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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)

PROPOSED SHARE SUBDIVISION

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The Board proposes to subdivide every one (1) existing issued and unissued Share into ten (10) Subdivided Shares.

The Share Subdivision will become effective upon the fulfilment of the conditions set out in the paragraph headed “Conditions of the Share Subdivision” below. All Subdivided Shares will rank pari passu with each other in all respects with the Shares in issue and the Share Subdivision will not result in any change in the relevant rights of the Shareholders.

The Shares are currently traded in board lot size of 4,000 Shares. Upon the Share Subdivision becoming effective, the board lot size of the Subdivided Shares for trading on the Stock Exchange will remain unchanged with 4,000 Subdivided Shares for each board lot.

GENERAL

An EGM will be convened and held to consider and, if thought fit, approve the Share Subdivision. The Circular containing, among other things, further details of the Share Subdivision, including the trading arrangement in respect of the Subdivided Shares together with the notice of the EGM, will be despatched to the Shareholders on or around 21 October 2016.

PROPOSED SHARE SUBDIVISION

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Conditions of the Share Subdivision

The Share Subdivision is conditional upon:

- (i) the passing of an ordinary resolution to approve the Share Subdivision by the Shareholders at the EGM; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subdivided Shares.

The Share Subdivision will become effective after the conditions of the Share Subdivision above are fulfilled.

Application for listing of the Subdivided Shares

Application will be made to the Stock Exchange for granting the listing of, and permission to deal in, the Subdivided Shares arising from the Share Subdivision and all necessary arrangements will be made for the Subdivided Shares to be admitted into CCASS.

Subject to the granting of the listing of, and permission to deal in, the Subdivided Shares on the Stock Exchange, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Effects of the Share Subdivision

As at the date of this announcement, the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Shares, of which 400,000,000 Shares have been issued and are fully paid or credited as fully paid.

Upon the Share Subdivision becoming effective and on the basis that no further Shares will be allotted and issued or bought back prior thereto, the authorised share capital of the Company will be HK\$10,000,000 divided into 10,000,000,000 Subdivided Shares, of which 4,000,000,000 Subdivided Shares will be in issue and fully paid or credited as fully paid. Upon the Share Subdivision becoming effective, all Subdivided Shares will rank pari passu with each other in all respects with the Shares in issue in accordance with the articles of association of the Company.

The Shares are currently traded in board lot size of 4,000 Shares. Upon the Share Subdivision becoming effective, the board lot size of the Subdivided Shares for trading on the Stock Exchange will remain unchanged with 4,000 Subdivided Shares for each board lot. As it is expected that no odd lot of the Shares will be created as a result of the Share Subdivision other than those which already exist, no odd lot arrangement to match the sales and purchases of odd lots will be made.

As at the date of this announcement, the Company has outstanding Share Options entitling the holders thereof to subscribe for a total of 18,100,000 Shares at the exercise price of HK\$8.00 per Share (subject to adjustment, if any). Under the terms and conditions of the Share Option Scheme, the Share Subdivision may lead to adjustments to the exercise price and/or the number of Shares falling to be issued upon the exercise of the Share Options. The Company will make further announcement(s) on such adjustments as and when appropriate.

Save for the Share Options, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

Exchange of share certificates

Upon the Share Subdivision becoming effective, the Shareholders can submit their existing share certificates for the Shares 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, in exchange for the new share certificates for the Subdivided Shares free of charge during the business hours from 9:00 a.m. to 4:30 p.m. on any business day from 8 November 2016 to 14 December 2016 (both days inclusive).

Shareholders should note that after the prescribed time for free exchange of new share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Registrar for exchange of new share certificates. It is expected that the new share certificates for the Subdivided Shares will be available for collection within a period of ten business days after the submission of the existing share certificates for the Shares to the Registrar for exchange.

The existing share certificates will only be valid for trading, settlement and registration purposes for the period up to 4:00 p.m. on 12 December 2016, and thereafter will not be accepted for trading, settlement and registration purposes.

The new share certificates for the Subdivided Shares will be purple in colour to distinguish from the existing share certificates for the Shares which are red in colour.

REASONS FOR THE SHARE SUBDIVISION

Upon the Share Subdivision becoming effective, the nominal value of each Share will decrease and the total number of Shares in issue will increase, thereby resulting a downward adjustment of the trading price of the Shares. Based on the closing price of HK\$10.86 per Share quoted on the Stock Exchange as at the date of this announcement, the market value per board lot of 4,000 Shares is HK\$43,440. The estimated market value per board lot of 4,000 Subdivided Shares will theoretically be reduced to HK\$4,344 immediately upon the Share Subdivision becoming effective.

Although the Share Subdivision will result in downward adjustment of the trading price of the Shares, the Board believes that the Share Subdivision will lower the market value of each board lot of Subdivided Shares and thus lower the monetary hurdle of trading in the Shares by investors, and thereby will enhance the liquidity in trading of the Subdivided Shares and enable the Company to attract more investors and broaden its Shareholder base.

Save for the expenses to be incurred by the Company in relation to the Share Subdivision, the implementation thereof will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business operations, management or financial position of the Group or result in any change in the rights of the Shareholders. Accordingly, the Board considers that the Share Subdivision is in the interests of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Subdivision is set out below:

Despatch of the Circular (including the notice of the EGM) and the related form of proxy to the Shareholders	on or before 21 October 2016
Latest date and time of lodgment of form of proxy for the EGM.	11:00 a.m. on 5 November 2016
Date and time of the EGM.	11:00 a.m. on 7 November 2016
Publication of the announcement of poll results of the EGM	7 November 2016

The following events are conditional on the fulfilment of the conditions for the implementation of the Share Subdivision as set out in the paragraph headed “Conditions of the Share Subdivision” above.

Effective date of the Share Subdivision	8 November 2016
First day of free exchange of existing share certificates for new share certificates for the Subdivided Shares	9:00 a.m. on 8 November 2016
Dealings in the Subdivided Shares commence	9:00 a.m. on 8 November 2016
Original counter for trading in Shares in board lots of 4,000 Shares temporarily closes	9:00 a.m. on 8 November 2016
Temporary counter for trading in the Subdivided Shares in board lot size of 40,000 Subdivided Shares (in the form of existing share certificates) opens	9:00 a.m. on 8 November 2016

Original counter for trading in the Subdivided Shares
in board lots of 4,000 Subdivided Shares
(only new share certificates for the Subdivided Shares
can be traded at this counter) re-opens 9:00 a.m. on 22 November 2016

Parallel trading in the Subdivided Shares
(in the form of existing share certificates and
new share certificates) commences 9:00 a.m. on 22 November 2016

Temporary counter for trading in board lots of 40,000
Subdivided Shares (in the form of existing share
certificates) closes 4:00 p.m. on 12 December 2016

Parallel trading in the Subdivided Shares
(in the form of existing share certificates and
new share certificates) ends 4:00 p.m. on 12 December 2016

Last day of free exchange of existing share certificates
for the Shares for new share certificates for the
Subdivided Shares 4:30 p.m. on 14 December 2016

Note: All times and dates in this announcement refer to Hong Kong local times and dates.

Date or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

GENERAL

An EGM will be convened and held to consider and, if thought fit, approve the Share Subdivision.

The Circular containing, among other things, further details of the Share Subdivision, including the trading arrangement in respect of the Subdivided Shares, together with the notice of the EGM, will be despatched to the Shareholders on or around 21 October 2016.

An application will be made to the Stock Exchange for the listing of and permission to deal in the Subdivided Shares arising from the Share Subdivision.

DEFINITIONS

In this announcement, unless the context otherwise defined, the following expressions shall have the following meanings:

“Board”	the board of Directors
“business day”	a day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular containing, among other things, further details of the Share Subdivision, including the trading arrangement in respect of the Subdivided Shares, together with the notice of the EGM, to be despatched to the Shareholders on or around 21 October 2016
“Company”	Madison Wine Holdings Limited, a company incorporated in the Cayman Islands, whose Shares are listed on GEM
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider, and if thought fit, to approve the Share Subdivision
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Registrar”	Tricor Investor Services Limited, the branch share registrar and transfer office of the Company, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Shareholder(s)”	holder(s) of the Share(s) or Subdivided Share(s), as the case may be

“Share(s)”	existing ordinary share(s) of a par value of HK\$0.01 each in the share capital of the Company
“Share Option(s)”	the share option(s) granted by the Company pursuant to the Share Option Scheme entitling the holders thereof to subscribe for Shares
“Share Option Scheme”	the share option scheme of the Company approved by the sole Shareholder on 21 September 2015, which became effective on the listing of the Shares on GEM on 8 October 2015
“Share Subdivision”	the proposed subdivision of every one (1) existing issued and unissued Share into ten (10) Subdivided Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of a par value of HK\$0.001 each in the share capital of the Company upon the Share Subdivision becoming effective
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

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

Hong Kong, 20 October 2016

As at the date of this announcement, the executive Directors are Mr. Ting Pang Wan Raymond, Mr. Kao Sheng-Chi and Mr. Zhu Qin, and the independent non-executive Directors are Ms. Debra Elaine Meiburg, Ms. Fan Wei and Mr. Chu Kin Wang Peleus.

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

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