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Mason Financial Holdings Limited

民信金控有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 273)

**DISCLOSEABLE TRANSACTIONS:
ACQUISITION OF EQUITY INTEREST
IN A MOLECULAR DIAGNOSTICS BUSINESS**

The Board is pleased to announce that on 30 December 2016 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into (i) the First Share Purchase Agreement with Seller A, pursuant to which Seller A has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire Sale Share A, representing the entire issued share capital of Target A; and (ii) the Second Share Purchase Agreement with Seller B, pursuant to which Seller B has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire Sale Share B, representing the entire issued share capital of Target B.

Pursuant to the Acquisitions, the Group will pay a total cash consideration of HK\$214,216,000 and, through Target A and Target B respectively, hold 16,057,997 series A preferred shares and 2,288,000 ordinary shares of DiagCor Technology, in aggregate representing approximately (i) 48.3% upon Completion and (ii) approximately 42.9% upon completion of the Restructuring of the issued share capital of DiagCor Technology. DiagCor Technology will only hold the subsidiaries engaged in the laboratory testing related business after the Restructuring. The Acquisitions allow the Group to further capture growth opportunities in the life science and premium medical service industry in Hong Kong. The DiagCor Group will also help the Group to provide and develop advanced molecular diagnostic services to serve the growing “mother-infant-children” clientele in China and become a valuable member to our “mother-infant-children” ecosystem.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisitions exceed 5% but are less than 25% on an aggregated basis, the Acquisitions constitute discloseable transactions of the Company on an aggregated basis under the Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

1. THE FIRST SHARE PURCHASE AGREEMENT

Date: 30 December 2016

Parties: Purchaser: Mason Worldwide Capital Limited
Seller: Victoria Fortress Investments Limited

Seller A is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. To the best knowledge, information and belief of the Directors after having made all reasonable enquires, as at the date of this announcement, each of Seller A and its ultimate beneficial owner(s) is an Independent Third Party.

Subject Matter

Seller A has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, Sale Share A, which represents the entire issued share capital of Target A.

Conditions Precedent

Completion A shall be conditional upon and subject to the following conditions being satisfied or waived by the Purchaser (as the case may be):

- (1) completion of due diligence to the satisfaction of the Purchaser; and
- (2) procurement of board resolutions of DiagCor Technology approving a detailed restructuring plan (to the satisfaction of the Purchaser) and undertaking by DiagCor Technology that such Restructuring will be completed by 28 February 2017.

If any of the above conditions are not fulfilled or waived on or before 31 March 2017 (or such later date as the Purchaser may direct in writing), the First Share Purchase Agreement shall terminate, but such termination shall not affect any accrued rights or liabilities of any party thereto.

Covenants

- (1) Seller A undertakes to procure that the Restructuring be completed by 28 February 2017.
- (2) Seller A shall deliver the auditor's report on DiagCor Technology for the period from 1 April 2016 to 31 December 2016 issued by Deloitte Touche Tohmatsu with no qualified opinion to the Purchaser by 31 March 2017.

Restructuring

The Restructuring shall comprise (i) the acquisition of a group of companies principally engaged in the trading of laboratory products in Hong Kong, Macau and China by DiagCor Technology, the consideration for which shall be a combination of cash and consideration shares to be issued by DiagCor Technology; and (ii) the separation of the businesses of the DiagCor Group into two branches.

The DiagCor Group is currently principally engaged in the operation of laboratory testing related business and the devices and kits related business. Pursuant to the Restructuring, DiagCor Technology will only hold those subsidiaries engaged in the laboratory testing related business and no longer be engaged in the devices and kits related business.

Consideration

The consideration for Sale Share A is an aggregate amount of HK\$187,500,000, payable by the Purchaser to Seller A in the following manner:

- (1) HK\$120,000,000 shall be payable on Completion A; and
- (2) HK\$67,500,000 shall be payable within five (5) Business Days after the Completion Subsequent Date, provided that the warranties to the First Share Purchase Agreement remain true and correct in all material respects.

Such consideration was determined through arm's length negotiations between the Purchaser and Seller A with reference to the historical performance, financial performance and business growth and prospects of the DiagCor Group.

The Directors are of the view that the consideration under the First Share Purchase Agreement is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Completion A

Completion A shall take place at the office of Seller A's solicitors in Hong Kong via exchange of documents and signatures as soon as practicable, but in no event later than five (5) Business Days after the date on which all the conditions to the First Share Purchase Agreement are satisfied or, where permitted, waived by the Purchaser or at such other time and on such other date as Seller A and the Purchaser may agree, subject to:

- (1) all warranties to the First Share Purchase Agreement remaining true and correct in all material respects covered therein when made, and shall be true and correct in all material respects as of the date of Completion A with the same force and effect as if they had been made on and as of such date; and
- (2) Seller A having performed and complied with all agreements, obligations and conditions contained in the First Share Purchase Agreement that are required to be performed or complied with by it on or before Completion A.

Shareholders' Rights

Following Completion A, the Purchaser shall, through Target A, be entitled to appoint two (2) directors to the board of directors of DiagCor Technology, the size of which is set at five (5) directors, provided that the aggregate number of series A preferred shares of DiagCor Technology represent not less than 30% of its total issued share capital. Certain reserved matters must be approved by at least one of the directors appointed by Target A including, among others, change of the size of the board, payment or declaration of dividend, any acquisition of shares or assets in excess of a fixed amount.

Target A is also entitled to other rights as a holder of series A preferred shares, including but not limited to liquidation preference rights, as well as veto rights on certain reserved matters, including, among others:

- (a) alteration of rights of the series A preferred shares;
- (b) issuance of securities; and
- (c) establishment of any subsidiary or joint venture.

2. THE SECOND SHARE PURCHASE AGREEMENT

Date: 30 December 2016

Parties: Purchaser: Mason Worldwide Capital Limited

Seller: Ruby Success Limited

Seller B is a company incorporated in Samoa with limited liability and is principally engaged in investment holding. To the best knowledge, information and belief of the Directors after having made all reasonable enquires, as at the date of this announcement, each of Seller B and its ultimate beneficial owner(s) is an Independent Third Party.

Subject Matter

Seller B has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire Sale Share B, which represents the entire issued share capital of Target B.

Conditions Precedent

Completion B shall be conditional upon and subject to:

- (1) completion of due diligence to the satisfaction of the Purchaser; and
- (2) the conditions precedent under the First Share Purchase Agreement being satisfied and/or waived pursuant to the terms and conditions therein.

Consideration

The consideration for Sale Share B is an aggregate amount of HK\$26,716,000, payable by the Purchaser to Seller B in the following manner:

- (1) HK\$17,100,000 shall be payable on Completion B; and
- (2) HK\$9,616,000 shall be payable within five (5) Business Days after the Completion Subsequent Date, provided that the warranties to the Second Share Purchase Agreement remain true and correct in all material respects.

Such consideration was determined through arm's length negotiations between the Purchaser and Seller B with reference to the historical performance, financial performance and business growth and prospects of the DiagCor Group.

The Directors are of the view that the consideration under the Second Share Purchase Agreement is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Completion B

Completion B shall take place remotely via exchange of documents and signatures as soon as practicable, but in no event later than five (5) Business Days after the date on which all the conditions to the Second Share Purchase Agreement are satisfied or, where permitted, waived by the Purchaser or at such other time and on such other date as Seller B and the Purchaser may agree, subject to:

- (1) all warranties to the Second Share Purchase Agreement remaining true and correct in all material respects covered therein when made, and shall be true and correct in all material respects as of the date of Completion B with the same force and effect as if they had been made on and as of such date; and
- (2) Seller B having performed and complied with all agreements, obligations and conditions contained in the Second Share Purchase Agreement that are required to be performed or complied with by it on or before Completion B.

3. INFORMATION ON THE TARGET COMPANIES

Target A

Target A is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. Target A holds 16,057,997 series A preferred shares of DiagCor Technology, representing approximately (i) 42.3% as of the date of this announcement and upon Completion and (ii) approximately 37.5% upon completion of the Restructuring, of the issued share capital of DiagCor Technology. Save for the equity interest in DiagCor Technology, Target A does not currently have any other assets or business.

Target B

Target B is a company incorporated in Samoa with limited liability and is principally engaged in investment holding. Target B holds 2,288,000 ordinary shares of DiagCor Technology, representing approximately (i) 6.0% as of the date of this announcement and upon Completion and (ii) approximately 5.4% upon completion of the Restructuring, of the issued share capital of DiagCor Technology. Save for the equity interest in DiagCor Technology, Target B does not currently have any other assets or business.

As of the date of this announcement and upon Completion, the remaining issued shares of DiagCor Technology are held as to approximately 40.9% by 14 Independent Third Parties and approximately 10.8% by Mr. Wong. Upon completion of the Restructuring, the remaining issued shares of DiagCor Technology shall be held as to approximately 47.5% by 15 Independent Third Parties and approximately 9.6% by Mr. Wong.

DiagCor Technology

DiagCor Technology is a company incorporated in the British Virgin Islands with limited liability on 8 July 2016 as a holding company of the HK Company and its subsidiaries. It is principally engaged in investment holding.

The DiagCor Group offers a range of products, solutions and services related to RNA and DNA analysis, and is currently principally engaged in the operation of laboratory testing related business and device and kits related business. As mentioned above, pursuant to the Restructuring, DiagCor Technology will only hold its subsidiaries engaged in the laboratory testing related business and no longer engage in the device and kits related business.

The key financial information of the HK Company, the main operating subsidiary of DiagCor Technology, based on its unaudited consolidated financial statements for the year ended 31 March 2015 and audited consolidated financial statements for the year ended 31 March 2016, is set out below:

	For the year ended 31 March 2015 (unaudited) HK\$	For the year ended 31 March 2016 (audited) HK\$
Profit before tax	17,640,956	9,373,504
Profit after tax	11,208,227	4,411,093

The audited consolidated net asset value of the HK Company as at 31 March 2016 was HK\$57,893,600.

The profit before tax of the HK Company for the financial year ended 31 March 2016 includes a number of non-operating items, namely the writing off of long outstanding other receivables of approximately HK\$513,000, allowance for bad debt of approximately HK\$500,000, loss on disposal of certain property plant and equipment of

approximately HK\$3,460,000, finance costs on convertible preference shares and convertible loan notes of approximately HK\$1,465,000, share-based payment of approximately HK\$1,226,000 and legal and professional fees of approximately HK\$2,255,000. Without taking these non-operating items into account, the profit before tax of the HK Company for the financial year ended 31 March 2016 would be approximately HK\$18,793,000. Some of these non-operating items are not separately disclosed in the financial statements audited by an independent auditor.

4. INFORMATION ON THE GROUP

The Group principally provides comprehensive financial services in Hong Kong, including 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. Capitalized on its existing financial services platform, the Group plans to further develop its business into direct investment (including in the sectors of healthcare/medical services), provision of wealth management complimenting the securities and fund management business.

The Purchaser was incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

5. REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group intends to embark on a growth strategy to broaden the width of its current platform. In accordance with such growth strategy, the Group plans to further develop its business into, among other things, direct investment in the healthcare/medical services sector.

The DiagCor Group, which comprise leading molecular diagnostics companies in Hong Kong, falls under the Group's targeted sector and is considered to be of high growth potential. The Acquisitions will allow the Group to further capture growth opportunities in the life sciences and premium medical service industry in Hong Kong and create synergy with the IVF services that the Group has acquired as announced in September and November 2016. The DiagCor Group, together with its independent clinical laboratory in Guangzhou, will be capable of providing various advanced molecular diagnostic services in the area of neonatal, prenatal, postnatal, paediatrics and oncology screening, precision medicine for oncology treatments to service patients in both Hong Kong and China. And the strong research and development capability and reputation of the DiagCor Group will help to provide high quality diagnostic services to our targeted "mother-infant-children" clientele in the region and be an important piece in building our "mother-infant-children" ecosystem.

Based on the above and the terms of the First Share Purchase Agreement and the Second Share Purchase Agreement, the Directors are of the view that the terms of the Acquisitions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Acquisitions will be financed by external financing, which shall be repaid by the Net Proceeds.

6. IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisitions exceed 5% but are less than 25% on an aggregated basis, the Acquisitions constitute discloseable transactions of the Company on an aggregated basis under the Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“Acquisitions”	the purchase of Sale Share A pursuant to the First Share Purchase Agreement and the purchase of Sale Share B pursuant to the Second Share Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day other than a public holiday, Saturday or Sunday on which banks are generally open for commercial business in Hong Kong
“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 (stock code: 273)
“Completion”	Completion A and Completion B
“Completion A”	completion of the sale and purchase of Sale Share A in accordance with the terms and conditions of the First Share Purchase Agreement
“Completion B”	completion of the sale and purchase of Sale Share B in accordance with the terms and conditions of the Second Share Purchase Agreement
“Completion Subsequent Date”	means the later of: (a) the date of delivery of the auditor’s report on DiagCor Technology for the period from 1 April 2016 to 31 December 2016 issued by Deloitte Touche Tohmatsu with no qualified opinion to the Purchaser; and (b) the date of completion of the Restructuring.
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“DiagCor Group”	DiagCor Technology and its subsidiaries

“DiagCor Technology”	DiagCor Technology Limited, a company incorporated under the laws of the British Virgin Islands
“Directors”	the directors of the Company
“First Share Purchase Agreement”	the share purchase agreement dated 30 December 2016, entered into between the Purchaser and Seller A
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HK Company”	DiagCor Bioscience Incorporation Limited 達雅高生物科技有限公司, a company incorporated under the laws of Hong Kong and a subsidiary of DiagCor Technology
“Hong Kong”	the Hong Kong Special Administration Region of the People’s Republic of China
“Independent Third Party(ies)”	a third party which, together with its beneficial owner(s) (if any) and to the best of the directors of the Company’s knowledge, information and belief, having made all reasonable enquiries, is a third party independent of the Company and its connected persons of the Company in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wong”	Wong Shun Yun, a director of two subsidiaries of the Company
“Net Proceeds”	the net proceeds from the rights issue of the Company, details of which are set out in the Company’s announcement dated 28 October 2016
“Purchaser”	Mason Worldwide Capital Limited, a wholly-owned subsidiary of the Company, incorporated under the laws of the British Virgin Islands
“Restructuring”	the business and corporate restructuring of the DiagCor Group, comprising (i) the acquisition of a group of companies principally engaged in the trading of laboratory products in Hong Kong, Macau and China by DiagCor Technology; and (ii) the separation of its laboratory testing related business and the devices and kits related business, in such form and substance as agreed under the First Share Purchase Agreement
“Sale Share A”	1 ordinary share of par value of US\$1.00 of Target A

“Sale Share B”	1 ordinary share of par value of US\$1.00 of Target B
“Second Share Purchase Agreement”	the share purchase agreement dated 30 December 2016, entered into between the Purchaser and Seller B
“Seller A”	Victoria Fortress Investments Limited, a company incorporated under the laws of the British Virgin Islands
“Seller B”	Ruby Success Limited, a company incorporated under the laws of Samoa
“Shareholders”	holders of shares in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target A”	Victor Mind International Limited, a company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is held by Seller A
“Target B”	Active Compass Limited, a company incorporated under the laws of Samoa, the entire issued shared capital of which is held by Seller B
“%”	per cent

On behalf of the Board
Mason Financial Holdings Limited
Ko Po Ming
Joint Chairman and Chief Executive Officer

Hong Kong, 30 December 2016

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

Executive Directors:

Mr. Ko Po Ming (*Joint Chairman and Chief Executive Officer*)

Mr. Chang Tat Joel

Mr. Man Wai Chuen

Ms. Lui Choi Yiu, Angela

Non-executive Directors:

Mr. Tong Tang, Joseph (*Joint Chairman*)

Ms. Hui Mei Mei, Carol

Independent Non-executive Directors:

Mr. Lam Yiu Kin

Mr. Yuen Kwok On

Mr. Tian Ren Can