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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Mason Financial Holdings Limited**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**MAJOR TRANSACTION  
IN RELATION TO  
THE DISPOSAL OF SUBSIDIARIES  
AND  
NOTICE OF GM**

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A notice convening a general meeting (the “GM”) of the Company to be held at 14/F, Fairmont House, 8 Cotton Tree Drive, Hong Kong on Monday, 11 July 2016 at 11:00 a.m. is set out on pages 25 and 26 of this circular. A proxy form for use by the Shareholders at the GM is enclosed.

Whether or not you intend to attend and vote at the GM in person, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company’s share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for holding the GM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending or voting in person at the GM or any adjournment thereof should you so wish.

23 June 2016

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Announcement”	the announcement of the Company dated 30 March 2016 in respect of the Disposal Transaction
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, a Sunday or a public holiday) in Hong Kong on which banks in Hong Kong are open generally for normal banking business
“BVI”	the British Virgin Islands
“Company”	Mason Financial Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 273)
“Completion”	the completion of the Disposal Transaction as contemplated under the Sale and Purchase Agreement
“connected person(s)”	with meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal Transaction”	the transactions contemplated under the Sale and Purchase Agreement in relation to the Vendor’s disposal of the Sale Shares
“First Sale Shares”	two issued shares in the share capital of the First Target Company, representing 100% of the issued share capital in the First Target Company to be sold under the Sale and Purchase Agreement
“First Target Company”	Mind Stone Investments Ltd, a company incorporated in the BVI with limited liability, which is a direct wholly-owned subsidiary of the Vendor as at the date of this circular
“GM”	the general meeting of the Company to be convened and held for the Shareholders to consider and approve, among other things, the Sale and Purchase Agreement, including the Disposal Transaction
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“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
“Latest Practicable Date”	20 June 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Capital Union Inc., a company incorporated in the BVI with limited liability and the purchaser of the Sale Shares
“Sale and Purchase Agreement”	the agreement dated 30 March 2016 entered into between the Vendor and the Purchaser in respect of the sale and purchase of the Sale Shares of the Target Companies
“Sale Shares”	the First Sale Shares and the Second Sale Shares
“Second Sale Shares”	2,457 issued shares in the share capital of the Second Target Company, representing approximately 43.15% of the issued share capital of the Second Target Company to be sold under the Sale and Purchase Agreement
“Second Target Company”	Co-Lead Holdings Limited, a company incorporated in the BVI with limited liability, which is a non wholly-owned subsidiary of the Vendor as at the date of this circular
“Shareholder(s)”	holder(s) of Share(s) in issue
“Shares”	share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	the First Target Company and the Second Target Company
“Target Group”	the Target Companies and their subsidiaries
“Vendor”	Willie Resources Incorporated, a company incorporated in the Cayman Islands with limited liability and is a direct wholly-owned subsidiary of the Company as at the date of this circular
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Cheung Wing Ping  
Mr. Man Wai Chuen  
Ms. Lui Choi Yiu, Angela

*Registered and Principal Office:*

Units 4708-10, 47/F  
The Center  
99 Queen's Road Central  
Hong Kong

*Non-executive Directors:*

Mr. Tong Tang, Joseph (*Chairman*)  
Dr. Xia Xiaoning

*Independent Non-Executive Directors:*

Mr. Lam Yiu Kin  
Mr. Yuen Kwok On  
Mr. Tian Ren Can

23 June 2016

*To the Shareholders*

Dear Sir or Madam

### **MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF SUBSIDIARIES AND NOTICE OF GM**

#### **1. INTRODUCTION**

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

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

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## LETTER FROM THE BOARD

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The purpose of this circular is to give you further information regarding: (i) details of the Sale and Purchase Agreement and the Disposal Transaction; (ii) certain financial information as required under the Listing Rules; (iii) further information of the Group; and (iv) notice of the GM.

### 2. THE SALE AND PURCHASE AGREEMENT

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

**Date:** 30 March 2016 (after trading hours)

**Parties:** (a) Vendor: Willie Resources Incorporated

(b) Purchaser: Capital Union Inc.

#### Information about the Purchaser

The Purchaser is a company incorporated in the BVI for more than 20 years principally engaged in investment holding. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser was held by the following shareholders and beneficial owners from November 2012 to May 2016: Zhuang You Dao ("Mr. Zhuang"), Kuo Yi Hui, Oasis Choice Limited (jointly owned by Choi Ka Wing and Choi Ka Nam) and Au Wai June, and their shareholdings in the Purchaser were 30%, 30%, 30% and 10% respectively. From May 2016, the Purchaser's existing shareholders and beneficial owners are as follows: Mr. Zhuang, Kuo Yi Hui, Oasis Choice Limited (jointly owned by Choi Ka Wing and Choi Ka Nam), Au Wai June and Chao Chung Fan, and each of them holds 20% shareholding in the Purchaser respectively. Mr. Zhuang, a shareholder and a beneficial owner of the Purchaser holding 20% of its shareholding is a cousin of a former director of the Company (namely, Dr. Chuang Yueheng Henry) who resigned from the Company with effect from 1 August 2015. Mr. Chuang Yuechien Eugene, the brother of the aforesaid former director of the Company, has ceased holding any shares in the Purchaser for more than six years.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the shareholders and beneficial owners of the Purchaser as listed above do not have any shareholders' agreement in respect of business transactions of the Purchaser. Save as disclosed above, each of the shareholders and beneficial owners of the Purchaser listed above and the existing sole director of the Purchaser (namely, Alexia Joulian) is not a relative of each of Mr. Chuang Yuechien Eugene, Dr. Chuang Yueheng Henry and/or Mr. Zhuang. None of the investment in the Purchaser by each of the shareholders and beneficial owners of the Purchaser listed above has been financed directly or indirectly by Mr. Chuang Yuechien Eugene, Dr. Chuang Yueheng Henry and/or Mr. Zhuang; and Mr. Zhuang's investment in the Purchaser has not been financed directly or indirectly by Mr. Chuang Yuechien Eugene and/or Dr. Chuang Yueheng Henry. Each of the shareholders and beneficial owners of the Purchaser listed above is not accustomed to take instructions from Mr. Chuang Yuechien Eugene, Dr. Chuang Yueheng Henry and/or (where applicable) Mr. Zhuang in relation to the acquisition, disposal, voting or other disposition of securities of the Purchaser registered in his/her name or otherwise held by him/her. Neither Dr. Chuang Yueheng Henry nor Mr. Chuang Yuechien Eugene has any control on the shareholders/beneficial owners of the Purchaser listed above (including Mr. Zhuang, who is their cousin) and the existing sole director of the Purchaser in relation to business transactions of the Purchaser.

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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Mr. Chuang Yuechien Eugene, Dr. Chuang Yueheng Henry, the shareholders / beneficial owners and the existing sole director of the Purchaser as listed above does not have any relationship (i.e. business, shareholding, relative or otherwise) with the Directors and substantial shareholders of the Company. Hence, the Directors considered that saved as disclosed above, the Purchaser and its ultimate beneficial owners as well as its sole director are Independent Third Parties and do not have any relationship with the Company and its connected persons or the aforesaid former director of the Company, his brother and/or (where applicable) his cousin.

In late March 2016, a beneficial owner of the Purchaser (namely, Ms. Choi Ka Wing) approached an executive director of the Company (namely, Mr. Man Wai Chuen) to discuss the Disposal Transaction and the commercial negotiations led to the execution of the Sale and Purchase Agreement after approved by the Directors of the Company and the sole director of the Purchaser respectively.

### **Assets to be disposed:**

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the First Sale Shares, which represent the entire issued share capital of the First Target Company. The First Target Company is a special purpose vehicle held by the Vendor for holding approximately 9.54% of the issued share capital of the Second Target Company.

The Vendor has also conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Second Sale Shares, which represent approximately 43.15% of the issued share capital of the Second Target Company.

In aggregate, approximately 52.69% of the issued share capital of the Second Target Company will be directly and indirectly sold by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement.

A zero-coupon unsecured convertible note due on 3 September 2016 in the aggregate principal amount of HK\$45,000,000.00 was issued by the Second Target Company in March 2016 to an Independent Third Party to raise funds for use as its general working capital. This convertible note was subsequently redeemed and cancelled in May 2016 as agreed by both parties. No shares have been or will be issued by the Second Target Company pursuant to this redeemed and cancelled convertible note. The redemption of the convertible note is expected by the Company to facilitate the completion of the Sale and Purchase Agreement and there will be no material adverse impact to the working capital of the Group.

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## LETTER FROM THE BOARD

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### Consideration:

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

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

As at the Latest Practicable Date, the Initial Deposit and the Additional Deposit in the aggregate sum of HK\$720 million had been received by the Group in accordance with the terms of the Sale and Purchase Agreement. Details of the refund mechanism of the Deposit are set out in the sub-section headed “Return of Deposit” in this circular.

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

### Conditions Precedent

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

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



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## LETTER FROM THE BOARD

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### **Long Stop Date**

The Purchaser may at any time in writing waive the condition set out in (a) above. If any of the Conditions Precedent set out above have not been satisfied (or waived as the case may be) on or before 31 May 2016 or such later date as the Vendor and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine and neither party shall have any obligations and liabilities under the Sale and Purchase Agreement save for any antecedent breaches of the terms thereof. By way of a letter dated 27 May 2016, the Vendor and the Purchaser have agreed to extend the last day for the satisfaction of the Conditions Precedent from 31 May 2016 to 31 July 2016.

### **Completion**

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

### **Return of Deposit**

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

### **3. INFORMATION ABOUT THE TARGET GROUP**

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

The First Target Company is a company incorporated in the BVI and a direct wholly-owned subsidiary of the Vendor. As at the Latest Practicable Date, other than holding approximately 9.54% shareholding in the Second Target Company, the First Target Company does not have any other material assets. The Second Target Company is a company incorporated in the BVI and a non wholly-owned subsidiary of the Vendor. As at the date of the Latest Practicable Date, the Second Target Company carries on its principal business of securities trading and investment holding through its wholly-owned subsidiary, namely High Rhine Limited, which is also a company incorporated in the BVI.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, there were eight non-controlling shareholders of the Second Target Companies holding a sum of approximately 47.31% equity interest in the Second Target Company. Among these eight non-controlling shareholders, six are subsidiaries of listed companies in Hong Kong and two are private companies as follows:

<b>Other shareholders of the Second Target Company</b>		<b>Shareholding %</b>
1.	Loyal Fine Limited (a subsidiary of Rentian Technology Holdings Limited, stock code: 885)	15.81%
2.	Colour State Limited (a subsidiary of Dragonite International Limited, stock code: 329)	9.66%
3.	Global Mind Investment Limited (a subsidiary of Enerchina Holdings Limited, stock code: 622)	5.44%
4.	West West Limited (a subsidiary of Ristora Investments Limited)	5.32%
5.	Ristora Investments Limited (owned by the sister-in-law of Dr. Chuang Yueheng Henry who resigned as a director of the Company with effect from 1 August 2015)	3.69%
6.	Victor Choice Global Limited (a subsidiary of China Opto Holdings Limited, stock code: 1332)	3.95%
7.	Ace Champion Global Limited (a subsidiary of Celebrate International Holdings Limited, stock code: 8212)	2.72%
8.	Old Peak Limited (a subsidiary of National Investment Fund Limited, stock code: 1227)	0.72%
	<b>Total</b>	<b>47.31%</b>

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the eight non-controlling shareholders of the Second Target Company and their ultimate beneficial owners (collectively referred to as the "Non-controlling Shareholders") at the Latest Practicable Date had any interests in the shares of the Company discloseable under Part XV of the SFO. Moreover, none of the Non-controlling Shareholders is a party to the Disposal Transaction or a close associate of the Purchaser and its ultimate beneficial owners; and the Disposal Transaction would not confer upon any one of the Non-controlling Shareholders or their close associates any benefit (whether economic or otherwise) not available to the other shareholders of the Company. As such, none of the Non-controlling Shareholders has a material interest in the Disposal Transaction and none of them would be required to abstain from voting on the resolution approving the Disposal Transaction at the GM.

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

As the Target Companies are companies incorporated in the BVI, no separate audited financial statements have been prepared by the Target Companies as permitted under the laws of the BVI. Moreover, the Disposal Transaction is effectively the Group's disposal of approximately 52.69% shareholding in the Second Target Company. Financial information of the Second Target Company's

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## LETTER FROM THE BOARD

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consolidated profitability for the two years ended 31 December 2014 and 2015 based on its unaudited consolidated financial statements (the figures of which have constituted part of the Group's audited consolidated results for the year ended 31 December 2015 shown in the Company's annual report 2015) is set out below:

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

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

Financial information of the First Target Company's profitability for the year ended 31 December 2015 based on its unaudited consolidated financial statements (the figures of which have constituted part of the Group's audited consolidated results for the year ended 31 December 2015 shown in the Company's annual report 2015) is set out below as breakdown data for assessment against the financial information of the Second Target Company mentioned above:

	<b>For the year ended</b>	
	<b>31 December 2015</b>	
	<i>HK\$'000</i>	
Net (loss) before tax		(6,000)
Net (loss) after tax		(6,000)

*Note:* There are no comparative figures for the previous year 2014 for the First Target Company because it was acquired by the Group in June 2015.

Based on the unaudited financial statements of the First Target Company, the carrying value of unaudited net assets of the First Target Company as at 1 January 2016 was approximately HK\$210 million, representing the First Target Company's share of the carrying value of unaudited net assets in the Second Target Company as mentioned above.

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## LETTER FROM THE BOARD

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Financial information of the profitability of the subsidiary of the Second Target Company for the year ended 31 December 2015 based on its unaudited consolidated financial statements (the figures of which have constituted part of the Group's audited consolidated results for the year ended 31 December 2015 shown in the Company's annual report 2015) is set out below as breakdown data for assessment against the financial information of the Second Target Company mentioned above:

**For the year ended 31  
December 2015**  
*HK\$'000*

Net (loss) before tax	(160,355)
Net (loss) after tax	(160,355)

*Note:* There are no comparative figures for the previous year 2014 for the subsidiary of the Second Target Company because it was acquired by the Group in June 2015.

Based on the unaudited financial statements of the subsidiary of the Second Target Company, the carrying value of unaudited net assets of the subsidiary of the Second Target Company as at 1 January 2016 was approximately HK\$2,166 million. As the Group holds approximately a total of 52.69% shareholding (direct and indirect) in the Second Target Company, the share of the carrying value of unaudited net assets of the subsidiary of the Second Target Company as at 1 January 2016 attributable to the Company's equity holders was approximately HK\$1,141 million, representing the core part of the carrying value of unaudited net assets of the Second Target Company as mentioned above.

As the Target Group is principally engaged in securities trading and investment holding, the majority of its assets is represented by a portfolio of investments. Based on the Second Target Company's consolidated financial statements for the year ended 31 December 2015, the investments held by the Second Target Company through its subsidiary for trading consisted of a portfolio of equity securities listed in Hong Kong in the sum of approximately HK\$2,212 million and bonds listed overseas in the sum of approximately HK\$32 million. The said portfolio of equity securities in the sum of approximately HK\$2,212 million consisted of securities in conglomerate companies, property holding companies, financial services companies, mining and resources companies and infrastructure companies. The proportions of their carrying values in the portfolio as at 31 December 2015 were approximately 47%, 16%, 16%, 14% and 7% respectively. For long-term investments, the Second Target Company through its subsidiary held an investment of approximately 4.27% equity interests in a private company called Joint Global Limited as at 31 December 2015 with a carrying value of HK\$90 million and its principal activity is investment holding.

The Second Target Company through its subsidiary also had two loans receivable in the sum of approximately HK\$156 million as at 31 December 2015. While the Second Target Company recorded an overall net loss before tax in the amount of approximately HK\$77 million during the year ended 31 December 2015 as mentioned above, its securities trading business recorded a loss on sale of investments held for trading of approximately HK\$90 million and a fair value loss in investments held for trading of approximately HK\$60 million, which had been mitigated mainly by the net gain recorded by the Second Target Company from its long-term investment in Freeman Corporation Limited during the year ended 31 December 2015. The said losses relating to trading of securities by

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## LETTER FROM THE BOARD

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the Second Trading Company was a result of its investment in securities in conglomerate companies with lackluster performance during the year ended 31 December 2015, eroding the gain from its investment in property holding companies, financial services companies, mining and resources companies and infrastructure companies. The Hong Kong financial markets (one of which is the stock market) are directly affected by, among others, the global and local political, economic and social environments. Historically, global and local financial markets fluctuated considerably over time. Any sudden downturn in these financial markets may affect the market sentiment in general. Consequently, it may also affect the performance and prospects of the portfolio of securities held by the Second Target Company. Looking at the performance of Hang Seng Index in the first quarter of 2016, it dropped by approximately 5.2% when compared to the index as at the end of year 2015. When the stock market sentiment has remained bleak, the Board is cautious of the prospects of the trading performance of the Second Target Company's portfolio of securities in conglomerates, property holding companies, financial services companies, mining and resources companies and infrastructure companies in the year 2016. The Board believes that the Disposal Transaction will relieve the market risks from affecting the Group's financial performance by way of reallocating the Group's resources from securities trading segment to the provision of financial services segment.

After taking account of the financial performance of the Target Companies for the year ended 31 December 2015 as mentioned above, the Directors consider that there will be no material adverse impact to the earnings of the Group as a whole as a result of the Disposal Transaction.

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

As a result of the Disposal Transaction, the Group expects to record an unaudited gain on the Disposal Transaction. Comparing (i) the share of the carrying value of the net assets of the Target Group as at 1 January 2016 attributable to the Company's equity holders (i.e. approximately HK\$1,155 million, before deducting transaction costs and expenses which are mainly professional fees) against (ii) the consideration receivable from the Disposal Transaction (i.e. HK\$1,200 million), the gain on the Disposal Transaction is estimated at approximately HK\$45 million. Based on the Group's unaudited management accounts for the five months ended 31 May 2016, comparing (i) the carrying value of the net assets of the Target Group attributable to the Company's equity holders reduced to approximately HK\$890 million as at 31 May 2016 primarily due to net fair value loss on investments held for trading against (ii) the consideration receivable from the Disposal Transaction (i.e. HK\$1,200 million), the gain on the Disposal Transaction is estimated at approximately HK\$310 million. The Board emphasizes that these estimates of gain are laid down here for illustration purpose only and subject to adjustments (such as fair value of the share of net assets of the Target Group as at the date of Completion, which is expected to take place in July 2016) that may be made during audit in the future.

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## LETTER FROM THE BOARD

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### 4. REASONS FOR THE DISPOSAL TRANSACTION

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

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

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

### 5. INTENDED USE OF PROCEEDS

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

- (a) approximately HK\$630 million for financing the Group's investment in a joint stock company in Shanghai that is principally engaged in securities related business as previously mentioned in the Company's announcement dated 21 September 2015 and 2 December 2015;
- (b) approximately HK\$300 million for financing the additional working capital for the operations of local financial services business newly acquired by the Group and such acquisition was previously mentioned in the Company's announcement dated 25 November 2015 and 16 February 2016; and
- (c) the remaining balance of approximately HK\$269 million for the Group's general working capital and may be reallocated to finance future acquisition of new business, if any.

The Group is principally engaged in dealing in securities, commodities broking, bullion trading services, provision of securities margin financing, investment and corporate finance advisory services, investment in securities trading, money lending and investment holding. If the remaining balance of the net proceeds is applied as the Group's general working capital, it will be used to finance the development of the Group's principal business as mentioned above. If the remaining balance of the net proceeds is applied to finance the Group's future acquisitions, the target companies are expected to be those in financial services industry, such as asset management, private banking and insurance business. Hence, the above intended allocation of net proceeds accords with the Group's existing principal business.

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## LETTER FROM THE BOARD

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### 6. IMPACTS ON BUSINESS PROSPECTS

The Group's newly acquired financial services are now carried on by the Group under the names of Mason Securities Limited, Mason Futures Limited and Mason Bullion Limited as indirect wholly-owned subsidiaries of the Company. The Group has the intention to continue its money lending business as well as its own investment in securities trading business after the Completion of the Disposal Transaction. Although the scale of the Group's own investment in securities for trading and loans receivable will be smaller immediately upon the Completion, the Group's existing principal business will remain unchanged and will continue to be engaged 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. Hence, the Directors consider that there will be no material adverse impact to the financial position and business operations of the Group as a whole as a result of the Disposal Transaction. Details of the financial and trading prospects of the Group as a whole can be found in Appendix I in this circular.

Save as disclosed in this circular, the Company is not in negotiation of, or has not entered into any agreement, arrangement, undertaking and/or understanding in respect of acquisition or any new assets and/or business that is discloseable under the Listing Rules or the provisions of inside information under Part XIV A of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### 7. LISTING RULES IMPLICATION

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

As disclosed in the section titled "Information about the Purchaser" in pages 4 and 5 of this circular, the Purchaser and its ultimate beneficial owners are Independent Third Parties and do not have any relationship (i.e. shareholding, business or otherwise) with the Company and its connected persons (including the Directors and substantial shareholders). As the Purchaser is not majority-controlled by a deemed connected person as defined in Chapter 14A of the Listing Rules, the Disposal Transaction does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

### 8. GM

A notice convening the GM to be held at 14/F, Fairmont House, 8 Cotton Tree Drive, Hong Kong on Monday, 11 July 2016 at 11:00 a.m. for the purpose of considering, and if thought fit, approving the Sale and Purchase Agreement and the Disposal Transaction is set out on pages 25 of this circular.

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## LETTER FROM THE BOARD

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A proxy form for the GM is enclosed. Whether or not you intend to attend and vote at the GM in person, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for holding the GM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending or voting in person at the GM or any adjournment thereof should you so wish.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders nor any of their respective associates have any material interest in the Disposal Transaction. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Disposal Transaction at the GM. As at the Latest Practicable Date, the Purchaser and its ultimate beneficial owners did not have any interest in the shares of the Company discloseable under Part XV of the SFO. The Company has advised the Purchaser that if it or any of its controlling shareholders has any interests in the Shares, they are required to abstain from voting in favour of the resolution approving the Disposal Transaction at the GM. The ordinary resolution proposed to be approved at the GM will be taken by poll and an announcement will be made by the Company following the conclusion of the GM to inform the Shareholders of the poll results.

### 9. RECOMMENDATION

The Directors are of the opinion that the terms of the Sale and Purchase Agreement are fair and reasonable and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Hence, the Board recommends the Shareholders to vote in favour of the resolution to approve the Sale and Purchase Agreement and the Disposal Transaction at the GM.

### 10. GENERAL

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

Yours faithfully,  
For and on behalf of the Board  
**Mason Financial Holdings Limited**  
**Tong Tang, Joseph**  
*Chairman*



**1. FINANCIAL INFORMATION OF THE GROUP**

Details of the financial information of the Group for each of the three years ended 31 December 2013, 2014 and 2015 are disclosed in the annual reports of the Company for the years ended 31 December 2013, 2014 and 2015 respectively. These annual reports are published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.masonhk.com>).

**2. STATEMENT OF INDEBTEDNESS**

At the close of business on 31 May 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the total indebtedness of the Group amounted to approximately HK\$626,713,000, details of which are set out below:

	<i>HK\$'000</i>
Bank borrowings	395,000
Margin loans	80,418
Convertible note (issued by a subsidiary of the Company)	131,000
Unsecured bonds	20,000
Bond interest payables	<u>295</u>
	<u>626,713</u>

**Borrowings**

At close of business on 31 May 2016, the Group had outstanding bank borrowings of approximately HK\$395,000,000 which comprised (i) bank loans of approximately HK\$120,000,000 carried at interest rate of 1.5% over the deposit rate per annum, for which the Company issued a corporate guarantee; (ii) bank loans of approximately HK\$75,000,000 carried at interest rate of 2% above 1 to 3 months deposit rate offered by bank per annum or 2% above 1 to 3 months HIBOR per annum, whichever is higher, for which the Company issued a corporate guarantee; and (iii) a bank loan of approximately HK\$200,000,000 carried at interest rate of 3.77% per annum and was secured by the Group's bank balance and financial assets at fair value through profit or loss of approximately HK\$669,000 and HK\$1,336,856,000 respectively.

**Margin facilities**

At close of business on 31 May 2016, certain brokers granted margin facilities of approximately HK\$244,289,000 to the Group, which was interest bearing at the interest rate ranging from 5% to 8% per annum and secured by the Group's financial assets at fair value through profit or loss of approximately HK\$478,515,000. HK\$80,418,000 of the margin facilities was utilised as at 31 May 2016.

**Commitment**

At close of business on 31 May 2016, the Group had commitment in respect of development of software with an aggregate amount of HK\$461,000.

**Pledge of Assets**

As at 31 May 2016, the Group's bank balance of approximately HK\$669,000 and financial assets at fair value through profit or loss of approximately HK\$1,815,371,000 was pledged to certain bank and brokers to secure bank borrowings and margin loan.

**Contingent liabilities**

As at the close of business on 31 May 2016, the Company had provided corporate guarantee for banking facilities amounting to HK\$19,200,000 granted to two ex-subsidiaries, which were utilised to the extent of HK\$19,200,000. As at 31 May 2016, there was no present obligation for the Company under the guarantee contract as the Directors considered that it was not probable that the repayment of the loan would be in default.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding on 31 May 2016.

**3. MATERIAL ADVERSE CHANGE**

As disclosed in the Company's profit warning announcement dated 16 June 2016, the Group recorded an unaudited loss attributable to equity holders of the Company around HK\$600 million for the five months ended 31 May 2016 and the loss was largely resulted from the net fair value loss on investments held for trading. Save as aforesaid, the Directors confirm that they were not aware of any other material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited accounts of the Group were made up to, up to and including the Latest Practicable Date.

#### **4. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the effects of the Completion and the financial resources available to the Group, the Group has sufficient working capital to satisfy its requirements and for at least the next 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

#### **5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

Global financial markets underwent a period of turbulence amid a re-pricing of global economic growth prospects triggered by concerns over a slowdown in the Mainland economy. Hong Kong stock prices went on a global roller-coaster ride, showing sharp fluctuations during the year ended 31 December 2015 (the “Year”). The Hang Seng Index climbed up to reach a seven-year high over 28,000 points in April 2015. Upon the spike in Greek debt crisis, trepidation about the negative spillovers of US interest rate hikes and dimmer global economic outlook Hang Seng Index lost ground subsequently, finishing the Year below 22,000 points, representing about 7.2% lower than the previous year.

Equity markets worldwide witnessed sharp sell-offs, while commodity prices and emerging market currencies were under significant pressure following the depreciation of the Renminbi after the refinement to its central parity rate fixing mechanism announced in August. Higher financial market volatility is likely to stay given increased uncertainty in the timing and pace of US interest rate normalization and increasing downside risks in the global economy, particularly in the emerging market economies.

Due to the turbulence in financial markets as mentioned above, the Group recorded a smaller revenue of approximately HK\$150 million (2014: approximately HK\$555 million) and a smaller profit under the securities trading segment of approximately HK\$26 million during the Year (2014: approximately HK\$674 million) in the securities trading segment.

During the Year, the Group made investments in financial services industry in China by subscribing H shares issued by reputable financial corporations in China newly listed in Hong Kong. The Group subscribed H shares issued by China Huarong Asset Management Company Limited at the aggregate subscription price of HK\$15.6 million and subscribed H Shares offered by Hengtai Securities Co., Ltd at the aggregate subscription price of approximately US\$20 million in cash during the Year.

The Hong Kong property market was rather active in early 2015, but came under pressure in the latter part of the year, with both trading volume and flat prices coming down in the fourth quarter. The Group’s property investment segment for a relatively small proportion of the Group’s business. During the Year, the Group sold all of its assets under the property investment segment in view of the looming interest rate hike, resulting in a loss of approximately HK\$0.7 million (2014: a profit of approximately HK\$0.6 million). After disposal of all assets, the property investment segment discontinued its operations. We do not intend to purchase property in the near future.

In order to release financial resources to finance acquisition of investments during the Year and Quarter 1 of 2016, the Group has scaled down the its money lending business since Quarter 4 of 2015. This business segment generated an interest income of approximately HK\$16 million (2014: approximately HK\$13 million) and a loss (after expenses) of approximately HK\$6 million during the Year (2014: profit of approximately HK\$12 million).

For the investment holding segment, the Group disposed of its shareholding in Mission Capital Holdings Limited and its shareholding in a hotel project in Bhutan during the Year so as to release financial resources for acquiring other investments in the financial services industry. During the Year, the Group joined forces with business associates to consolidate the shareholdings in Freeman Corporation Limited (“FCL”) and eventually accepted the FCL’s share buy-back offer at a premium. After taking these steps (among others), the investment holding segment recorded a net gain of approximately HK\$259 million for the Year (2014: approximately HK\$79 million) after netting off the losses relating to the Group’s long-term investment in unlisted associates in the sum of approximately HK\$300 million for the Year (2014: approximately HK\$142 million).

Regarding the Group’s investment in unlisted associates, the Group’s share of results of associates was a loss of approximately HK\$136 million for the Year. Such a loss was mainly attributable to the loss results of the Group’s investment in Freewill Holdings Limited and its subsidiaries (together “Freewill Group”) in the amount of approximately HK\$113 million. The principal business activity of Freewill Group is investment holding. Apart from holding equity interests in HEC Capital Limited (which holds subsidiaries principally engaged in investment holding, property holding, provision of financial services, corporate finance advisory services, asset management and money lending), Freewill Group also holds equity interests in natural resources sector in China. The Group’s share of Freewill Group’s loss during the Year was mainly a result of the impairment of the value of investments held by Freewill Group.

During the Year, the Group entered into three agreements to acquire companies carrying on the business of securities dealing, securities advising, commodities broking, provision of asset management services, securities margin financing and provision of investment advice, corporate finance advisory services and bullion trading services. Two agreements were completed in February 2016. After completion, the Company owned these companies with licenses to carry on the business of securities dealing, commodities broking, provision of securities margin financing and provision of investment advice, corporate finance advisory services and bullion trading services in Hong Kong. The remaining agreement to acquire the company with licenses to carry on the business of advising on securities and asset management in Hong Kong has recently been completed in June 2016.

Moreover, the Company entered into an agreement and a supplemental agreement with certain investors to form a foreign-funded joint stock company limited in Shanghai (“**Joint Stock Company**”, namely Shengang Securities Company Limited), which will be principally engaged in securities related businesses with full licenses. Approval has recently been granted by the China Securities Regulatory Commission and the Ministry of Commerce. The Company’s shareholding in the Joint Stock Company is 15% and the capital contribution in the sum of RMB525 million will be made by the Group shortly. The formation of the Joint Stock Company (expected to be completed in the near future) will be a milestone for the Group to participate in the financial services industry in China.

Looking ahead, 2016 is likely to be another challenging year. The U.S. has started tightening its monetary policy but additional stimulus policies from the central banks in Europe, Japan and China will underpin the global economy. However, the concerns about economic growth in China and renminbi devaluation, the pace and magnitude of U.S. rate hikes, movement of US dollar and commodity prices and rising deflationary pressure in Europe and Japan are the biggest source of uncertainty. The launch of Shenzhen-Hong Kong Stock Connect will be a major driver supporting the stock market in 2016. Under such macroeconomic environment, the Board envisages challenges as well as opportunities in managing the Group’s investments in the coming year.

On the property front, the Hong Kong property market has entered into a consolidation phase amid a slowdown in the economy, rising interest rates and increasing land supply. We expect residential prices to decline in 2016 but a deep correction is unlikely on the back of growing household income and low unemployment rate. The Group has discontinued operations of the property investment segment during the Year but may re-consider making investment in this segment when attractive opportunities arise in the future.

For the investment holding segment, the Group in 2016 intends to explore further business opportunities probably through asset acquisitions and at the same time may rationalize long-term investments with lower-than-expected financial performance.

While the Group has scaled down its money lending business, the securities service businesses newly acquired by the Group at a total consideration over HK\$400 million are expected to turn the Group's business segment of provision of financial services as a significant contributor to the Group's revenue and profitability in 2016.

The Group's newly acquired financial services are now carried on by the Group under the names of Mason Securities Limited, Mason Futures Limited and Mason Bullion Limited as indirect wholly-owned subsidiaries of the Company. The Group has the intention to continue its money lending business as well as its own investment in securities trading business after the Completion of the Disposal Transaction. Although the scale of the Group's own investment in securities for trading and loans receivable will be smaller immediately upon the Completion, the Group's existing principal business will remain unchanged as dealing in securities, commodities broking, bullion trading services, provision of securities margin financing, investment and corporate finance advisory services, investment in securities trading, money lending and investment holding.

For illustration purposes, excluding the Target Group's investment in securities trading in the sum of approximately HK\$2,244 million and the two loans receivable in the sum of approximately HK\$156 million as at 31 December 2015, the Group would have a remaining portfolio of investment in securities for trading in the sum of approximately HK\$654 million mainly consisting of listed securities of financial services companies and no more loans receivable as at 31 December 2015. Further financial details of the Group's investment in securities trading and loans receivable can be found in the Company's annual report 2015. The Board believes that the scale of the Group's investment in securities trading and the provision of finance to third party customers can be adjusted under the Group's control so as to cater for the Group's business objectives. The Board considers that the existing principal business as mentioned above with higher degree of diversification in terms of asset allocation upon the Completion aligns with the Group's major business objective of focusing on the financial services industry.

As disclosed in the Company's profit warning announcement dated 16 June 2016, the Group recorded an unaudited loss attributable to equity holders of the Company around HK\$600 million for the five months ended 31 May 2016 and the loss was largely resulted from the net fair value loss on investments held for trading. Despite the above situation, the Board considers that the overall financial position of the Group remains sound and healthy. Moreover, the Board expects the Disposal Transaction to record a gain to recover part of the Group's net fair value loss on investments held for trading when the Completion is expected to take place in July 2016. Illustration of the expected gain is set out in page 11 of this circular.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there is no omission of other matters which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of each Director or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “Model Code”), to be notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares and underlying shares of the Company as at the Latest Practicable Date:

Name of Director	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding
Tong Tang Joseph	Interest of controlled corporation	4,303,464,965 (Note)	28.01%

*Note:* These shares are held by Grace Gorgeous Investment Holdings Limited, 40% shareholding of which is held by First Elite Ventures Limited which in turn is wholly-owned by Mr. Tong Tang Joseph.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**(b) Interests of substantial Shareholders**

Insofar as known to the Directors of the Company, as at the Latest Practicable Date, other than the interests of the Director or chief executive officer of the Company who had interests or short positions in the shares or underlying shares of the Company as disclosed above, the following person had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

<b>Name</b>	<b>Nature of interest</b>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of shareholding</b>
Zhang Haifeng	Interest of controlled corporation	2,919,056,270 (Note)	19.00%

*Note:* These shares are held by True Dynasty Limited, a wholly-owned subsidiary of Joy Monitor Limited, which is wholly owned by Mr. Zhang Haifeng.

Save as disclosed above, insofar as known to the Directors of the Company, as at the Latest Practicable Date, no persons had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

**3. MATERIAL LITIGATION**

Insofar as known to the Directors, there was no litigation, arbitration or claim of material importance in which the Group is engaged or pending or threatened against the Group as at the Latest Practicable Date.

**4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contracts with the Company or any other member of the Group (excluding contracts expiring or determinable by the Company within a year without payment of any compensation (other than statutory compensation)).

**5. COMPETING INTEREST**

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or the controlling shareholders (as defined under the Listing Rules), nor their respective associates had any interests in a business, which competes or is likely to compete either directly or indirectly with the business of the Group which would be required to be disclosed under the Listing Rules.

## 6. INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had, since 31 December 2015, being the date of the latest published audited accounts of the Company, been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

## 7. INTEREST IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group, nor had any Director had any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2015, being the date to which the latest published audited financial statement of the Group was made up.

## 8. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of the Latest Practicable Date and are or may be material:

- (a) On 7 May 2014, Co-Lead Holdings Limited (“**Co-Lead**”, a subsidiary of the Company) executed an agreement with Freeman Corporation Limited (“**FCL**”) whereby Co-Lead agreed to subscribe 300,000,000 new shares in FCL at the aggregate consideration of HK\$879 million.
- (b) On 20 June 2014, Willie Link Limited (a subsidiary of the Company) executed a joint venture agreement together with a joint venture partners’ agreement with Freeman Financial Services Limited in relation to an arrangement of jointly holding both parties’ investment in HEC Capital Limited under a newly incorporated joint venture company called Freewill Holdings Limited.
- (c) On 17 March 2015, the Company executed an agreement with Mission Capital Holdings Limited (“**Mission Capital**”) whereby the Company conditionally agreed to subscribe 1,500,000,000 new shares in Mission Capital at the aggregate consideration of HK\$150 million and Mission Capital conditionally agreed to subscribe 1,250,000,000 new shares in the Company at the same amount of aggregate consideration of HK\$150 million.
- (d) On 20 April 2015, Willie Resources Incorporated (“**WRI**”, a subsidiary of the Company) executed a conditional agreement with Central Town Limited whereby WRI agreed to purchase the entire issued share capital of a property holding company from Central Town Limited at the consideration of HK\$170 million.



- (e) On 19 June 2015, Co-Lead executed a share swap agreement with Loyal Fine Limited and Up Wonderful Limited whereby Co-Lead agreed to buy 90,000,000 shares in FCL held by Loyal Fine Limited in exchange for 900 new shares in Co-Lead and to buy 21,000,000 shares in FCL held by Up Wonderful Limited in exchange for 210 new shares in Co-Lead.
- (f) On 26 June 2015, Nice Hill International Limited (“**Nice Hill**” a subsidiary of the Company) executed an agreement with Downe Investments Limited (“**Downe**”) whereby Nice Hill agreed to sell the equity interest in two subsidiaries (holding investment in listed securities) to Downe at the consideration of HK\$300 million.
- (g) On 6 July 2015, Co-Lead executed a share swap agreement with Colour State Limited and West West Limited whereby Co-Lead agreed to buy 55,000,000 shares in FCL held by Colour State Limited in exchange for 550 new shares in Co-Lead and to buy 30,344,827 shares in FCL held by West West Limited in exchange for 303 new shares in Co-Lead.
- (h) On 16 October 2015, Co-Lead received from FCL a three-month zero coupon note dated 15 October 2015 with principal amount of HK\$509,991,480.60 as FCL’s offer to buy back 414,627,220 shares in FCL held by Co-Lead at that time and this buy-back offer was accepted by Co-Lead on 26 October 2015.
- (i) On 25 November 2015, Mason Innovation Investment Company Limited (“Mason Innovation”, a subsidiary of the Company) executed an agreement with Guoco Securities (Bermuda) Limited (“**Guoco Securities**”) whereby Mason Innovation agreed to acquire the entire issued share capital of three target companies (engaged in the business of providing securities and futures services) together with a shareholder loan owed by one of the target companies to Guoco Securities, at the aggregate consideration of approximately HK\$411 million.
- (j) On 2 December 2015, the Company executed a supplemental agreement with co-promoters to vary the terms of a promoters’ agreement dated 21 September 2015 whereby the Company’s shareholding in a foreign-funded joint stock company limited (namely, Shengang Securities Company Limited) to be incorporated in China would increase from 10% to 15% with a corresponding increase in the amount of capital contribution from RMB350 million to RMB525 million.
- (k) the Sale and Purchase Agreement.

## 9. GENERAL

- (a) The registered office and principal place of business of the Company is at Units 4708-10, 47/F, The Center, 99 Queen’s Road Central, Hong Kong.
- (b) The Company’s Share Registrar and Transfer Office in Hong Kong is Computershare Hong Kong Investor Services Limited, at Shops 1712 — 1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

- (c) The auditor of the Company is Mazars CPA Limited.
- (d) The Company Secretary of the Company is Man Wai Chuen, *FCCA, CPA, FCS*.
- (e) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

#### **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of the Company in Hong Kong at Units 4708-10, 47/F, The Center, 99 Queen's Road Central, Hong Kong during normal business hours on any weekdays (except public holidays) from the date of this circular up to and including the date which is 14 days from the date of this circular:

- (a) the articles of association of the Company;
- (b) all material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (c) the annual reports of the Company for the years ended 31 December 2013, 2014 and 2015;  
and
- (d) this circular.

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## NOTICE OF GENERAL MEETING

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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)

**NOTICE IS HEREBY GIVEN** that a general meeting of Mason Financial Holdings Limited (the “**Company**”) will be held at 14/F, Fairmont House, 8 Cotton Tree Drive, Hong Kong on Monday, 11 July 2016 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution which will be proposed as an ordinary resolution:

### ORDINARY RESOLUTION

“**THAT:**

- (a) the sale and purchase agreement dated 30 March 2016 (the “**Sale and Purchase Agreement**”) entered into between Willie Resources Incorporated (the “**Vendor**”) and Capital Union Inc. (the “**Purchaser**”) in relation to the disposal of the entire issued share capital in Mind Stone Investments Ltd. and the disposal of approximately 43.15% of the issued share capital in Co-Lead Holdings Limited by the Vendor to the Purchaser (a copy of the Sale and Purchase Agreement is marked “A” and produced to this meeting and signed by the chairman of the meeting for identification purpose) for a total consideration of HK\$1,200 million and the transactions contemplated thereunder the Sale and Purchase Agreement be hereby ratified, confirmed and approved; and
- (b) any one or more of the directors be and is/are hereby authorised to do all such acts and things and execute all such documents (in case of execution of documents under seal, to do so by any two directors of the Company or any director of the Company together with the secretary of the Company) and to take such steps which he/they may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Sale and Purchase Agreement and the transactions contemplated thereunder.”

By order of the Board  
**MASON FINANCIAL HOLDINGS LIMITED**  
**Tong Tang, Joseph**  
*Chairman*

Hong Kong, 23 June 2016

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.

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## NOTICE OF GENERAL MEETING

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2. To be valid, the instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

*As at the date of this notice, the Board comprises:*

*Executive Directors:*

Mr. Cheung Wing Ping  
Mr. Man Wai Chuen  
Ms. Lui Choi Yiu, Angela

*Non-executive Directors:*

Mr. Tong Tang, Joseph  
Dr. Xia Xiaoning

*Independent Non-executive Directors:*

Mr. Lam Yiu Kin  
Mr. Yuen Kwok On  
Mr. Tian Ren Can