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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)

DISCLOSEABLE TRANSACTION: DISPOSAL OF A NON-WHOLLY OWNED SUBSIDIARY

The Board announces that on 4 November 2016 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company), and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor shall sell and the Purchaser shall purchase 55 ordinary shares in the capital of the Target Company, representing 55% of the issued share capital of the Target Company, for a cash consideration of HK\$200,000,000.

After Completion, the Vendor would cease to have any shareholding in the Target Company and the Target Company would cease to be an indirect subsidiary of the Company.

The Disposal, when aggregated with the disposal by the Vendor of 45 ordinary shares in the capital of the Target Company to Apex (which was then an Independent Third Party) in March 2016, constitutes a discloseable transaction under the Listing Rules as one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules exceed 5% but are less than 25%.

THE DISPOSAL

The Board announces that on 4 November 2016 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor shall sell and the Purchaser shall purchase 55 ordinary shares in the capital of the Target Company, representing 55% of the issued share capital of the Target Company, for a cash consideration of HK\$200,000,000.

DISPOSAL AGREEMENT

The salient terms of the Disposal Agreement are as follows:

Date

4 November 2016

Parties

Vendor: Willie Resources Incorporated, a wholly-owned subsidiary of the Company

Purchaser: Best Mate Limited, a company incorporated in the British Virgin Islands

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an investment holding company, and the Purchaser and its ultimate beneficial owner are Independent Third Parties and are independent of Apex and its ultimate beneficial owner.

Subject Matter

Pursuant to the terms of the Disposal Agreement, the Vendor shall sell and the Purchaser shall purchase 55 ordinary shares in the capital of the Target Company, representing 55% of the issued share capital of the Target Company, for a cash consideration of HK\$200,000,000.

Consideration

The Consideration of HK\$200,000,000 shall be paid to the Vendor in cash by the Purchaser: (i) as to HK\$100,000,000 as deposit within five (5) business days after the date of the Disposal Agreement; and (ii) as to the remaining HK\$100,000,000 upon Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser by reference to the net assets value and the financial performance of the Target Company.

Condition precedent

Completion is conditional upon the auditor of the Vendor having completed the review of the management accounts of the Target Company up to 31 October 2016 on or before 31 December 2016, failing which the Vendor shall refund the deposit (without interest) to the Purchaser forthwith.

Completion of the Disposal

Completion shall take place on the date when the condition precedent above has been fulfilled.

INFORMATION OF THE TARGET COMPANY

The Target Company is an investment holding company incorporated in the British Virgin Islands. The Target Company is principally engaged in holding an equity interest of approximately 20% shareholding in Freewill Holdings Limited and its subsidiaries, together “Freewill Group”. To the best information, knowledge and belief of the Directors, Freewill Group holds approximately 24.6% equity interest in an investment holding company whose subsidiaries are principally engaged in investment holding, property holding, provision of financial services, corporate finance advisory services, asset management and money lending. Freewill Group also holds certain equity interests in natural resources sector in the PRC.

As the Target Company is a company incorporated in the British Virgin Islands, no separate audited financial statements have been prepared by the Target Company as permitted under the laws of the British Virgin Islands. Set out below is the unaudited financial information of the Target Company:

	From 28 April 2014 (date of incorporation) to 31 December 2014 unaudited (HK\$'000)	For the year ended 31 December 2015 unaudited (HK\$'000)
Net loss before taxation	10,061	205,197
Net loss after taxation	10,061	205,197

The unaudited net assets value of the Target Company as at 30 June 2016 was approximately HK\$448 million in which the amount attributable to the Group was approximately HK\$246.4 million as at 30 June 2016.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group principally provides comprehensive financial services in Hong Kong, including dealing in securities, commodities broking, bullion trading services, provision of securities margin financing, provision of investment and corporate finance advisory services, investment in securities trading, money lending and investment holding. Capitalizing on its existing financial services platform, the Group continues to develop its business into direct investment, provision of wealth management complimenting the securities and fund management business.

The Target Company has been loss making in the past. Since the first quarter of 2016, the Group has carried on its own financial services business through its own subsidiaries so that the indirect investment in the financial services industry through the Target Company and Freewill Group is no longer necessary. The Disposal is expected to improve the financial performance of the Group while the proceeds from the Disposal will be reallocated to finance the Group’s investments in the money lending business, financial services (including but not limited to margin financing), asset management and wealth management business to

enhance a better return to the Shareholders. The Directors consider that the terms of the Disposal are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

FINANCIAL IMPACTS OF THE DISPOSAL

In the event that Completion takes place, both the Vendor and the Purchaser agree that it shall take effect retrospectively on 31 October 2016. The Target Company would cease to be a subsidiary of the Company, Freewill Group would consequently cease to be associates of the Company, and their respective financial results would cease to be consolidated or equity accounted for in the books of the Company with retrospective effect from 31 October 2016.

The Disposal is expected to accrue a loss of approximately HK\$48 million, which is based on the difference between: (1) the total sum of HK\$400 million from (a) the Consideration of HK\$200 million from the Disposal and (b) the consideration of HK\$200 million for the disposal of 45% shareholding in the Target Company to Apex in March 2016; and (2) the net assets value of the Target Company of approximately HK\$448 million as at 30 June 2016. This estimate of loss is for illustration purpose only and subject to adjustments that may be made during audit in the future.

USE OF PROCEEDS

The net proceeds from the Disposal will be approximately HK\$200 million, which will be reallocated to finance the Group's investments in the money lending business, financial services (including but not limited to margin financing), asset management and wealth management business.

IMPLICATIONS UNDER THE LISTING RULES

The Disposal, when aggregated with the disposal by the Vendor of 45 ordinary shares in the capital of the Target Company to Apex (which was then an Independent Third Party) in March 2016, constitutes a discloseable transaction under the Listing Rules as one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, and is therefore subject to reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Apex”	Apex Corporate Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is the beneficial owner of 45% of the issued share capital of the Target Company as at the date of this announcement
“Board”	the board of Directors

“Company”	Mason Financial Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange under stock code: 273
“Completion”	formal completion of the Disposal
“Consideration”	HK\$200,000,000, being the consideration for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of 55 ordinary shares in the capital of the Target Company pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 4 November 2016 and entered into between the Vendor and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who, together with his/her/its ultimate beneficial owner(s), is/are person(s) independent of the Company and its connected persons (within the meaning of the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Best Mate Limited, a company incorporated in the British Virgin Islands with limited liability, being the purchaser under the Disposal Agreement, which is wholly owned by Mr. Chan Chak Kai Kenneth.
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Willie Link Limited, a company established in the British Virgin Islands with limited liability, and an indirect subsidiary of the Company immediately before Completion
“Vendor”	Willie Resources Incorporated, a company established in the Cayman Islands with limited liability, and a wholly-owned subsidiary of the Company, being the vendor under the Disposal Agreement
%	per cent.

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

Hong Kong, 4 November 2016

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

Executive Directors:

Mr. Ko Po Ming (*Joint Chairman and Chief Executive Officer*)

Mr. Chang Tat Joel

Mr. Man Wai Chuen

Ms. Lui Choi Yiu, Angela

Non-executive Directors:

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

Ms. Hui Mei Mei, Carol

Independent Non-executive Directors:

Mr. Lam Yiu Kin

Mr. Yuen Kwok On

Mr. Tian Ren Can