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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE AND PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR

On 22 September 2016 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 3,072,880,000 Subscription Shares at the Subscription Price of HK\$0.24 per Subscription Share.

The Subscription Shares represent (i) approximately 20.0% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there are no other changes in the share capital of the Company between the date of the Subscription Agreement and the date of Completion).

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to, among other things, the prevailing market price of the Shares. The Directors consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Subscription Price of HK\$0.24 per Subscription Share represents (i) a discount of 15.8% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on 22 September 2016, being the date of the Subscription Agreement; and (ii) a discount of approximately 14.3% to the average of the closing prices of HK\$0.280 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The gross proceeds of the Subscription will amount to HK\$737 million and the net proceeds receivable by the Company under the Subscription are estimated to be approximately HK\$725 million after deducting the relevant expenses incurred in relation to the Subscription. The Company intends to utilise the net proceeds from the Subscription in the manner set out in the paragraph headed “Business Strategy, Reasons for the Subscription and Use of Proceeds” of this announcement.

The Subscription Shares are to be allotted and issued under the General Mandate and therefore the issue of the Subscription Shares will not be subject to the approval of the Shareholders.

The Company will apply to the Listing Committee for the listing of, and permission to deal in the Subscription Shares on the Stock Exchange.

Completion of the Subscription is subject to the fulfillment of the Conditions. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On 22 September 2016 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 3,072,880,000 Subscription Shares at the Subscription Price of HK\$0.24 per Subscription Share. The principal terms and conditions of the Subscription Agreement are set out below.

SUBSCRIPTION AGREEMENT

Date: 22 September 2016 (after trading hours)

Parties: (1) Issuer: the Company
(2) Subscriber: Future Achiever Limited

The Subscriber

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company for the purpose of this Subscription.

The Subscriber is indirectly wholly-owned and controlled by Mr. Hui Wing Mau (“**Mr. Hui**”). Mr. Hui is the chairman and executive director of Shimao Property Holdings Limited (“**Shimao**”, together with its subsidiaries (“**Shimao Group**”)), and holds approximately 66.98% equity interest in Shimao. Shimao Group is a leading company in property development, property investment and hotel operation in the People’s Republic of China (the “**PRC**”). Shares of Shimao are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 813) and as of 22 September 2016, Shimao has a market capitalisation of approximately HK\$38.93 billion.

Shimao Group is a large-scale developer and owner of high quality real estate projects in the PRC. Shimao Group specialises in developing mid- to high-end residential, retail and office properties for sale and also attractive and well-located hotel, retail and office properties for long term investment holding purposes. Based on the interim report of Shimao for the six months ended 30 June 2016, Shimao Group is dedicated to the development of residential, hotel, office and commercial properties with 116 projects in 41 cities in the PRC and Hong Kong and has a net asset value of approximately RMB84.15 billion as at 30 June 2016.

Upon completion of the Subscription, the Subscriber will be interested in 3,072,880,000 Shares, holding approximately 16.7% of the issued shares of the Company as enlarged by the allotment and issue of the Subscription Shares, and will become a substantial Shareholder of the Company. The Directors consider that the Group will benefit from Mr. Hui's extensive community network in the PRC, well-established reputation in the property market in the PRC and his financial strength, and thereby would help the development and expansion of the Group's business in the future.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties.

Subscription Shares

Subject to the fulfilment of the Conditions and the terms set out in the Subscription Agreement, the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for the 3,072,880,000 Subscription Shares at the Subscription Price.

The Subscription Shares represent:

- (i) approximately 20.0% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there are no other changes in the share capital of the Company between the date of the Subscription Agreement and the date of Completion).

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all of the Shares in issue as at the date of allotment and issuance of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.24 represents:

- (i) a discount of approximately 15.8% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on 22 September 2016, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 14.3% to the average of the closing price per Share of HK\$0.280 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to, among other things, the prevailing market price of the Shares. The Directors consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the Subscription will amount to HK\$737 million and the net proceeds receivable by the Company under the Subscription are estimated to be approximately HK\$725 million after deducting the relevant expenses incurred in relation to the Subscription. The Company intends to utilise the proceeds from the Subscription in the manner set out in the paragraph headed "Business Strategy, Reasons for the Subscription and Use of Proceeds" of this announcement.

The aggregate Subscription Price will be payable by the Subscriber in cash upon Completion.

General Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate, pursuant to which the Directors are authorised to allot and issue up to 3,072,890,575 Shares, being 20% of the issued share capital of the Company as at the date of the annual general meeting of the Company held on 26 May 2016, which was 15,364,452,875 Shares.

As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Subscription Shares. As such, the allotment and issue of the Subscription Shares is not subject to the Shareholders' approval at a general meeting of the Company.

Conditions of the Subscription

Completion of the Subscription Agreement is conditional upon the satisfaction of the following conditions:

- (i) the Listing Committee having granted the listing of, and permission to deal in, all of the Subscription Shares; and
- (ii) the representations, warranties and undertakings given by the Company in the Subscription Agreement remaining true and accurate and not misleading in any material respect.

Condition (i) cannot be waived by either the Company or the Subscriber and Condition (ii) can be waived by the Subscriber. The Company and the Subscriber shall use their respective best endeavours to procure that the Condition (i) is fulfilled on or before the Long Stop Date and the Company shall keep the Subscriber informed of the progress towards obtaining fulfillment of the Condition (i). Condition (ii) shall be satisfied or waived on or before the Completion Date. If Condition (i) is not fulfilled by the Subscriber on or before the Long Stop Date or Condition (ii) is not fulfilled or waived by the Subscriber on or before the Completion Date, the Subscription Agreement (other than provisions in respect of the

assignment, notices, general provisions and governing law of the Subscription Agreement) shall cease and determine and neither parties to the Subscription Agreement shall have any liability to the other party save for any antecedent breach of the provisions thereof.

Completion of the Subscription

Completion of the Subscription Agreement shall take place within five Business Days after Condition (i) has been fulfilled or such later date as the Company and the Subscriber may agree.

Application for listing

Application will be made by the Company to the Listing Committee to grant the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

Termination

If, at any time prior to 9:00 a.m. on the date of Completion, there shall be:

- (i) any material breach of any of the representations, warranties and undertakings given by the Company in the Subscription Agreement;
- (ii) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of three trading days or more (save in respect of any suspension in trading of the Shares for the purposes of clearing the relevant announcement(s) or otherwise in relation to the transactions contemplated in or relating to the Subscription Agreement);
or
- (iii) any material adverse change in the financial or trading position or prospects of the Group taken as a whole;

then, and in any such case, the Subscriber may terminate the Subscription Agreement by giving notice in writing to the Company whereupon no Party shall be under any liability to any other except in relation to any antecedent breach of any obligation under the Subscription Agreement.

The Company has undertaken to inform the Subscriber as soon as reasonably practicable of any matter or circumstance which comes to its attention which may fall within the matter or circumstance set out above.

Board Representation

For as long as the Subscriber holds not less than 10% of the issued share capital of the Company, the Subscriber shall have the right to nominate a non-executive Director. The Subscriber shall provide to the Company with all requisite information and documents in respect of such person nominated by the Subscriber as a non-executive Director (the “Nominee”) for consideration by the Board as to the Nominee’s suitability to act as a Director in accordance with all applicable laws and regulations (including the Listing Rules). Subject to compliance with and suitability of the Nominee under the applicable laws and

regulations (including the Listing Rules), the Company shall procure the appointment of the Nominee as soon as practicable upon receipt of the nomination and requisite information and documents by the Subscriber.

The Subscriber intends to nominate Ms. Hui Mei Mei, Carol (“**Ms. Hui**”) as a non-executive Director at Completion.

Ms. Hui, aged 41, has more than 18 years’ experience in property development, and more than 10 years’ experience in management and strategic planning of listed companies. Ms. Hui obtained a Bachelor’s Degree in Commerce majoring in Accounting from Macquarie University in Australia in 1997. She is also a Certified Practising Accountant in Australia. Ms. Hui is currently a member of Beijing Committee of the Chinese People’s Political Consultative Conference, a council member of Beijing Chinese Overseas Friendship Association and a member of the Youth Committee of All-China Federation of Returned Overseas Chinese. Ms. Hui is currently the vice chairman of Shanghai Shimao Co., Ltd., a company listed on the Shanghai Stock Exchange, and the vice chairman and president of Shimao International Holdings Limited. Ms. Hui is also a director of the Subscriber and the daughter of Mr. Hui.

BUSINESS STRATEGY, REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

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. Capitalised on its existing financial services platform and the capital increase as a result of the Subscription, the Group intends to embark on a growth strategy centric from financial services to expand the width of its current platform.

In financial services, the Company envisions building a leading asset aggregator through (1) additional resources commitment to its existing businesses in securities, advisory, lending and finance; and (2) both acquisitions of, and strategic partnerships with, established international asset management companies with superior track records.

In accordance with such growth strategy, the Group plans to further develop its business into direct investment, provision of wealth management complimenting the securities and fund management business. As regards direct investment, the Group will initially focus on financial services related industry and healthcare/medical services industry. Demographically, the Group targets the mother, infant and child segment.

To implement the aforementioned growth strategy, the net proceeds of the Subscription in the amount of approximately HK\$725 million will be used in the following manner.

- (i) *Financial services — as to approximately HK\$90 million to HK\$140 million to support the further development of the Group’s money lending business and securities business, including but not limited to margin financing services and leverage and acquisition*

financing services; and as to HK\$75 million to fund the potential investment in a company which is principally engaged in provision of property mortgage services in Hong Kong market:

In response to the opening-up of the financial market in the PRC, the Group has invested with other investors in a newly established company called Shengang Securities Company Limited to engage in securities dealing in Shanghai, the PRC. The Group will also capitalise on opportunities from the launch of the Shenzhen-Hong Kong Stock Connect and further develop the securities and brokerage business, as well as securities margin financing services and corporate finance services.

The Group will also continue to develop and expand the scope of its lending and financing services business, not only through Mason Resources Finance Limited, a wholly owned subsidiary of the Company which holds a money lending license in Hong Kong, but also through a potential investment in a company engaging in the provision of property mortgage services business in Hong Kong market. The Group is still under discussion about this potential investment and it may or may not materialise. The Company will issue a separate announcement and will comply with the requirements in the Listing Rules if and when the legally-binding agreement in relation to this investment is entered into by the Group.

- (ii) *Direct investment — as to approximately HK\$300 million to HK\$350 million for direct investment in the financial services industry and/or the healthcare/medical services sector:*

Being a financial conglomerate, the Group will continue to look into opportunities with high growth potential which can bring synergies and benefits to the Group's businesses. To this end, the Group from time to time engages in exploratory discussions in relation to partnership of asset management companies, strategic investment into companies in the fast growing asset management and insurance sector and other business areas with growth potential.

In addition to direct investment opportunities in the financial services sector, the Directors consider that the implementation of two-child policy in 2016 in the PRC creates growth opportunities in the healthcare/medical services sector with focus on mother, infant and child care related products and services. Leveraging on the management's expertise in investment banking and private equity businesses, the Group intends to participate in those sectors through direct investment and create a dynamic eco-system by developing and managing private equity funds with focus on those sectors, provision of financial products and services tailor-made for those sectors, and provision of financing to the companies in those sectors.

- (iii) *Fund investment and management — the remaining proceeds as to approximately HK\$210 million to finance the further development of the fund investment and management business and asset management business of the Group:*

The Group also plans to develop its fund investment and management business, and, in particular, will participate in a medical and healthcare private equity fund and a children business related fund, which is in line with the focus industries of our abovementioned strategy on the direct investment business.

The Board believes that, with the diversified financial services platform (the eco-system evolving between industry domain specialties and financial services specialties), the Group will be in its unique position to capture growth opportunities and profitability in both the financial industry and the healthcare industry.

To implement the Group's abovementioned growth strategy, the Group will need to further expand its capital base and funding sources especially for its financial services and will, from time to time, where appropriate opportunities arise, consider equity fund raising and or other financing options (including debt financing) to further strengthen the financial base of the Group. In case of further equity fund raising, separate announcement will be made and the Company will comply with all relevant requirements in accordance with the Listing Rules.

EFFECT OF THE SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other change in the shareholding structure of the Company, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issuance of the Subscription Shares:

Shareholder	As at the date of this announcement		Immediately after completion of the Subscription	
	<i>Number of Shares</i>	<i>Approximate shareholding %</i>	<i>Number of Shares</i>	<i>Approximate shareholding %</i>
Grace Gorgeous Investment Holdings Ltd. (Note 1)	3,842,524,965	25.01	3,842,524,965	20.84
Ko Po Ming (Note 2)	261,200,000	1.70	261,200,000	1.42
True Elite Limited (Note 2 and 3)	199,740,000	1.30	199,740,000	1.08
Subscriber	—	—	3,072,880,000	16.67
Public	<u>11,060,987,910</u>	<u>71.99</u>	<u>11,060,987,910</u>	<u>59.99</u>
	<u>15,364,452,875</u>	<u>100.00</u>	<u>18,437,332,875</u>	<u>100.00</u>

Notes:

- (1) Grace Gorgeous Investment Holdings Ltd. is owned as to 40% by First Elite Ventures Limited, which is wholly-owned by Mr. Tong Tang, Joseph, who is a non-executive Director. Accordingly, First Elite Ventures Limited and Mr. Tong Tang, Joseph are deemed to be interested in the Shares owned by Grace Gorgeous Investment Holdings Ltd. for the purpose of Part XV of the SFO.
- (2) Mr. Ko Po Ming and Mr. Chang Tat Joel are executive Directors.
- (3) These Shares are held by True Elite Limited, a company wholly-owned by Mr. Chang Tat Joel.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

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

Completion of the Subscription is subject to the fulfillment of the Conditions. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday, public holiday in Hong Kong or any day on which a tropical cyclone warning no.8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Mason Financial Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 273)
“Completion”	Completion of the Subscription
“Condition(s)”	conditions precedents to the Completion pursuant to the terms of the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 26 May 2016 to allot and issue up to 3,072,890,575 new Shares, representing 20% of the share capital of the Company in issue on the date of the passing of the relevant ordinary resolution
“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 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 Committee”	the listing sub-committee of the Board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	7 October 2016
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange
“Share(s)”	share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Future Achiever Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscription”	the subscription of the Subscription Shares pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the agreement entered into between the Company and the Subscriber on 22 September 2016, pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for the Subscription Shares in accordance with the terms and conditions set out therein
“Subscription Price”	HK\$0.24 per Subscription Share
“Subscription Shares”	a total of 3,072,880,000 new Shares proposed to be allotted and issued by the Company to the Subscriber at Completion
“substantial shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules

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

“%” per cent.

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

Hong Kong, 22 September 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 Director:

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

Independent Non-executive Directors:

Mr. Lam Yiu Kin

Mr. Yuen Kwok On

Mr. Tian Ren Can