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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)

**(I) PROPOSED RIGHTS ISSUE OF
22,124,799,450 RIGHTS SHARES
AT HK\$0.13 PER RIGHTS SHARE
ON THE BASIS OF SIX (6) RIGHTS SHARES
FOR EVERY FIVE (5) SHARES
HELD ON THE RIGHTS ISSUE RECORD DATE; AND
(II) PROPOSED BONUS ISSUE ON THE BASIS OF
ONE (1) BONUS SHARE FOR
EVERY TEN (10) SHARES
HELD ON THE BONUS ISSUE RECORD DATE**

Underwriter



Haitong International Securities Company Limited

PROPOSED RIGHTS ISSUE

Subject to, among other conditions, the approval by the Independent Shareholders at the GM, the Board proposed to raise gross proceeds of approximately HK\$2,876 million (before expenses) on the basis of six (6) Rights Shares for every five (5) Shares held on the Rights Issue Record Date by issuing 22,124,799,450 Rights Shares at the Subscription Price of HK\$0.13 per Rights Share (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Rights Issue Record Date). The Rights Issue is only available to the Qualifying Shareholders (Rights Issue) and will not be extended to Non-Qualifying Shareholders (Rights Issue).

The gross proceeds of the Rights Issue will be approximately HK\$2,876 million. The estimated net proceeds of the Rights Issue will be approximately HK\$2,840 million. Details of the use of proceeds are set out in the section headed “Reasons for the Rights Issue and use of proceeds” in this announcement.

THE UNDERWRITING AGREEMENT AND THE IRREVOCABLE UNDERTAKINGS

On 28 October 2016 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement which is conditional upon the Independent Shareholders’ approval. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to fully underwrite 13,273,185,492 Rights Shares (having taken into account the Irrevocable Undertakings and assuming no new Share being issued and no Share being repurchased on or before the Rights Issue Record Date) subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions precedent contained therein. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “The Underwriting Agreement” in this announcement.

Pursuant to the Irrevocable Undertakings, Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite have provided irrevocable and unconditional undertakings to the Company and the Underwriter to, among other things, accept their entitlements to the provisional allotment of 4,611,029,958, 3,687,456,000, 313,440,000 and 239,688,000 Rights Shares, respectively, not to sell or transfer the Shares held by them in any manner before the completion or lapse of the Rights Issue, and remain as the registered owners of the Shares comprising their current shareholdings in the Company as at the Rights Issue Record Date.

PROPOSED BONUS ISSUE OF SHARES

The Board recommends a Bonus Issue to the Qualifying Shareholders (Bonus Issue) on the basis of one (1) Bonus Share for every ten (10) Shares held by the Qualifying Shareholders (Bonus Issue) whose names appear on the register of members of the Company on the Bonus Issue Record Date, subject to (i) the completion of the Rights Issue; and (ii) the conditions set out under the paragraph headed “Conditions of the Bonus Issue” in this announcement below having been fulfilled.

On the basis of 40,562,132,325 Shares will be in issue upon the completion of the Rights Issue, and assuming no further Shares will be issued or repurchased before the Bonus Issue Record Date, it is anticipated that 4,056,213,232 Bonus Shares will be allotted and issued under the Bonus Issue.

The Bonus Issue is only available to the Qualifying Shareholders (Bonus Issue) and will not be extended to Non-Qualifying Shareholders (Bonus Issue).

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19(6)(a) of the Listing Rules, as the Rights Issue, if proceeded with, will increase the number of the issued shares of the Company by more than 50%, the Rights Issue is conditional on approval by Independent Shareholders by way of poll at the GM on which any Controlling Shareholders and their associates or, where there are no Controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, there is no Controlling Shareholder. Therefore, the Directors and their respective associates shall be required to abstain from voting in favour of the Rights Issue. Accordingly, (i) Grace Gorgeous, an associate of Mr. Tong Tang, Joseph (a non-executive Director and the Joint Chairman of the Company); (ii) Mr. Ko Po Ming (an executive Director); (iii) True Elite, an associate of Mr. Chang Tat Joel (an executive Director), and (iv) Future Achiever, an associate of Ms. Hui Mei Mei, Carol (a non-executive Director), are therefore required to abstain from voting in favour of the resolution(s) approving the Rights Issue and the transactions contemplated thereunder at the GM.

The Rights Issue is conditional on, among other things, the relevant resolution(s) being approved by the Independent Shareholders at the GM. An independent board committee comprising all the independent non-executive Directors will be established by the Company to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and as to voting in respect thereof at the GM. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

A circular containing, among others, (i) further details of the Rights Issue and the Underwriting Agreement; (ii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Underwriting Agreement; and (iv) a notice convening the GM will be despatched by the Company to the Shareholders.

Subject to, among others, the Rights Issue and the Underwriting Agreement being approved at the GM, the Prospectus Documents or the Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders (Rights Issue) and, for information only, the Non-Qualifying Shareholders (Rights Issue) in due course.

Pursuant to Article 11 of the Company's articles of association, sections 140 and 170 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) and Rule 13.36(2) of the Listing Rules, no Shareholders' approval is required for the Company's implementation of the Bonus Issue as the Bonus Shares will be allotted to the Qualifying Shareholders (Bonus Issue) in proportion to their shareholdings.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “The Underwriting Agreement” below). Accordingly, the Rights Issue may or may not proceed.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PROPOSED RIGHTS ISSUE

Subject to, among other conditions, the approval by the Independent Shareholders at the GM, the Board proposed to raise gross proceeds of approximately HK\$2,876 million (before expenses) on the basis of six (6) Rights Shares for every five (5) Shares held on the Rights Issue Record Date by issuing 22,124,799,450 Rights Shares at the Subscription Price of HK\$0.13 per Rights Share (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Rights Issue Record Date).

On 28 October 2016 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue. Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue:	six (6) Rights Shares for every five (5) Shares held at the close of business on the Rights Issue Record Date
Subscription Price:	HK\$0.13 per Rights Share
Number of Shares in issue as at the date of this announcement:	18,437,332,875 Shares
Number of Rights Shares:	22,124,799,450 Rights Shares, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Rights Issue Record Date

Number of Shares in issue upon completion of the Rights Issue:	40,562,132,325 Shares, assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before the completion of the Rights Issue
Amount to be raised before expenses:	Approximately HK\$2,876 million
Right of excess applications:	Qualifying Shareholders (Rights Issue) may apply for the Rights Shares in excess of their provisional allotment

The Company does not have any outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement. The Company also has no intention to issue or grant any convertible securities, options and/or warrants on or before the Rights Issue Record Date.

Assuming no Shares will be issued on or before the Rights Issue Record Date, the 22,124,799,450 Rights Shares represent 120% of the Company's issued share capital as at the date of this announcement and will represent approximately 54.5% of the Company's issued share capital as enlarged by the Rights Issue assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before the completion of the Rights Issue.

Qualifying Shareholders (Rights Issue)

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Rights Issue Record Date and not be a Non-Qualifying Shareholder (Rights Issue).

In order to be registered as members of the Company at the close of business on the Rights Issue Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the share registrar and transfer office of the Company at Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 9 December 2016.

Closure of register of members

The register of members of the Company will be closed from Monday, 12 December 2016 to Friday, 16 December 2016 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Basis of provisional allotments

The basis of the provisional allotment shall be six (6) Rights Shares (in nil-paid form) for every five (5) Shares held by the Qualifying Shareholders (Rights Issue) as at the close of business on the Rights Issue Record Date.

Application for all or any part of a Qualifying Shareholder (Rights Issue)'s provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Rights of Overseas Shareholders (Rights Issue)

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders (Rights Issue), if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders (Rights Issue) on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders (Rights Issue). Based on the latest Shareholders information available from the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, the Company had four (4) Overseas Shareholders (Rights Issue) as at 27 October 2016.

The Company will send the Prospectus to the Non-Qualifying Shareholders (Rights Issue) for their information only, but will not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders (Rights Issue), to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders (Rights Issue). In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders (Rights Issue) to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders (Rights Issue) will be made available for excess applications by Qualifying Shareholders (Rights Issue) under the EAF(s).

Subscription price

The Subscription Price for the Rights Shares is HK\$0.13 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a renounee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 45.4% to the closing price of HK\$0.238 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 27.4% to the theoretical ex-rights price of approximately HK\$0.179 per Share based on the closing price of HK\$0.238 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (c) a discount of approximately 46.1% to the average of the closing prices of approximately HK\$0.241 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. The Board considers the terms of the Rights Issue, including the Subscription Price which has been set at a reasonable discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.128.

Status of Rights Shares

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid, the record date of which is after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on Friday, 13 January 2017 by ordinary post to the allottees, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on Friday, 13 January 2017 by ordinary post to the applicants, at their own risk, to their registered addresses.

Application for excess Rights Shares

Qualifying Shareholders (Rights Issue) may apply, by way of excess application, for (i) any unsold entitlements of the Non-Qualifying Shareholders (Rights Issue), (ii) any Rights Shares provisionally allotted but not accepted, and (iii) any unsold Rights Shares arising out of the aggregation of fractional entitlements.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the share registrar and transfer office of the Company at Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on Thursday, 5 January 2017.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis. No preference will be given to topping up odd lots to whole board lots.

Shareholders with their Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Rights Issue Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

For investors whose Shares are held by a nominee (or CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the share registrar and transfer office of the Company at Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 9 December 2016.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders (Rights Issue). All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders (Rights Issue) under the EAF(s).

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of Rights Shares arising from the Rights Issue, the Company will arrange odd lot matching services for the sale and purchase of odd lots of Rights Shares at the relevant market price per Rights Share, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Rights Shares to make up a full board lot, or to dispose of their holding of odd lots of the Rights Shares. Further details in respect of the odd lots arrangement will be set out in the Prospectus.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates 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. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Those Qualifying Shareholders (Rights Issue) who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

THE UNDERWRITING AGREEMENT

On 28 October 2016 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement which is conditional upon the Independent Shareholders' approval. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to fully underwrite all the Rights Shares other than those agreed to be taken up by certain Shareholders and Director pursuant to the Irrevocable Undertakings.

Date:	28 October 2016 (after trading hours)
Issuer:	The Company
Underwriter:	The Underwriter
Number of Rights Shares to be underwritten:	13,273,185,492 Rights Shares (having taken into account the Irrevocable Undertakings and assuming no new Share being issued and no Share being repurchased on or before the Rights Issue Record Date)
Commission:	The Underwriter will receive a fixed underwriting commission of HK\$8 million

As at the date of this announcement, the Underwriter does not hold any Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties. The Underwriter is a licensed corporation to carry out business in type 1 (dealing in securities), type 3 (leveraged foreign exchange trading) and type 4 (advising on securities) regulated activities under the SFO. Underwriting is in the ordinary and usual course of business of the Underwriter.

The terms of the Underwriting Agreement (including the underwriting commission) were determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition.

Having considered (i) the underwriting of commission the Underwriter is comparable to that offered by other financial institutions; and (ii) the experience and financial resources of the Underwriter for underwriting of such securities, the Directors (including the independent non-executive Directors) consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Irrevocable Undertakings

As at the date of this announcement, (i) Grace Gorgeous is interested in 3,842,524,965 Shares, representing approximately 20.84% of the existing issued share capital of the Company; (ii) Future Achiever is interested in 3,072,880,000 Shares, representing approximately 16.67% of the existing issued share capital of the Company; (iii) Mr. Ko Po Ming is interested in 261,200,000 Shares, representing approximately 1.42% of the existing issued share capital of the Company; and (iv) True Elite is interested in 199,740,000 Shares, representing approximately 1.08% of the existing issued share capital of the Company.

Pursuant to the Irrevocable Undertakings, Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite have provided irrevocable and unconditional undertakings to the Company and the Underwriter to, among other things, accept their entitlements to the provisional allotment of 4,611,029,958, 3,687,456,000, 313,440,000 and 239,688,000 Rights Shares, respectively, not to sell or transfer the Shares held by them in any manner before the completion or lapse of the Rights Issue, and remain as the registered owners of the Shares comprising their current shareholdings in the Company as at the Rights Issue Record Date.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue after the signing of the Underwriting Agreement;
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position of the Group as a whole;
 - (c) any materially adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of the Group as a whole;
 - (d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurred after the signing of the Underwriting Agreement which would, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position of the Group as a whole;
 - (e) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Underwriting Agreement which, in the reasonable opinion of the Underwriter, is or might be material to the Group taken as a whole;
 - (f) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (2) there is any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the People's Republic of China or other jurisdiction relevant to the Group or any member of the Group and a change in currency conditions) occurs which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue; or

- (3) the Company withdraws the Prospectus (and/or any other documents issued or used in connection with the Rights Issue) or the Rights Issue,

the Underwriter shall be entitled, by notice in writing to the Company served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination. Upon giving of notice pursuant to the Underwriting Agreement, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate forthwith. If the Underwriter exercises such right, the Rights Issue will not proceed.

If the Underwriter or the Company terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made if the Underwriting Agreement is terminated by the Underwriter or the Company.

Conditions of the Rights Issue and the Underwriting Agreement

The Rights Issue and the obligations of the Underwriter as specified under the Underwriting Agreement are conditional upon the following conditions being fulfilled:

- (a) the Independent Shareholders passing the ordinary resolutions at the GM to approve (i) the Rights Issue; and (ii) the Underwriting Agreement and the transactions contemplated thereunder;
- (b) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Time for Termination;
- (c) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Posting Date;
- (d) the despatch of the Prospectus Documents to the Qualifying Shareholders (Rights Issue) by no later than the Posting Date;
- (e) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (f) compliance by the Company with all its obligations under the relevant terms of the Underwriting Agreement having taken place by the times specified;

- (g) each of Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite having duly executed the Irrevocable Undertakings and compliance by each of Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite with their obligations under the Irrevocable Undertakings by the time specified;
- (h) (i) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the current listing of the Shares not having been withdrawn; and (ii) no indication being received before the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason; and
- (i) no material breach of any of the representations, warranties or undertakings of the Company provided under the Underwriting Agreement having come to the knowledge of the Underwriter by the Latest Time for Termination.

The conditions precedent set out in paragraphs (a) to (e), (g) and (h) above are incapable of being waived by the Underwriter and the Company.

If the conditions precedent set out in above paragraphs are not satisfied in whole or in part at the respective time and dates specified therein (or such other time as the Underwriter may agree with the Company (as permitted under the relevant legal and regulatory requirements)), the Underwriting Agreement shall terminate (save in respect of the provisions in relation to fees and expenses, indemnity, notices and governing law and any rights or obligations which have accrued under the Underwriting Agreement prior to such termination) and no party will have any claim against any other party for costs, damages, compensation or otherwise, and the Rights Issue will not proceed. The Irrevocable Undertakings shall lapse upon the termination of the Underwriting Agreement.

PROPOSED BONUS ISSUE OF SHARES

The Board recommends a Bonus Issue to the Qualifying Shareholders (Bonus Issue) on the basis of one (1) Bonus Share for every ten (10) Shares held by the Qualifying Shareholders (Bonus Issue) whose names appear on the register of members of the Company on the Bonus Issue Record Date. Details of the Bonus Issue are set out below:

Basis of Bonus Issue

Subject to the conditions set out under the paragraph headed “Conditions of the Bonus Issue” below having been fulfilled, including the completion of the Rights Issue, the Bonus Shares will be issued and credited as fully paid on the basis of one (1) Bonus Share for every ten (10) Shares held by the Qualifying Shareholders (Bonus Issue) whose names appear on the register of members of the Company on the Bonus Issue Record Date.

On the basis of 40,562,132,325 Shares will be in issue upon the completion of the Rights Issue, and assuming no further Shares will be issued or repurchased before the Bonus Issue Record Date, it is anticipated that 4,056,213,232 Bonus Shares will be allotted and issued under the Bonus Issue. After the completion of the Bonus Issue, there will be a total of 44,618,345,557 Shares in issue as enlarged by the allotment and issue of the Bonus Shares.

Record Date and closure of register of members

The Bonus Shares will be issued to the Qualifying Shareholders (Bonus Issue). Arrangement for the Non-Qualifying Shareholders (Bonus Issue) are further elaborated in the paragraph headed “Overseas Shareholders (Bonus Issue)” below.

The register of members of the Company will be closed from Tuesday, 24 January 2017 to Friday, 27 January 2017 (both days inclusive), during which no transfer of Shares will be effected, in order to ascertain and determine the entitlement of the Shareholders under the Bonus Issue.

Shareholders are reminded that in order to qualify for the Bonus Issue, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 23 January 2017.

The exact total number of Bonus Shares to be issued under the Bonus Issue will not be capable of determination until after the Bonus Issue Record Date.

Overseas Shareholders (Bonus Issue)

If as at the close of business on the Bonus Issue Record Date, a Shareholder’s address as recorded on the register of members of the Company is in a place outside Hong Kong, the Board will make enquiries as to whether the Bonus Issue to the Overseas Shareholders (Bonus Issue) may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange.

If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Bonus Shares to the Overseas Shareholders (Bonus Issue) on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Bonus Issue will not be extended to such Overseas Shareholders (Bonus Issue). Based on the latest Shareholders information available from the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, the Company had four (4) Overseas Shareholders (Bonus Issue) as at 27 October 2016.

In circumstances where any Overseas Shareholders (Bonus Issue) are not permitted to participate in the Bonus Issue, arrangements will then be made for the Bonus Shares which would otherwise have been issued to those Overseas Shareholders (Bonus Issue) to be sold in the market as soon as practicable after dealings in Bonus Shares commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale, after deduction of expenses, of HK\$100 or more will be distributed in Hong Kong dollars to the Non-Qualifying Shareholders (Bonus Issue), if any, pro-rata to the respective shareholding and remittances will be posted to them, at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100, in which case it will be retained for the benefit of the Company.

All Overseas Shareholders (Bonus Issue) should consult their bankers or other professional advisers as to whether any governmental or other consents are required or other formalities need to be observed to enable them to receive the Bonus Shares. It is the responsibility of the Shareholders (including Overseas Shareholders (Bonus Issue)) to observe the local legal requirements applicable to the Shareholders for taking up and on-sale (if applicable) of the Bonus Shares under the Bonus Issue.

Status of Bonus Shares

The Bonus Shares, upon allotment and issue as fully paid shares, will rank pari passu in all respects with the Shares then in issue, including the entitlement to receive all future dividends and distributions, which are declared, made or paid, the record date of which is after the date of allotment of the Bonus Shares.

Fractional entitlements

The Company will not issue any fractions of the Bonus Shares. All fractions of the Bonus Shares (if any) will be aggregated and sold by the Company in the market, and if a premium (net of expenses) can be obtained, the Company will retain the proceeds from such sale(s) for its benefit.

Conditions of the Bonus Issue

The completion of the Bonus Issue is conditional upon:

- (i) the completion of the Rights Issue;
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Bonus Shares; and
- (iii) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of Hong Kong and articles of association of the Company to effect the Bonus Issue.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares to be issued and allotted pursuant to the Bonus Issue. Apart from making listing application to the Listing Committee of the Stock Exchange, the Board does not propose to make application to any other stock exchanges for the listing of and permission to deal in, the Bonus Shares. No new class of securities is to be listed pursuant to the Bonus Issue and that all necessary arrangements will be made to enable the Bonus Shares to be admitted into the CCASS established and operated by HKSCC.

If any of the conditions of the Bonus Issue set out above is not satisfied, the Bonus Issue will not proceed.

Certificates for the Bonus Shares

It is expected that certificates for the Bonus Shares will be posted on Thursday, 2 February 2017, after all the conditions having been fulfilled, at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Bonus Issue Record Date. Dealings in the Bonus Shares are expected to commence on Friday, 3 February 2017.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue and the Bonus Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue and the Bonus Issue will be fulfilled:

Expected despatch date of circular with notice and form of proxy for the GM.....	Friday, 18 November 2016
Latest time for lodging transfer of shares to qualify for attendance and voting at GM.....	4:30 p.m., on Tuesday, 29 November 2016
Closure of register of members of the Company for attending the GM (both dates inclusive).....	Wednesday, 30 November 2016 to Monday, 5 December 2016
Latest time for lodging forms of proxy for the purpose of the GM.....	10:00 a.m. on Sunday, 4 December 2016
Expected date and time of the GM.....	10:00 a.m. on Tuesday, 6 December 2016
Announcement of poll results of GM.....	Tuesday, 6 December 2016
Last day of dealings in the Shares on a cum-rights basis relating to the Rights Issue.....	Wednesday, 7 December 2016
Commencement of dealings in the Shares on an ex-rights basis relating to the Rights Issue.....	Thursday, 8 December 2016
Latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue.....	4:30 p.m., on Friday, 9 December 2016
Closure of register of members of the Company for the Rights Issue (both dates inclusive).....	Monday, 12 December 2016 to Friday, 16 December 2016
Rights Issue Record Date.....	Friday, 16 December 2016
Register of members of the Company re-opens.....	Monday, 19 December 2016

Despatch of Prospectus Documents.....	Monday, 19 December 2016
First day of dealings in nil-paid Rights Shares.....	Wednesday, 21 December 2016
Latest time for splitting nil-paid Rights Shares.....	4:30 p.m., on Friday, 23 December 2016
Last day of dealings in nil-paid Rights Shares	Friday, 30 December 2016
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares.....	4:00 p.m., on Thursday, 5 January 2017
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m., on Friday, 6 January 2017
Announcement of results of the Rights Issue.....	Thursday, 12 January 2017
Refund cheques, if any, to be despatched (if the Rights Issue is terminated and in respect of unsuccessful or partially successful application for excess Rights Shares) on or before Certificates for fully paid Rights Shares to be despatched on or before	Friday, 13 January 2017
Commencement of dealings in fully-paid Rights Shares.....	9:00 a.m., on Monday, 16 January 2017
Last day of dealings in Shares on a cum-entitlement basis relating to the Bonus Issue	Thursday, 19 January 2017
First day of dealings in Shares on an ex-entitlement basis in relating to the Bonus Issue	Friday, 20 January 2017
Latest time for lodging transfers of Shares for registration in order to qualify for the Bonus Issue.....	4:30 p.m., Monday, 23 January 2017
Closure of register of members for determining entitlement to the Bonus Issue (both days inclusive)	Tuesday, 24 January 2017 to Friday, 27 January 2017
Bonus Issue Record Date.....	Friday, 27 January 2017
Register of members re-opens	Wednesday, 1 February 2017
Certificates of the Bonus Shares to be despatched	Thursday, 2 February 2017
Dealings in Bonus Share commence.....	9:00 a.m., on Friday, 3 February 2017

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the Listing Rules.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning issued by the Hong Kong Observatory:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Latest Time for Acceptance, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as practicable.

CHANGES IN SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 18,437,332,875 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after completion of the Rights Issue, assuming no further issue of new Shares or repurchase of Shares up to completion of the Rights Issue and (iii) immediately after completion of the Rights Issue and the Bonus Issue, assuming no further issue of new Shares or repurchase of Shares up to completion of the Bonus Issue save for the Rights Shares:

Shareholders	As at the date of this announcement		Immediately after completion of the Rights Issue				Immediately after completion of the Rights Issue and the Bonus Issue (Note 5)	
	Number of Shares	Approximate %	Assuming all Shareholders have taken up all the Rights Shares		Assuming no Shareholders has taken up the Rights Shares (except Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite under the Irrevocable Undertakings) (Note 2)		Number of Shares	Approximate %
			Number of Shares	Approximate %	Number of Shares	Approximate %		
Grace Gorgeous (Notes 1 and 2)	3,842,524,965	20.84	8,453,554,923	20.84	8,453,554,923	20.84	9,298,910,415	20.84
Future Achiever (Note 2)	3,072,880,000	16.67	6,760,336,000	16.67	6,760,336,000	16.67	7,436,369,600	16.67
Mr. Ko Po Ming (Notes 2 and 3)	261,200,000	1.42	574,640,000	1.42	574,640,000	1.42	632,104,000	1.42
True Elite (Notes 2, 3 and 4)	199,740,000	1.08	439,428,000	1.08	439,428,000	1.08	483,370,800	1.08
Public								
The Underwriter	—	—	—	—	13,273,185,492	32.72	—	—
Other public Shareholders	11,060,987,910	59.99	24,334,173,402	59.99	11,060,987,910	27.27	26,767,590,742	59.99
Total (Note 6)	18,437,332,875	100.0	40,562,132,325	100.0	40,562,132,325	100.0	44,618,345,557	100.0

Notes:

- (1) Grace Gorgeous 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 and the Joint Chairman of the Company. Accordingly, First Elite Ventures Limited and Mr. Tong Tang, Joseph are deemed to be interested in the Shares owned by Grace Gorgeous for the purpose of Part XV of the SFO.
- (2) Pursuant to the Irrevocable Undertaking, Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite have provided irrevocable and unconditional undertakings to the Company and the Underwriter to, among other things, accept their entitlements to the provisional allotment of 4,611,029,958, 3,687,456,000, 313,440,000 and 239,688,000 Rights Shares, respectively, not to sell or transfer the Shares held by them in any manner before the completion or lapse of the Rights Issue, and remain as the registered owners of the Shares comprising their current shareholdings in the Company as at the Rights Issue Record Date.
- (3) Mr. Ko Po Ming and Mr. Chang Tat Joel are executive Directors.
- (4) These Shares are held by True Elite, a company wholly-owned by Mr. Chang Tat Joel.

- (5) On the basis of 40,562,132,325 Shares will be in issue upon the completion of the Rights Issue (assuming all Shareholders have taken up all the Rights Shares), and assuming no further Shares will be issued or repurchased before the Bonus Issue Record Date.
- (6) The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
- (7) Pursuant to the Underwriting Agreement, in the event that the Underwriter or any of the sub-underwriter is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations:
 - (a) the Underwriter shall use its reasonable endeavours to procure that each of the subscribers procured by them (including any direct and indirect sub-underwriters) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with (within the meaning under the Listing Rules), the Directors, chief executive or Substantial Shareholders of the Company or any of its subsidiaries and their respective associates;
 - (b) the Underwriter will procure each of the subscribers (including any direct and indirect sub-underwriters) and their respective associates will not, together with any party acting in concert (within the meaning of the Takeovers Code) with it or its associates, hold 10% or more of the voting rights of the Company immediately upon completion of the Rights Issue;
 - (c) the Underwriter will not, and will procure each of the subscribers (including any direct and indirect sub-underwriters) will not, together with any party acting in concert (within the meaning of the Takeovers Code) with it or its associates, hold 30% or more of the voting rights of the Company immediately upon completion of the Rights Issue; and
 - (d) the Underwriter shall use its reasonable endeavours to procure that each of the direct and indirect sub-underwriters, shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with (within the meaning under the Listing Rules), the Directors, chief executive or Substantial Shareholders of the Company or any of its subsidiaries and their respective associates.

REASONS FOR THE RIGHTS ISSUE 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.

Capitalising on its existing financial services platform, the Group intends to embark on a growth strategy to broaden the width of its current platform.

In pursuance of its growth strategy, the Group will continue to expand its existing financial services business, i.e. securities brokerage, securities margin financing and money lending, and also 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.

As disclosed in the announcement of the Company dated 30 September 2016, the Group has entered into two share purchase agreements to acquire a group of privately assisted reproductive service providers in Hong Kong, which marked the Group's maiden venture into the medical services sector. Furthermore, as disclosed in the announcement of the Company dated 7 October 2016, the Company, through its indirect non-wholly owned

subsidiary (a company established to conduct the lending and financing services business of the Group), has acquired an interest in a company which is engaged in the provision of property mortgage loans and securitisation in Hong Kong, which will enable the Group to expand the scope of its lending and financing services.

To further implement the aforementioned growth strategy and further develop its existing business, the Company requires more funds to strengthen its current capital base. The gross proceeds of the Rights Issue will be approximately HK\$2,876 million, and the estimated net proceeds of the Rights Issue will be approximately HK\$2,840 million. The Company intends to apply such net proceeds in the following manner:

(i) Financial securities services — as to approximately HK\$1,000 million to support the further development of the Group’s securities business, including but not limited to margin financing services

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.

(ii) Asset management, wealth management and lending business — as to approximately HK\$840 million to supplement the Group’s asset management, wealth management and lending business:

The Group plans to increase the capital base of Mason Resources Finance Limited (a wholly owned subsidiary of the Company which holds a money lending license in Hong Kong) to develop its money lending business. Moreover, as disclosed in the announcement of the Company dated 7 October 2016, the Group acquired an interest in a company which is principally engaged in the provision of property mortgage services in Hong Kong market, which will enable the Group to continue to develop and expand the scope of its lending services. Furthermore, the Group will develop its asset management and wealth management business, which require capital investment for, inter alia, setting up platforms, systems and building up client and product network. The Group is also considering different opportunities relating to investment in asset management and health management companies.

(iii) Direct investment — as to approximately HK\$1,000 million for direct investment in the financial services industry and/or the healthcare/medical services and related sectors in connection to mother-infant-child sector:

Being a financial conglomerate, the Group will continue to look into opportunities with high growth potentials which can bring synergies and benefits to the Group’s businesses. To this end, the Group will from time to time engage in financial services industry related investment or corporation including but not limited to exploratory discussions in relation to partnership with 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 the two-child policy in the PRC in 2016 creates further growth opportunities in mother-infant-child related products and services, premium medical services and life science with focus on the healthcare/medical services sector. Leveraging on the management's expertise in investment banking and private equity businesses, the Group intends to participate in those sectors through direct investment activities. Furthermore, it intends to create a cross-industry and diversified financial services platform for the Group by developing and managing private equity funds with focus on those sectors, provision of financial products and services tailored for those sectors and the provision of financing to the companies in those sectors.

The Board believes that, with the cross-industry and diversified financial services platform, the Group will be in its unique position to capture growth opportunities and profitability in both the financial industry and the healthcare industry.

REASONS FOR THE BONUS ISSUE

The Board believes that the Bonus Issue will, on the one hand, enable the Group to maintain its cash position for future development, and on the other hand, allow the Shareholders to enjoy a pro-rata increase in the number of Shares held by them in the Company without incurring any significant costs to them.

Following the completion of the Rights Issue, the issue of the proposed Bonus Issue will also enhance the trading volume and the liquidity of the Shares in the market. The Bonus Issue will increase the number of Shares to be held by the Shareholders, which will also enable the Shareholders to enjoy more flexibility in managing their own investment portfolios such as giving them an opportunity to dispose of part of their Shares and realise a cash return to meet the individual Shareholders' financial needs. The Directors, noting that the Shareholders' proportionate interests in the Company will not be increased by the Bonus Issue, are of the view that the Bonus Issue will allow the Shareholders to participate in the business growth of the Company and be an encouragement for the long-term support of the Shareholders.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

Apart from the fund raising activity mentioned below, the Company has not carried out other fund raising activities during the twelve (12) months immediately preceding the date of this announcement:

Date of announcement	Capital raising activity	Net proceeds raised	Proposed use of the net proceeds	Actual use of the net proceeds
22 September 2016	Subscription of new Shares under general mandate	HK\$725 million	(i) 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; (ii) approximately HK\$300 million to HK\$350 million for direct investment in the financial services industry and/or the healthcare/medical services sector; and (iii) approximately HK\$210 million to finance the further development of the fund investment and management business and asset management business of the Group.	<p>Up to the date of this announcement:</p> <p>(i) the Group has applied HK\$38 million for its investment in its indirect non-wholly-owned subsidiary, which as disclosed in the announcement of the Company dated 7 October 2016 was established to conduct the lending and financing services business of the Group; and as disclosed in the announcement of the Company dated on 7 October 2016, the abovementioned indirect non-wholly-owned subsidiary of the Company has utilised an aggregate of approximately HK\$35.25 million for the acquisition of an interest in a company which is principally engaged in the provision of property mortgage loan and securitisation businesses in Hong Kong; and</p> <p>(ii) the Company has injected HK\$140 million into Mason Securities Limited (a licensed corporation under the Securities and Futures Commission and is licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (CAP 571)) for the provision of margin financing facilities to its clients.</p>

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19(6)(a) of the Listing Rules, as the Rights Issue, if proceeded with, will increase the number of the issued shares of the Company by more than 50%, the Rights Issue is conditional on approval by Independent Shareholders by way of poll at the GM on which any Controlling Shareholders and their associates or, where there are no Controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, there is no Controlling Shareholder. Therefore, the Directors and their respective associates shall be required to abstain from voting in favour of the Rights Issue.

Accordingly, (i) Grace Gorgeous, an associate of Mr. Tong Tang, Joseph (a non-executive Director and the Joint Chairman of the Company), which is interested in 3,842,524,965 Shares as at the date of this announcement; (ii) Mr. Ko Po Ming (an executive Director), who is interested in 261,200,000 Shares as at the date of this announcement; and (iii) True Elite, an associate of Mr. Chang Tat Joel (an executive Director), which is interested in 199,740,000 Shares as at the date of this announcement; and (iv) Future Achiever, an associate of Ms. Hui Mei Mei, Carol (a non-executive Director), which is interested in 3,072,880,000 Shares as at the date of this announcement, are therefore required to abstain from voting in favour of the resolution(s) approving the Rights Issue and the transactions contemplated thereunder at the GM.

The Rights Issue is conditional on, among other things, the relevant resolutions being approved by the Independent Shareholders at the GM. An independent board committee comprising all the independent non-executive Directors will be established by the Company to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and as to voting in respect thereof at the GM. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

Pursuant to Article 11 of the Company's articles of association, sections 140 and 170 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) and Rule 13.36(2) of the Listing Rules, no Shareholders' approval is required for the Company's implementation of the Bonus Issue as the Bonus Shares will be allotted to the Qualifying Shareholders (Bonus Issue) in proportion to their shareholdings.

GM

The register of members of the Company will be closed from Wednesday, 30 November 2016 to Monday, 5 December 2016 (both dates inclusive) for determining the entitlements to attend the GM. No transfer of Shares will be registered during this period.

The GM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Rights Issue; and (ii) the Underwriting Agreement and the transactions contemplated thereunder. Only the Independent Shareholders will be entitled to vote on the resolutions to approve the Rights Issue and Underwriting Agreement at the GM.

Save as disclosed above, no other Shareholder is involved or interested in or has a material interest in the transactions contemplated under the Rights Issue and the Underwriting Agreement and, hence, is required to abstain from voting on the resolution(s) to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder at the GM.

GENERAL

A circular containing, among others, (i) further details of the Rights Issue and the Underwriting Agreement; (ii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Underwriting Agreement; and (iv) a notice convening the GM will be despatched by the Company to the Shareholders on or before 18 November 2016.

Subject to, among others, the Rights Issue and the Underwriting Agreement being approved at the GM, the Prospectus Documents or the Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders (Rights Issue) and, for information only, the Non-Qualifying Shareholders (Rights Issue) in due course.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “The Underwriting Agreement” above). Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 8 December 2016. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 21 December 2016 to Friday, 30 December 2016 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Bonus Issue”	the proposed allotment and issue of the Bonus Shares to the Qualifying Shareholders (Bonus Issue) whose names appear on the register of members of the Company on the Bonus Issue Record Date on the basis of one (1) Bonus Share for every ten (10) Shares
“Bonus Issue Record Date”	27 January 2017 or such other date as determined by the Company, being the date for determining entitlements of Shareholders to participate in the Bonus Issue
“Bonus Shares”	the Share(s) to be allotted and issued pursuant to the Bonus Issue, being 4,056,213,232 new Shares
“Business Day”	a day (excluding Saturday and Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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)
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders (Rights Issue) who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“Future Achiever”	Future Achiever Limited, a company incorporated in the British Virgin Islands with limited liability and is a Substantial Shareholder of the Company

“GM”	the general meeting of the Company to be convened and held for the Independent Shareholders to consider and approve, among other things, (i) the Rights Issue; and (ii) the Underwriting Agreement and the transactions contemplated thereunder
“Grace Gorgeous”	Grace Gorgeous Investment Holdings Ltd., a company incorporated in the British Virgin Islands with limited liability and 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, and is a Substantial Shareholder of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors formed for the purpose of giving a recommendation to the Independent Shareholders as to whether the Rights Issue and the Underwriting Agreement are fair and reasonable and as to voting after taking into account the advice of the independent financial adviser
“Independent Shareholders”	Shareholder(s) other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates and any Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue and/or the Underwriting Agreement
“Independent Third Party(ies)”	a person, persons, company or companies which is or are independent of, and not connected with (within the meaning under the Listing Rules), any directors, chief executive or Substantial Shareholders of the Company, any of its subsidiaries or any of their respective associate(s)
“Irrevocable Undertakings”	the irrevocable undertakings referred to in the sub-section headed “The Irrevocable Undertakings” under the section headed “The Underwriting Agreement” in this announcement dated 28 October 2016 executed by each of Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite in favour of the Company and the Underwriter

“Last Trading Day”	28 October 2016, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 5 January 2017 or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Friday, 6 January 2017, being the next Business Day after the Latest Time for Acceptance, or such other time as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s) (Bonus Issue)”	those Overseas Shareholder(s) (Bonus Issue) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Bonus Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Non-Qualifying Shareholder(s) (Rights Issue)”	those Overseas Shareholder(s) (Rights Issue) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s) (Bonus Issue)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Bonus Issue Record Date) which is(are) outside Hong Kong
“Overseas Shareholder(s) (Rights Issue)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Rights Issue Record Date) which is(are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders (Rights Issue) in connection with the Rights Issue
“Posting Date”	19 December 2016 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF

“Qualifying Shareholder(s) (Bonus Issue)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Bonus Issue Record Date, other than the Non-Qualifying Shareholder(s) (Bonus Issue)
“Qualifying Shareholder(s) (Rights Issue)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Rights Issue Record Date, other than the Non-Qualifying Shareholder(s) (Rights Issue)
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the Rights Issue Record Date at the Subscription Price pursuant to the Prospectus Documents and as contemplated under the Underwriting Agreement
“Rights Issue Record Date”	16 December 2016 or such other date as may be agreed between the Company and the Underwriter, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Rights Share(s)”	22,124,799,450 Shares in the Company proposed to be allotted and issued by the Company to the Qualifying Shareholders (Rights Issue) for subscription pursuant to the Rights Issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which render any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.13 per Rights Share
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“True Elite”	True Elite Limited, a company incorporated in Samoa with limited liability and is wholly-owned by Mr. Chang Tat Joel, who is an executive Director

“Underwriter”	Haitong International Securities Company Limited, a licensed corporation to carry out business in type 1 (dealing in securities), type 3 (leveraged foreign exchange trading) and type 4 (advising on securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter on 28 October 2016 in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	13,273,185,492 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“%”	per cent.

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

Hong Kong, 28 October 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*)

Ms. Hui Mei Mei, Carol

Independent Non-executive Directors:

Mr. Lam Yiu Kin

Mr. Yuen Kwok On

Mr. Tian Ren Can