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(incorporated in Hong Kong with limited liability)
(stock code: 273)

MAJOR TRANSACTION DISPOSAL OF SUBSIDIARIES

THE AGREEMENT

On 30 March 2016 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser (an Independent Third Party), pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares of the Target Companies at a total consideration of HK\$1,200 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal Transaction exceed 25% but are less than 75%, the Disposal Transaction contemplated under the Sale and Purchase Agreement constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further information in respect of the Sale and Purchase Agreement and the Disposal Transaction and other information as required by the Listing Rules, together with the notice convening the GM and the proxy form in respect of the GM is expected to be despatched to the Shareholders on or before 21 April 2016.

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the Conditions Precedent. Therefore, the Disposal Transaction may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to the action they should take.

INTRODUCTION

On 30 March 2016 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser (an Independent Third Party), pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares of the Target Companies at a total consideration of HK\$1,200 million.

THE SALE AND PURCHASE AGREEMENT

The major terms of the Sale and Purchase Agreement are set out below:-

- Date:** 30 March 2016 (after trading hours)
- Parties**
- (a) Vendor: Willie Resources Incorporated
 - (b) Purchaser: Capital Union Inc.

The Purchaser is a company incorporated in the BVI principally engaged in investment holding. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be disposed:

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the First Sale Shares, which represent the entire issued share capital of the First Target Company. The First Target Company is a special purpose vehicle held by the Vendor for holding approximately 9.54% of the issued share capital of the Second Target Company (assuming that none of the Convertible Note is converted into Conversion Shares). For the avoidance of doubt, in the event the holder of the Convertible Note has exercised the conversion rights attaching to the Convertible Note in full, the First Target Company shall hold approximately 9.34% of the issued share capital of the Second Target Company as enlarged by the Conversion Shares.

The Vendor has also conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Second Sale Shares, which represent approximately 43.15% of the issued share capital of the Second Target Company (assuming that none of the Convertible Note is converted into Conversion Shares). If the holder of the Convertible Note has exercised the conversion rights attaching to the Convertible Note in full, the Second Sale Shares shall represent approximately 42.26% of the issued share capital of the Second Target Company as enlarged by the Conversion Shares.

In aggregate, approximately 52.69% of the issued share capital of the Second Target Company will be directly and indirectly sold by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement (assuming that none of the Convertible Note is converted into Conversion Shares). If the holder of the Convertible Note has exercised the conversion rights attaching to the Convertible Note in full, approximately 51.6% in aggregate of the issued share capital of the Second Target Company will be directly and indirectly sold by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement.

Consideration:

The consideration of the First Sale Shares is HK\$217 million and the consideration of the Second Sale Shares is HK\$983 million. The total consideration of HK\$1,200 million shall be satisfied by the Purchaser in cash in the following manner:

- (a) in the aggregate sum of HK\$720 million, comprising HK\$360 million (representing 30% of the total consideration as the initial deposit (the “**Initial Deposit**”) and HK\$360 million (representing 30% of the total consideration as the additional deposit (the “**Additional Deposit**”, together with the Initial Deposit, the “**Deposit**”) within 10 business days from the time of signing of the Sale and Purchase Agreement; and
- (b) the remaining balance of HK\$480 million at Completion.

Details of the refund mechanism of the Deposit are set out in the sub-section headed “Return of Deposit” in this announcement.

The consideration for the Disposal Transaction was arrived at arm’s length negotiations between the parties to the Sale and Purchase Agreement after taking into consideration of various factors, in particular, the current financial situation of the Target Companies and the business prospects of the investments held by the Target Companies. The Directors consider that the consideration of the Disposal Transaction is fair and reasonable and on normal commercial terms.

Conditions Precedent

Completion is conditional upon the satisfaction of the following Conditions Precedent:

- (a) the Purchaser being reasonably satisfied with the results of the due diligence review to be conducted on the Target Companies’ assets, liabilities, operations and affairs;

- (b) the passing by the shareholders of the Company at the GM to be convened and held of an ordinary resolution to approve the Sale and Purchase Agreement and the Disposal Transaction contemplated thereunder in accordance with its constitutional documents, the Listing Rules and the applicable laws and regulations; and
- (c) all necessary approvals, consents, authorisations and licenses (if required) in relation to the Sale and Purchase Agreement and the Disposal Transaction contemplated thereunder having been obtained on the part of the Purchaser, the Vendor, the Company and the Target Group remaining in full force and effect.

Long Stop Date

The Purchaser may at any time in writing waive the condition set out in (a) above. If any of the Conditions Precedent set out above have not been satisfied (or waived as the case may be) on or before 31 May 2016 or such later date as the Vendor and Purchaser may agree, the Sale and Purchase Agreement shall cease and terminate and neither party shall have any obligations and liabilities under the Sale and Purchase Agreement save for any antecedent breaches of the terms thereof.

Completion

Completion is expected to take place on 10th Business Days after the satisfaction of the last Condition Precedent or any other date agreed by the Vendor and the Purchaser.

Return of Deposit

If Completion does not occur for any reason other than default by the Vendor, the Initial Deposit and any interest accrued thereon will be forfeited to the Vendor while the Additional Deposit (without interest) will be returned to the Purchaser. If Completion does not occur due to default by the Vendor, both the Initial Deposit and the Additional Deposit (without interest) will be returned to the Purchaser. On Completion, the Deposit would be applied to satisfy part of the consideration under the Sale and Purchase Agreement. For the avoidance of doubt, the Initial Deposit is not refundable in any circumstances, except Completion does not occur due to default by the Vendor.

INFORMATION ABOUT THE TARGET GROUP

The Target Group is principally engaged in securities trading and investment holding.

The First Target Company is a company incorporated in the BVI and a direct wholly-owned subsidiary of the Vendor. As at the date of this announcement, other than holding approximately 9.54% shareholding in the Second Target Company (assuming that none of the Convertible Note is converted into Conversion Shares), the First Target Company does not have any other material assets. The Second Target Company is a company incorporated in the BVI and a non wholly-owned subsidiary of the Vendor. As at the date of this announcement, the Second Target Company carries on its principal business of securities trading and investment holding through its wholly-owned subsidiary, namely High Rhine Limited, which is also a company incorporated in the BVI.

Prior to Completion, the Target Companies together with High Rhine Limited are subsidiaries of the Company.

As the Target Companies are companies incorporated in the BVI, no separate audited financial statements have been prepared by the Target Companies as permitted under the laws of the BVI. Moreover, the Disposal Transaction is effectively the Group's disposal of approximately 52.69% shareholding in the Second Target Company (assuming that none of the Convertible Note is converted into Conversion Shares). Financial information of the Second Target Company's consolidated profitability for the two years ended 31 December 2014 and 2015 based on its unaudited consolidated financial statements (the figures of which have constituted part of the Group's audited consolidated results for the year ended 31 December 2015 announced on 21 March 2016) is set out below:

	For the year ended	
	31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit/(loss) before tax	(77,411)	71,561
Net profit/(loss) after tax	(77,674)	71,561

Based on the latest unaudited financial statements of the Second Target Company, the carrying value of unaudited net assets of the Target Group as at 1 January 2016 was approximately HK\$2,192 million. As the Group holds approximately a total of 52.69% shareholding (direct and indirect) in the Second Target Company, the share of the carrying value of unaudited net assets of the Target Group as at 1 January 2016 attributable to the Company's equity holders was approximately HK\$1,155 million.

Upon Completion, each of the Target Companies and High Rhine Limited held by the Second Target Company will cease to be a subsidiary of the Company and the Company will cease to have interests in the Target Group upon Completion. Accordingly, the profits and losses and the assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Company.

As a result of the Disposal Transaction, the Group expects to record an unaudited gain on the Disposal Transaction of approximately HK\$45 million. Such a gain is estimated by reference to the consideration receivable from the Disposal Transaction, i.e. HK\$1,200 million, less the share of the carrying value of the net assets of the Target Group as at 1 January 2016 attributable to the Company's equity holders (i.e. HK\$1,155 million, before deducting transaction costs and expenses (which are mainly professional fees). This estimate of gain is for illustration purpose only and subject to adjustments (such as fair value of the share of net assets of the Target Group as at the date of Completion) that may be made during audit in the future.

REASONS FOR THE DISPOSAL TRANSACTION AND USE OF PROCEEDS

The Group is principally engaged in the business of dealing in securities, commodities broking, bullion trading services, provision of securities margin financing, provision of investment and corporate finance advisory services, investment in securities trading, money lending and investment holding.

After taking into account of the expected gain to be generated from the Disposal Transaction and the financial resources from the Disposal Transaction that can be reallocated to finance the Group's investments in the financial services industry, the Directors consider that it is in the interests of the Group to dispose of the share capital of the Target Companies pursuant to the terms and conditions of the Sale and Purchase Agreement.

Based on the above and the negotiation with the Purchaser on arm's length basis, the Directors, including the independent non-executive Directors, consider that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

After deducting expenses relating to the Disposal Transaction, it is expected that the Company will have an amount of net proceeds of approximately HK\$1,199 million, which is intended to apply to the general working capital of the Group and/or to finance the Group's investments in the financial services industry.

“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, a Sunday or a public holiday) in Hong Kong on which banks in Hong Kong are open generally for normal banking business
“BVI”	the British Virgin Islands
“Company”	Mason Financial Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Stock Exchange
“Completion”	the completion of the Disposal Transaction as contemplated under the Sale and Purchase Agreement
“Conditions Precedent”	the condition(s) precedent as set out in the Sale and Purchase Agreement
“connected person(s)”	with meanings ascribed to it under the Listing Rules
“Convertible Note”	a zero-coupon unsecured convertible note due on 3 September 2016 in the aggregate principal amount of HK\$45,000,000.00 issued by the Second Target Company to an Independent Third Party. Assuming the holder of the Convertible Note has exercised the conversion rights attaching to the Convertible Note in full based on the initial conversion price, 120 Conversion Shares will be allotted and issued representing approximately 2.06% of the issued share capital of the Second Target Company as enlarged by the Conversion Shares
“Convertible Shares”	the new Share(s) of the Second Target Company to be allotted and issued upon conversion of the Convertible Note
“Director(s)”	the director(s) of the Company
“Disposal Transaction”	the transactions contemplated under the Sale and Purchase Agreement in relation to the Vendor’s disposal of the Sale Shares
“First Sale Shares”	two issued shares in the share capital of the First Target Company, representing 100% of the issued share capital in the First Target Company to be sold under the Sale and Purchase Agreement

“First Target Company”	Mind Stone Investments Ltd, a company incorporated in the BVI with limited liability, which is a direct wholly-owned subsidiary of the Vendor as at the date of this announcement
“GM”	the general meeting of the Company to be convened and held for the Shareholders to consider and approve, among other things, the Sale and Purchase Agreement, including the Disposal Transaction
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Capital Union Inc., a company incorporated in the BVI with limited liability and the purchaser of the Sale Shares
“Sale and Purchase Agreement”	the agreement dated 30 March 2016 entered into between the Vendor and the Purchaser in respect of the sale and purchase of the Sale Shares of the Target Companies
“Sale Shares”	the First Sale Shares and the Second Sale Shares
“Second Sale Shares”	2,457 issued shares in the share capital of the Second Target Company, representing approximately 43.15% of the issued share capital of the Second Target Company to be sold under the Sale and Purchase Agreement (assuming that none of the Convertible Note are converted into Conversion Shares).
“Second Target Company”	Co-Lead Holdings Limited, a company incorporated in the BVI with limited liability, which is a non wholly-owned subsidiary of the Vendor as at the date of this announcement
“Shareholder(s)”	holder(s) of Share(s) in issue

“Shares”	share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	the First Target Company and the Second Target Company
“Target Group”	the Target Companies and their subsidiaries
“Vendor”	Willie Resources Incorporated, a company incorporated in the Cayman Islands with limited liability and is a direct wholly-owned subsidiary of the Company as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
Mason Financial Holdings Limited
Zhang Yongdong
Chairman

Hong Kong, 30 March 2016

As at the date of this announcement, the Board comprises:-

Executive Directors:

Mr. Zhang Yongdong
Mr. Cheung Wing Ping
Ms. Cheung Ka Yee
Mr. Man Wai Chuen

Non-executive Director:

Dr. Xia Xiaoning

Independent Non-executive Directors:

Mr. Lam Yiu Kin
Dr. Antonio Maria Santos
Mr. Yuen Kwok On