors consider that the entering into of the Second Deed is on normal commercial terms and the terms of the Second Deed including the consideration and the Issue Price are fair and reasonable and are in the interests of the Group and its Shareholders as a whole.

As none of the Directors have interest in the Second Deed, none of the Directors are required to abstain from voting in the Board meeting to approve the Second Deed and the transactions contemplated thereunder.

### **PRINCIPAL TERMS OF THE DEEDS**

Apart from the identities of the parties to the Deeds, the number of the CVP Capital Shares which each of the CVP Capital Existing Shareholders may require CVP Financial to acquire under the Put Option and the number of Consideration Shares to be allotted and issued to Mr. Lin and Star Beauty respectively as set out above, the terms of each of the Deeds are the same. Set out below are the key terms of the Deeds.

#### **Issue Price**

The Issue Price of HK\$1.1 per Share represents:

- (i) a discount of approximately 45.27% to the closing price of HK\$2.01 per Share quoted on the Stock Exchange on 9 February 2017, being the date of the Deeds;
- (ii) a discount of approximately 46.18% to the average of the closing price of approximately HK\$2.044 for the last five consecutive trading days immediately preceding the date of the Deeds;



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## LETTER FROM THE BOARD

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- (iii) a discount of approximately 47.97% to the average of the closing price of approximately HK\$2.114 for the last ten consecutive trading days immediately preceding the date of the Deeds;
- (iv) a premium of approximately 3,534% over the unaudited consolidated net asset value attributable to owners of the Company per Share of approximately HK\$0.0303, based on the unaudited net asset value attributable to owners of the Company of approximately HK\$121,072,000 as at 30 September 2016 and 4,000,000,000 Shares in issue as at the date of the Deeds;
- (v) a premium of approximately 1,367% to the placing price of the Shares at the initial public offering on 8 October 2015 (after adjusting for share subdivision effective on 8 November 2016); and
- (vi) a discount of approximately 55.28% to the closing price of HK\$2.46 per Share quoted on the Stock Exchange on the Latest Practicable Date.

The Issue Price has been determined after arm's length negotiation between CVP Financial and each of the CVP Capital Existing Shareholders with reference to (i) the unaudited net asset value per Share as at 31 December 2016, (ii) the average trading price of the Shares for the 52 weeks immediately preceding the negotiation of the terms of the Put Option among the parties (i.e. from January 2016 to December 2016) of approximately HK\$1.05 per Share, (iii) the relatively low average daily trading volume of the Shares ranging from approximately 0.059% to approximately 0.263% as to the total number of issued Shares at the end of each respective month from January 2016 to December 2016, with an average of 0.125% for the period; (iv) the placing price of the Shares at the initial public offering on 8 October 2015; (v) the net loss positions of the Group for the six months ended 30 September 2016 and for the year ended 31 March 2016; and (vi) the current business environment of wine retail market. Having taken into account of the above factors, the Directors considered the Issue Price (including the discount to the closing price on the date of the Deeds) is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **Conditions precedent**

Completion of each of the Deeds is subject to the following conditions having been fulfilled:

- (i) the completion of the Subscription;
- (ii) the Listing Committee having granted or having agreed to grant the listing of, and permission to deal in, the Consideration Shares;

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## LETTER FROM THE BOARD

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- (iii) the passing by the Shareholders at the EGM of the necessary resolutions to approve the Deeds and the transactions contemplated thereunder; and
- (iv) the obtaining of approval from the SFC for the change in substantial shareholder of CVP Capital pursuant to the exercise of the Put Option.

All of the above conditions are incapable of being waived.

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

### **Specific Mandate**

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the EGM. The Consideration Shares, when allotted and issued, will rank pari passu in all respects with all the Shares then in issue.

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

### **Tag along right**

Pursuant to the Deeds, CVP Financial has also agreed to grant a tag along right to each of the CVP Capital Existing Shareholders so that if CVP Financial sells part of or whole of its stake in CVP Capital to an independent third party, it shall give the CVP Capital Existing Shareholders the right to join the transaction to sell part (based on the then respective shareholding in CVP Capital) or whole of his/its stake in CVP Capital.

### **Right of first refusal**

Pursuant to the Deeds, each of the CVP Capital Existing Shareholders has agreed to grant a first right of refusal to CVP Financial, whereby no transfer of the CVP Capital Shares can be made by the CVP Capital Existing Shareholders unless he/it has first made an offer to CVP Financial.

Each of Mr. Lin and Star Beauty is independent of each other.

### **Expiry terms**

Each of the Put Options under the First Deed and Second Deed respectively shall lapse at the expiry of the 12-month period after the second anniversary of the Completion.

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## LETTER FROM THE BOARD

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### Termination

Neither the Company, nor the CVP Capital Existing Shareholders could unilaterally terminate the Put Option.

### INFORMATION OF CVP CAPITAL

CVP Capital was incorporated in Hong Kong with limited liability on 20 May 2014 with limited liability. On 4 June 2014, Quick Express, a company wholly-owned by Mr. Ting, acquired the founder share of CVP Capital. On 7 July 2015, Quick Express sold all the CVP Capital Shares owned by it to CVP Holdings which transferred 5,625,000 CVP Capital Shares and 1,875,000 CVP Capital Shares to Star Beauty and Mr. Lin respectively on 30 March 2016. As at the Latest Practicable Date, CVP Capital had an issued share capital of HK\$9,300,000 comprising 9,300,000 CVP Capital Shares which were owned as to 75% and 25% by Star Beauty and Mr. Lin respectively.

Set out below are the audited and unaudited financial information of CVP Capital prepared under the Hong Kong Financial Reporting Standards for the year ended 31 December 2015 and 2016 respectively:

	<b>For the year ended 31 December</b>	
	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Unaudited)
Turnover	3,791	1,630
(Loss) before tax	(2,119)	(1,930)
(Loss) after tax	(2,119)	(1,930)

The unaudited net asset of CVP Capital as at 31 December 2016 was approximately HK\$4,210,282.

As advised by CVP Capital, as at 31 December 2016, the major asset of CVP Capital was the cash at bank of approximately HK\$8.1 million, and the major liabilities of CVP Capital was the amount due to Mr. Ting (an ex-shareholder of CVP Capital) of approximately HK\$4.0 million. There was no material commitments made by CVP Capital as at 31 December 2016 and the Latest Practicable Date.

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## LETTER FROM THE BOARD

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Since 22 October 2014 and up to the Latest Practicable Date, CVP Capital was licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. As advised by CVP Capital, it is subject to licensing conditions that it shall only provide services to professional investors and shall not hold client assets. The terms “professional investor”, “hold” and “client assets” are defined under the SFO. Further, CVP Capital shall not be engaged in dealing activities other than those relating to corporate finance under the Type 1 regulated activity and shall not act as sponsor in respect of an application for the listing on a recognised stock market of any securities under the Type 6 regulated activity.

Notwithstanding the above conditions, the key business area of CVP Capital mainly includes: (a) as financial adviser, to advise corporate and individual clients on acquisitions and disposals, takeovers, reorganisations, restructurings and equity fund raisings, and corporate restructuring involving issue or repurchase of securities, etc.; and (b) as independent financial adviser, to issue opinion letters and give voting recommendations to independent board committees and independent shareholders of listed companies on notifiable transactions, connected transactions, refreshment of general mandate, rights issue and open offer, etc.

As advised by CVP Capital, it has been expanding the advisory team in order to provide quality and professional advice on corporate finance matters. Since the acquisition of the entire issued share capital of CVP Capital by Mr. Lin and Star Beauty, the team has expanded from 3 to 6 advisers with an average experience of 6 years, and all of them are licensed representatives. Among the four responsible officers, they have, in average, more than 10 years’ experience in the investment, audit and/or banking industry and their extensive experience covers advising individual and corporate clients in Hong Kong, Japan, the PRC and the United States on mergers and acquisitions, direct investments, primary and secondary equity capital raising, general offer, etc.

According to the business plan of CVP Capital, it will focus on establishing its reputation in corporate finance, by leveraging the expertise of the advisory team, to solicit potential clients including but not limited to directors, senior management, chief executives, controlling and substantial shareholders of listed and non-listed companies, through (a) contacting the clients and the business partners they worked with (such as audit firms and lawyers, etc.) from previous networks and (b) referrals from the Group upon Completion, and to offer professional advice to potential clients on corporate finance matters. As advised by CVP Capital, it (i) has been recently engaged as a financial adviser to advise on a PRC client’s corporate restructuring project, (ii) has been negotiating the terms for providing corporate finance advisory service to a professional investor, and (iii) has signed a non-disclosure agreement with a client for advising on corporate governance and internal control in preparation for listing on the Stock Exchange. Apart from the corporate finance business, CVP Capital was engaged to act as a sub-placing agent for placing of new shares of a Hong Kong listed company.

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## LETTER FROM THE BOARD

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Even though CVP Capital recorded minimal revenue and loss before tax during the previous two financial years, the Board is of the view that the situation will be improved with the competent advisory team and more potential clients to be referred by the Group.

In considering the Subscription Price and the Issue Price, the Directors have taken into account, among others, price-to-earnings ratio (the “**P/E ratio**”) and price-to-book ratio (the “**P/B ratio**”), and premium over net asset value (the “**Premium over NAV**”) of other corporations with Type 6 licence.

To the best knowledge of the Directors, when acquiring a licensed corporation, such as CVP Capital which has not commenced substantial operation, Premium over NAV is commonly adopted. Having made enquiry with market players, Premium over NAV may be ranging from HK\$10,000,000 to about HK\$16,000,000, which may vary from case to case depending on the actual business operation and financial prospect of the licensed corporation.

Premium over NAV basis was observed, including but not limited, to the following acquisitions:

- (i) the acquisition of the entire equity interest in WAG Worldsec Corporate Finance Limited by iOne Holdings Limited (Stock Code: 982) in March 2016 for the consideration, which represented the aggregate of (i) HK\$10,000,000 and (ii) the audited net asset value of WAG Worldsec Corporate Finance Limited as at the date of the sale and purchase agreement. WAG Worldsec Corporate Finance Limited is licensed to carry out type 4 (advising on the securities) and type 6 (advising on corporate finance) regulated activities under the SFO;
- (ii) the acquisition of the entire equity interest in JTI Securities Limited by Heng Xin China Holdings Limited (stock code: 8046) in June 2016, the consideration for the acquisition was determined with reference to the net asset value of JTI Securities Limited as at the date as specified in the sale and purchase agreement plus an agreed premium of HK\$13 million. JTI Securities Limited is licensed to carry out type 1 (dealing in securities) regulated activity under the SFO; and
- (iii) the acquisition of the entire equity interest in Ample Capital Limited by Universe International Holdings Limited (stock code: 1046) in June 2016, the consideration for the acquisition was HK\$30,000,000 with reference to the valuation of Ample Capital Limited of HK\$33,261,000 based on market approach. The consideration of HK\$30,000,000 represents a premium of approximately HK\$16,000,000 given that the net asset value of Ample Capital Limited was approximately HK\$14,000,000 at the material time of the acquisition. Ample Capital Limited is licensed to carry out type 4 (advising on the securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

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## LETTER FROM THE BOARD

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The above comparables were selected because they are mainly carrying on similar regulated activities as CVP Capital which is carrying on in type 1 (dealing in securities), type 4 (advising on the securities) or type 6 (advising on corporate finance) regulated activities. Further, the comparables were either operating at a loss or had minimal profit which are comparable to the operation scale of CVP Capital. As mentioned above, Premium over NAV is commonly adopted for the acquisition of licensed corporations (e.g. in the respective acquisition of WAG Worldsec Corporate Finance Limited and JTI Securities Limited). The Directors consider the Premium over NAV for the above acquisitions will provide meaningful benchmark for the Company to acquire CVP Capital.

The Directors also considered to determine the consideration by way of P/E ratio and P/B ratio. Given that CVP Capital incurred losses for the two financial years ended 31 December 2016, the P/E ratio would not be a meaningful method in comparing CVP Capital with other licensed corporations which are profit making. Further, the Directors also considered that P/B ratio is not an appropriate method because of the short history of CVP Capital (incorporated in May 2014) and CVP Capital has not commenced substantial operation since incorporation. It is not common and not meaningful to use the P/B ratio for start-up licensed corporation. Having deliberated the particular features of CVP Capital acquisition, the Directors considered that it is more appropriate to compare the prevailing Premium over NAV payable by other listed issuers for the acquisition of similar licensed corporations comparable to CVP Capital in determining the Subscription Price and the Issue Price.

Having discussed the similarity of the above comparables, the Directors would like to emphasise that the above comparables should be distinguished from the acquisition of CVP Capital as the above comparables only involved the acquisition of the existing shares in the licensed corporations from the existing shareholders thereof. However, the acquisition of the CVP capital involved two parts, i.e. the Subscription and the Put Option.

Unlike the above comparables, considerations were paid to the vendors and the consideration will not be injected to the target licensed corporations. After the completion of relevant acquisition, the purchaser has to inject further capital to target licensed corporation to support its operation. In acquiring CVP Capital, the Company intended to acquire and take control of CVP Capital by way of the Subscription in the first place. The subscription money will be injected to CVP Capital but not payable to the CVP Capital Existing Shareholders. The Directors take the view that by injecting HK\$14,000,000 to CVP Capital to subscribe for approximately 60% of the equity interest of CVP Capital, the Company could consolidate the financial statements of CVP Capital and the subscription money, representing the Premium over NAV of approximately HK\$11,480,000 (being the difference between the Subscription Price and the 60% net asset value of CVP Capital), will be retained by CVP Capital for its future business development. Such arrangement is in the interest of the Company and is in the benefit of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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If the Company acquired the entire issued share capital of CVP Capital directly from the CVP Capital Existing Shareholders in the first place, the aggregate consideration payable would be HK\$11.7 million (i.e. being the Issue Price of the Put Option), the Premium over NAV would be approximately HK\$7.37 million, which is lower than Premium over NAV for the above comparables.

Nevertheless, as disclosed above, even if the Company acquires the entire issued share capital of CVP Capital directly from the CVP Capital Existing Shareholders in the first place, the Company needs to make a capital commitment for the business development of CVP Capital. As such, the existing arrangement (i.e. Subscription followed by the Put Option) is no worse off than acquisition followed by capital commitment, for the purpose of (i) acquiring the entire issued share capital of CVP Capital; and (ii) injecting further capital for business development of CVP Capital. In this regard, the Directors considered that the existing arrangement is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

In September 2016, the Company identified an acquisition target which was a licensed corporation authorised to carry out Type 4, Type 6 and Type 9 regulated activities and was under application for Type 1 regulated activities at that time under the SFO, subject to similar licensing conditions imposed on CVP Capital. Such licensed corporation has obtained the licences since 2005, but has less than 5 years' material operation, with a net loss position for the previous 5 years, due to lacking of manpower for operation despite that it has 3 responsible officers. As advised by the director of the licensed corporation, the net asset value of the licensed corporation was approximately HK\$6 million as at the date of the negotiation. In negotiating the terms of the possible acquisition of such licensed corporation, the potential director proposed a consideration of HK\$25 million for a subscription of new shares in such licensed corporation, representing approximately 55% of the entire issued share capital of the licensed corporation as enlarged by such subscription, and a Premium over NAV of approximately HK\$39.5 million, which is higher than the Premium over NAV of CVP Capital. When the Company encountered CVP Capital acquisition opportunity in November 2016, the Company ceased the negotiation for the acquisition of the target identified in September 2016.

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## LETTER FROM THE BOARD

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Having considered (i) the unaudited net asset value of CVP Capital as at 31 December 2016, (ii) the whole sum of Subscription Price becoming new share capital of CVP Capital, (iii) the business plan to provide corporate finance advice to the Company's clients with the strengthened and competent advising team, and (iv) the Premium over NAV for acquisition of companies with relevant SFO licences, and (v) the Premium over NAV of CVP Capital being lower than that of the other potential licensed corporation proposed to the Company, the Directors are of the view that the total consideration of the Subscription and the exercise price of the Put Option for acquiring the entire issued share capital of CVP Capital which amounts to approximately HK\$25.7 million is fair and reasonable.

### REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE DEEDS

CVP Financial is an indirect non wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The Company is an investment holding company. Its major operating subsidiaries are mainly engaged in sales of alcoholic beverages and provision of wine storage services.

As stated in the annual report of the Company for the year ended 31 March 2016, the wine retail industry is severely affected by economic downturn and it is expected to be a more challenging year ahead. Despite of the difficulties and challenges, the Company had no intention to dispose of any of its existing wine trading business or assets as at the Latest Practicable Date. However, in order to deliver long-term increase in Shareholders' value, the Company has been actively looking for suitable acquisition opportunities so as to maximise Shareholders' return in a more sustainable manner.

In exploring acquisition opportunities, the Directors met its clients in its wine-tasting and public relations events, during which the Company could identify their personal and corporate finance needs. Since many of our clients are members of senior management, directors, substantial shareholders or controlling shareholders of listed and private companies, they shared business updates of their companies and the difficulties in getting quality advice on merger and acquisitions, corporate restructuring as well as fund raising activities.

Given that Hong Kong is an important global financial hub, bridging capital flows between the PRC and international markets and fund raising through securities issuance and relevant corporate finance advisory in Hong Kong has been top of the global ranking, the Company is of the view that the Group may tap into the prospective financial market of Hong Kong by acquiring a licensed corporation to provide corporate finance advice to our clients and at the same time enhance the Shareholders' value of the Company in long term.



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## LETTER FROM THE BOARD

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The Board was aware that Mr. Ting, one of the executive Directors, sold the CVP Capital Shares indirectly owned by him to the CVP Capital Existing Shareholders in March 2016, and therefore requested Mr. Ting in about November 2016 to introduce the CVP Capital Existing Shareholders to the Company so that the Company can commence the negotiation with the CVP Capital Existing Shareholders regarding the terms of the Subscription.

The Company initially intended to wholly-own CVP Capital by ways of (i) acquiring all the CVP Capital Shares owned by the CVP Capital Existing Shareholders, and (ii) providing new funds to CVP Capital for developing its business by subscribing for new CVP Capital Shares. The CVP Capital Existing Shareholders declined the Company's offer because they had recently injected, in aggregate, HK\$1,800,000 to CVP Capital, and had spent lots of efforts looking for and recruiting experienced corporate finance advisory members, they wanted to develop the corporate finance advisory business of CVP Capital. As the Group is unable to acquire all the CVP Capital Shares at this stage, the Board agreed to subscribe for new CVP Capital Shares in order to take part in CVP Capital's business development, and grant the Put Option exercisable after two years to each of the CVP Capital Existing Shareholders respectively, so that the Group has the pre-emptive right to wholly-own CVP Capital in future. Further, pursuant to the right of first refusal under the Put Option, CVP Financial has the pre-emptive right to request the CVP Capital Existing Shareholders to sell their shares to CVP Financial, even if the Put Options is not exercised.

In about January 2017, when the parties negotiated the terms of the Put Option, the average trading price of the Shares for the then preceding 52 weeks prior to 8 November 2016 was approximately HK\$1.05 and in the narrow range of HK\$1.00 to HK\$1.20. Given that the proposed Issue Price was not attractive and the trading volume of the Shares was less than 1% as to the total number of issued Shares, the CVP Capital Existing Shareholders requested for cash consideration. With the intention to wholly-own CVP Capital eventually and maximise the opportunity for the CVP Capital Existing Shareholders to exercise the Put Option after two years from the Subscription, the discretion of choosing the settlement method was granted to the CVP Capital Existing Shareholders.

The Directors noted that there was an abrupt increase of the trading price of the Shares since mid-November 2016, shortly before the parties entered into negotiation. Having considered that (i) there is no change to the fundamentals of the Group business, (ii) the Company's financial performance is getting worse for the nine-month period ended 31 December 2016 when compared to the same period in 2015, and (iii) there is no evidence of the sustainability of the high trading price in future, the Directors believe that it is fair and reasonable to take into account of average trading price of the Shares for the previous 52 weeks in determining the Issue Price.

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## LETTER FROM THE BOARD

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Further, the Directors also considered that determining the Issue Price at the time of entering into the Deeds provides a degree of certainty. Given that the Company will have stronger financial back up and extensive business network in furtherance of the business development of CVP Capital, the future prospect of CVP Capital in the long term is promising and the valuation of the remaining 40% share capital in CVP Capital will also be higher. Should the Issue Price be determined at the time of exercising the Put Option, notwithstanding that the Issue Price will be higher, the CVP Capital Existing Shareholders could ask for higher consideration which will off-set the higher Issue Price benefit. Thus, the Directors are of the view that the value per Share should not only be determined by the prospect and business development of the Group, but also the total number of Shares in issue. The Company could also take the advantage of conducting corporate action to maintain the range of its value per Share in future given that the Put Option does not prohibit the Company to conduct any corporate action.

Based on the above, the Board considered that (i) the arrangement of Subscription with the grant of Put Option; (ii) taking into account the trading history of the Shares of the then preceding 52 weeks in determining the proposed Issue Price; and (iii) giving the CVP Capital Existing Shareholders the discretion of settlement method upon exercise of the Put Option are the result of arm's length negotiation with the CVP Capital Existing Shareholders and are in the interest of the Company and the Shareholders as a whole.

Even though it is a new business to the Company in which the Company has no prior knowledge or experience in, the Board considers that the performance of CVP Capital will be improved by referring its clients to CVP Capital and so it is appropriate to proceed with the Subscription and the Put Option, as it can (i) offer additional services to satisfy the financial and corporate needs of its clients; (ii) bring additional stream of income to the Group; and (iii) diversify the business to reduce the impact of downturn of the retail wine market to the Group.

## LETTER FROM THE BOARD

### POTENTIAL EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the First Deed; (iii) immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the Second Deed; and (iv) immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the Deeds, assuming there is no change in the existing shareholding of the Company:

	As at the Latest Practicable Date		Immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the First Deed (for illustration only)		Immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the Second Deed (for illustration only)		Immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the Deeds (for illustration only)	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Royal Spectrum Holding Company Limited ("Royal Spectrum") <sup>(Note)</sup>	1,968,000,000	49.20	1,968,000,000	49.17	1,968,000,000	49.10	1,968,000,000	49.07
Public Shareholders								
Mr. Lin	–	–	2,657,920	0.07	–	–	2,657,920	0.07
Star Beauty	–	–	–	–	7,973,761	0.20	7,973,761	0.20
Other Shareholders	2,032,000,000	50.80	2,032,000,000	50.76	2,032,000,000	50.70	2,032,000,000	50.66
<b>Total</b>	<b>4,000,000,000</b>	<b>100.00</b>	<b>4,002,657,920</b>	<b>100.00</b>	<b>4,007,973,761</b>	<b>100.00</b>	<b>4,010,631,681</b>	<b>100.00</b>

*Note:* The entire issued share capital in Royal Spectrum is legally and beneficially wholly-owned as to 96.63% by Devoss Global Holdings Limited, which, in turn, is legally and beneficially owned by Mr. Ting, an executive Director.

### GENERAL

#### Fully exempted connected transaction

Since Mr. Lin, being one of the CVP Capital Existing Shareholders and an ex-director of certain subsidiaries of the Company in the past 12 months, is a connected person at the subsidiary level, the entering into of the First Deed constitutes a connected transaction at the subsidiary level under Chapter 20 of the GEM Listing Rules.

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## LETTER FROM THE BOARD

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Notwithstanding the Deeds are not subject to Shareholders' approval, the Directors propose to seek the approval from the Shareholders at the EGM to approve the Deeds together with the Specific Mandate.

### **Specific Mandate**

The Consideration Shares upon exercise of the Put Option under the Second Deed will be allotted and issued under the Specific Mandate to be sought for approval from the Shareholders at the EGM.

Since Mr. Lin is a connected person at subsidiary level, the Consideration Shares upon exercise of the Put Option under the First Deed to be allotted and issued under the Specific Mandate is subject to announcement, reporting and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Company will seek the Independent Shareholders' approval for the grant of the Specific Mandate at the EGM.

### **Application for listing**

The Company will make an application to the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares.

### **RE-ELECTION OF RETIRING DIRECTOR**

Reference is made to the announcement of the Company dated 1 February 2017, whereby Mr. Ip Cho Yin, *J.P.* ("**Mr. Ip**") was appointed as an independent-non executive Director with effect from 1 February 2017. In accordance with Article 83(3) of the Articles, any Director appointed by the Board to fill a casual vacancy shall retire at the next following general meeting and shall be eligible for re-election. Accordingly, Mr. Ip will retire from office as a Director and, being eligible, offer himself for re-election at the EGM. Details of Mr. Ip are set out in the Appendix to this circular.

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## LETTER FROM THE BOARD

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### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Fan Wei, Mr. Chu Kin Wang Peleus and Mr. Ip Cho Yin, *J.P.*, has been formed to advise the Independent Shareholders on whether the terms of the Deeds and the respective transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Consideration Shares upon exercise of the Put Option under the Deeds, are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and will advise the Independent Shareholders on how to vote in respect to the resolution to be proposed at the EGM to approve the entering into of the Deeds and the respective transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Consideration Shares upon exercise of the Put Option under the Deeds, after taking into account the recommendation of the Independent Financial Adviser. Red Sun Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### EGM

A notice convening the EGM to be held at Flat A&B, 10/F, North Point Industrial Building, 499 King's Road, North Point, Hong Kong on Thursday, 27 July 2017 at 10:15 a.m is set out on pages EGM-1 to EGM-4 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying 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 22, 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 the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

To the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the transactions contemplated under the Deeds, including the grant of the Specific Mandate to allot and issue the Consideration Shares upon exercise of each of the Put Options under the First Deed and the Second Deed respectively, and the re-election of the Director. As such, no Shareholder will be required to abstain from voting on the resolution to approve the Deeds, including the grant of the Specific Mandate to allot and issue the Consideration Shares upon exercise of each of the Put Option under the First Deed and the Second Deed respectively, and the re-election of the Director and any vote exercised by the Shareholders taken at the EGM shall be taken by way of poll.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages IBC-1 to IBC-2 of the circular. The Independent Board Committee, having taken into account the advice from Red Sun Capital, the text of which is set out on pages IFA-1 to IFA-23 of this circular, considers that the Deeds are entered into upon normal commercial terms following arm's length negotiations between the parties hereto and that the terms of the Deeds are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Deeds and the respective transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Consideration Shares upon exercise of the Put Option under the Deeds.

The Board considers that the terms of the Deeds are fair and reasonable and the entering into of the Deeds is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of a resolution approving (i) the Deeds and the transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Consideration Shares upon exercise of each of the Put Option under the First Deed and the Second Deed respectively; and (ii) the re-election of the Director at the EGM.

### INTEREST OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Innovax Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser on 24 September 2015, neither the Compliance Adviser nor its directors, employees or associates had any interest in relation to the Company or any member of the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at the Latest Practicable Date.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By Order of the Board  
**Madison Wine Holdings Limited**  
**Ting Pang Wan Raymond**  
*Chairman and executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Rights Issue.*



MADISON WINE®

**Madison Wine Holdings Limited**

**麥迪森酒業控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8057)**

5 July 2017

*To the Independent Shareholders*

Dear Sir or Madam,

### **ISSUE OF CONSIDERATION SHARES UPON EXERCISE OF PUT OPTION UNDER SPECIFIC MANDATE**

We refer to the circular of the Company dated 5 July 2017 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as members to form the Independent Board Committee to consider the Deeds and the respective transactions contemplated thereunder and to advise the Independent Shareholders as to whether the Deeds and the transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Consideration Shares upon exercise of the Put Option under the Deeds, are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and to recommend how the Independent Shareholders should vote at the EGM. Red Sun Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of the letter of advice from Red Sun Capital, together with the principal factors taken into consideration in arriving at such advice, are set out on pages IFA-1 to IFA-23 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 1 to 22 to this Circular and the additional information set out in the appendices of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the Deeds and the respective transactions contemplated thereunder, and the advice from Red Sun Capital, we consider that the the terms of the Deeds are entered into upon normal commercial terms following arm's length negotiations between the parties thereto, the connected transaction is not an ordinary and usual course of business of the Group, the terms of the Deeds are fair and reasonable so far as the Independent Shareholders are concerned, and the grant of the Put Option under the Deeds is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Deeds and the transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Consideration Shares upon exercise of the Put Option under the Deeds.

Yours faithfully,

the Independent Board Committee

**Ms. Fan Wei**

**Mr. Chu Kin Wang Peleus**

**Mr. Ip Cho Yin, J.P.**

*Independent non-executive Directors*



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Shareholders for inclusion in this circular.*



紅日資本有限公司

RED SUN CAPITAL LIMITED

5 July 2017

*To: The Independent Board Committee and the Independent Shareholders of  
Madison Wine Holdings Limited*

Dear Sirs,

### ISSUE OF CONSIDERATION SHARES UPON EXERCISE OF PUT OPTION UNDER SPECIFIC MANDATE

#### INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the entering into of the Deeds contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company (the “**Circular**”) to the Shareholders dated 5 July 2017, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 9 February 2017, the Board announced, among other things, that CVP Financial entered into (i) the Subscription Agreement with CVP Capital, pursuant to which CVP Financial conditionally agreed to subscribe for, and CVP Capital conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price of HK\$14 million which will be payable in cash by using the Company’s internal resources upon completion; and (ii) the First Deed with Mr. Lin and the Second Deed with Star Beauty, pursuant to which (a) each of Mr. Lin and Star Beauty has conditionally agreed to grant CVP Financial the right of first refusal, and (b) CVP Financial has conditionally agreed to grant each of Mr. Lin and Star Beauty the tag along right and the Put Option.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Each of Mr. Lin and Star Beauty, pursuant to the Put Option, during the 12-month period after the second anniversary of the completion of the Subscription Agreement, has the right to require CVP Financial to acquire all the CVP Capital Shares held by him/it immediately prior to the exercise of the Put Option, at the consideration of approximately HK\$1.26 per CVP Capital Share. The consideration payable by CVP Financial to each of Mr. Lin and Star Beauty shall be satisfied at the selection of Mr. Lin or Star Beauty (as the case may be), either in cash or by CVP Financial procuring the Company to issue and allot Consideration Shares under the Specific Mandate to be sought in the EGM at the Issue Price.

Completion shall take place within three Business Days after the fulfillment (or waiver) of the conditions to the Subscription Agreement.

Upon Completion, CVP Financial will own approximately 60% of the entire issued share capital of CVP Capital as enlarged by the Subscription Shares, and CVP Capital will be accounted as an indirect non wholly-owned subsidiary of the Company and the financial results of CVP Capital will be consolidated into the Group's accounts.

On 9 February 2017, Perfect Zone and the existing shareholders of CVP Capital, Mr. Lin and Star Beauty, entered into the First Deed and the Second Deed.

Pursuant to the First Deed and the Second Deed, Perfect Zone has agreed to grant the Put Option to Mr. Lin and Star Beauty respectively, subject to the conditions precedent thereof. Pursuant to the Put Option, Mr. Lin, during the 12-month period after the second anniversary of the completion of the Subscription Agreement, has the right to require Perfect Zone to acquire all the CVP Capital Shares held by Mr. Lin and Star Beauty immediately prior to exercise of the Put Option, representing 25% and 75% respectively of the entire issued share capital of CVP Capital as at the Latest Practicable Date, and approximately 10% and 30% respectively of the issued share capital of CVP Capital as enlarged by the allotment and issue of the Subscription Shares. The right to exercise the Put Option shall lapse at the expiry of the 12-month period after the 2nd anniversary of the Completion.

Since Mr. Lin, being one of the CVP Capital Existing Shareholders and an ex-director of certain subsidiaries of the Company in the past 12 months, is a connected person at the subsidiary level, the entering into of the First Deed constitutes a connected transaction at the subsidiary level under Chapter 20 of the GEM Listing Rules. Therefore, the Deeds are subject to the reporting, announcement and the approval by the Independent Shareholders at the EGM under the GEM Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee comprising three independent non-executive Directors, namely Ms. Fan Wei, Mr. Chu Kin Wang Peleus and Mr. Ip Cho Yin, *J.P.*, has been established to advise the Independent Shareholders as to whether the entering into of the Deeds and the respective transactions contemplated thereunder, including the grant of the specific mandate to allot and issue the consideration shares upon exercise of the put option under the Deeds are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We, Red Sun Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the Issue Price (including the discount to the closing price on the date of the Deeds) is on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the proposed resolution(s) relating to the entering into of the Deeds and the respective transactions contemplated thereunder, including the grant of the specific mandate to allot and issue the consideration shares upon exercise of the put option under the Deeds, at the EGM.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have not acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company apart from this appointment and acting as the independent financial advisor in relation to the major and connected transactions for the proposed acquisition of CVP Asset Management Limited as detailed in the announcement of the Company dated 9 February 2017 and the proposed subscription of exchangeable bonds for shares in Bartha International Limited as detailed in the announcement of the Company dated 17 February 2017.

Apart from normal professional fees paid or payable to us in connection with this appointment and the engagement as stated above as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 17.96 of the GEM Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR ADVICE**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been reasonably arrived at after due and careful consideration and there are no other material facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion.

We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group, CVP Capital, CVP Financial and their respective associates.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Deeds and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the entering into of the Deeds, we have taken into consideration the following principal factors and reasons:

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 1. Background and reasons for the entering into of the Subscription Agreement and the Deeds

#### 1.1 Principal business and the financial information of the Group

The Group is principally engaged in the retail sales and wholesales of a wide spectrum of wine products and other alcoholic beverages in Hong Kong with a focus on premier collectible red wine and fine red wine as well as the provision of a range of customer-centric value-added services.

Set out below is a summary of the financial information of the Group as extracted from the annual report of the Company for the year ended 31 March 2015 and 2016 (the “**Annual Report 2015/2016**”):

	For the year ended 31 March		Change %
	2015 HK\$'000 (Audited)	2016 HK\$'000 (Audited)	
Revenue	145,687	126,684	(13.0)
Gross Profit	40,100	32,973	(17.8)
Profit/(loss) before taxation	17,290	(7,083)	N/A
Profit/(loss) for the year and total comprehensive (expense) income for the year	14,314	(9,304)	N/A
Profit/(loss) for the year and total comprehensive (expense) income for the year attributable to Owners of the Company	14,159	(9,447)	N/A

As shown in the table above, the Group's revenue decreased by approximately 13.0% from approximately HK\$145.7 million for the financial year ended 31 March 2015 to approximately HK\$126.7 million for the financial year ended 31 March 2016. According to the Annual Report 2015/16, the decrease in revenue was mainly due to the downturn of the economic environment, especially for the retail industry, during the second half of the financial year.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Gross profit of the Group decreased by approximately 17.8% from approximately HK\$40.1 million for the year ended 31 March 2015 to approximately HK\$33.0 million for the year ended 31 March 2016. According to the Annual Report 2015/16, the decrease was mainly due to the decrease in revenue during the year. The gross profit margin decreased from approximately 27.5% for the year ended 31 March 2015 to approximately 26.0% for the year ended 31 March 2016. According to the Annual Report 2015/16, the decrease was mainly due to the downturn of retail market during the second half of the financial year, which is also the peak season of the wine industry, and therefore, the selling price of the products was lowered in order to maintain the sales network.

According to the Annual Report 2015/16, the loss attributable to the owners of the Company for the year ended 31 March 2016 amounted to approximately HK\$9.4 million due to the listing expenses of approximately HK\$13.0 million incurred by the Company for its listing exercise and the recognition of the share-based payment expenses for the share options granted of approximately HK\$6.6 million during the year ended 31 March 2016. Excluding the one-off exceptional expenses for the listing exercise of the Group of approximately HK\$13.0 million and the recognition of share-based payment expenses of approximately HK\$6.6 million upon the grant of share options on 17 December 2015, profit and total comprehensive income attributable to owners of the Company for the year ended 31 March 2016 would reach approximately HK\$10.2 million, representing a decrease of approximately 28.2% as compared to the year ended 31 March 2015, which was mainly due to decrease in gross profit.

A summary of the audited financial position of the Group as at 31 March 2015 and 2016 respectively, as extracted from the annual reports of the Company, is set out below:

	<b>As at 31 March</b>		<b>Change</b>
	<b>2015</b>	<b>2016</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
	(Audited)	(Audited)	
Non-current assets	7,959	6,546	(17.8)
Current assets	67,931	122,596	80.5
Current liabilities	24,063	5,304	(78.0)
Non-current liabilities	–	3	N/A
Net assets	51,827	123,835	139.0
Equity attributable to owners of the Company	51,672	123,537	139.1

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Due to the decrease of rental deposits and the decrease in deferred tax asset, the Group's non-current assets dropped by approximately 17.8% from approximately HK\$8.0 million as at 31 March 2015 to approximately HK\$6.5 million as at 31 March 2016 while its current assets significantly increased from approximately HK\$67.9 million as at 31 March 2015 to approximately HK\$122.6 million as at 31 March 2016. The Group's current liabilities decreased from approximately HK\$24.1 million as at 31 March 2015 to approximately HK\$5.3 million as at 31 March 2016, which was mainly due to the decrease in trade payables and the settlement of the amount due to a director which had been fully settled during the year ended 31 March 2016. As at 31 March 2016, the Group's net asset value amounted to approximately HK\$123.8 million with equity attributable to owners of the Company of approximately HK\$123.5 million.

### ***1.2 Background, business and financial information of CVP Capital***

CVP Capital was incorporated in Hong Kong with limited liability on 20 May 2014. On 4 June 2014, Quick Express, a company wholly-owned by Mr. Ting, acquired the founder share of CVP Capital. On 7 July 2015, Quick Express sold all the CVP Capital Shares owned by it to CVP Holdings which transferred 5,625,000 CVP Capital Shares and 1,875,000 CVP Capital Shares to Star Beauty and Mr. Lin respectively on 30 March 2016. As at the Latest Practicable Date, CVP Capital had an issued share capital of HK\$9,300,000 comprising 9,300,000 CVP Capital Shares which were owned as to 75% and 25% by Star Beauty and Mr. Lin respectively.

As extracted from the Board Letter, CVP Capital is a corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and is owned as to 75% and 25% by Mr. Lin and Star Beauty respectively as at the Latest Practicable Date. CVP Capital is principally engaged in provision of investment advisory and discretionary capital services. CVP Capital is subject to licensing conditions that it shall only provide services to professional investors and shall not hold client assets. The terms "professional investor", "hold", "client assets" and "collective investment scheme" are as defined under the SFO. Further, for Type 1 regulated activity, CVP Capital shall not engage in dealing activities other than those relating to corporate finance; for Type 6 regulated activity, CVP Capital shall not act as sponsor in respect of an application for the listing on a recognized stock market of any securities.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The table below set forth a summary of the financial information of CVP Capital prepared under the Hong Kong Financial Reporting Standards since the date of incorporation (i.e. 31 July 2015) up to 31 December 2016 as set out in the Board Letter:

	<b>For the year ended 31 December</b>	
	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Unaudited)
Turnover	3,791	1,630
(Loss) before tax	(2,119)	(1,930)
(Loss) after tax	(2,119)	(1,930)

As at 31 December 2016, the unaudited net assets of CVP Capital was approximately HK\$4,210,282.

### **1.3 Overview of the Hong Kong financial markets**

As extracted from the HKEx Fact Book – 2016, number of new listed companies was 138 in 2015 and 126 in 2016, and the five-year average of 105. The number of listed companies amounted to 1,866 and 1,973 for 2015 and 2016 respectively. Driven by the successful launch of the Shanghai-Hong Kong Stock Connect in November 2014, the Total Turnover Value and the Equity Fund Raised Amount in Hong Kong in 2015 rose significantly as compared to that of 2014 (HK\$17,155,730 million; HK\$942.7 billion) and the performance of Hong Kong financial market in 2016 were significantly affected by the financial and political uncertainties of the Brexit<sup>Note 1</sup> vote and the U.S. presidential election. Pursuant to the research paper – “A Review of the Global and Local Securities Markets in 2016” published by the SFC, Hong Kong still ranked the first in IPO activities worldwide in 2016, as evidenced by the increase in the number of listed companies in 2016, which would lead to the increase in demand of advisory services (financial adviser and independent financial adviser). Further, with the results and impacts of the Brexit and the U.S. presidential election getting clearer, we are of the view that the outlook of the Hong Kong financial market is likely to remain stable.

*Note 1:* A referendum in the United Kingdom on 23 June 2016 resulted in a vote to leave the European Union.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### ***1.4 Reasons for and benefits of the entering into of the Subscription Agreement and the Deeds***

As stated in the annual report of the Company for the year ended 31 March 2016, the wine retail industry is severely affected by economic downturn and it is expected to be a more challenging year ahead. Despite of the difficulties and challenges, the Company had no intention to dispose of any of its existing wine trading business or assets as at the Latest Practicable Date. However, in order to deliver long-term increase in Shareholders' value, the Company has been actively looking for suitable acquisition opportunities so as to maximise Shareholders' return in a more sustainable manner.

In exploring acquisition opportunities, the Directors met its clients in its wine-tasting and public relations events, during which allowed the Company to identify their personal and corporate finance needs. Since many of our clients are members of senior management, directors, substantial shareholders or controlling shareholders of listed and private companies, they shared business updates of their companies and the difficulties in getting quality advice on merger and acquisitions, corporate restructuring as well as fund raising activities.

Given that Hong Kong is an important global financial hub, bridging capital flows between the PRC and international markets and fund raising through securities issuance and relevant corporate finance advisory in Hong Kong has been top of the global ranking, the Company is of the view that it may tap into the prospective financial market of Hong Kong by acquiring a licensed corporation to provide corporate finance advice to its clients and at the same time enhance the Shareholders' value of the Company in long term.

The Board was aware that Mr. Ting, one of the executive Directors, sold the CVP Capital Shares indirectly owned by him to the CVP Capital Existing Shareholders in March 2016, and therefore requested Mr. Ting in about November 2016 to introduce the CVP Capital Existing Shareholders to the Company so that the Company can commence the negotiation with the CVP Capital Existing Shareholders regarding the terms of the Subscription.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Company initially intended to wholly-own CVP Capital by ways of (i) acquiring all the CVP Capital Shares owned by the CVP Capital Existing Shareholders, and (ii) providing new funds to CVP Capital for developing its business by subscribing for new CVP Capital Shares. The CVP Capital Existing Shareholders declined the Company's offer because they had recently injected, in aggregate, HK\$1,800,000 to CVP Capital, and had spent lots of efforts looking for and recruiting experienced corporate finance advisory members, they wanted to develop the corporate finance advisory business of CVP Capital. As the Group is unable to acquire all the CVP Capital Shares at this stage, the Board agreed to subscribe for new CVP Capital Shares in order to take part in CVP Capital's business development; and grant the Put Option exercisable after two years to each of the CVP Capital Existing Shareholders respectively, so that the Group has the pre-emptive right to wholly-own CVP Capital in future. Further, pursuant to the right of first refusal under the Put Option, the Company has the pre-emptive right to request the CVP Capital Existing Shareholders to sell their shares to the Company, even if the Put Options are not exercised.

In about January 2017, when the parties negotiated the terms of the Put Option, the average trading price of the Shares for the then preceding 52 weeks prior to 8 November 2016 was approximately HK\$1.05 and in the narrow range of HK\$1.00 to HK\$1.20. Given that the proposed Issue Price was not attractive and the trading volume of the Shares was less than 1% as to the total number of issued Shares, the CVP Capital Existing Shareholders requested for cash consideration.

With the intention to wholly-own CVP Capital eventually and maximise the opportunity for the CVP Capital Existing Shareholders to exercise the Put Option after two years from the Subscription, the discretion of choosing the settlement method was granted to the CVP Capital Existing Shareholders.

The Directors noted that there was an abrupt increase of the trading price of the Shares since mid-November 2017, shortly before the parties entered into negotiation. Having considered that (i) there is no change to the fundamentals of the Group business, (ii) the Company's financial performance is getting worse for the nine-month period ended 31 December 2016 when compared to the same period in 2015, and (iii) there is no evidence of the sustainability of the high trading price in future, the Directors believe that it is fair and reasonable to take into account of average trading price of the Shares for the previous 52 weeks in determining the Issue Price.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Further, the Directors also considered that determining the Issue Price at the time of entering into the Deeds provides a degree of certainty. Given that the Company will have stronger financial back up and extensive business network in furtherance of the business development of CVP Capital, the future prospect of CVP Capital in the long term is promising and the valuation of the remaining 40% share capital in CVP Capital will also be higher. Should the Issue Price be determined at the time of exercising the Put Option, notwithstanding that the Issue Price will be higher, the CVP Capital Shareholders could ask for higher consideration which will off-set the higher Issue Price benefit. Thus, the Directors are of the view that the value per Share should not only be determined by the prospect and business development of the Group, but also the total number of Shares in issue. The Company could also take the advantage of conducting corporate action to maintain the range of its value per Share in future given that the Put Option does not prohibit the Company to conduct any corporate action.

Based on the above, the Board considered that (i) the arrangement of Subscription with the grant of Put Option; (ii) taking into account the trading history of the Shares of the then preceding 52 weeks in determining the proposed Issue Price; and (iii) giving the CVP Capital Existing Shareholders the discretion of settlement method upon exercise of the Put Option are the result of arm's length negotiation with the CVP Capital Existing Shareholders and are in the interest of the Company and the Shareholders as a whole.

### ***1.5 Our View***

Given the CVP Capital's development plan will be focusing on establishing its reputation in corporate finance, by leveraging the expertise of the advisory team, to solicit potential clients including but not limited to directors, senior management, chief executives, controlling and substantial shareholders of listed and non-listed companies, through (a) contacting the clients and the business partners they worked with (such as audit firms and lawyers, etc.) from previous networks and (b) referrals from the Group upon Completion, and to offer professional advice to potential clients on corporate finance matters. As advised by CVP Capital, it (i) has been recently engaged as a financial adviser to advise on a PRC client's corporate restructuring project, (ii) has been negotiating the terms for providing corporate finance advisory service to a professional investor, and (iii) has signed a non-disclosure agreement with a client for advising on corporate governance and internal control in preparation for listing on the Stock Exchange. Apart from the corporate finance business, CVP Capital was engaged to act as a sub-placing agent for placing of new shares of a Hong Kong listed company. As further advised by the Directors, they consider that the performance of CVP Capital will be improved by referring its clients to CVP Capital.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having taken into account (i) CVP Capital's development plan to establish its reputation in corporate finance with the clients from previous networks and referrals from the Group; and (ii) the engagement as financial adviser or engagement in negotiation and to act as a sub-placing agent, we concur with the Directors that the future prospect of CVP Capital in the long run is promising and the valuation of the remaining 40% of share capital in CVP Capital will also be higher with the business development.

Even though it is a new business to the Company in which the Company has no prior knowledge or experience in, the Board considers that the performance of CVP Capital will be improved by referring its clients to CVP Capital and so it is appropriate to proceed with the Subscription and the Put Option, as it can (i) offer additional services to satisfy the financial and corporate needs of its clients; (ii) bring additional stream of income to the Group; and (iii) diversify the business to reduce the impact of downturn of the retail wine market to the Group.

In light of the above and since it is the strategy of the Company to diversity its business, we concur with the Directors' view that the Subscription and the entering into of the Deeds would allow the Company to pursue its business diversification strategy by entering into the financial services business segment so as to further enhance its income sources as well as to bring positive return to the Shareholders.

## **2. Principal terms of the Subscription Agreement and the Deeds**

### ***2.1 Subject matter of the Subscription and the entering into of the Deeds***

On 9 February 2017, the Board announced, among other things, that CVP Financial entered into (i) the Subscription Agreement with CVP Capital, pursuant to which CVP Financial conditionally agreed to subscribe for, and CVP Capital conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price of HK\$14 million which will be payable in cash by using the Company's internal resources upon completion; and (ii) the First Deed with Mr. Lin and the Second Deed with Star Beauty, pursuant to which (a) each of Mr. Lin and Star Beauty has conditionally agreed to grant CVP Financial the right of first refusal, and (b) CVP Financial has conditionally agreed to grant each of Mr. Lin and Star Beauty the tag along right and the Put Option.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *2.2 Consideration and payment terms*

The Subscription Price of HK\$14 million will be payable in cash by using the Company's internal resources at Completion.

The Issue Price of the Consideration Shares in relation to the Put Option will be HK\$1.1 per Share. The Consideration in relation to the issue of Consideration Shares is HK\$11,718,000 in total ("**Consideration**") which is the product of HK\$1.26 and the total number of the Consideration Shares and shall be payable by Perfect Zone.

### *2.3 Basis of consideration*

In assessing the fairness and reasonableness of the Consideration, we have considered various valuation approaches, including (i) price-to-earnings ratio ("**P/E Ratio**"), (ii) price-to-book ratio ("**P/B Ratio**") and (iii) premium over net asset value ("**Premium over NAV**"). Given that CVP Capital incurred losses for the financial year ended 31 March 2016, P/E Ratio would not be a meaningful method to be used in the comparison.

We have calculated the P/B Ratio of CVP Capital for illustration purpose, but we consider P/B Ratio is not an appropriate method given that the history of CVP Capital is short (incorporated in July 2015) and CVP Capital has not had material operation since incorporation.

Due to the above, we then study similar recent transactions in the market and we have observed that Premium over NAV seems to be one of the methods for valuing the consideration of transactions similar to the Subscription. For Premium over NAV, as we note from the comparison table below, normally, a premium to the net asset value will be built into the consideration, with the difference of net asset value and consideration for each comparable, result would be significant to consider the premium by eliminating the net asset value by the consideration. Therefore, we consider the Premium over NAV method would be a meaningful method to determine the fairness and reasonableness of the Consideration.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Companies are selected based on the following criteria: (i) target companies being acquired by companies whose shares are listed on the Stock Exchange and such subscriptions have been recognised as notifiable transaction; (ii) target companies in the notifiable transaction are corporations licensed by the SFC to conduct Type 6 (advising on corporate finance) regulated activity under the SFO (business focus of CVP Capital), which actual business activities are similar to CVP Capital; (iii) the notifiable transaction was disclosed within one year before the Latest Practicable Date; and (iv) the consideration and net asset value of the target company were below HK\$100 million. We have identified and made references to three companies (unlike the Board, as the acquisition target, JTI Securities Limited, of Heng Xin China Holdings Limited (stock code: 8046) in June 2016 is not licensed to carry out type 6 regulated activity, the transaction was not adopted as relevant comparable for comparison with the Consideration) that meet the aforesaid criteria (the “**Selected Companies**”) which we believe to be exhaustive. As the principal businesses and geographical source of revenue are similar to those of CVP Capital, we consider that the Selected Companies are fair and representative samples for comparison. Details of our analyses are set out in the following table:

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Company	Target company	Principal business	Basis of consideration (according to announcement/circular)	Latest financial year revenue of target (according to announcement/circular) HK\$'000	Latest financial year net profit/(loss) after tax (according to announcement/circular) HK\$'000	Net asset value ("NAV") (a) (Note 1) HK\$'000	Consideration (b) (Note 1) HK\$'000	Premium over NAV (c) = (b) - (a) HK\$'000	P/B ratio (Note 2)
19 May 2017	Great Wall Pan Asia Holdings Limited (stock code: 383)	Great Wall Pan Asia Corporate Finance Limited	Advising on corporate finance	with reference to the net asset value of the target company as at 30 April 2017	988	(233)	1,523	869	(654)	0.57
13 February 2017	Kong Shun Union Property Management (Holding) Limited (stock code: 8181)	Dakin Holdings Inc. (Note 3)	Dealing in Securities, dealing in futures contracts, advising on corporate finance	(i) the group's assessment on the future prospect of the business of financial services in Hong Kong; (ii) the preliminary valuation of the target company as at 31 December 2016 and the preliminary fair value of 100% interest in the target company is approximately HK\$125,000,000 as at 31 December 2016 as assessed by an independent professional valuer applying market approach; (iii) the historical financial performance and position of the target group; and (iv) the reasons for and benefits of the acquisition	N/A (Note 3)	3,872 (Note 3)	10,691	31,500	94,309 (Note 3)	9.82
24 June 2016	Universe International Holdings Limited (stock code: 1046)	Ample Capital Limited	Advising on securities, advising on corporate finance, asset management	based on independent valuation report, valuation was performed by market approach, the fair market value of the target as at 31 March 2016 is HK\$33,261,000	N/A	3,128	14,000	30,000	16,000	2.14
							<b>Average</b>	20,790	36,552	4.18
							<b>Median</b>	30,000	16,000	2.14
							<b>Maximum</b>	31,500	94,309	9.82
							<b>Minimum</b>	869	(654)	0.57
								<b>14,000</b>	<b>3,074</b>	<b>1.28</b>
								<b>11,718</b>	<b>4,434</b>	<b>1.61</b>
								<b>25,718</b>	<b>7,508</b>	<b>1.41</b>

The Subscription (d) (Note 4)  
Issue of new Shares in relation to full exercise of Put Option (e) (Note 4)  
Total consideration for acquiring CVP Capital (f) = (d) + (e) (Note 4)

Source: [www.hkex.com.hk](http://www.hkex.com.hk)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

1. Based on the figures disclosed in the relevant announcements/circulars.
2. P/B Ratio is calculated for illustration purpose only.
3. The stake acquired was 30%, consideration was adjusted to 100% for comparison purpose. Financial information of the relevant target group are extracted from its management accounts for the period from 13 March 2015 (date of incorporation of the relevant target company) to 31 March 2016.
4. The P/B ratio was calculated based on the Consideration of HK\$14.0 million and the aggregate unaudited adjusted NAV of CVP Capital of approximately HK\$18.2 million after the completion of the Subscription.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The consideration for all the CVP Capital Shares held by Mr. Lin and Star Beauty shall be satisfied at the election of Mr. Lin and Star Beauty at the option price of approximately HK\$1.26 per CVP Capital Share either in cash or by Perfect Zone procuring the Company to issue the Consideration Shares at the Issue Price. If Mr. Lin or Star Beauty elects the consideration to be paid by issue of Consideration Shares, the Consideration Shares may be issued at substantial discount to the then prevailing trading price of the Shares. Notwithstanding that (i) the potential gain of the Put Option holders will be unlimited if the Share price goes up; and (ii) the Company may not be able to fully acquire CVP Capital at the end, by considering (a) no cash outflow from the Company will incur if the Put Option is exercised; (b) the dilution effect of Shareholders' interest has been fixed given that the number of Shares to be issued under the Put Option has been determined; (c) the net asset value per Share of the Company is extremely low when comparing with the Issue Price; (d) the trading liquidity of the Company is at a low level and there is no assurance that the disposal of Shares after the exercise of the Put Option will not exert any downward impact of the Share price; and (e) CVP Capital will still be the subsidiary of the Company even though the Put Option is not exercised, we are of the opinion that the arrangement is fair and reasonable and in the interests of the Company and the shareholders as a whole.

The consideration is determined after arm's length negotiation between Perfect Zone and Mr. Lin with reference to (i) the original acquisition cost of approximately HK\$1,804,806 paid by Mr. Lin for 1,875,000 CVP Capital Shares on 30 March 2016 and the aggregate subscription price of HK\$450,000 for allotment and issue of a total of 450,000 CVP Capital Shares in 2016; (ii) the unaudited net asset value of CVP Capital as at 31 December 2016; (iii) future prospects of regulated activities conducted by CVP Capital, details of which is disclosed in the section headed "Information of CVP Capital" in this circular. Although the consideration is higher than the historical investment cost of Mr. Lin for approximately 31.3%, having taken into account the factors as stated above, the Premium over NAV of CVP Capital for issue of new Shares in relation to full exercise of the Put Option (approximately HK\$4.4 million) is significantly lower than the average Premium over NAV of the Selected Companies (approximately HK\$36.6 million), we are of the view that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Subsequent to the acquisition of the entire issued share capital of CVP Capital, the CVP Capital Existing Shareholders have strengthened the team by recruiting new advisory representatives to provide quality advice on corporate finance to its clients. Given that CVP Capital can expand its business quickly with the strengthened advisory team and potential clients to be referred by the Company, the Directors considered that the premium of the consideration payable to the original acquisition cost of Mr. Lin is fair and reasonable.

Regarding the Issue Price of the Consideration Shares in relation to the Put Option, the Issue Price of HK\$1.1 per Share represents:

- (i) a discount of approximately 45.27% to the closing price of HK\$2.01 per Share quoted on the Stock Exchange on 9 February 2017, being the date of the Deeds;
- (ii) a discount of approximately 46.18% to the average of the closing price of approximately HK\$2.044 for the last five consecutive trading days immediately preceding the date of the Deeds;
- (iii) a discount of approximately 47.97% to the average of the closing price of approximately HK\$2.114 for the last ten consecutive trading days immediately preceding the date of the Deeds;
- (iv) a premium of approximately 3,634% over the unaudited consolidated net asset value attributable to owners of the Company per Share of approximately HK\$0.0303, based on the unaudited net asset value attributable to owners of the Company of approximately HK\$121,072,000 as at 30 September 2016 and 4,000,000,000 Shares in issue as at the date of the Deeds;
- (v) a premium of approximately 1,367% to the placing price of the Shares at the initial public offering on 8 October 2015 (after adjusting for share subdivision effective on 8 November 2016); and
- (vi) a discount of approximately 55.28% to the closing price of HK\$2.46 per Share quoted on the Stock Exchange on the Latest Practicable Date.

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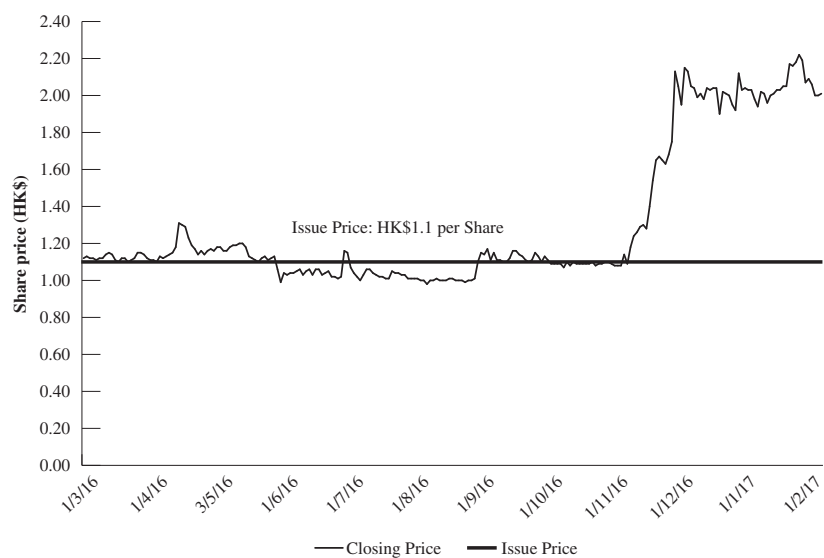
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In assessing the fairness and reasonableness of the Subscription Price, we have also considered the following historical performance of the Shares and recent cases of issue of new shares to connected person(s) without triggering of change in controlling shareholding:

### *Share Price review*

Set out below is the chart showing the closing price of the Shares on the Stock Exchange for the 12 months period ended 9 February 2017 (the “**Review Period**”), being the last trading day immediately before the entering into of the Subscription Agreement (the “**Last Trading Day**”)



Source: Website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The above diagram shows the daily closing price of the Company as quoted on the Stock Exchange during the period commencing from 1 March 2016 up to and including 9 February 2017 (the “**Review Period**”). Since the commencement of the Review Period, the Share price increased from approximately HK\$1.12 per Share to HK\$2.01 per Share as at the Last Trading Day, representing an increase of approximately 79.46%. We noted that the Share price has displayed a relatively stable trend during the Review Period with the highest closing price of HK\$2.22 per Share on 27 January 2017 and the lowest closing price of HK\$0.98 per Share on 9 August 2016. Though the average closing Share price during the entire Review Period was approximately HK\$1.31, which represents a premium of approximately 18.01% over the Issue Price, the Share price basically fluctuated around HK\$2.04 for most of time during over the last three months.

The Issue Price has been determined after arm’s length negotiation between CVP Financial and each of the CVP Capital Existing Shareholders with reference to (i) the unaudited net asset value per Share as at 31 December 2016, (ii) the average trading price of the Shares for the 52 weeks immediately preceding the negotiation of the terms of the Put Option among the parties (i.e. from January 2016 to December 2016) of approximately HK\$1.05 per Share, (iii) the relatively low average daily trading volume of the Shares ranging from approximately 0.059% to approximately 0.263% as to the total number of issued Shares at the end of each respective month from January 2016 to December 2016, with an average of 0.125% for the period; (iv) the placing price of the Shares at the initial public offering on 8 October 2015; (v) the net loss positions of the Group for the six months ended 30 September 2016 and for the year ended 31 March 2016; and (vi) the current business environment of wine retail market.

### **2.4 Our view**

Having taken into account of the above factors, we are of the view that (i) the Issue Price (including the discount to the closing price on the date of the Deeds) of the Consideration Shares in relation to the Put Option and (ii) the basis of determining the cash consideration per CVP Capital Share are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. Potential dilution effect on the shareholding interests of the existing public Shareholders

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the First Deed; (iii) immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the Second Deed; and (iv) immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the Deeds, assuming there is no change in the existing shareholding of the Company:

	As at the Latest Practicable Date		Immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the First Deed (for illustration only)		Immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the Second Deed (for illustration only)		Immediately upon the allotment and issue of Consideration Shares upon exercise of the Put Option under the Deeds (for illustration only)	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Royal Spectrum Holding Company Limited ("Royal Spectrum") <sup>(Note)</sup>	1,968,000,000	49.20	1,968,000,000	49.17	1,968,000,000	49.10	1,968,000,000	49.07
Public Shareholders								
Mr. Lin	-	-	2,657,920	0.07	-	-	2,657,920	0.07
Star Beauty	-	-	-	-	7,973,761	0.20	7,973,761	0.20
Other Shareholders	2,032,000,000	50.80	2,032,000,000	50.76	2,032,000,000	50.70	2,032,000,000	50.66
<b>Total</b>	<b>4,000,000,000</b>	<b>100.00</b>	<b>4,002,657,920</b>	<b>100.00</b>	<b>4,007,973,761</b>	<b>100.00</b>	<b>4,010,631,682</b>	<b>100.00</b>

*Note:* The entire issued share capital in Royal Spectrum is legally and beneficially wholly-owned as to 96.63% by Devoss Global Holdings Limited, which, in turn, is legally and beneficially owned by Mr. Ting, an executive Director.

As shown in the above table, the shareholding interests of the existing public Shareholders in the Company would be diluted from approximately 50.80% to 50.66%, representing a dilution of approximately 0.14 percentage point, immediately after the allotment and issue of Consideration Shares upon exercise of the Put Option under the Deeds.

Taking into account:

- (i) the reasons for the entering into of the Deeds;
- (ii) that the terms of the Deeds are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned as discussed in the Board Letter above; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(iii) there is no material cash outflow pressure on the Group,

we are of the view that the aforementioned level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

#### **4. Possible financial effects of the Subscription**

The financial impact of the Subscription is set out in Appendix IV to the Circular. Please refer to the Appendix IV to the Circular for basis of preparing the pro forma financial information on the Enlarged Group and the pro forma financial information on the Enlarged Group after CVP Completion. Following completion of the Subscription, CVP Capital will become an indirect wholly-owned subsidiary of the Company and the financial information of CVP Capital will be consolidated into the financial statements of the Group.

##### ***4.1 Earnings***

Following completion of the Subscription and the Deeds, CVP Capital will become an indirect wholly-owned subsidiary of the Company and the financial performance of CVP Capital will be consolidated into the financial statements of the Group. Any profit or loss of CVP Capital after completion of the Subscription and the Deeds will be fully reflected to the financial statements of the Group.

##### ***4.2 Net assets value***

If the consideration payable by CVP Financial to each of Mr. Lin and Star Beauty shall be satisfied by cash, there will be no immediate impact to the net assets value of the Group, subject to the review by the auditors of the Company. If the consideration payable by CVP Financial to each of Mr. Lin and Star Beauty shall be satisfied by the issue of the Consideration Shares, the net assets value of the Group will be enhanced by the same amount subject to the review of the auditors of the Company.

##### ***4.3 Gearing***

On the basis that the Group and CVP Capital did not have any bank loan as at the Latest Practicable Date, it is considered the gearing ratio will not have material change before and after the completion of the Subscription and the Deeds.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered that the entire consideration of the Subscription will be settled by HK\$14 million in cash by using the Company's internal resources, the liabilities and the gearing ratio of the Group will remain unchanged, the issue of Consideration Shares has no impact to the liabilities and no material impact to the gearing ratio of the Group, the Consideration is considered to be fair and reasonable and there is no material cash outflow for the Group, we are of the view that the increase in gearing ratio due to the Subscription is acceptable.

### OPINION AND RECOMMENDATION

Having considered that (i) the Premium over NAV of acquiring the entire issued share capital of CVP Capital is within the market range and is lower than that of the other potential licensed corporation proposed to the Company; and (ii) there is no material cash outflow pressure on the Group since the consideration will be settled by cash, we are of the opinion that the entering into of the Subscription Agreement and the Deeds are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the entering into of the Deeds and the respective transactions contemplated thereunder, including the grant of the specific mandate to allot and issue the consideration shares upon exercise of the put option under the Deeds.

Yours faithfully,  
For and on behalf of  
**Red Sun Capital Limited**  
**Robert Siu**  
*Managing Director*

*Mr. Robert Siu is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 18 years of experience in the corporate finance industry.*

The following is the particulars of Mr. Ip Cho Yin, *J.P.*, the independent non-executive Director proposed to be re-elected at the EGM:

**MR. IP CHO YIN, *J.P.* (“MR. IP”)**

Mr. Ip, aged 66, has been appointed as an independent non-executive Director since February 2017. Mr. Ip is a registered teacher, an educational consultant and a teacher development expert. He is also a guest speaker of universities and educational bodies in Hong Kong. Mr. Ip is the Guest Professor of Hong Kong Financial Services Institute from 2014 to 2017, the Project Coordinator of the Education Bureau of the Government of the Hong Kong Special Administrative Region (the “**Education Bureau**”) from 2010 to 2017. He was the Deputy Project Director of the Education Bureau from 2004 to 2010 and the Chief School Development Officer of the Education Bureau from 2002 to 2004. Mr. Ip was a teacher of Pui Kiu Middle School from 1973 to 1997 and became the principal from 1997 to 2002.

Mr. Ip was a member of Appeals Board (Education) from 2000 to 2001, a member of Board of Education from 1998 to 2002, an elected member of Council on Professional Conduct in Education from 1998 to 2002, a member of Quality Education Fund Steering Committee from 1997 to 2001, a Standing Committee member of the Hong Kong Federation of Education Workers from 1993 to 1999. Mr. Ip was an elected member of District Board (Islands) from 1994 to 1999.

Mr. Ip obtained his bachelor’s degree in Mathematics at University of Waterloo in Canada in 1972 and a Diploma in Education at the School of Education of The Chinese University of Hong Kong in 1982.

Under a letter of appointment dated 1 February 2017, Mr. Ip was appointed as an independent non-executive Director for a fixed term of three years commencing from 1 February 2017, subject to retirement by rotation and re-election at general meetings pursuant to the Articles. In respect of his service to the Company as independent non-executive Director, Mr. Ip is entitled to a Director’s fee of HK\$180,000 per annum. Save for the Director’s fee, Mr. Ip is not expected to receive any other remuneration for holding his office as an independent non-executive Director. Mr. Ip’s annual emoluments as independent non-executive Director was determined by the Board based on the recommendation from the remuneration committee of the Company with reference to the Company’s performance, his duties and responsibilities with the Company, and prevailing market conditions.



As at the Latest Practicable Date, (i) Mr. Ip did not have, and was not deemed to have, any interests or short positions in any Shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO; (ii) Mr. Ip did not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company; (iii) there is no information relating to Mr. Ip that is required to be disclosed pursuant to Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules; and (iv) there were no other matters in relation to Mr. Ip that need to be brought to the attention of the Shareholders.

**1. 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 aspects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this circular misleading.

**2. SHARE CAPITAL**

**As at the Latest Practicable Date**

*Authorised:* *HK\$*

<u>10,000,000,000</u>	Shares at nominal value of HK\$0.001 each	<u>10,000,000</u>
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*Issued and fully-paid or credited as fully-paid:*

<u>4,000,000,000</u>	Shares at nominal value of HK\$0.001 each	<u>4,000,000</u>
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**Immediately after the allotment and issue of Consideration Shares upon exercise of the Put Options under the Deeds**

*Authorised:*

<u>10,000,000,000</u>	Shares at nominal value of HK\$0.001 each	<u>10,000,000</u>
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*Issued and fully-paid or credited as fully-paid:*

4,000,000,000	Shares at nominal value of HK\$0.001 each	4,000,000
2,657,920	Consideration Shares to be issued and allotted upon exercise of the Put Option under the First Deed	2,657.92
7,973,761	Consideration Shares to be issued and allotted upon exercise of the Put Option under the Second Deed	7,973.76
<hr/>		
Total:		
<u>4,010,631,681</u>	Shares at nominal value of HK\$0.001 each	<u>4,010,631.68</u>

All the Shares in issue and the Conversion Shares (when allotted and fully-paid) to be issued rank *pari passu* with each other in all respects including as regards to dividends and voting rights. The Conversion Shares to be issued will be listed on the Stock Exchange.

As at the Latest Practicable Date, save for the 181,000,000 outstanding Share Options which confer holders thereof the rights to subscribe for 181,000,000 Shares, Company had no outstanding warrants, options or convertible or exchangeable securities in issue which would otherwise confer any right to subscribe for, convert or exchange into existing Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Conversion Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there is no arrangement under which future dividends are/will be waived or agreed to be waived.

**3. DISCLOSURE OF INTERESTS**

**(a) Directors' and chief executives' interests in the Company**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

***Long position in the Shares, underlying Shares and debentures of the Company and associated corporations***

Name of Director	Capacity/nature of interest	Number of Shares	Number of underlying Shares (Notes 1 & 2)	Aggregate interest	Approximate percentage of interest
Mr. Ting (Notes 3 & 4)	Interest in controlled corporations	1,968,000,000	142,363,636	2,110,363,636	52.76%

*Notes:*

1. These interests represent the underlying Shares comprised in the share options granted by the Company on 17 December 2015.
2. Pursuant to the subscription agreement dated 17 February 2017 entered into between CVP Financial and Bartha Holdings Limited (“**Bartha Holdings**”) in relation to the proposed subscription of the exchangeable bonds (“**EB Subscription**”) by CVP Financial for the entity interest in Bartha International Limited, the consideration of the EB Subscription shall be satisfied by the issue of the convertible bonds of the Company to Bartha Holdings (or its nominees) to convert into 136,363,636 conversion shares at the conversion price of HK\$1.1 per conversion share.
3. The entire issued share capital in Royal Spectrum is legally and beneficially wholly-owned as to 96.63% by Devoss Global and 3.37% by Montrachet Holdings Ltd., Devoss Global is legally and beneficially owned by Mr. Ting. Devoss Global is deemed to be interested in the Shares held by Royal Spectrum and Mr. Ting is deemed to be interested in the Shares and underlying Shares held by Devoss Global respectively under Part XV of the SFO.
4. The entire issued share capital in Bartha Holdings is 85.25% owned by CVP Holdings, which, in turn, is wholly-owned by Mr. Ting. CVP Holdings is deemed to be interested in the underlying Shares held by Bartha Holdings and Mr. Ting is deemed to be interested in the underlying Shares which CVP Holdings is interested in under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

**(b) Substantial Shareholders and other persons’ interests in Shares and underlying Shares**

As at the Latest Practicable Date, so far as any Directors are aware, the interests or short positions owned by the following parties (other than the Directors or chief executives of the Company) in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

***Long position in the Shares, underlying Shares and debentures of the Company and associated corporations***

Name of Substantial Shareholder	Capacity/nature of interest	Number of Shares	Number of underlying Shares (Note 7)	Aggregate interest	Approximate percentage of interest
Royal Spectrum (note 1)	Beneficial owner	1,968,000,000	–	1,968,000,000	49.20%
Devoss Global (note 1)	Interest in controlled corporations	1,968,000,000	6,000,000	1,974,000,000	49.35%
Ms. Luu Huyen Boi ("Ms. Luu") (note 2)	Interest of spouse	1,968,000,000	142,363,636	2,110,363,636	52.76%
Mr. Ding Lu ("Mr. Ding") (notes 3 & 4)	Beneficial owner and Interest in controlled corporation	315,550,000	–	315,550,000	7.89%
Timebase Holdings Limited ("Timebase") (note 5)	Beneficial owner	218,000,000	40,000,000	258,000,000	6.45%
Ms. Lu Mengjia ("Ms. Lu") (note 5)	Interest in controlled corporation	218,000,000	40,000,000	258,000,000	6.45%
Keyword Limited ("Keyword") (note 6)	Beneficial owner	180,000,000	40,000,000	220,000,000	5.50%
Mr. Han Hanting ("Mr. Han") (note 6)	Interest in controlled corporation	180,000,000	40,000,000	220,000,000	5.50%

*Notes:*

- The entire issued share capital in Royal Spectrum is legally and beneficially wholly-owned as to 96.63% by Devoss Global and 3.37% by Montrachet Holdings Ltd., Devoss Global is legally and beneficially owned by Mr. Ting. Devoss Global is deemed to be interested in the Shares held by Royal Spectrum.
- Ms. Luu is the spouse of Mr. Ting. Ms. Luu is deemed to be interested in all the Shares in which Mr. Ting is interested in under Part XV of the SFO.

3. Mr. Ding is personally interested in 306,950,000 Shares.
4. The entire issued share capital in Flying Bridge Investment Limited (“**Flying Bridge**”) is legally and beneficially owned by Mr. Ding. Mr. Ding is deemed to be interested in 8,600,000 Shares which Flying Bridge is interested in under Part XV of the SFO.
5. The entire issued share capital in Timebase is legally and beneficially owned by Ms. Lu. Ms. Lu is deemed to be interested in the 218,000,000 Shares and the 40,000,000 underlying Shares in which Timebase is interested in under Part XV of the SFO.
6. The entire issued share capital in Keywood is legally and beneficially owned by Mr. Han. Mr. Han is deemed to be interested in the 180,000,000 Shares and the 40,000,000 underlying Shares in which Keywood is interested in under Part XV of the SFO.
7. These interests represent the underlying Shares comprised in the share options granted by the Company on 17 December 2015.

Save as disclosed above and as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

#### **4. DIRECTORS’ SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into any service contract with any member of the Enlarged Group (excluding contracts expiring or determinable by the employer within one year without payment of any compensation (other than statutory compensation)).

#### **5. EXPERT**

The following is the qualifications of the expert who has given opinion or advice which is contained in this circular:

Red Sun Capital Limited                      a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Red Sun Capital has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, valuation certificate, advice, opinion and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Red Sun Capital did not have any shareholding in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Enlarged Group.

As at the Latest Practicable Date, Red Sun Capital did not have any interest, either directly or indirectly, in any assets which have been since 31 March 2016 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

## **6. LITIGATION**

As at the Latest Practicable Date, so far as the Directors were aware of, no member of the Enlarged Group was involved in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Enlarged Group.

## **7. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Enlarged Group within the two years immediately preceding the date of this circular and are or may be material:

- (a) the share purchase agreement dated 21 September 2015 and entered into between our Company, as purchaser, and Royal Spectrum, Keywood and Timebase, as vendors, pursuant to which our Company agreed to acquire the entire issued share capital in Madison International Wine Company Limited, from Royal Spectrum, Keywood and Timebase, in consideration of the Company allotting and issuing 819 Shares, 100 Shares and 80 Shares to Royal Spectrum, Keywood and Timebase, respectively, all credited as fully paid;
- (b) a deed of indemnity dated 29 September 2015 executed by Royal Spectrum, Devoss Global and Mr. Ting as indemnifiers in favour of the Company (for itself and as trustee for our subsidiaries);
- (c) the deed of non-competition dated 29 September 2015 executed by Royal Spectrum, Devoss Global and Mr. Ting in favour of the Company (for itself and as trustee of each of our subsidiaries from time to time);

- (d) the underwriting agreement dated 29 September 2015 entered into, among others, the Company, the executive Directors, Innovax Capital Limited, Haitong International Securities Company Limited and the underwriters relating to the placing of the Shares (the “**Placing**”) on the Stock Exchange;
- (e) the acquisition agreement dated 9 February 2017 entered into between CVP Financial and CVP Holdings in relation to the proposed acquisition by CVP Financial of the entire equity interest in CVP Asset Management Limited from CVP Holdings (the “**Acquisition Agreement**”);
- (f) the supplemental acquisition agreement dated 28 June 2017 entered into between CVP Financial and CVP Holdings in relation to the modification and variation of certain terms in the Acquisition Agreement;
- (g) the subscription agreement dated 17 February 2017 entered into between CVP Financial and Bartha Holdings Limited in relation to the subscription of exchangeable bonds by CVP Financial for the entire equity interest in Bartha International Limited held by Bartha Holdings Limited (the “**EB Subscription Agreement**”);
- (h) the supplemental subscription agreement dated 28 June 2017 entered into between CVP Financial and Bartha Holdings Limited in relation to the modification and variation of certain terms in the EB Subscription Agreement;
- (i) the Subscription Agreement;
- (j) the First Deed; and
- (k) the Second Deed.

## **8. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interests in businesses which competed or might compete with the businesses of the Enlarged Group or had any other conflict of interests with the Enlarged Group.



**9. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 March 2016 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

**10. MATERIAL ADVERSE CHANGE**

On 7 November 2016, an ordinary resolution was duly passed by the Shareholders by way of poll at the extraordinary general meeting to subdivide every one (1) issued and unissued ordinary share of HK\$0.01 each in the share capital of the Company into ten (10) subdivided shares of HK\$0.001 each, such that the authorised share capital of the Company is HK\$10,000,000 divided into 10,000,000,000 shares with a par value of HK\$0.001 each.

On 27 January 2017, the Company made a profit warning announcement stating that based on the information available to the Board and the unaudited consolidated management accounts of the Group for the nine months ended 31 December 2016, the Group is expected to record a loss after tax for the nine months ended 31 December 2016 of approximately HK\$10.9 million. Such loss was mainly due to (i) the economic downturn in the retail market; (ii) the recognition of the equity-settled share-based payment expenses; and (iii) the decrease in the gross profit margin for the purpose to maintain the competitiveness in the market.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**11. MISCELLANEOUS**

- (1) The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (2) The head office and principal place of business of the Company in Hong Kong is at Flat A & B, 10/F, North Point Industrial Building, 499 King's Road, North Point, Hong Kong.
- (3) The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (4) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (5) This circular and the accompanying proxy form have been prepared in both English and Chinese. In the case of any discrepancies, the English texts shall prevail over their respective Chinese texts.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be made available for inspection during normal business hours at the head office and principal place of business in Hong Kong of the Company at Flat A & B, 10/F, North Point Industrial Building, 499 King's Road, North Point, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the memorandum of association and articles of association of the Company;
- (b) the listing document of the Company dated 29 September 2015;
- (c) the interim report of the Company for the six months ended 30 September 2015;
- (d) the third quarterly report of the Company for the nine months ended 31 December 2015;
- (e) the annual report of the Company for the year ended 31 March 2016;
- (f) the first quarterly report of the Company for the three months ended 30 June 2016;

- (g) the interim report of the Company for the six months ended 30 September 2016;
- (h) the third quarterly report of the Company for the nine months ended 31 December 2016;
- (i) the letter from the Independent Board Committee, the text of which is set out on pages IBC-1 to IBC-2 of this circular;
- (j) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-23 of this circular;
- (k) the written consents referred to in the paragraph headed “Expert” in this appendix;
- (l) copy of each of the material contracts referred to in the paragraph headed “Material contracts” in this appendix; and
- (m) this circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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MADISON WINE®

**Madison Wine Holdings Limited**

**麥迪森酒業控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8057)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Madison Wine Holdings Limited (the “**Company**”) will be held at Flat A&B, 10/F, North Point Industrial Building, 499 King’s Road, North Point, Hong Kong on Thursday, 27 July 2017 at 10:15 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following ordinary resolution:

#### ORDINARY RESOLUTIONS

1. “**THAT**:–

- (a) the deed (the “**First Deed**”) dated 9 February 2017 (a copy of the First Deed has been produced to the Meeting marked “A” and initialed by the chairman of the Meeting for the purpose of identification) and entered into between CVP Financial Holdings Limited (“**CVP Financial**”), an indirect non wholly-owned subsidiary of the Company and Mr. Samuel Lin Jr. (“**Mr. Lin**”), in relation to, among others, the grant of right (the “**First Put Option**”) to Mr. Lin to require CVP Financial to purchase from him all the shares in CVP Capital Limited (the “**CVP Capital Shares**”) held by Mr. Lin immediately prior to the exercise of the First Put Option at the consideration of HK\$1.26 per CVP Capital Share. The consideration payable under the First Put Option shall be satisfied at the sole discretion of Mr. Lin either in cash or by the Company allotting and issuing of new shares of the Company of HK\$0.001 each (the “**Consideration Shares**”) with the number equal to total consideration payable under the First Put Option divided by the issue price of HK\$1.1 per Consideration Share (the “**Issue Price**”), and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares), be and are hereby approved, confirmed and ratified;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (b) subject to the fulfillment or waiver of the conditions precedent set out in the First Deed, the directors (the “**Directors**”) of the Company be and are hereby granted a specific mandate to allot and issue 2,657,920 Consideration Shares credited as fully paid at the Issue Price pursuant to the terms and conditions of the First Deed; and
- (c) any one director be and is hereby authorised to sign and execute such documents, including under seal where applicable, and do all such acts and things, as he/she considers necessary, desirable or expedient in connection with the implementation of or giving effect to the First Deed and the transactions contemplated thereunder.”

2. “**THAT**:–

- (a) the deed (the “**Second Deed**”) dated 9 February 2017 (a copy of the Second Deed has been produced to the Meeting marked “B” and initialed by the chairman of the Meeting for the purpose of identification) and entered into between CVP Financial and Star Beauty Holdings Limited (“**Star Beauty**”), in relation to, among others, the grant of right (the “**Second Put Option**”) to Star Beauty to require CVP Financial to purchase from it all the CVP Capital Shares held by Star Beauty immediately prior to the exercise of the Second Put Option at the consideration of HK\$1.26 per CVP Capital Share. The consideration payable under the Second Put Option shall be satisfied at the sole discretion of Star Beauty either in cash or by the Company allotting and issuing of new shares of the Company of HK\$0.001 each (the “**Consideration Shares**”) with the number equal to total consideration payable under the Second Put Option divided by the Issue Price, and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares), be and are hereby approved, confirmed and ratified;
- (b) subject to the fulfillment or waiver of the conditions precedent set out in the Second Deed, the Directors be and are hereby granted a specific mandate to allot and issue 7,973,761 Consideration Shares credited as fully paid at the Issue Price pursuant to the terms and conditions of the Second Deed; and
- (c) any one director be and is hereby authorised to sign and execute such documents, including under seal where applicable, and do all such acts and things, as he/she considers necessary, desirable or expedient in connection with the implementation of or giving effect to the Second Deed and the transactions contemplated thereunder.”

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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3. “**THAT** Mr. Ip Cho Yin, *J.P.* be re-elected as an independent non-executive Director and the board of Directors be authorised to fix his remuneration.”

Yours faithfully,  
For and on behalf of the Board  
**Madison Wine Holdings Limited**  
**Ting Pang Wan Raymond**  
*Chairman and executive Director*

Hong Kong, 5 July 2017

*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:*

Flat A&B, 10/F  
North Point Industrial Building  
499 King's Road  
North Point, Hong Kong

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his/her/its behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he/she/it so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. In the case of joint holders of shares, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
5. 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 publish an announcement on the website of the Company at <http://www.madison-wine.com> and on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page to notify shareholders of the Company of the date, time and place of the rescheduled meeting.