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MADISON GROUP[®]

Madison Holdings Group Limited

麥迪森控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8057)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agents



恒明珠證券有限公司
ETERNAL PEARL SECURITIES LTD.



申萬宏源證券(香港)有限公司
SHENWAN HONGYUAN SECURITIES (H.K.) LIMITED

THE PLACING AGREEMENT

On 12 April 2018 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agents. Pursuant to the Placing Agreement, the Company has conditionally agreed to place through the Placing Agents, on a best efforts basis, up to 71,000,000 Placing Shares (as to 36,000,000 Placing Shares to be placed out by Eternal Pearl and as to 35,000,000 Placing Shares to be placed out by Shenwan Hongyuan), to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties at the Placing Price of HK\$1.7 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Number of Placing Shares

The maximum number of Placing Shares represents (i) 1.775% of the existing issued share capital of the Company of 4,000,000,000 Shares as at the date of this announcement; and (ii) approximately 1.744% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming no change in the number of issued Shares since the date of this announcement and up to the Completion Date).

Use of proceeds from the Placing

The maximum gross and net proceeds from the Placing are estimated to be HK\$120.7 million and approximately HK\$118.4 million, respectively (representing a net issue price of approximately HK\$1.67 per Placing Share). The entire amount of the net proceeds from the Placing is intended to be used for funding the acquisition of 20% equity interest in BITPoint Japan.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

On 12 April 2018 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agents for the placing of a maximum of 71,000,000 Placing Shares (as to 36,000,000 Placing Shares to be placed out by Eternal Pearl and as to 35,000,000 Placing Shares to be placed out by Shenwan Hongyuan) at the Placing Price of HK\$1.7 per Placing Share. The principal terms and conditions of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date: 12 April 2018

Issuer: the Company

Placing Agents: Eternal Pearl Securities Limited; and
Shenwan Hongyuan Securities (H.K.) Limited

Eternal Pearl Securities is a corporation licensed to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. Ting Pang Wan Raymond (“**Mr. Ting**”), the chairman of the Company and an executive Director, indirectly holds approximately 49.20% of the issued share capital of the Company as at the date of this announcement and indirectly holds 85.25% of the issued share capital of Eternal Pearl. Hence, Eternal Pearl, as an associated company of Mr. Ting, is a connected person of the Company (as defined in the GEM Listing Rules). Accordingly, the entering into of the Placing Agreement by the Company with Eternal Pearl is a connected transaction (as defined in the GEM Listing Rules).

Shenwan Hongyuan Securities (H.K.) Limited is a corporation licensed to carry out Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). To the best of the Directors' knowledge, information and belief, each of Shenwan Hongyuan and its ultimate beneficial owners is an Independent Third Party.

Eternal Pearl has conditionally agreed to place up to 36,000,000 Placing Shares and Shenwan Hongyuan has conditionally agreed to place up to 35,000,000 Placing Shares on a best efforts basis. Each of the Placing Agents will be entitled to receive a commission of 3.1% of the amount equal to the Placing Price multiplied by the actual number of the Placing Shares successfully placed by the respective Placing Agent. However, in any event, the maximum commission payable by the Company to each Placing Agent shall not exceed HK\$1,000,000. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agents under normal commercial terms and with reference to the prevailing market conditions.

As all the applicable percentage ratios are less than 5% and the total consideration payable by the Company to Eternal Pearl under the Placing Agreement is less than HK\$3,000,000, this connected transaction is a de minimis transaction under Rule 20.74(1) of the GEM Listing Rules and is fully exempted from the reporting, announcement, circular and independent shareholders' approval requirements.

Placees

The Placing Shares are expected to be placed to not less than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) are Independent Third Parties.

Number of Placing Shares

The maximum number of Placing Shares represents (i) 1.775% of the existing issued share capital of the Company of 4,000,000,000 Shares as at the date of this announcement; and (ii) approximately 1.744% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming no change in the number of issued Shares since the date of this announcement and up to the Completion Date). The aggregate nominal value of the Placing Shares will be HK\$71,000.

Ranking of Placing Shares

The Placing Shares, when allotted and issued, shall rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$1.7 per Placing Share represents:

- (i) a discount of approximately 10.05% to the closing price of HK\$1.89 per Share as quoted on the Stock Exchange on 12 April 2018, being the date of the Placing Agreement; and
- (ii) a discount of approximately 7.10% to the average closing price of HK\$1.83 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agents with reference to the prevailing market prices of the Shares. The Directors (excluding Mr. Ting who has abstained from voting in the Board meeting, but including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

General Mandate to Allot and Issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate. The maximum number of Shares that can be allotted and issued under the General Mandate is 800,000,000 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate and thus the Company may issue up to 800,000,000 Shares under the General Mandate. As such, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares; and
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agents and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

The Company and the Placing Agents shall use their respective reasonable endeavours to procure the fulfillment of the conditions set out in the Placing Agreement. In the event any of the conditions pursuant to the Placing Agreement is not fulfilled on or before 30 April 2018 (or such later date as may be agreed between the parties thereto in writing), all rights, obligations and liabilities of the parties thereto shall cease and terminate and neither of the parties shall have any claim against the other, save for any antecedent breach under the Placing Agreement prior to such termination.

Completion

Completion of the Placing Agreement shall take place at 4:00 p.m. on the Completion Date or such other date to be agreed between the Company and the Placing Agents in writing.

APPLICATION FOR LISTING OF PLACING SHARES

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

The maximum gross and net proceeds from the Placing are estimated to be HK\$120.7 million and approximately HK\$118.4 million, respectively (representing a net issue price of approximately HK\$1.67 per Placing Share). The entire amount of the net proceeds from the Placing is intended to be used for funding the acquisition of 20% equity interest in BITPoint Japan Company Limited (“**BITPoint Japan**”), a company which is allowed to carrying on virtual currency trading platform in Japan. On 30 March 2018, the Company entered into an agreement with the vendor to acquire the 20% equity interest in BITPoint Japan. As at the date of this announcement, the Company is in the course of conducting due diligence review against BITPoint Japan.

The Directors have considered various ways of raising funds and believe that the Placing represents an opportunity to raise capital for the Group while broadening the Shareholder and capital base of the Company. Accordingly, the Directors (excluding Mr. Ting who has abstained from voting in the Board meeting, but including the independent non-executive Directors) consider that the terms of the Placing Agreement are on normal commercial terms, and fair and reasonable and in the interests of the Company and the Shareholders as a whole. Save as disclosed above, none of the Directors has any material interest in the transaction and was required to abstain from voting on the resolutions approving the Placing at the Board meeting.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, set out below are the existing shareholding structure of the Company and the effect on the shareholder structure of the Company upon completion of the Placing (assuming all the Placing Shares are placed in full and there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares).

	As at the date of this announcement		Immediately upon completion of the Placing	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Shareholders				
Royal Spectrum Holding Company Limited ("Royal Spectrum") (note)	1,968,000,000	49.20	1,968,000,000	48.34
Public Shareholders				
Placees	–	–	71,000,000	1.74
Other public Shareholders	<u>2,032,000,000</u>	<u>50.80</u>	<u>2,032,000,000</u>	<u>49.91</u>
Total	<u><u>4,000,000,000</u></u>	<u><u>100.00</u></u>	<u><u>4,071,000,000</u></u>	<u><u>100.00</u></u>

Note: These Shares were held by Royal Spectrum, which is legally and beneficially owned as to 96.63% by Devoss Global Holdings Limited, which, in turn, is legally and beneficially wholly-owned by Mr. Ting.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Madison Holdings Group Limited, a company incorporated in the Cayman Islands, whose Shares are listed on GEM of the Stock Exchange (Stock code: 8057)
“Completion Date”	2 May 2018 (or such later date as may be agreed between the Company and the Placing Agents in writing)
“Director(s)”	director(s) of the Company
“Eternal Pearl”	Eternal Pearl Securities Limited, a corporation licensed to carry out business in Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting of the Company held on 27 August 2017 to allot, issue and deal with new Shares not exceeding 20% of the total number of issued Shares as at the date of passing of such resolution, pursuant to which a maximum of 800,000,000 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agents to subscribe for any of the Placing Shares pursuant to the Placing Agents’ obligations under the Placing Agreement
“Placing”	the placing, on a best efforts basis, of up to 71,000,000 Placing Shares pursuant to the terms set out in the Placing Agreement
“Placing Agents”	collectively, Eternal Pearl and Shenwan Hongyuan
“Placing Agreement”	the conditional placing agreement dated 12 April 2018 entered into between the Company and the Placing Agents in relation to the Placing
“Placing Price”	HK\$1.7 per Placing Share (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable)
“Placing Shares”	up to 71,000,000 new Shares to be allotted and issued under the Placing
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shenwan Hongyuan”	Shenwan Hongyuan Securities (H.K.) Limited, a corporation licensed to carry out business in Type 1 (dealing in securities) regulated activities under Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board
Madison Holdings Group Limited
Ting Pang Wan Raymond
Chairman and executive Director

Hong Kong, 12 April 2018

As at the date of this announcement, the executive Directors are Mr. Ting Pang Wan Raymond, Mr. Zhu Qin, Mr. Teoh Ronnie Chee Keong and Ms. Kuo Kwan; and the independent non-executive Directors are Ms. Fan Wei, Mr. Chu Kin Wang Peleus and Mr. Ip Cho Yin, J.P.

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

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the date of its posting and the Company’s website at <http://www.madison-wine.com>.