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MASTER GLORY GROUP LIMITED

凱華集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 275)

PROPOSED BONUS ISSUE OF SHARES AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

PROPOSED BONUS ISSUE OF SHARES

On 28 November 2016, the Board resolved to propose the Bonus Issue, being a bonus issue of Shares on the basis of one (1) Bonus Share for every one (1) existing Share held by the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date. The Bonus Issue is subject to, among other things, the passing of an ordinary resolution by the Shareholders at the SGM. The register of members of the Company will be closed from Thursday, 26 January 2017 to Wednesday, 1 February 2017 (both days inclusive) to ascertain and determine the entitlement of the Shareholders under the Bonus Issue.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$2,000,000,000 divided into 10,000,000,000 Shares, of which 5,149,094,325 Shares are in issue and fully paid. Under the Bonus Issue, the Company will issue 5,149,094,325 Shares on the assumption that there will be no change in the number of issued Shares up to and including the Record Date. In order to facilitate the Bonus Issue and any possible further issues of Shares, the Board proposes to increase the authorised share capital of the Company from HK\$2,000,000,000 divided into 10,000,000,000 Shares to HK\$20,000,000,000 divided into 100,000,000,000 Shares. The increase in authorised share capital of the Company is subject to, among other things, the passing of an ordinary resolution by the Shareholders at the SGM.

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A circular containing, among other things, details of the Bonus Issue and the proposed increase in authorised share capital of the Company will be despatched to the Shareholders on or before 4 January 2017.

Completion of the Bonus Issue is subject to the satisfaction of conditions as set out in the paragraph headed “Conditions of the Bonus Issue” below. As the Bonus Issue may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

PROPOSED BONUS ISSUE OF SHARES

As disclosed in the interim results announcement of the Company dated 28 November 2016, the Board resolved to propose the Bonus Issue, being a bonus issue of Shares on the basis of one (1) Bonus Share for every one (1) existing Share held by the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date. Set out below are the key terms of the Bonus Issue.

Basis of the Bonus Issue

Subject to the conditions as set out in the paragraph headed “Conditions of the Bonus Issue” below, the Bonus Shares will be issued and credited as fully paid at par on the basis of one (1) Bonus Share for every one (1) existing Share held by the Qualifying Shareholders on the Record Date.

Assuming that there is no change to the number of issued Shares on or before the Record Date, on the basis of 5,149,094,325 existing Shares in issue as at the date of this announcement, 5,149,094,325 Bonus Shares, being 100% of the existing issued share capital, will be issued. After completion of the Bonus Issue, there will be a total of 10,298,188,650 Shares in issue as enlarged by the Bonus Issue. The Bonus Shares will be credited as fully paid at par value by way of capitalisation of an amount of HK\$1,029,818,865 in the share premium account of the Company pursuant to the Bonus Issue.

The exact number of the Bonus Shares to be issued under the Bonus Issue is determinable only after the Record Date.

Conditions of the Bonus Issue

Completion of the Bonus Issue is conditional upon:

1. the passing of an ordinary resolution by the Shareholders at the SGM for approving the Bonus Issue;
2. the passing of an ordinary resolution by the Shareholders at the SGM for approving the proposed increase in authorised share capital of the Company;

3. the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Bonus Shares; and
4. compliance with the relevant legal procedures and requirements (if any) under the applicable laws of Bermuda and the bye-laws of the Company to effect the Bonus Issue and the proposed increase in authorised share capital of the Company.

Application for Listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Bonus Shares or any other securities of the Company to be listed or dealt in on any other stock exchange. No new class of securities is to be listed pursuant to the Bonus Issue. All necessary arrangements will be made to enable the Bonus Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.

Status of the Bonus Shares

The Bonus Shares, upon issue, will rank *pari passu* with the then existing Shares in all respects, including the entitlement of receiving dividends and other distributions on the record date for which is on or after the date of allotment and issue of those Bonus Shares.

Reasons for the proposed Bonus Issue

The Board expects that the Bonus Issue would effectively reduce the board lot value so as to enhance the liquidity of the Shares in the market and help to attract more investors to broaden the shareholder base of the Company.

Certificates for the Bonus Shares

Subject to the fulfillment of the conditions set out in the paragraph headed “Conditions of the Bonus Issue” above, certificates for the Bonus Shares are expected to be issued and despatched by ordinary post to the respective registered addresses of the Qualifying Shareholders as recorded in the register of members on the Record Date on or before Tuesday, 7 February 2017 at their own risk. Dealings in the Bonus Shares are expected to commence at 9:00 a.m. on Wednesday, 8 February 2017.

Record Date and closure of register of members

Subject to the conditions set out in the paragraph headed “Conditions of the Bonus Issue” above, the Company will issue the Bonus Shares to the Qualifying Shareholders.

The register of members of the Company will be closed from Thursday, 26 January 2017 to Wednesday, 1 February 2017 (both days inclusive) to ascertain and determine the entitlement of the Shareholders under the Bonus Issue. No transfer of Shares will be registered during such period.

Shareholders are reminded that in order to qualify for the Bonus Issue, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Registrar for registration not later than 4:30 p.m. on Wednesday, 25 January 2017.

Overseas Shareholders

As the allotment and issue of Bonus Shares to Overseas Shareholders under the Bonus Issue may be subject to the laws and/or regulations of the relevant jurisdiction outside Hong Kong, Overseas Shareholders who are citizens, residents or nationals of any jurisdiction outside Hong Kong should keep themselves informed about and observe the applicable legal and/or regulatory requirements and, if in doubt as to any aspect of the Bonus Issue and/or the implications thereof on them, seek advice from the relevant professional adviser(s). It is the responsibilities of the Overseas Shareholders to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with their entitlements to the Bonus Issue (including but not limited to the obtaining of any governmental or other consent which may be required, the compliance with other necessary formalities and/or the payment of any transfer or other taxes due in respect of such jurisdictions). As at the date of this announcement, there are 4 overseas shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong.

The Company will engage foreign legal advisers and make enquiries regarding the legal restrictions under the laws and/or the requirements of the relevant regulatory bodies or stock exchanges applicable to the jurisdictions of the registered addresses of the Overseas Shareholders. If having considered the advice provided by foreign legal advisers, the Directors are of the view that it is necessary or expedient on account of either restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s) not to issue the Bonus Shares to such Overseas Shareholder(s) who are otherwise entitled thereto, such Overseas Shareholder(s) will become Non-Qualifying Shareholder(s). Accordingly, those Non-Qualifying Shareholder(s) (if any) will not receive any Bonus Shares under the Bonus Issue. Arrangements will be made for the Bonus Shares which would otherwise be issued to such Non-Qualifying Shareholder(s) to be sold in the market as soon as possible after the Bonus Issue, and the proceeds from the sale thereof, after deduction of expenses and duties, will be distributed in Hong Kong dollars to the relevant Non-Qualifying Shareholder(s) in proportion to their respective entitlements,

provided that the relevant individual Shareholder’s proportionate entitlement thereto exceeds HK\$100. The Company will retain individual amounts of HK\$100 or less for its own benefit. Payment for the abovementioned proceeds will be made by cheques in Hong Kong dollar sent to the relevant Non-Qualifying Shareholders according to their addresses as recorded in the register of members of the Company as at the Record Date by ordinary post at their own risk.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$2,000,000,000 divided into 10,000,000,000 Shares, of which 5,149,094,325 Shares are in issue and fully paid. Under the Bonus Issue, the Company will issue 5,149,094,325 Shares on the assumption that there will be no change in the number of the issued Shares up to and including the Record Date. In order to facilitate the Bonus Issue and any possible further issues of Shares, the Board proposes to increase the authorised share capital of the Company from HK\$2,000,000,000 divided into 10,000,000,000 Shares to HK\$20,000,000,000 divided into 100,000,000,000 Shares. The increase in the authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM.

EXPECTED TIMETABLE FOR THE PROPOSED BONUS ISSUE

Set out below is the expected timetable for the proposed Bonus Issue. All the time and dates herein refer to Hong Kong local time and dates. Such time and dates are indicative only, and may be extended or varied. Should there be any change in the said timetable, the Company will notify the Shareholders by way of announcement(s) as and when appropriate.

Event	Date
Despatch of the circular regarding, among other things, the proposed Bonus Issue and the proposed increase in authorised share capital of the Company	On or before Wednesday, 4 January 2017
Latest time for lodging proxy forms for the SGM	10:30 a.m. on Wednesday, 18 January 2017
Latest time for lodging transfers of the Shares for registration in order to qualify for attendance and voting at the SGM	4:30 p.m. on Thursday, 19 January 2017
Date and time of the SGM	10:30 a.m. on Friday, 20 January 2017
Announcement of poll results of the SGM	Friday, 20 January 2017

The following events are conditional on the increase in authorised share capital and the Bonus Issue having been approved at the SGM:

- Last day of dealings in the Shares on a cum-entitlement basis Monday, 23 January 2017

- First day of dealings in the Shares on an ex-entitlement basis Tuesday, 24 January 2017

- Latest time for lodging transfers of the Shares for registration in order to qualify for the Bonus Issue 4:30 p.m. on Wednesday, 25 January 2017

- Closure of register of members for determining entitlement to the Bonus Shares. Thursday, 26 January 2017 to Wednesday, 1 February 2017 (both days inclusive)

- Record Date for determining entitlement to the Bonus Shares. Wednesday, 1 February 2017

- Register of members re-opens. Thursday, 2 February 2017

- Despatch of share certificates for the Bonus Shares. On or before Tuesday, 7 February 2017

- First day of dealing in the Bonus Shares on the Stock Exchange. 9:00 a.m. on Wednesday, 8 February 2017

GENERAL

The SGM will be convened and held to consider and, where the Shareholders think fit, approve the Bonus Issue and the proposed increase in authorised share capital of the Company. A circular containing, among other things, details of the proposed increase in authorised share capital of the Company and the Bonus Issue will be despatched to the Shareholders on or before 4 January 2017.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Bonus Issue”	the proposed bonus issue of Shares on the basis of one (1) Bonus Share for every one (1) existing Share held by the Qualifying Shareholders on the Record Date
“Bonus Share(s)”	new Share(s) to be issued by the Company by way of the Bonus Issue
“Company”	Master Glory Group Limited, a company incorporated in Bermuda with limited liability, whose issued Shares are listed on the Main Board of the Stock Exchange (Stock code: 275)
“Directors”	directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) who is/are excluded from the Bonus Issue and as defined and more particularly described in the paragraph headed “Overseas Shareholders” under the section headed “Proposed bonus issue of shares” in this announcement
“Overseas Shareholder(s)”	Shareholder(s) whose addresses as shown on the register of members of the Company on the Record Date is/are outside Hong Kong
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company on the Record Date
“Record Date”	Wednesday, 1 February 2017, being the date by reference to which entitlements to the Bonus Issue will be determined
“Registrar”	Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Company’s branch share registrar and transfer office in Hong Kong

“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Bonus Issue and the proposed increase in authorised share capital of the Company
“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
MASTER GLORY GROUP LIMITED
Dr. Yap Allan
Chairman

Hong Kong, 13 December 2016

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

Executive Directors:

Dr. Yap Allan
Mr. Heung Pik Lun, Edmond
Mr. Wu Guangsheng

Independent Non-executive Directors:

Mr. Kwok Ka Lap, Alva
Mr. Poon Kwok Hing, Albert
Mr. Sin Chi Fai
Dr. Wu Chun Wah