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(Incorporated in Hong Kong with limited liability)
(Stock Code: 273)

**UPDATE ON
DISCLOSEABLE TRANSACTION —
PROPOSED INVESTMENT IN A FOREIGN-FUNDED
JOINT STOCK COMPANY LIMITED IN SHANGHAI**

Reference is made to the Company's announcement dated 21 September 2015 in relation to the Company's proposed investment in the Joint Stock Company, subject to certain conditions. The Board wishes to inform shareholders of the Company and potential investors that the terms of the Agreement have been varied by the Supplemental Agreement dated 2 December 2015.

Pursuant to the Supplemental Agreement, the Company's shareholding in the Joint Stock Company will increase from 10% to 15% and the capital contribution to be paid by the Company in cash will increase from RMB350,000,000 to RMB525,000,000 in total, to be financed by the Group's internal financial resources.

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Company's increased amount of investment in the Joint Stock Company pursuant to the Agreement is more than 5% but less than 25%, the proposed investment pursuant to the Agreement as varied by the Supplemental Agreement remains as a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements thereunder.

VARIATION OF TERMS FOR THE PROPOSED INVESTMENT IN SHANGHAI

Reference is made to the Company's announcement dated 21 September 2015 in relation to the Company's proposed investment in the Joint Stock Company, subject to certain conditions. The Board wishes to inform shareholders of the Company and potential investors that the terms of the Agreement have been varied by the Supplemental Agreement.

Pursuant to the Supplemental Agreement entered into by the initial as well as the existing promoters of the Joint Stock Company, there will be a change in the composition of the promoters of the Joint Stock Company and the change in the amount of capital contribution to be paid by certain promoters, including the Company. The total number of promoters for the Joint Stock Company has been reduced from 16 to 14. The amount of capital contribution to be paid by the Company will be increased from RMB350 million to RMB525 million. As a result, the Company's shareholding in the Joint Stock Company will increase from 10% to 15%. Upon completion of the Agreement as varied by the Supplemental Agreement, the Company will become one of the two single largest shareholders of the Joint Stock Company.

The principal terms of the Supplemental Agreement are set out below.

PRINCIPAL TERMS OF THE SUPPLEMENTAL AGREEMENT

- Date : 2 December 2015 (after trading hours).
- Promoters and their respective equity interests in the Joint Stock Company : (1) the Company (15%); and
(2) the Co-Promoters (85%) - the Co-Promoters consist of 13 investors, one of whom will hold 15% and each of the other 12 investors will hold 10% or less of the equity of the Joint Stock Company.
- Capital contribution by the Promoters : The Company and all the Co-Promoters in aggregate will contribute capital in cash to the Joint Stock Company in proportion to their respective equity shareholdings in the Joint Stock Company in the amount of RMB525,000,000 (equivalent to 15% of the total capital contribution) and RMB2,975,000,000 (equivalent to 85% of the total capital contribution) respectively.

Save for the above variations, there is no change to the other terms and conditions of the Agreement including the total amount of the registered capital of the Joint Stock Company and the capital contribution term. The terms of the Supplemental Agreement are determined after arm's length negotiations between the initial as well as the existing promoters of the Joint Stock Company.

Conditions precedent of the formation of the Joint Stock Company

Pursuant to the Agreement, the formation of the Joint Stock Company is subject to, among other matters, the approval by the China Securities Regulatory Commission, the Ministry of Commerce and other relevant regulatory authorities in the PRC.

In the event the above conditions have not been fulfilled within 12 months after the submission of the application to the China Securities Regulatory Commission, the Agreement shall cease and determine and all capital contributions previously paid by the Promoters shall be refunded to the Promoters after deduction of all costs and fees as have been incurred in connection with the formation of the Joint Stock Company.

INFORMATION ON THE PROMOTERS

The Company is one of the Promoters and is an investment holding company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange. The Company together with its subsidiaries is principally engaged in the business of investment in securities trading, money lending, property investment and investment holding. The Company intends to finance the payment of the Company's capital contribution in the sum of RMB525,000,000 to the Joint Stock Company by the Group's internal financial resources.

Upon entering into the Supplemental Agreement, the Co-Promoters currently consist of 2 corporate investors in Hong Kong, 10 corporate investors and 1 partnership investor in the PRC. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Co-Promoters and their ultimate beneficial owners are third parties independent of the Company and its connected persons as defined under the Listing Rules.

REASONS FOR AND BENEFITS OF INCREASING THE AMOUNT OF INVESTMENT IN THE JOINT STOCK COMPANY

The Group is principally engaged in the business of investment in securities trading, money lending, property investment and investment holding. In view of the opportunities in the financial services industry, the Group has been developing businesses in this segment. As mentioned in the Company's interim results announcement in late August 2015 and in the Company's announcement dated 25 November 2015, the Group is acquiring companies with licences to carry on the

business of dealing in securities, advising on securities, asset management, corporate finance advisory services and commodities broking in Hong Kong, pending the approval of Securities and Futures Commission in Hong Kong, so that the Group will directly carry on such kind of businesses. In addition, the Company intends to make cross-border investments in the financial services industry in the PRC. The Board believes that the proposed investment (with the increased capital contribution) in the Joint Stock Company (when materializes as the Company's long-term investment) will facilitate the Group's diversification and expansion of business development geographically. The Company has decided to acquire a bigger shareholding in the Joint Stock Company as the Company is optimistic about the business prospects of the Joint Stock Company with full licences to carry on securities related business under persistent economic growth in the PRC. Having considered these factors, the Board considers that the terms of the Agreement as varied by the Supplemental Agreement and the proposed investment in the Joint Stock Company are in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Company's increased amount of investment in the Joint Stock Company is more than 5% but less than 25%, the proposed investment pursuant to the Agreement as varied by the Supplemental Agreement remains as a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements thereunder.

As the conditions precedent under the Agreement for the proposed investment in the Joint Stock Company may or may not be fulfilled, shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“Agreement”	the Promoters' agreement dated 21 September 2015 entered into between the Company and the Co-Promoters, in relation to the formation of the Joint Stock Company, as varied by the Supplemental Agreement;
“Board”	the board of directors of the Company;

“Company”	Mason Financial Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 273);
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Co-Promoters”	promoters (other than the Company) of the Joint Stock Company pursuant to the Agreement as varied by the Supplemental Agreement;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Joint Stock Company”	a foreign-funded joint stock company limited to be incorporated by the Promoters in the PRC under the name of “Shengang Securities Company Limited”;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China;
“Promoters”	the Company and the Co-Promoters;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the supplemental agreement dated 2 December 2015 entered into by the initial as well as the existing promoters of the Joint Stock Company for the purpose of varying the terms for the formation of the Joint Stock Company pursuant to the Agreement;
“%”	percent.

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

Hong Kong, 2 December 2015

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

Executive Directors:

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

Non-executive Director:

Dr. Xia Xiaoning

Independent Non-executive Directors:

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