



Madison Holdings Group Limited (8057.HK) –  
blockchain technology the empowered new economy

Company introduction

Madison Holdings Group Ltd. is a blockchain technology-based financial technology company that transformed from a conventional financial services company. In addition, the company indirectly acquired a full-licensed Hong Kong securities company last year. The securities company will establish a full-licensed joint venture securities companies in China Nansha District with five other investors. Upon obtaining the approval from the China Securities Regulatory Commission on the scope of business, the joint venture securities company will provide securities brokerage, securities underwriting, asset management, market trading, securities investment advisory, securities financing and corporate finance advisory services.

Basic information

stock code	8057.HK
Share price	HKD1.82
Market Capitalization	HKD7.2 bn

Data extracted on 11/04/2018

On 3 April, Madison Holdings announced to acquire 20% stake with an option for additional 40% stake of BITPoint Japan Company Limited (hereafter “BITPoint”), a Japanese licensed cryptocurrency exchange, with a consideration of JPY50 billion (approx. HKD372 million).

Introduction of BITPoint

BITPoint is a subsidiary of a Japanese listed company, Remixpoint, Inc. (3825.JP) which is one of the licensed cryptocurrency exchange approved by the Japan Financial Services Agency (FSA). BITPoint focuses on financial investment field and outpaces its peers on different aspects including technology, user experience, industry standards and security. As a cryptocurrency exchange, BITPoint provides conversion services for users to convert fiat currency into cryptocurrency, vice versa. At the same time, BITPoint also provides auto-matching foreign exchange service (for instance, JPY <-> BTC <-> USD) and cryptocurrency leveraged trading service (max. leverage of 25 times). BITPoint is currently establishing a payment system and e-Wallet which will provide a platform for users to pay for services and commodities with cryptocurrency in retail stores without the involvement of banks in the future. In addition, start-ups can raise funds by launching an Initial Coin Offering (ICO) through BITPoint. Investors can participate in ICOs through BITPoint and capture returns on ICO projects they invested. In Japan, only licensed cryptocurrency exchange is allowed to provide ICO services.



- Payment system for buy the tickets by crypto
- Settle the Bitcoin ATM in the airport
- Provide the crypto wallet for the custmor of Peach Aviation

BITPoint’s services coverage includes Japan, Korea, Hong Kong, China and Taiwan. The company is also planning to extend its services to the United States, Singapore, the United Kingdom, Switzerland, Dubai, Israel and Australia. Currently, around 40% to 50% of the global BitCoin trades are nominated in Japanese Yen, and the trading volume is over 300,000 BitCoin per day and over JPY9 trillion (equal to USD90 billion) per month.



## Summary

### 1. The scarcity of cryptocurrency exchange licenses

In Japan, the application of blockchain technology are being regulated by legal authorities. Until now, only 16 licensed cryptocurrency exchanges approved by the Japan Financial Service Agency can utilize blockchain financial applications in different fields. As Japan possesses sound legal environment, popularized market and strict regulation which we believe the investors' risks in Madison Holdings and cryptocurrency are greatly reduced.

### 2. Client sharing between conventional financial service and cryptocurrency trading service

Apart from wine trading business, Madison Holdings is committed to develop conventional financial services and innovative financial projects to broaden its source of income. The conventional financial business is gradually out of pace, while the cryptocurrency market is booming and many traditional securities clients started to invest in cryptocurrency, coupled with increased number of clients in the company, we believe the acquisition of BITPoint will drive the business flows for both companies and provide a better user experience to their clients.

### 3. Creating a new form of global investment with highly malleable business development and strategic alliance with BITPoint

By far, cryptocurrency cannot be easily converted into fiat currency and it is not recognized by most of the merchants in the market. Nevertheless, with the self-developed e-Wallet and custodian service from Madison Holdings and the system built by BITPoint, we believe the company can provide highly secured e-Wallets which allow users to concurrently convert cryptocurrency into fiat currency, vice versa. This product will not only bring a faster payment process to the clients but also strengthen the adhesion of the clients to Madison Holdings.

### 4. Pioneering advantage transformation breakthrough to new economic asset management

Since acquired CVP Financial Holdings in 2017, Madison Holdings has its business covered securities trading, institutional financing, and asset management services. As now the company acquires a cryptocurrency exchange, the company would provide its clients diversified asset management services covering cryptocurrencies in the future. It is a major breakthrough for the company itself and even the whole industry, and it implies that the traditional capital has been gradually flown into the field of blockchain technology.

### 5. Management confidence in the future growth

Upon the acquisition of CVP Financial Holdings, "Madison Wine" was renamed as "Madison Holdings", and a series of corporate actions and plans were followed. We realized the management has been aggressively expanding its business landscape to generate returns for its investors. The chairman of Madison Holdings, Mr. Ting Pang Wan Raymond, also publicly announced the company's acquisition of BitPoint is a great milestone into the field of financial technology and digitalized business, and the company intends to step further and build a safe, stable and reliable blockchain environment and provide related services and applications. He also added that the company as a representative of conventional financial company, the company is hoping to cooperate with more institutions in China to jointly build an orderly blockchain ecology, bringing greater benefits to the society in the future.