
LETTER FROM THE JOINT SECURITIES ADVISERS



金利豐證券
KINGSTON SECURITIES

21 October 2022

To the Shareholders of Mason

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
OPTIMA CAPITAL LIMITED AND KINGSTON SECURITIES LIMITED
ON BEHALF OF MARVEL BONUS HOLDINGS LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES OF
MASON GROUP HOLDINGS LIMITED (stock code: 00273)
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 10 June 2022, the Offeror informed you and the market by way of the Announcement of the Offer to be made jointly by the Joint Securities Advisers, on behalf of it, for all the issued shares of Mason (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) at the Initial Offer Price of HK\$0.0265 in cash for each Offer Share, and that (i) the making of the Offer would be subject to the fulfilment (or waiver, as applicable) of certain Pre-Conditions as set out in the Announcement; and (ii) the Offer, if and when made, would also be subject to the fulfilment (or waiver, as applicable) of certain conditions (including condition as to acceptance threshold) as set out in the Announcement. Prior to the Announcement, on 6 June 2022, the Offeror had informed the Mason Board that it was considering to make a voluntary conditional cash offer pursuant to the Takeovers Code to acquire all issued Shares of Mason from the Shareholders other than parties acting in concert with the Offeror.

On 14 September 2022, the Offeror announced in the Revised Offer Announcement the increase in the price for the Offer from the Initial Offer Price of HK\$0.0265 per Offer Share to HK\$0.0311 per Offer Share.

On 14 October 2022, the Offeror announced in the Pre-Conditions Announcement that all Pre-Conditions have been fulfilled or waived (as the case may be) and that an offer document containing the terms and conditions of the Offer would be despatched to the Shareholders in compliance with the Takeovers Code.

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We, Optima Capital and Kingston Securities as the Joint Securities Advisers to the Offeror, are writing to you to make the Offer to you for and on behalf of the Offeror. This letter forms part of this Offer Document which sets out, among other things, the details of the Offer, information on the Offeror, the intention of the Offeror in relation to the Mason Group and the benefits of the Offer may give to the Shareholders. Further details of the terms and procedures of acceptance of the Offer are set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

Based on the published information of Mason, as at the Latest Practicable Date, there were 44,364,885,557 Shares in issue and there were no convertible securities, warrants, options, derivatives or other securities issued by Mason that are convertible or exchangeable into Shares or other types of equity interest in issue. As at the Latest Practicable Date, save for Kingston Securities, one of the Joint Securities Advisers and a financier of the Offeror in respect of the Offer, held 1,122 Shares, none of the Offeror, Mr. Yam and parties acting in concert with any of them held any Shares.

THE OFFER

Optima Capital and Kingston Securities are making, for and on behalf of the Offeror and in compliance with the Takeovers Code, the Offer to acquire all the Offer Shares on the following terms:

For each Offer Share..... HK\$0.0311 in cash

The Offer is extended to all Shareholders (including Kingston Securities) in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be (i) fully paid; (ii) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interest of any nature whatsoever; and (iii) together with all rights, benefits and entitlements attached thereto (including the right to receive and retain all dividends and other distributions (if any) which may be announced, declared, paid or made thereon by Mason the record date of which falls on or after the date of this Offer Document).

Comparison of value

The Offer Price represents:

- (i) a premium of approximately 35.2% over the closing price of the Shares of HK\$0.023 per Share as quoted on the Stock Exchange on 6 June 2022, being the date on which the Offeror informed the Mason Board that it was considering to make a voluntary conditional cash offer pursuant to the Takeovers Code to acquire all issued Shares of Mason from the Shareholders other than parties acting in concert with the Offeror;
- (ii) a premium of 24.4% over the closing price of HK\$0.025 per Share as quoted on the Stock Exchange on the Last Trading Day before the Announcement;

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- (iii) a premium of approximately 15.2% over the closing price of HK\$0.027 per Share as quoted on the Stock Exchange on the Last Trading Day before the Revised Offer Announcement;
- (iv) a premium of approximately 21.5% over the average closing price of approximately HK\$0.0256 per Share of the daily closing prices as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day before the Revised Offer Announcement;
- (v) a premium of approximately 26.4% over the average closing price of approximately HK\$0.0246 per Share of the daily closing prices as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day before the Revised Offer Announcement;
- (vi) a premium of approximately 23.4% over the average closing price of approximately HK\$0.0252 per Share of the daily closing prices as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day before the Revised Offer Announcement;
- (vii) a premium of approximately 30.1% over the average closing price of approximately HK\$0.0239 per Share of the daily closing prices as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Trading Day before the Revised Offer Announcement;
- (viii) a premium of approximately 41.4% over the average closing price of approximately HK\$0.0220 per Share of the daily closing prices as quoted on the Stock Exchange for the last 180 consecutive trading days up to and including the Last Trading Day before the Revised Offer Announcement;
- (ix) a premium of approximately 35.2% over the closing price of HK\$0.023 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (x) a discount of approximately 68.4% to the audited consolidated net asset value attributable to Shareholders of approximately HK\$0.0984 per Share as at 31 December 2021 (calculated based on the audited consolidated net asset value of Mason attributable to the Shareholders of approximately HK\$4,364,787,000 as at 31 December 2021 as extracted from the annual report of Mason for the year ended 31 December 2021 and 44,364,885,557 Shares (being the number of Shares then in issue)); and

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- (xi) a discount of approximately 66.7% to the unaudited consolidated net asset value attributable to Shareholders of approximately HK\$0.0935 per Share as at 30 June 2022 (calculated based on the unaudited consolidated net asset value of Mason attributable to the Shareholders of approximately HK\$4,149,192,000 as at 30 June 2022 as extracted from the interim report of Mason for the six months ended 30 June 2022 and 44,364,885,557 Shares (being the number of Shares then in issue)).

Highest and lowest closing prices

During the Relevant Period, the highest closing price per Share as quoted on the Stock Exchange was HK\$0.0280 for 14 September 2022; and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.017 for 15 March 2022.

Value of the Offer

Based on the published information of Mason as at the Latest Practicable Date, Mason had 44,364,885,557 Shares in issue. The Offeror is not aware that there are any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Mason as at that date.

On the basis of the Offer Price of HK\$0.0311 per Offer Share and the number of the Shares in issue of 44,364,885,557, the entire issued share capital of Mason is valued at HK\$1,379,747,940.82. All Shares are subject to the Offer and the value of the Offer is approximately HK\$1,379.7 million (assuming there will be no change in the number of issued Shares from the Latest Practicable Date up to the close of the Offer).

Confirmation of financial resources available for the Offer

The consideration payable under the Offer of approximately HK\$1,379.7 million (on (i) the basis of the Offer Price of HK\$0.0311 and 44,364,885,557 Shares which are subject to the Offer; and (ii) the assumption that the Offer is accepted in full and there is no change in the number of issued Shares from the Latest Practicable Date up to the close of the Offer) is partly financed by the internal cash resources of HK\$900 million of the Offeror and partly by a loan facility of HK\$480 million granted by Kingston Securities under the Loan Agreement, which facility is secured by the Security Charge and the Personal Guarantee in favour of Kingston Securities. The Offeror confirms that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the aforementioned financing arrangements, will not depend to any significant extent on the business of the Mason Group.

Kingston Corporate Finance, being one of the Joint Financial Advisers, is satisfied that sufficient financial resources are, and will continue to be, available to the Offeror to satisfy the amount payable upon full acceptances of the Offer.

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Offer Conditions

The Offer is conditional on the fulfilment (or waiver where applicable) of the following Offer Conditions:

- (i) the Offeror having received valid acceptances (and, where permitted, such acceptances not having been withdrawn) at or before 4:00 pm on the First Closing Date (or such other time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of the Offer which will result in the Offeror and parties acting in concert with it holding more than 50% of the Shares;
- (ii) the Shares remaining listed and traded on the Main Board of the Stock Exchange up to the First Closing Date (or, if earlier, the Unconditional Date) save for any temporary suspension of trading pending the issuance of any announcement(s) in relation to any inside information of Mason (if any), and no indication having been received on or before the First Closing Date (or, if earlier, the Unconditional Date) from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn, other than as a result of either the Offer or anything done or caused by or on behalf of the Offeror;
- (iii) no corporate action, agreement, or proposal having been contemplated, implemented or announced in relation to issuance of any new Shares or any convertible securities, warrants or options in respect of any Shares or any similar actions which may have effect on the issued share capital of Mason as at 6 June 2022;
- (iv) no event having occurred which would make the Offer or the acquisition of any of the Offer Shares under the Offer void, unenforceable or illegal or prohibit the implementation of the Offer;
- (v) no Relevant Authority(ies) in any jurisdiction having taken or instigated any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offer or the acquisition of any of the Offer Shares under the Offer void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions, limitations or obligations with respect to, the Offer (other than items or events that would not have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the Offer); and
- (vi) subject to Note 2 to Rule 30.1 of the Takeovers Code, save as publicly disclosed by Mason in any of its announcements and circular since 31 December 2021 (being the date of the last audited consolidated financial statements of Mason), there having been no change, effect, fact, event or circumstances which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general affairs, management, financial position, business, prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, current or

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future consolidated financial position, shareholders' equity or results of operations of the Mason Group as a whole, whether or not arising in the ordinary course of business.

The Offeror reserves the right to waive, in whole or in part, all or any of the Offer Conditions save that Offer Conditions (i) and (iv) cannot be waived. As at the Latest Practicable Date, none of the above Offer Conditions had been fulfilled or waived.

In respect of Offer Condition (v) above, based on the published information of Mason as at the Latest Practicable Date, nothing has come to the attention of the Offeror that there were any proceedings, suits, investigations, etc. in respect of Mason Group. In any event, the Offeror does not intend to waive the fulfillment of Offer Condition (v) under the Offer.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any of the Offer Conditions (other than Offer Condition (i)) so as to cause the Offer to lapse unless the circumstances which give rise to the right to invoke such Offer Condition are of material significance to the Offeror in the context of the Offer.

In compliance with Rule 15.3 of the Takeovers Code, the Offeror will publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer becomes unconditional in all respects. The Offer will also remain open for acceptance for at least 14 days after the Offer becomes or is declared unconditional (whether as to acceptances or in all respects).

The Offeror reserves the right to revise the terms of the Offer in compliance with the Takeovers Code.

WARNING: Shareholders and/or potential investors of Mason should note that the Offer is subject to the satisfaction or waiver (where applicable) of the Offer Conditions. Accordingly, the Offer may or may not become unconditional. Shareholders and/or potential investors of Mason should therefore exercise caution when dealing in the securities of Mason. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

Effects of accepting the Offer

In addition to the Offer Conditions set out in this Offer Document, the Offer is being made on the basis that acceptance of the Offer by any person will constitute a warranty by such person or persons to the Offeror that the Offer Shares acquired under the Offer are sold by such person or persons as (i) fully paid; (ii) free from all liens, equities, mortgages, charges, encumbrances, right of pre-emption and other third party rights and interest of any nature whatsoever; and (iii) together with all rights, benefits and entitlements attached thereto (including the right to receive and retain all dividends and other distributions (if any) which may be announced, declared, paid or made thereon by Mason on or after the date of this Offer Document).

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Hong Kong stamp duty

Seller's ad valorem stamp duty payable by the Shareholders who accept the Offer and calculated at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of the Shareholders who accept the Offer and will bear and pay its own buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the relevant Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment (after deducting the relevant seller's ad valorem stamp duty of the Shareholders who accept the Offer) in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days following the later of (i) the date on which the Offer becomes or is declared unconditional in all respects; and (ii) the date on which duly completed Form of Acceptance and the relevant documents of title of Shares are received by the Receiving Agent to render each such acceptance complete and valid. No fraction of a cent will be payable and the amount of cash consideration payable to the Shareholder who accepts the Offer will be rounded up to the nearest cent.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror, Optima Capital, Kingston Corporate Finance, Kingston Securities, the Receiving Agent, their respective ultimate beneficial owners and parties acting in concert or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer is in a position to advise the Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

Overseas Shareholders

The making of the Offer is available to all Shareholders, including those who are residents outside Hong Kong. The availability of the Offer to persons who are not residents in Hong Kong may be affected by the laws of the relevant jurisdictions. Persons who are not residents in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due in such jurisdictions.

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Acceptance of the Offer by any overseas Shareholders will be deemed to constitute a representation and warranty from such overseas Shareholder to the Offeror that the local laws and requirements have been complied with. Overseas Shareholders should consult their professional advisers if in doubt.

Dealing and interests of the Offeror, Mr. Yam and parties acting in concert with any of them in Mason's securities

As at the Latest Practicable Date,

- (i) Kingston Securities held 1,122 Shares. Save for this, none of the Offeror, Mr. Yam and parties acting in concert with any of them held, owned or had control or direction over any voting rights or rights over any Shares, convertible securities, warrants or options of Mason or any derivatives in respect of such securities;
- (ii) the Offeror, Mr. Yam and parties acting in concert with any of them had not received any irrevocable commitment to accept or reject the Offer;
- (iii) the Offeror, Mr. Yam and parties acting in concert with any of them had not acquired any voting rights in or otherwise dealt for value in the Shares or rights over the Shares during the Relevant Period;
- (iv) the Offeror, Mr. Yam and parties acting in concert with any of them had no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person;
- (v) save for the Loan Agreement, Security Charge and Personal Guarantee, there was no arrangement, understanding or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (a) the Offeror, Mr. Yam and any parties acting in concert with any of them and (b) any Shareholder(s); and
- (vi) the Offeror, Mr. Yam and parties acting in concert with any of them had not borrowed or lent any relevant securities as defined in Note 4 to Rule 22 of the Takeovers Code.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the BVI with limited liability. It is principally engaged in investment holding. The sole shareholder of the Offeror is Integrated Asset Management (Asia) Ltd., a company wholly and beneficially owned by Mr. Yam. Mr. Yam is also the sole director of the Offeror.

Mr. Yam is a professional investor who has extensive experience in investment in securities. He obtained his bachelor's degree of Science from the University of Toronto in June 1983, majoring in Computer Science and Actuarial Science. He was a co-founder and formerly served as an executive director and the Chairman of the board of Momentum Financial Holdings

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Limited (formerly known as Infinity Financial Group (Holdings) Limited and Fornton Group Limited) (“**Momentum FHL**”), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 01152). During his tenure at Momentum FHL from October 2011 to June 2014, Momentum FHL was principally engaged in the manufacturing and sale of knitwear and finance leasing. Mr. Yam was appointed as the Chairman of Yan Oi Tong in 2007 and advocated the establishment of YOT Chong Sok Un Medical Fund (Cancer Aid). In 2008, he was awarded a Medal of Honor from the Hong Kong Government. Mr. Yam indirectly owns Integrated Asset Management Limited, a licensed corporation permitted to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. He also has over 10 years of experience in money lending business and is a controlling shareholder and director of Integrated Capital (Asia) Limited, a licensed money lender in Hong Kong.

INFORMATION ON MASON

As disclosed in the interim report of Mason for the six months ended 30 June 2022, Mason Group is principally engaged in comprehensive financial services, investments in healthcare businesses and mother-infant-child businesses. Mason Group provides a diversified range of financial services including dealing in securities, commodities brokerage, provision of securities margin financing, provision of investment and corporate finance advisory services, investments in securities, wealth and asset management, money lending and investment holding. Mason Group also invests in healthcare businesses providing medical consultation and laboratory services and mother-infant-child businesses.

OFFEROR’S INTENTION IN RELATION TO MASON

Save for appropriate and necessary measures that would improve the operational and financial performance, as well as the corporate governance of the Mason Group, the Offeror does not intend to introduce any major changes to the existing operations and businesses of the Mason Group upon the close of the Offer, and intends that the Mason Group will continue to operate its existing businesses following the close of the Offer. Nevertheless, the Offeror will conduct a detailed review on the existing businesses and operations and the financial position of the Mason Group for the purpose of formulating business plans and strategies for the Mason Group’s long-term business development and, based on the results of such review, the Offeror will consider and explore business opportunities in areas or industries that the Offeror may consider suitable for the Mason Group. Subject to the results of the review, should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Mason Group will be appropriate in order to enhance its financial performance and growth. Notwithstanding this, as at the Latest Practicable Date, no plans had been made by the Offeror, to: (i) make any major redeployment of assets of the Mason Group; or (ii) discontinue the employment of the employees of the Mason Group (other than in the ordinary course of business) in the event that the Offer has become unconditional in all respects.

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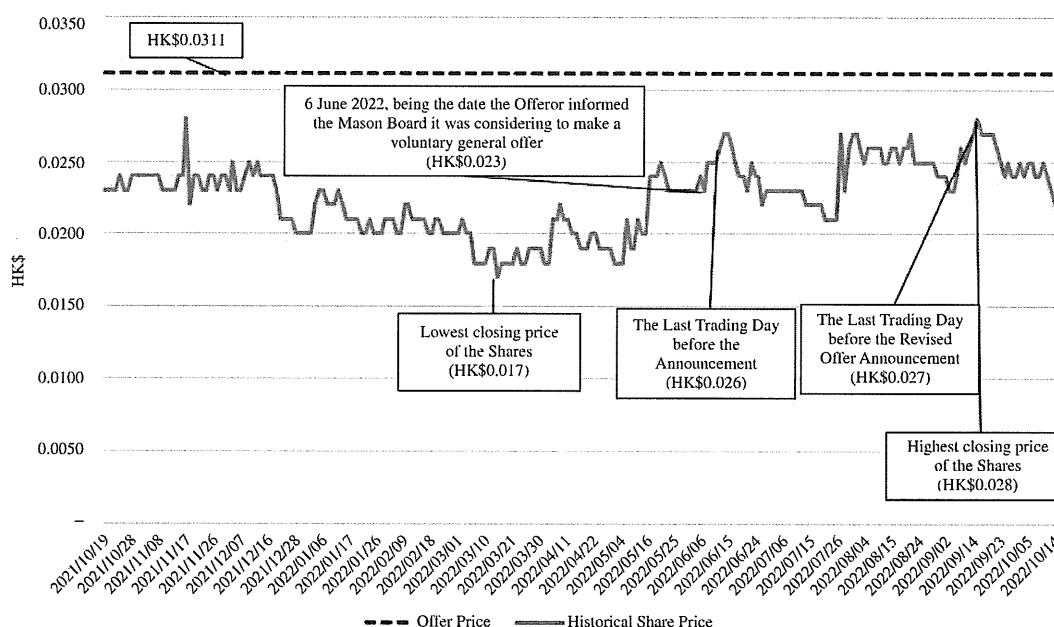
As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Mason Group.

REASONS AND BENEFITS OF THE OFFER THE SHAREHOLDERS SHOULD CONSIDER

In the face of the tremendous losses attributable to the Shareholders made by the Mason Group during the last five financial years ended 31 December 2017 to 31 December 2021 of almost HK\$2,000 million, the Offeror believes the absence of clear leadership and the lack of management competency are primary factors underpinning the losses of the Mason Group in the past years. The Offer is being made on behalf of the Offeror against this backdrop and provides a good opportunity for the Shareholders to realise their investments in the Shares with the following reasons and benefits:

Attractive exit premium

The Offer commands an attractive premium over the prevailing closing prices of the Shares quoted on the Stock Exchange as depicted in the following chart for the 12-month period from 19 October 2021 to the Latest Practicable Date (the “Review Period”):



During the Review Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.028 per Share on 14 September 2022 and HK\$0.017 per Share on 15 March 2022 respectively. As shown in the chart above, the Offer Price of HK\$0.0311 was above all the closing prices of the Shares during the Review Period.

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During the period from 6 June 2022 (the date on which the Offeror informed the Mason Board that it was considering to make a voluntary general offer) up to and including the Latest Practicable Date, the closing prices of the Shares had traded between a range of HK\$0.021 and HK\$0.028. The Offeror believes the recent price surge has been underpinned by the announcement of the Offer on 10 June 2022.

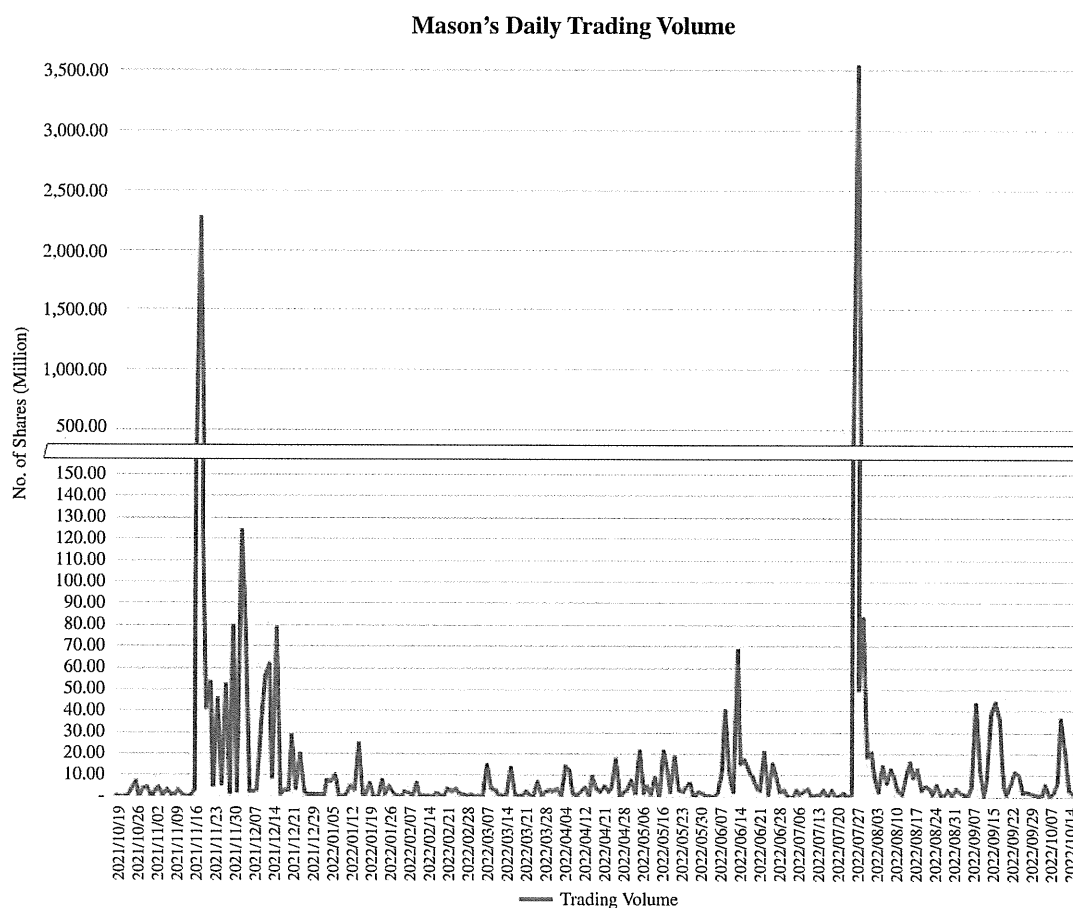
Set out below is the price premium commanded by the Offer over the closing prices of the Shares for certain selected date(s) and period(s) during the Review Period:

Selected date/period	Offer Price: HK\$0.0311	
	Closing price or average closing price of the Shares (as the case may be) <i>HK\$</i>	Premium of the Offer Price over the closing price or the average closing price of the Shares (as the case may be)
6 June 2022	0.023	35.2%
Last Trading Day before the Announcement	0.025	24.4%
Last Trading Day before the Revised Offer Announcement	0.027	15.2%
The last five consecutive trading days up to and including the Last Trading Day before the Revised Offer Announcement	0.0256	21.5%
The last 10 consecutive trading days up to and including the Last Trading Day before the Revised Offer Announcement	0.0246	26.4%
The last 30 consecutive trading days up to and including the Last Trading Day before the Revised Offer Announcement	0.0252	23.4%
The last 90 consecutive trading days up to and including the Last Trading Day before the Revised Offer Announcement	0.0239	30.1%
The last 180 consecutive trading days up to and including the Last Trading Day before the Revised Offer Announcement	0.0220	41.4%
The Latest Practicable Date	0.0230	35.2%

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Illiquid trading

Trading liquidity of the Shares on the Stock Exchange during the Review Period was very thin as analysed below. The following chart depicts the market liquidity of the Shares traded on the Stock Exchange for the Review Period.



It is noted that on 17 November 2021, the trading volume of the Shares was exceptionally high with approximately 2,260.1 million Shares changed hands in total, representing approximately 5.1% of the total number of the then issued Shares. Save for the volume traded in total for the day as quoted on the Stock Exchange, there was no publicly available information on any particulars of the trade(s) of the Shares on the same day. On 26 July 2022, after the announcement the Offer, the Shares recorded an exceptionally high trading volume with approximately 3,537.1 million Shares changed hands in total, representing approximately 8.0% of the total number of the then issued Shares. Based on the “Disclosure of Securities Dealings” filing made by Investment Talent Limited (“**Investment Talent**”), a substantial shareholder of Mason, to the SFC in accordance with Rule 22 of the Takeovers Code, Investment Talent acquired approximately 3,270.1 million Shares (representing approximately 7.4% of the total number of the then issued Shares) on 26 July 2022. It is noted from the “Disclosure of Interests” filing made by Investment Talent pursuant to Part XV of the SFO that Investment Talent

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acquired the aforementioned Shares at the average price of HK\$0.021 per Share. Save for the above, there was no other publicly available information on any particulars of the trade(s) of the Shares on that trading day.

Had it not been the two exceptionally high-volume trading days on 17 November 2021 and 26 July 2022 as mentioned above, the average daily trading volume of the Shares for the Review Period would have been virtually negligible at a mere 0.021% of the total number of issued Shares as shown below:

	Number of Shares	As a percentage of the total number of issued Shares as at the Latest Practicable Date	As a percentage of the Shares held by public Shareholders as at the Latest Practicable Date (Note)
Average daily trading volume of the Shares for the Review Period	32.5million	0.073%	[0.110%]
Average daily trading volume of the Shares for the Review Period (excluding 17 November 2021 and 26 July 2022)	9.2million	0.021%	[0.031%]

Note: For purpose of this analysis, the term of “public Shareholders” excludes the Shareholders holding 10% or more of the issued Shares as at the Latest Practicable Date as such information can be ascertained from the disclosure of interest filing made by the Shareholders under Part XV of the SFO.

During the Review Period, the daily trading volume was only exceptionally high on 17 November 2021 and 26 July 2022. Generally speaking, the low trading liquidity of the Shares would make it difficult for the Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares and/or when an event that would have any adverse impact on the price of the Shares occurs.

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Appalling financial results and meager dividend payments to the Shareholders

The Mason Group suffered huge losses of approximately HK\$2,108.5 million over the past five and a half years as follows:

	For the year ended 31 December					For the six months ended 30 June 2022
	2017	2018	2019	2020	2021	("6 Months 2022")
	("FY2017")	("FY2018")	("FY2019")	("FY2020")	("FY2021")	("6 Months 2022")
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(audited)	(audited)	(audited)	(audited)	(audited)	(unaudited)
(Loss)/profit for the year attributable to the Shareholders	(53,160)	90,184	(1,149,856)	(140,711)	(733,623)	(121,303)
Total accumulated losses attributable to the Shareholders: HK\$2,108,469,000						

The audited profit attributable to the Shareholders for FY2018 was recorded after having accounted for gains on deemed disposal of interests in subsidiaries and a disposal on interests in a subsidiary aggregating to approximately HK\$153.6 million for the Mason Group. Given the loss situation of Mason Group, the Shareholders had not been paid much of a dividend. The dividend payment history of Mason over the past five and a half years is as follows:

	FY2017	FY2018	FY2019	FY2020	FY2021	6 Months 2022
Dividend per Share (HK\$)	Nil	Final dividend of 0.00067 in cash	Nil	Nil	Nil	Nil
Total dividend payment made (HK\$ million)	Nil	29.9	Nil	Nil	Nil	Nil

As at 30 June 2022, the unaudited accumulated loss attributable to the Shareholders exceeded HK\$2,200 million. With this substantial accumulated loss brought forward, the Offeror believes it is not promising that Mason would be able to pay a dividend out of profits in the near future. Although a distribution to the Shareholders by way of conducting a capital reduction could be made, the legal process is normally time consuming and subject to the Mason Board's decision to initiate the due process. The Offer provides an immediate cash exit opportunity for the Shareholders to realise their investment in the Shares without concern on market liquidity or fluctuation of market performance of the Shares.

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Quick erosion of Shareholders' equity

Mason had made two substantial new capital fund raisings since 2016. In October 2016, Mason issued approximately 3,072.9 million new Shares under general mandate raising net proceeds of approximately HK\$725 million. In February 2017, Mason issued approximately 22,124.8 million new Shares by way of a 6:5 rights issue to the Shareholders raising net proceeds of approximately HK\$2,840 million. Of the total net proceeds of HK\$3,565 million raised, approximately HK\$2,167 million had been utilised on acquisitions of various subsidiaries, investee companies and new businesses. The net asset value attributable to the Shareholders ("NAV") has suffered from huge depletion as a result of the continuous losses over the past years as follows:

	As at 31 December						As at
	2016	2017	2018	2019	2020	2021	30 June
	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	2022
							(unaudited)
NAV (HK\$'000)	3,256,441	6,070,763	6,161,419	5,001,689	5,189,564	4,364,787	4,149,192
NAV per Share ("NAV per Share") (HK\$)	0.1766	0.1361	0.1381	0.1127	0.1170	0.0984	0.0935

As shown in the table above, the Shareholders lost nearly 50% of the NAV per Share from HK\$0.1766 as at 31 December 2016, after the general mandate issue in October 2016 had taken place, to HK\$0.0935 as at 30 June 2022. It appears to the Offeror that the Mason Board and its management have no immediate solutions to contain the deterioration of the financial performance of the Mason Group, least to say to recoup the eroded Shareholders' equity in the Mason Group over the years.

Mason needs good leadership

From the above summary of the past years' financial performance and historical Share trading record of Mason, Mason's management has failed to create value for the Shareholders. It appears that there is no sign of the situation being able to be turned around in the short term. A capable leadership and competent management governance are needed for Mason. The Offeror and its beneficial owner will therefore ultimately benefit from the changes brought about by the new ownership of Mason.

LETTER FROM THE JOINT SECURITIES ADVISERS

Set out below is the number of directors appointed to, and resigned from, the Mason Board during the period from 1 January 2016 to 16 April 2020:

	During the period from 1 January 2016 to 16 April 2020, number of directors appointed to resigned from the Mason the Mason Board Board	
executive director	7	9
non-executive director	2	2
independent non-executive directors	6	5
Total	15 (Note)	16

Note: Among these 15 directors, 9 of them have subsequently resigned from the Mason Board during the period from 1 January 2016 to 16 April 2020.

Frequent movements in the Mason Board had happened during the years from 2016 to 2020 and there were 15 new appointments to, and 16 resignations from, the Mason Board (both executive directors and non-executive directors included). During 2016 and 2017, there were nine directors appointed to, and eight directors resigned from, the Mason Board. Although the Mason Board had remained relatively stable for the year of 2018 with only two new appointments and one resignation of directors, there was an upheaval of the Mason Board at the end of 2019 and early 2020, when the then Chairman and Chief Executive Officer of Mason and several other executive and non-executive directors of Mason resigned from the Mason Board sequentially within a short period of time from December 2019 to April 2020. There has been no change in the Mason Board since May 2020. The offices of both the Chairman and Chief Executive Officer of Mason have been left vacant since January 2020. Subsequent to this, the incumbent Deputy Chief Executive Officer of Mason, Ms. Han Ruixia, was appointed as executive director and Deputy Chief Executive Officer of Mason in April 2020 and remains in this position as at the Latest Practicable Date.

The current structure of the Mason Board is obscure. The most senior executive personnel on the Mason Board is positioned as a “deputy” i.e. a second in command. This raises questions on the adequacy of governance and accountability transparency of the Mason Group. The turbulent years of losses of the Mason Group call for a recognition of the need for ownership to the management of the Mason Group, and for a capable leader of the Mason Board to serve for the good of the Shareholders. The success of the Offer will enable Mason and the Offeror to strive for strengthening the Mason Board for the purpose of good governance and transparency of the management structure, and accountability to the Shareholders.

LETTER FROM THE JOINT SECURITIES ADVISERS

The Offer Conditions are customary conditions for voluntary general offer

The Offer Conditions, the full particulars of which are stated in the sub-paragraph headed “Offer Conditions” under the paragraph headed “the Offer” above, comprise (i) the acceptance condition; (ii) that the Shares remain listed and traded on the Stock Exchange; (iii) no occurrence of events which would affect the issued share capital of Mason, (iv) no occurrence of events or actions by Relevant Authorities which would make the Offer void, unenforceable or illegal or prohibit the implementation of the Offer; and (v) no material adverse effect on, or cause a material adverse change in, among other things, results or operations of Mason since 31 December 2021 (the date of the last audited consolidated financial statements of Mason) Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror will not invoke any of the Offer Conditions (other than the Offer Condition (i)) so as to cause the Offer to lapse unless the circumstances which give rise to the right to invoke any such Offer Conditions are of material significance to the Offeror in the context of the Offer. It is a fair balance of the Shareholders’ interests under the Offer and that of the Offeror in the circumstances.

PROPOSED CHANGE TO THE MASON BOARD

As at the Latest Practicable Date, based on the information disclosed by Mason on the website of the Stock Exchange, the Mason Board comprised two executive directors, namely, Ms. Han Ruixia and Mr. Zhang Zhenyi; one non-executive director, namely, Ms. Hui Mei Mei, Carol; and four independent non-executive directors, namely, Mr. Tian Ren Can, Mr. Wang Cong, Mr. Wu Xu’an and Mr. Ng Yu Yuet.

Should the Offeror become the majority shareholder of Mason after the close of the Offer, the Offeror intends to nominate such number of new directors to, and so would constitute the majority of, the Mason Board for appointment as soon as practicable.

It is proposed that Mr. Yam would be appointed as an executive Director and Chairman of the Mason Board. The background of Mr. Yam is set out under the paragraph headed “Information on the Offeror” above. It is also intended that a professional chief executive officer would be appointed to the Mason Board. Any further changes to the Mason Board will be made in compliance with the Takeovers Code and the Listing Rules and a separate announcement will be made in this regard as and when appropriate.

MAINTAINING THE LISTING STATUS OF MASON

Should the Offeror become the majority shareholder of Mason after the close of the Offer, the Offeror intends to maintain the listing status and the public float of Mason in compliance with the Listing Rules.

LETTER FROM THE JOINT SECURITIES ADVISERS

The Stock Exchange has stated that if, at the close of the Offer, less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

Mr. Yam, the sole director of the Offeror, has undertaken to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that sufficient public float exists in the Shares after the close of the Offer. The Offeror will issue a separate announcement as and when necessary in this regard.

COMPULSORY ACQUISITION

The Offeror intends to avail itself of the powers of compulsory acquisition of any Shares outstanding and not acquired by it under the Offer after the close of the Offer.

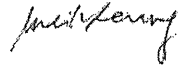
ADDITIONAL INFORMATION

Your attention is drawn to the information regarding the Offer set out in the Appendices to this Offer Document and the accompanying Form of Acceptance, which form part of this Offer Document.

In considering what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Shareholders are reminded to review the Response Document and the advices of the independent board committee of Mason and the independent financial adviser appointed by Mason before making an informed decision on whether to accept or not to accept the Offer.

Yours faithfully,
for and on behalf of
Optima Capital Limited



Mei H. Leung
Chairman

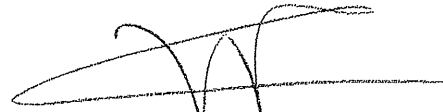
Yours faithfully,
for and on behalf
Kingston Securities Limited

Chu, Nicholas Yuk-yui
Director

Yours faithfully,
for and on behalf of
Optima Capital Limited

Mei H. Leung
Chairman

Yours faithfully,
for and on behalf
Kingston Securities Limited

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name 'Chu, Nicholas Yuk-yui'.

Chu, Nicholas Yuk-yui
Director