THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in Mason Financial Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

MASON FINANCIAL HOLDINGS LIMITED
民信金控有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 273)

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF SIX (6) RIGHTS SHARES FOR EVERY FIVE (5) SHARES HELD ON THE RIGHTS ISSUE RECORD DATE; AND (2) NOTICE OF GENERAL MEETING

Underwriter

海通國際 HAITONG

Haitong International Securities Company Limited

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Investec

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 8 to 48 of this circular. A letter from the Independent Board Committee is set out on pages 49 to 50 of this circular. A letter from the Independent Financial Adviser, Investec Capital Asia Limited, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 51 to 86 of this circular.

A notice convening the GM to be held at 3/F Nexxus Building, 77 Des Voeux Road Central, Hong Kong at 10:00 a.m. on Friday, 30 December 2016 to approve the matters referred herein is set out on pages GM-1 to GM-3 of this circular. A form of proxy for use at the meeting is enclosed. Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, 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 less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so desire.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Wednesday, 4 January 2017 and that dealings in the Rights Shares in their nil-paid form will take place from Tuesday, 17 January 2017 to Tuesday, 24 January 2017 (both dates inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed "Termination of the Underwriting Agreement" under the section headed "The Underwriting Agreement" in this circular). Accordingly, the Rights Issue may or may not proceed. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

13 December 2016

CONTENTS

The expected timetable for the Rights Issue and the associated trading arrangement is set out below:

Latest time for lodging transfer of shares to qualify for attendance and voting at GM	4:30 p.m., on Wednesday, 21 December 2016
Closure of register of members of the Company for attending the GM (both dates inclusive)	Thursday, 22 December 2016 to Friday, 30 December 2016
Latest time for lodging forms of proxy for the purpose of the GM	10:00 a.m. on Wednesday, 28 December 2016
Expected date and time of the GM	10:00 a.m. on Friday, 30 December 2016
Announcement of poll results of GM	Friday, 30 December 2016
Last day of dealings in the Shares on a cum-rights basis relating to the Rights Issue	Tuesday, 3 January 2017
Commencement of dealings in the Shares on an ex-rights basis relating to the Rights Issue	Wednesday, 4 January 2017
Latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue	4:30 p.m., on Thursday, 5 January 2017
Closure of register of members of the Company for the Rights Issue (both dates inclusive)	Friday, 6 January 2017 to Thursday, 12 January 2017
Rights Issue Record Date	Thursday, 12 January 2017
Register of members of the Company re-opens	Friday, 13 January 2017
Despatch of Prospectus Documents	Friday, 13 January 2017
First day of dealings in nil-paid Rights Shares	Tuesday, 17 January 2017
Latest time for splitting nil-paid Rights Shares	4:30 p.m., on Thursday, 19 January 2017
Last day of dealings in nil-paid Rights Shares	Tuesday, 24 January 2017

Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares	4:00 p.m., on Wednesday, 1 February 2017
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m., on Thursday, 2 February 2017
Announcement of results of the Rights Issue	Tuesday, 7 February 2017
Refund cheques, if any, to be despatched (if the Rights Issue is terminated and in respect of unsuccessful or partially successful application for excess Rights Shares) and Certificates for fully paid Rights Shares to be despatched on or before	Wednesday, 8 February 2017
Commencement of dealings in fully-paid Rights Shares	9:00 a.m., on Thursday, 9 February 2017
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lots of Shares	9:00 a.m. on Thursday 9 February 2017
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of Rights Shares and Bonus Shares	4:00 p.m. on Thursday, 9 March 2017

All times and dates in this circular refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this circular are indicative only and may be extended or varied. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the Listing Rules.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning issued by the Hong Kong Observatory:

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Latest Time for Acceptance, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as practicable.

In this circular, unless the context otherwise requires, the following terms shall have the meanings set out below.

"acting in concert"	has the meaning ascribed thereto under the Takeovers Code
"Announcement"	the announcement of the Company dated 28 October 2016
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Bonus Issue"	the proposed allotment and issue of the Bonus Shares to the Qualifying Shareholders (Bonus Issue) whose names appear on the register of members of the Company on the Bonus Issue Record Date on the basis of one (1) Bonus Share for every ten (10) Shares
"Bonus Issue Record Date"	22 February 2017 or such other date as determined by the Company, being the date for determining entitlements of Shareholders to participate in the Bonus Issue
"Bonus Shares"	the Share(s) to be allotted and issued pursuant to the Bonus Issue, being 4,056,213,232 new Shares
"Business Day"	a day (excluding Saturday and Sunday and any day on which a tropical cyclone warning signal no. 8 or above is in force or remains in force between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning is in force or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"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 (stock code: 273)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"EAF(s)"	the form(s) of application for use by the Qualifying Shareholders (Rights Issue) who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter

"Future Achiever"	Future Achiever Limited, a company incorporated in the British Virgin Islands with limited liability and is a Substantial Shareholder of the Company
"GM"	the general meeting of the Company to be convened and held for the Independent Shareholders to consider and approve, among other things, (i) the Rights Issue; and (ii) the Underwriting Agreement and the transactions contemplated thereunder
"Grace Gorgeous"	Grace Gorgeous Investment Holdings Ltd., a company incorporated in the British Virgin Islands with limited liability and is owned as to 40% by First Elite Ventures Limited, which is wholly-owned by Mr. Tong Tang, Joseph, who is a non-executive Director, and is a Substantial Shareholder of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent board committee of the Company comprising all the independent non-executive Directors formed for the purpose of giving a recommendation to the Independent Shareholders as to whether the Rights Issue and the Underwriting Agreement are fair and reasonable and as to voting after taking into account the advice of the independent financial adviser
"Independent Financial Adviser"	Investec Capital Asia Limited, a license corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue
"Independent Shareholders"	Shareholder(s) other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates and any Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue and/or the Underwriting Agreement

"Independent Third Party(ies)"	a person, persons, company or companies which is or are independent of, and not connected with (within the meaning under the Listing Rules), any directors, chief executive or substantial shareholders of the Company, any of its subsidiaries or any of their respective associate(s)
"Irrevocable Undertakings"	the irrevocable undertakings referred to in the sub-section headed "The Irrevocable Undertakings" under the section headed "The Underwriting Agreement" in this circular dated 28 October 2016 executed by each of Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite in favour of the Company and the Underwriter
"Last Trading Day"	28 October 2016, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
"Latest Practicable Date"	8 December 2016, being the latest practicable date prior to printing of this circular for the purpose of ascertaining certain information contained herein
"Latest Time for Acceptance"	4:00 p.m. on Wednesday, 1 February 2017 or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of and payment for the Rights Shares
"Latest Time for Termination"	4:00 p.m. on Thursday, 2 February 2017, being the next Business Day after the Latest Time for Acceptance, or such other time as may be agreed between the Company and the Underwriter
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Non-Qualifying Shareholder(s) (Bonus Issue)"	those Overseas Shareholder(s) (Bonus Issue) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Bonus Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"Non-Qualifying Shareholder(s) (Rights Issue)"	those Overseas Shareholder(s) (Rights Issue) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

"Overseas Shareholder(s) (Bonus Issue)"	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Bonus Issue Record Date) which is(are) outside Hong Kong
"Overseas Shareholder(s) (Rights Issue)"	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Rights Issue Record Date) which is(are) outside Hong Kong
"PAL(s)"	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders (Rights Issue) in connection with the Rights Issue
"Posting Date"	13 January 2017 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents
"PRC"	the Pepole's Republic of China, which for the purpose of this circular excludes Hong Kong, Macau and Taiwan
"Prospectus"	the prospectus to be issued by the Company in relation to the Rights Issue
"Prospectus Documents"	the Prospectus, PAL and EAF
"Qualifying Shareholder(s) (Bonus Issue)"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Bonus Issue Record Date, other than the Non-Qualifying Shareholder(s) (Bonus Issue)
"Qualifying Shareholder(s) (Rights Issue)"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Rights Issue Record Date, other than the Non-Qualifying Shareholder(s) (Rights Issue)
"Rights Issue"	the proposed issue of the Rights Shares by way of rights on the Rights Issue Record Date at the Subscription Price pursuant to the Prospectus Documents and as contemplated under the Underwriting Agreement
"Rights Issue Record Date"	12 January 2017 or such other date as may be agreed between the Company and the Underwriter, being the date for determining entitlements of Shareholders to participate in the Rights Issue
"Rights Share(s)"	22,124,799,450 Shares in the Company proposed to be allotted and issued by the Company to the Qualifying Shareholders (Rights Issue) for subscription pursuant to the Rights Issue

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Specified Event"	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which render any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	HK$0.13 per Rights Share
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"True Elite"	True Elite Limited, a company incorporated in Samoa with limited liability and is wholly-owned by Mr. Chang Tat Joel, who is an executive Director
"Underwriter"	Haitong International Securities Company Limited, a licensed corporation to carry out business in type 1 (dealing in securities), type 3 (leveraged foreign exchange trading) and type 4 (advising on securities) regulated activities under the SFO
"Underwriting Agreement"	the underwriting agreement entered into between the Company and the Underwriter on 28 October 2016 in relation to the underwriting arrangement in respect of the Rights Issue
"Underwritten Shares"	13,273,185,492 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
"%"	per cent

If, prior to the Latest Time for Termination:

(1) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:

(a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue after the signing of the Underwriting Agreement;

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position of the Group as a whole;

(c) any materially adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of the Group as a whole;

(d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurred after the signing of the Underwriting Agreement which would, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position of the Group as a whole;

(e) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Underwriting Agreement which, in the reasonable opinion of the Underwriter, is or might be material to the Group taken as a whole;

(f) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or

(2) there is any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group and a change in currency conditions) occurs which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue; or

(3) the Company withdraws the Prospectus (and/or any other documents issued or used in connection with the Rights Issue) or the Rights Issue,

the Underwriter shall be entitled, by notice in writing to the Company served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

(1) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or

(2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination. Upon giving of notice pursuant to the Underwriting Agreement, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate forthwith. If the Underwriter exercises such right, the Rights Issue will not proceed.

If the Underwriter or the Company terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made if the Underwriting Agreement is terminated by the Underwriter or the Company.

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. 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

Registered office and Principal Office:
Units 4708–10, 47/F
The Center
99 Queen's Road Central
Hong Kong

13 December 2016

To the Qualifying Shareholders (Rights Issue) and for information purposes only, the Non-Qualifying Shareholders (Rights Issue)

Dear Sir or Madam,

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF SIX (6) RIGHTS SHARES FOR EVERY FIVE (5) SHARES HELD ON THE RIGHTS ISSUE RECORD DATE; AND (2) NOTICE OF GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement of the Company dated 28 October 2016 in relation to the Rights Issue.

The purpose of this circular is to provide you with, amongst other things, (i) further details of the Rights Issue and the Underwriting Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Underwriting Agreement; and (iv) a notice convening the GM.

PROPOSED RIGHTS ISSUE

The Board proposed to raise gross proceeds of approximately HK$2,876 million (before expenses) by way of Rights Issue and details are set out as follows:

Issue statistics

Basis of the Rights Issue:	six (6) Rights Shares for every five (5) Shares held at the close of business on the Rights Issue Record Date
Subscription Price:	HK$0.13 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	18,437,332,875 Shares
Number of Rights Shares:	22,124,799,450 Rights Shares, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Rights Issue Record Date
Number of Shares in issue upon completion of the Rights Issue:	40,562,132,325 Shares, assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before the completion of the Rights Issue
Amount to be raised before expenses:	Approximately HK$2,876 million
Right of excess applications:	Qualifying Shareholders (Rights Issue) may apply for the Rights Shares in excess of their provisional allotment

The Company does not have any outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date. The Company also has no intention to issue or grant any convertible securities, options and/or warrants on or before the Rights Issue Record Date.

Assuming no Shares will be issued on or before the Rights Issue Record Date, the 22,124,799,450 Rights Shares represent 120% of the Company's issued share capital as at the Latest Practicable Date and will represent approximately 54.5% of the Company's issued share capital as enlarged by the Rights Issue assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before the completion of the Rights Issue.

Qualifying Shareholders (Rights Issue)

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Rights Issue Record Date and not be a Non-Qualifying Shareholder (Rights Issue).

In order to be registered as members of the Company at the close of business on the Rights Issue Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the share registrar and transfer office of the Company at Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 5 January 2017.

Qualifying Shareholders (Rights Issue) who take up their pro rata entitlements in full will not suffer any dilution to their shareholding interests in the Company (save as a result of fractional entitlements to Rights Shares). If a Qualifying Shareholder (Rights Issue) does not take up his/her/its entitlement under the Rights Issue in full, his/her/its proportionate shareholding in the Company will be diluted.

Closure of register of members

The register of members of the Company will be closed from Friday, 6 January 2017 to Thursday, 12 January 2017 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Basis of provisional allotments

The basis of the provisional allotment shall be six (6) Rights Shares (in nil-paid form) for every five (5) Shares held by the Qualifying Shareholders (Rights Issue) as at the close of business on the Rights Issue Record Date.

Application for all or any part of a Qualifying Shareholder (Rights Issue)'s provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

The Subscription Price and the subscription basis (i.e. six (6) Rights Shares for every five (5) existing Shares held) were arrived at after arm's length negotiations between the Company and the Underwriter with reference to the amount of fund raising targeted by the Company under the Rights Issue and the market price of the Shares under the prevailing market conditions. Upon determining (i) the target fund raising amount after assessing the funding needs of the Company and (ii) the Subscription Price after considering the discount of the Subscription Price to the closing prices of the Shares acceptable to the Underwriter and the attractiveness to the Qualifying Shareholders (Rights Issue) to participate in the Rights Issue, the Directors decided on a subscription basis of six (6) Rights Shares for every five (5) existing Shares. The Directors are of the view that in the event that the Subscription Price is increased and the subscription basis is changed to a higher basis, the attractiveness to the Underwriter and also Qualifying Shareholders (Rights Issue) to participate in underwriting the Rights Issue will likely decrease.

The Directors note that a division rate based on five (5) existing Shares in respect of the board lot size of 20,000 Shares would create odd lots of Rights Shares. Based on the shareholding information as at 6 December 2016 available from the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, 93.7% of the Shareholders hold odd lots of existing Shares. Given there already exist a high proportion of Shareholders holding odd lots of existing Shares, the subscription basis of six (6) Rights Shares for every five (5) existing Shares will not substantially increase the odd lot holdings of Shareholders. Please refer to the effects on each board lot set out in the table under the paragraph headed "Effects of the Rights Issue and Bonus Issue".

In addition, the Directors have tried to minimise the difficulties arising from existence of odd lots of the existing Shares and potential odd lots of Rights Shares arising from the Rights Issue by (i) arranging odd lot matching services for Shareholders and (ii) preference will be given to topping up odd lots to whole board lots in excess application allocation. Therefore, having considered the funding needs of the Company, the Directors believe that the Subscription Price and subscription basis under the Rights Issue are critical for the participation of the Underwriter and also would attract Qualifying Shareholders (Rights Issue) to reinvest in the Company through the Rights Issue.

Given that each Qualifying Shareholder (Rights Issue) is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company, if all the Shareholders participate in the Rights Issue, the Rights Issue will not have a dilutive impact on the shareholding of the Qualifying Shareholders (Rights Issue). The Rights Issue also provides an exit mechanism to those Shareholders who do not want to participate in the Rights Issue by selling out their nil-paid rights. The availability of excess application for the Rights Shares allows those Qualifying Shareholders (Rights Issue), who want to share more of the future development of the Company, to apply for more Rights Shares than their respective entitlements to the Rights Shares. Details of the application for excess Right Shares are set out in the section headed "Application for excess Rights Shares".

Rights of Overseas Shareholders (Rights Issue)

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders (Rights Issue), if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders (Rights Issue) on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders (Rights Issue).

According to the register of members of the Company as at 6 December 2016, there were: (i) one (1) Overseas Shareholder whose registered address is in the PRC; and (ii) two (2) Overseas Shareholders whose registered addresses are in Macau. The Overseas Shareholders represents less than 1.0% of the total issued Shares as at the Latest Practicable Date. The Company will continue to ascertain whether there is any Overseas Shareholder on the Rights Issue Record Date and will, if necessary, make necessary enquiry(ies) with legal adviser(s) in other overseas jurisdiction(s) regarding the feasibility of extending the Rights Issue to such Overseas Shareholder(s), if any, on the Rights Issue Record Date and make relevant disclosures in the Prospectus.

The Company will send the Prospectus to the Non-Qualifying Shareholders (Rights Issue) for their information only, but will not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders (Rights Issue), to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders (Rights Issue). In view of administrative costs, the Company will retain individual amounts of HK$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders (Rights Issue) to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders (Rights Issue) will be made available for excess applications by Qualifying Shareholders (Rights Issue) under the EAF(s).

Subscription price

The Subscription Price for the Rights Shares is HK$0.13 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The net price per Rights Share (i.e.

Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK$0.128.

The Subscription Price represents:

(a) a discount of approximately 45.4% to the closing price of HK$0.238 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 27.4% to the theoretical ex-rights price of approximately HK$0.179 per Share based on the closing price of HK$0.238 per Share as quoted on the Stock Exchange on the Last Trading Day;

(c) a discount of approximately 46.1% to the average of the closing prices of approximately HK$0.241 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

(d) a discount of approximately 28.2% to the closing price of HK$0.181 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(e) a discount of approximately 16.7% to the unaudited consolidated net asset value per Share attributable to equity holders of the Company of approximately HK$0.156 based on the unaudited consolidated net asset value of the Company and the then number of issued Shares as at 30 June 2016.

Basis of determining the Subscription Price

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to (i) the low trading liquidity of the Shares for the recent twelve (12) months (the average daily trading volume of the Shares per month ranged from approximately 0.01% to approximately 0.13% of the total number of issued shares as at the end of the relevant month/period from November 2015 to October 2016 (up to and including the Last Trading Day)); (ii) the market price of the Shares under the prevailing market conditions; and (iii) having considered the future business development of the Group as disclosed in the section headed "Reasons for the Rights Issue and Use of Proceeds" to determine the fund raising amount of the Rights Issue.

The Directors consider that the discount encourages the Qualifying Shareholders (Rights Issue) to maintain their respective shareholdings in the Company and participate in the potential growth of the Group. Each Qualifying Shareholder (Rights Issue) is entitled to subscribe for the Rights Shares at the Subscription Price in proportion to his/her/its existing shareholding in the Company.

Apart from the aforesaid, in arriving at the current subscription basis for the Rights Issue and the Subscription Price, the Company has also considered the following factors:

(i) given that the fund raising size of the Rights Issue of approximately HK$2,876 million (before expenses) was around 0.66 times of the market capitalisation of approximately HK$4,388 million of the Company as at the Last Trading Day, the Directors are of the view that the Subscription Price needs to be set at a sufficient discount for inducing the Underwriter to provide underwriting services under the Rights Issue and attracting all of the Qualifying Shareholders (Rights Issue) to participate in the Rights Issue;

(ii) in view of the uncertainties in the financial market in Hong Kong as a result of the uncertainties stemming from fluctuating market sentiments, capital flow, trend of interest rate, volatility in money supply in different major economies and different economic decisions made by different countries, the Directors consider that it will be difficult to attract the Qualifying Shareholders (Rights Issue) to reinvest in the Company through the Rights Issue if the Subscription Price was not set at a attractive discount to the historical trading prices of the Shares. The closing price of the Shares for the past three (3) months up to and including the Last Trading Day, i.e. 28 October 2016, ranged from HK$0.238 to HK$0.305, with an average trading volume of 14,952,624 Shares per day. The Subscription Price is at a discount of approximately 45.38% and 57.38% to the lowest and highest closing prices for the past three (3) months ended 28 October 2016;

(iii) under the Rights Issue, all the Qualifying Shareholders (Rights Issue) will be offered the same opportunity to maintain their proportionate interests in the Company and to participate in the growth and development of the Company. Should the Qualifying Shareholders (Rights Issue) participate in the Rights Issue, they will be subscribing for the Rights Shares at a lower price as compared to the prevailing market price of the Shares;

(iv) the inherent dilutive nature of the Rights Issue in general if the Qualifying Shareholders (Rights Issue) did not take up their entitlements under the Rights Issue in full. However, the Qualifying Shareholders (Rights Issue) have first right to decide whether or not to accept their entitlements of the Rights Shares; and

(v) although the Rights Issue has an inherent dilutive nature, it is subject to Independent Shareholders' approval, which means that the Independent Shareholders have a right to disapprove the Rights Issue and the Underwriter has also undertaken to the Company that none of the persons to be procured by the Underwriter to subscribe for the Underwritten Shares will be a controlling Shareholder as a result of the Rights Issue.

The Directors have compared the terms of the Rights Issue to other rights issue conducted by other companies listed on the Stock Exchange. The Directors have reviewed the proposed rights issue which (i) have subscription ratios above one (1) for two (2) and therefore would be subject to shareholders' approval which is the case of the Rights Issue and; (ii) were initially announced by companies listed on the Stock Exchange during the six (6) months period immediately prior to the Last Trading Day, commencing from 28 April 2016, and identified twelve (12) proposed rights issues (the "**Rights Issue Comparables**"). The Directors consider that the Rights Issue Comparables can provide a general reference for recent market practice, market conditions and sentiments. The Directors also note that the Rights Issue Comparables may vary from the Company in respect of business nature, financial positions, market capitalisation, funding requirements and future prospects. As a result of such differences, the Directors consider that the Rights Issue Comparables might not constitute an absolute close reference to the Rights Issue. However, as the Rights Issue Comparables are the most recent rights issue transactions publicly announced, the Directors consider that the Rights Issue Comparables best represent recent market conditions and provide a general reference for the terms of the Rights Issue in the prevailing market conditions.

Details regarding the Rights Issue Comparables are set out below:

No.	Name of company	Stock code	Date of initial announcement	Basis of entitlement	Discount of subscription price to the closing price on last trading day (%) *(Note 1)*	Discount of subscription price to the theoretical ex-rights price (%) *(Note 1)*	Excess application (Y/N)	Underwriting commission (%)	Maximum dilution (%) *(Note 2)*
1	Time2U International Holding Ltd.	1327	11 May 2016	2 for 1	(49.1)	(24.3)	Y	1.5	66.7
2	Unity Investments Holdings Ltd.	913	23 May 2016	2 for 1	(25.4)	(10.1)	N	1.5	66.7
3	China Properties Investment Holdings Ltd.	736	24 May 2016	4 for 1	(42.2)	(13.0)	Y	2.5	80.0
4	Lerado Financial Group Co. Ltd.	1225	29 June 2016	2 for 1	(63.6)	(36.9)	N	1.5	66.7
5	Wai Yuen Tong Medicine Holdings Ltd.	897	8 July 2016	3 for 1	(48.8)	(18.9)	Y	2.5	75.0
6	Universe International Financial Holdings Ltd.	1046	12 July 2016	2 for 1	(25.0)	(10.0)	Y	3.0	66.7
7	Chinese Food and Beverage Group Ltd.	8272	19 August 2016	9 for 1	(45.8)	(7.8)	Y	2.5	90.0
8	Tai United Holdings Ltd.	718	2 September 2016	2 for 1	(4.8)	(3.2)	Y	2.0	66.7
9	Chinlink International Holdings Ltd.	997	7 September 2016	5 for 1	(76.2)	(34.4)	Y	2.0	83.3
10	Sun Century Group Ltd.	1383	20 September 2016	3 for 1	(20.0)	(6.1)	Y	3.0	75.0
11	Eminence Enterprise Ltd.	616	13 October 2016	3 for 1	(33.1)	(6.0)	Y	1.0	75.0
12	Heng Tai Consumables Group Ltd.	197	20 October 2016	1 for 1	(17.2)	(9.4)	Y	3.5	50.0
				Mean	**(37.6)**	**(15.0)**		**2.2**	
				Minimum	**(4.8)**	**(3.2)**		**1.0**	**50.0**
				Maximum	**(76.2)**	**(36.9)**		**3.5**	**90.0**
	Mason Financial Holdings Limited	**273**	**28 October 2016**	**6 for 5**	**(45.4)**	**(27.4)**	**Y**	**Fixed underwriting commission fee of HK$8.0 million (representing 0.46% of the gross proceeds to be underwritten by the Underwriter)**	**54.5**

Source: Website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Based on the figures disclosed in the initial announcement of the Rights Issue Comparables respectively

2. Maximum dilution effect of the Rights Issue Comparables is calculated as: (number of new shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the new shares under the basis of entitlement + number of new shares to be issued under the basis of entitlement) x 100%

As illustrated in the table set out above, the Directors note that the discount to the respective closing price per share on the respective last trading day represented by the Rights Issue Comparables ranged from a discount of approximately 4.8% to approximately 76.2%, with an average discount of approximately 37.6%. The discount of the Subscription Price to the closing price per Share on the Last Trading Day is approximately 45.4%, which, although is slightly above the corresponding average discount of the Rights Issue Comparables, falls within the range of the discounts of the Rights Issue Comparables.

In relation to the subscription prices to the theoretical ex-rights prices per share based on the closing prices on the respective last trading days prior to the release of the announcements, the Directors note that the discount to the theoretical ex-rights price per share represented by the Rights Issue Comparables ranged from a discount of approximately 3.2% to approximately 36.9%, with an average discount of approximately 15.0%. The discount of the Subscription Price of the Rights Issue to the theoretical ex-rights price per Share based on the closing price on the Last Trading Day is approximately 27.4%.

In addition, the Rights Issue entitlement ratio of six (6) Rights Shares for five (5) existing Shares was arrived at after arm's length negotiations between the Company and the Underwriter and having considered the target fund to be raised and the appropriateness of the discount of the Subscription Price to the closing prices of the Shares, the Directors note that such entitlement ratio falls within the range of the entitlement ratios of the Rights Issue Comparables from nine (9) rights shares for one (1) existing share to one (1) rights share for one (1) existing share.

Having taken account of the above and the following factors:

(i) the intended use of the proceeds from the Rights Issue is in line with the Company's business strategy and development plan;

(ii) the discount of the Subscription Price to the prevailing market price is within the discounts range of Rights Issue Comparables;

(iii) the Rights Issue is offered to all Qualifying Shareholders (Rights Issue) and enables them to maintain their proportional interests in the Company and to participate in the future growth of the Company;

(iv) the Subscription Price set at a discount to the closing price of the Share on the Last Trading Day and to the theoretical ex-entitlement price per Share; and

(v) the inherent dilutive nature of the Rights Issue is within the range of dilutive effect of Rights Issue Comparables, is acceptable and is not prejudicial to the interests of the Independent Shareholders if they accept their entitlement fully under the Rights Issue,

although the Subscription Price represents (a) a discount of approximately 9.72% to the unaudited consolidated net tangible assets per Share of approximately HK$0.144 as at 30 June 2016 as set out in "Appendix II — Unaudited Pro Forma Financial Information of the Group", and (b) a discount of approximately 16.7% to the unaudited consolidated net asset value per Share of approximately HK$0.156 based on the unaudited consolidated net asset value attributable to equity holders of the Company and the then number of issued Shares as at 30 June 2016, the Board considers the terms of the Rights Issue, including the Subscription Price which has been set at a reasonable discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Status of Rights Shares

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid, the record date of which is after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or before Wednesday, 8 February 2017 by ordinary post to the allottees, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on or before Wednesday, 8 February 2017 by ordinary post to the applicants, at their own risk, to their registered addresses.

Application for excess Rights Shares

Qualifying Shareholders (Rights Issue) may apply, by way of excess application, for (i) any unsold entitlements of the Non-Qualifying Shareholders (Rights Issue), (ii) any Rights Shares provisionally allotted but not accepted, and (iii) any unsold Rights Shares arising out of the aggregation of fractional entitlements.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the share registrar and transfer office of the Company at

Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on Wednesday, 1 February 2017.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis in proportion to the number of excess Rights Shares being applied for under each application, and on the following principles:

(a) preference will be given to topping up odd lots to whole board lots;

(b) the allocation of any excess Rights Shares to any Qualifying Shareholders (Rights Issue) would not cause the Company to breach the public float requirements under Rule 8.08 of the Listing Rules immediately after completion of the Rights Issue; and

(c) no application for any excess Rights Shares should be made with intention to abuse the mechanism.

In the event that the Company discovers that certain applications may have been made with the intention to abuse the mechanism whereby preference would have been given to applications for topping up odd-lot holdings, the Company will change the allocation method for the excess Rights Shares on a fair and equitable basis.

Shareholders with their Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Rights Issue Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

For investors whose Shares are held by a nominee (or CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the share registrar and transfer office of the Company at Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 5 January 2017.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders (Rights Issue). All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and all nil-paid Rights

Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders (Rights Issue) under the EAF(s).

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of Rights Shares arising from the Rights Issue, the Company will arrange odd lot matching services for the sale and purchase of odd lots of Rights Shares at the relevant market price per Rights Share, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Rights Shares to make up a full board lot, or to dispose of their holding of odd lots of the Rights Shares. Shareholders who wish to utilise the service should contact Ms. Sandra Cheung of Mason Securities Limited at (852) 2218 2818, Portion 1, 12/F, The Center, 99 Queen's Road Central, Hong Kong during the period from Thursday, 9 February 2017 to Thursday, 9 March 2017, both days inclusive.

Holders of odd lots of the Shares should note that successful matching of the sale and purchase of odd lots of the Rights Shares is not guaranteed. If you are in any doubt as to the above arrangements, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

THE UNDERWRITING AGREEMENT

Date:	28 October 2016 (after trading hours)
Issuer:	The Company
Underwriter:	The Underwriter
Number of Rights Shares to be underwritten:	13,273,185,492 Rights Shares (having taken into account the Irrevocable Undertakings and assuming no new Share being issued and no Share being repurchased on or before the Rights Issue Record Date)
Commission:	The Underwriter will receive a fixed underwriting commission of HK$8 million

As at the Latest Practicable Date, the Underwriter does not hold any Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties. The Underwriter is a licensed corporation to carry out business in type 1 (dealing in securities), type 3 (leveraged foreign exchange trading) and type 4 (advising on securities) regulated activities under the SFO. Underwriting is in the ordinary and usual course of business of the Underwriter.

The terms of the Underwriting Agreement (including the underwriting commission) were determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition.

The underwriting commission of HK$8 million to be charged by the Underwriter is a fixed fee, representing approximately 0.46% of the gross proceeds to be underwritten by the Underwriter (being approximately HK$1,726 million, which excludes the Rights Shares entitlements accepted by certain Shareholders pursuant to the Irrevocable Undertakings). The Directors note that the underwriting commission charged by the respective underwriters of the Rights Issue Comparables as mentioned above ranged from 1.0% to 3.5%, with an average of approximately 2.2% on the respective funds raised. Therefore, the Directors consider the underwriting commission charged by the Underwriter, as a percentage of the underwriting commitment, is below the average fees charged by underwriters of the Rights Issue Comparables, and thus is relatively competitive and favourable to the Company.

Having considered (i) the underwriting commission to be charged by the Underwriter is relatively competitive and favourable to the Company; and (ii) the experience and financial resources of the Underwriter for underwriting of such securities, the Directors (including the independent non-executive Directors) consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) to be fair and reasonable within the range of normal commercial terms to the Company, and in the interests of the Company and the Shareholders as a whole.

The Company did not approach any other underwriters. As mentioned in the section headed "Proposed Rights Issue — Basis of determining the Subscription Price", due to the relatively low trading activity of the Shares and the stock market condition in Hong Kong, the Directors believe that it is difficult for the Company to find any other underwriter(s) to fully underwrite the Rights Issue and are of the view that the terms of the rights issue from any other underwriters are unlikely to be more favourable to the terms of the Rights Issue. Furthermore, the Company considers that the underwriting commission charged by the underwriter to be relatively competitive and favourable to the Company.

The Irrevocable Undertakings

As at the Latest Practicable Date, (i) Grace Gorgeous is interested in 3,842,524,965 Shares, representing approximately 20.84% of the existing issued share capital of the Company; (ii) Future Achiever is interested in 3,072,880,000 Shares, representing approximately 16.67% of the existing issued share capital of the Company; (iii) Mr. Ko Po Ming is interested in 261,200,000 Shares, representing approximately 1.42% of the existing issued share capital of the Company; and (iv) True Elite is interested in 199,740,000 Shares, representing approximately 1.08% of the existing issued share capital of the Company.

Pursuant to the Irrevocable Undertakings, Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite have provided irrevocable and unconditional undertakings to the Company and the Underwriter to, among other things, accept their entitlements to the provisional allotment of 4,611,029,958, 3,687,456,000, 313,440,000 and 239,688,000 Rights Shares, respectively, not to sell or transfer the Shares held by them in any manner before the completion or lapse of the Rights Issue, and remain as the registered owners of the Shares comprising their current shareholdings in the Company as at the Rights Issue Record Date.

Termination of the Underwriting Agreement

Information on the termination of the Underwriting Agreement has been set out in the section headed "Termination of the Underwriting Agreement" in this circular.

Conditions of the Rights Issue and the Underwriting Agreement

The Rights Issue and the obligations of the Underwriter as specified under the Underwriting Agreement are conditional upon the following conditions being fulfilled:

(a) the Independent Shareholders passing the ordinary resolution at the GM to approve (i) the Rights Issue; and (ii) the Underwriting Agreement and the transactions contemplated thereunder;

(b) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Time for Termination;

(c) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Posting Date;

(d) the despatch of the Prospectus Documents to the Qualifying Shareholders (Rights Issue) by no later than the Posting Date;

(e) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;

(f) compliance by the Company with all its obligations under the relevant terms of the Underwriting Agreement having taken place by the times specified;

(g) each of Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite having duly executed the Irrevocable Undertakings and compliance by each of Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite with their obligations under the Irrevocable Undertakings by the time specified;

(h) (i) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the current listing of the Shares not having been withdrawn; and (ii) no indication being received before the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason; and

(i) no material breach of any of the representations, warranties or undertakings of the Company provided under the Underwriting Agreement having come to the knowledge of the Underwriter by the Latest Time for Termination.

The conditions precedent set out in paragraphs (a) to (e), (g) and (h) above are incapable of being waived by the Underwriter and the Company.

If the conditions precedent set out in above paragraphs are not satisfied in whole or in part at the respective time and dates specified therein (or such other time as the Underwriter may agree with the Company (as permitted under the relevant legal and regulatory requirements)), the Underwriting Agreement shall terminate (save in respect of the provisions in relation to fees and expenses, indemnity, notices and governing law and any rights or obligations which have accrued under the Underwriting Agreement prior to such termination) and no party will have any claim against any other party for costs, damages, compensation or otherwise, and the Rights Issue will not proceed. The Irrevocable Undertakings shall lapse upon the termination of the Underwriting Agreement.

PROPOSED BONUS ISSUE OF SHARES

As disclosed in the Announcement, the Board recommends a Bonus Issue to the Qualifying Shareholders (Bonus Issue) on the basis of one (1) Bonus Share for every ten (10) Shares held by the Qualifying Shareholders (Bonus Issue) whose names appear on the register of members of the Company on the Bonus Issue Record Date. Certain details of the Bonus Issue are set out below:

Basis of Bonus Issue

Subject to the conditions set out under the section headed "Conditions of the Bonus Issue" below having been fulfilled, including the completion of the Rights Issue, the Bonus Shares will be issued and credited as fully paid on the basis of one (1) Bonus Share for every ten (10) Shares held by the Qualifying Shareholders (Bonus Issue) whose names appear on the register of members of the Company on the Bonus Issue Record Date. On the basis of 40,562,132,325 Shares will be in issue upon the completion of the Rights Issue, and assuming no further Shares will be issued or repurchased before the Bonus Issue Record Date, it is anticipated that 4,056,213,232 Bonus Shares will be allotted and issued under the Bonus Issue. After the completion of the Bonus Issue, there will be a total of 44,618,345,557 Shares in issue as enlarged by the allotment and issue of the Bonus Shares.

Status of Bonus Shares

The Bonus Shares, upon allotment and issue as fully paid shares, will rank pari passu in all respects with the Shares then in issue, including the entitlement to receive all future dividends and distributions, which are declared, made or paid, the record date of which is after the date of allotment of the Bonus Shares.

Fractional entitlements

The Company will not issue any fractions of the Bonus Shares. All fractions of the Bonus Shares (if any) will be aggregated and sold by the Company in the market, and if a premium (net of expenses) can be obtained, the Company will retain the proceeds from such sale(s) for its benefit.

Conditions of the Bonus Issue

The completion of the Bonus Issue is conditional upon:

(i) the completion of the Rights Issue;

(ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Bonus Shares; and

(iii) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of Hong Kong and articles of association of the Company to effect the Bonus Issue.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares to be issued and allotted pursuant to the Bonus Issue. Apart from making listing application to the Listing Committee of the Stock Exchange, the Board does not propose to make application to any other stock exchanges for the listing of and permission to deal in, the Bonus Shares. No new class of securities is to be listed pursuant to the Bonus Issue and that all necessary arrangements will be made to enable the Bonus Shares to be admitted into the CCASS established and operated by HKSCC. If any of the conditions of the Bonus Issue set out above is not satisfied, the Bonus Issue will not proceed.

Certificates for the Bonus Shares

It is expected that certificates for the Bonus Shares will be posted on Friday, 24 February 2017, after all the conditions having been fulfilled, at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Bonus Issue Record Date. Dealings in the Bonus Shares are expected to commence on Monday, 27 February 2017.

EFFECTS OF THE RIGHTS ISSUE AND THE BONUS ISSUE

(A) The dilution effects of the Rights Issue and the Bonus Issue on the shareholding interest of the existing public Shareholders as at the Latest Practicable Date are set out below:

	Number of Issued Shares	**Public shareholding of the Company**	
		Number of shares	*Approximate %*
Immediately prior to completion of the Rights Issue	18,437,332,875	11,060,987,910	59.99
Immediately after completion of the Rights Issue assuming no Qualifying Shareholders (Rights Issue) has taken up the Rights Shares (except Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite under the Irrevocable Undertakings)	40,562,132,325	11,060,987,910	27.27 *(Note 2)*
Immediately after completion of the Bonus Issue *(Note 1)*	44,618,345,557	12,167,086,701	27.27 *(Note 2)*

Notes:

(1) On the basis of 40,562,132,325 Shares will be in issue upon the completion of the Rights Issue, and assuming no further Shares will be issued or repurchased before the Bonus Issue Record Date.

(2) Immediately after completion of the Rights Issue (assuming no Qualifying Shareholders (Rights Issue) has taken up the Rights Shares (except Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite under the Irrevocable Undertakings)), the existing public shareholding decreased to approximately 27.27% of the issued share capital of the Company from approximately 59.99%. Following the completion of the Bonus Issue, the existing public shareholding remains at approximately 27.27% as the Bonus Shares will be allotted to the Qualifying Shareholders (Bonus Issue) in proportion to their shareholdings.

(B) The dilution effects of the Rights Issue and the Bonus Issue on the Share price and net tangible assets per Share are set out below:

The dilution effects of the Rights Issue and Bonus Issue on the Share price:

	On the Last Trading Day
Assuming the Qualifying Shareholders (Rights Issue) do not take up the Rights Shares to which they are entitled	
Closing price of the Shares	HK$0.238
The theoretical ex-rights price	HK$0.179
Discount of the theoretical ex-rights price to the closing price of the Shares	24.8%

Since there is no price for the Bonus Shares to be issued under Bonus Issue, there is no theoretical price per Share after the Bonus Issue.

As set out in "Appendix II — Unaudited Pro Forma Financial Information of the Group" in this circular, the dilution effects of the Rights Issue and Bonus Issue on the net tangible assets per Share is set out below:

	Unaudited consolidated net tangible assets per Share attributable to the equity holders of the Company as at 30 June 2016	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after completion of the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after completion of the Rights Issue and the Bonus Issue
	HK$	*HK$*	*HK$*
	(Note i)	*(Note ii)*	*(Note iii)*
Rights Issue of 18,437,343,450 Rights Shares and Bonus Issue of 3,380,179,632 Bonus Shares	0.144	0.135	0.123

Notes:

(i) The unaudited consolidated net tangible assets per Share attributable to the equity holders of the Company as at 30 June 2016 is HK$0.144, which is calculated based on the unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2016 of HK$2,211,035,000 and 15,364,452,875 Shares of the Company in issue as at 30 June 2016.

(ii) The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after completion of the Rights Issue of HK$0.135 is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company immediately after completion of the Rights Issue of HK$4,571,890,000 and 33,801,796,325 Shares, which represents 15,364,452,875 Shares of the Company in issue as at 30 June 2016 and 18,437,343,450 Rights Shares to be issued, pursuant to the Rights Issue (on the basis of six (6) Rights Shares for every five (5) Shares held as at the Rights Issue Record Date), are in issue assuming that the Rights Issue had been completed on 30 June 2016, but does not take into account any Shares which would have been issued upon the issue of 3,072,880,000 Shares by the Company under the general mandate which was completed on 5 October 2016 (the "**Share Subscription**") or any Shares which may be granted and issued or buy-back by the Company pursuant to the general mandate and the buy-back mandate, if any.

(iii) The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after completion of the Bonus Issue of HK$0.123 is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company immediately after completion of the Rights Issue and the Bonus Issue of HK$4,571,890,000 and 37,181,975,957 Shares, which represents (1) 15,364,452,875 Shares of the Company in issue as at 30 June 2016; (2) 18,437,343,450 Rights Shares to be issued, pursuant to the Rights Issue (on the basis of six (6) Rights Shares for every five (5) Shares held as at the Rights Issue Record Date); and (3) 3,380,179,632 Bonus Shares to be issued, pursuant to the Bonus Issue (on the basis of one (1) Bonus Shares for every ten (10) Shares held as at the Bonus Issue Record Date), are in issue assuming that the Rights Issue and the Bonus Issue had been completed on 30 June 2016, but does not take into account any Shares which would have been issued upon the Share Subscription or any Shares which may be granted and issued or buy-back by the Company pursuant to the general mandate and the buy-back mandate, if any.

(iv) The unaudited pro forma statement of adjusted consolidated net tangible assets does not take into account the Share Subscription.

Had the Share Subscription been completed on 30 June 2016, the consolidated net tangible assets of the Group attributable to equity holders of the Company would increase from approximately HK$2,211,035,000 to approximately HK$2,936,526,000 after adjusting for 3,072,880,000 Shares issued at HK$0.24 per Share (net of the related expenses of approximately HK$12,000,000). The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company after completion of the Rights Issue would be approximately HK$5,776,750,000 after adjusting for estimated proceeds of approximately HK$2,840,224,000, which is calculated based on 22,124,799,450 Rights Shares to be issued (on the basis of six (6) Rights Shares for every five (5) Shares held as at the Rights Issue Record Date) at the Subscription Price of HK$0.13 per Rights Share, after deduction of the estimated related expenses of approximately HK$36,000,000. Consequently, the unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company would be HK$0.142 assuming the Rights Issue had been completed on 30 June 2016.

Had the Share Subscription been completed on 30 June 2016, the number of shares used for the calculation of the unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after completion of the Rights Issue and the Bonus Issue would be based on 44,618,345,557 Shares, which represents the sum of 40,562,132,325 Shares in issue as at the Bonus Issue Record Date given that there has been no further issue of new Shares or repurchase of Shares from the date of the completion of the Rights Issue to the Bonus Issue Record Date and 4,056,213,232 Bonus Shares expected to be issued on the completion of the Bonus Issue.

Consequently, the unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company would be HK$0.129 assuming the Rights Issue and the Bonus Issue had been completed on 30 June 2016.

For further details, please refer to "Appendix II — Unaudited Pro Forma Financial Information of the Group" in this circular.

Potential dilution impact on the Shareholders as a result of the Rights Issue

Those Qualifying Shareholders (Rights Issue) who do not take up in full the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted. If none of the Qualifying Shareholders (Rights Issue) takes up any Rights Shares to which they are entitled (except Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite under the Irrevocable Undertakings) and the Underwriter takes up all the Rights Shares to be underwritten, i.e. 13,273,185,492 Rights Shares, the percentage of shareholding of the existing public Shareholders will be reduced from 59.99% to approximately 27.27% as a result of the Rights Issue.

Despite the dilution effects on those Shareholders who do not participate in the Rights Issue, having taken into account (i) the reasons for the Rights Issue, which are to raise funds for the expansion of its existing financial services business (including but not limited to margin financing services and lending business, which are capital driven), asset management and wealth management and direct investment; (ii) all Qualifying Shareholders (Rights Issue) have been offered the same opportunity to maintain their proportionate interests in the Company; (iii) the inherent dilutive nature of rights issue in general if the existing Shareholder did not take up his/her/its entitlements thereunder; and (iv) the discount of the Subscription Price to prevailing market price of the Shares was necessary to encourage the Qualifying Shareholders (Rights Issue) to participate in the Rights Issue, the Board considers the possible dilution effect to be acceptable.

Assuming these Qualifying Shareholders (Rights Issue) also do not sell their nil-paid rights, the value of their respective shareholding (which is calculated by multiplying the number of Shares held by such Qualifying Shareholders (Rights Issue) by the price of the Shares) may suffer theoretical diminution by approximately 24.8%, which is calculated by reference to the difference between (i) the closing price of HK$0.238 per Share as quoted on the Stock Exchange on the Last Trading Day (the "**Closing Price**") and (ii) the theoretical ex-rights price of the Shares of approximately HK$0.179 derived from the Closing Price.

The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after completion of the Rights Issue will be changed to HK$0.135, representing 6.25% discount from HK$0.144, which is the unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company as at 30 June 2016.

(C) The effects of change in number of Shares held by the Shareholders as a result of the Rights Issue and the Bonus Issue, illustrated by one board lot of Shares as set out below:

	Number of Shares
Assuming the Qualifying Shareholder (Rights Issue) does not take up the Rights Shares	
Number of Shares per board lot	20,000
Number of Shares held by the Shareholder immediately after completion of the Rights Issue	20,000
Number of Shares held by the Shareholder immediately after completion of the Bonus Issue	22,000
Assuming the Qualifying Shareholder (Rights Issue) takes up all the Rights Shares	
Number of Shares per board lot	20,000
Number of Shares held by the Shareholder immediately after completion of the Rights Issue	44,000
(i) Assuming no application for excess Rights Shares	
Number of Shares held by the Shareholder immediately after completion of the Bonus Issue	48,400
(ii) Assuming application is made for excess Rights Shares	
Number of excess Rights Shares successfully applied for in order to make up a board lot	10,546
Total number of Shares held by the shareholder after completion of the Rights Issue	54,546
Number of Shares held by the shareholder immediately after completion of the Bonus Issue	60,000

Although there will be dilution impact to non-participating Qualifying Shareholders (Rights Issue) after the Rights Issue and the public shareholding will be decreased from 59.99% to 27.27% if no Qualifying Shareholders (Rights Issue) take up the Rights Shares to which they are entitled, the Directors have taken into account the following factors:

(i) the use of proceeds from the Rights Issue is consistent with the Company's business strategies as stated in the section headed "Reasons for the Rights Issue and Use of Proceeds";

(ii) the discount of the Subscription Price to the prevailing market price is within the discounts range of recent rights issues in Hong Kong;

(iii) the Rights Issue is offered to all Qualifying Shareholders (Rights Issue) and enables them to maintain their proportional Interests in the Company and to participate in the future growth of the Company;

(iv) the Subscription Price is set at a discount to the closing price of the Share on the Last Trading Day and to the theoretical ex-rights price per Share;

(v) the Rights Issue as a fundraising option is fair and reasonable when compared to other financing alternatives as stated in the section headed "Reasons for the Rights Issue and Use of Proceeds — Other fund raising alternatives considered by the Group and the reasons for choosing the Rights Issue as funding method";

(vi) the underwriting commission payable to the Underwriter for underwriting of the Rights Issue is relatively competitive and favourable to the Company; and

(vii) the inherent dilutive nature of the Rights Issue is within the range of dilutive effect of recent comparables rights issue transactions, is acceptable and is not prejudicial to the interests of the Independent Shareholders if they accept their entitlement fully under the Rights Issue,

and consider the terms of the Rights Issue, are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

CHANGES IN SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, the Company has 18,437,332,875 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue, assuming no further issue of new Shares or repurchase of Shares up to completion of the Rights Issue; and (iii) immediately after completion of the Rights Issue and the Bonus Issue, assuming no further issue of new Shares or repurchase of Share up to completion of the Bonus Issue save for the Rights Shares:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue				Immediately after completion of the Rights Issue and the Bonus Issue			
			Assuming all Qualifying Shareholders (Rights Issue) have taken up all the Rights Shares		Assuming no Qualifying Shareholders (Rights Issue) has taken up the Rights Shares (except Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite under the Irrevocable Undertakings) *(Note 2)*		Assuming all Qualifying Shareholders (Rights Issue) have taken up all the Rights Shares *(Note 5)*		Assuming no Qualifying (Rights Issue) has taken up the Rights Share (except Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite under the Irrevocable Undertakings) *(Note 5)*	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Grace Gorgeous *(Notes 1 and 2)*	3,842,524,965	20.84	8,453,554,923	20.84	8,453,554,923	20.84	9,298,910,415	20.84	9,298,910,415	20.84
Future Achiever *(Note 2)*	3,072,880,000	16.67	6,760,336,000	16.67	6,760,336,000	16.67	7,436,369,600	16.67	7,436,369,600	16.67
Mr. Ko Po Ming *(Notes 2 and 3)*	261,200,000	1.42	574,640,000	1.42	574,640,000	1.42	632,104,000	1.42	632,104,000	1.42
True Elite *(Notes 2, 3 and 4)*	199,740,000	1.08	439,428,000	1.08	439,428,000	1.08	483,370,800	1.08	483,370,800	1.08
Public										
The Underwriter *(Note 7)*	—	—	—	—	13,273,185,492	32.72	—	—	14,600,504,041	32.72
Other public Shareholders	11,060,987,910	59.99	24,334,173,402	59.99	11,060,987,910	27.27	26,767,590,742	59.99	12,167,086,701	27.27
Total *(Note 6)*	**18,437,332,875**	**100.0**	**40,562,132,325**	**100.0**	**40,562,132,325**	**100.0**	**44,618,345,557**	**100.0**	**44,618,345,557**	**100.0**

Notes:

(1) Grace Gorgeous is owned as to 40% by First Elite Ventures Limited, which is wholly-owned by Mr. Tong Tang, Joseph, who is a non-executive Director and the Joint Chairman of the Company. Accordingly, First Elite Ventures Limited and Mr. Tong Tang, Joseph are deemed to be interested in the Shares owned by Grace Gorgeous for the purpose of Part XV of the SFO.

(2) Pursuant to the Irrevocable Undertakings, Grace Gorgeous, Future Achiever, Mr. Ko Po Ming and True Elite have provided irrevocable and unconditional undertakings to the Company and the Underwriter to, among other things, accept their entitlements to the provisional allotment of 4,611,029,958, 3,687,456,000, 313,440,000 and 239,688,000 Rights Shares, respectively, not to sell or transfer the Shares held by them in any manner before the completion or lapse of the Rights Issue, and remain as the registered owners of the Shares comprising their current shareholdings in the Company as at the Rights Issue Record Date.

(3) Mr. Ko Po Ming and Mr. Chang Tat Joel are executive Directors.

(4) These Shares are held by True Elite, a company wholly-owned by Mr. Chang Tat Joel.

(5) On the basis of 40,562,132,325 Shares will be in issue upon the completion of the Rights Issue (assuming all Shareholders have taken up all the Rights Shares), and assuming no further Shares will be issued or repurchased before the Bonus Issue Record Date.

(6) The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

(7) Pursuant to the Underwriting Agreement, in the event that the Underwriter or any of the sub-underwriter is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations:

(a) the Underwriter shall use its reasonable endeavours to procure that each of the subscribers procured by them (including any direct and indirect sub-underwriters) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with (within the meaning under the Listing Rules), the Directors, chief executive or Substantial Shareholders of the Company or any of its subsidiaries and their respective associates;

(b) the Underwriter will procure each of the subscribers (including any direct and indirect sub-underwriters) and their respective associates will not, together with any party acting in concert (within the meaning of the Takeovers Code) with it or its associates, hold 10% or more of the voting rights of the Company immediately upon completion of the Rights Issue;

(c) the Underwriter will not, and will procure each of the subscribers (including any direct and indirect sub-underwriters) will not, together with any party acting in concert (within the meaning of the Takeovers Code) with it or its associates, hold 30% or more of the voting rights of the Company immediately upon completion of the Rights Issue; and

(d) the Underwriter shall use its reasonable endeavours to procure that each of the direct and indirect sub-underwriters, shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with (within the meaning under the Listing Rules), the Directors, chief executive or Substantial Shareholders of the Company or any of its subsidiaries and their respective associates.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group principally provides comprehensive financial services in Hong Kong, including the provision of dealing in securities, commodities brokering, bullion trading, securities margin financing, investment and corporate finance advisory services, securities trading, money lending, investment holding and direct investment.

Capitalising on its existing financial services platform, the Group intends to embark on a growth strategy to broaden the width of its current platform.

The Directors consider that it is extremely important for the Company to have a strong capital base for developing competitive securities, lending and wealth management businesses. A large and strong capital base will also enable the Company to recruit capable talents in this highly competitive financial market. The Rights Issue, which is subject to Independent Shareholders' approval, enables the Company to have a stronger and larger capital base.

The Vision of the Group

The Group's vision is to become a leading global financial conglomerate with global asset allocation capabilities, covering investment opportunities and distribution channels in Greater China, Japan, U.S., Europe, Asia Pacific and Middle East. The Group plans to cooperate with leading global asset management companies, private banks and insurance companies to develop financial products and channels for the clients to access the global markets, making the Group a "one-stop service provider for the global financial market".

The Group expects to create synergies through its extensive network of financial institutions and their high net worth client base in the Greater China.

Sustainable Growth Through Two-Pronged "Finance + Industry" Strategy

The Group plans to leverage on its extensive capital market and investment management experiences to execute an expansion strategy in both the financial & industrial sectors.

For the financial sector, the Group will further expand its existing financial services platform through strategic cooperation with different financial institution to create an integrated platform with the full spectrum of products and services as well as strong product development and distribution capability.

For the industrial sector, the Group will focus on the healthcare, life sciences and the "mother-infant-children" related industries.

Through this "Finance + Industry" strategy, the Group can develop its financial services business and core industries while aligning the interests of all parties to create synergies.

The Board believes that, with the cross-industry and diversified financial services platform, the Group will be in a unique position to capture growth opportunities and profitability in both the financial and industrial sectors, and will establish an eco-system to achieve a dual driver and two-pronged operation.

In implementing its business strategies, the Group focuses on prudently operating its business and believes that effective risk management and internal control are essential to sustainable growth in an ever-changing market environment.

The Group has established risk management processes and procedures that integrates human resources, systems and policies to identify, monitor, evaluate and manage various risks that the Group is exposed to in its business activities. The Group has set up a multi-level risk limit management system. An authorisation matrix has been set up to control and ensure that financial resources are allocated properly.

Risk control — Financial services

Various committees have been established in different business units for assessing the engagement of the business, and monitoring of the business progress. The Group has also established policies and procedures to prevent money laundering and terrorist financing, and has implemented Chinese walls to prevent conflicts of interest by controlling the flow of non-public information. The Group has also implemented an internal control system to enhance its compliance management capabilities.

Risk control — Strategic financial investment and direct investment

The Group's investment activities are supervised by the investment committee (the "**Investment Committee**") of the Group, which comprised the Chief Executive Officer, Chief Operating Officer and Chief Investment Officer. The Group's Chief Financial Officer and Chief Legal & Compliance Officer will also attend the meetings of the Investment Committee. The Investment Committee is responsible for: (i) making decisions on investment, project restructuring, and divestment proposals for the Board's consideration and approval; and (ii) overseeing the portfolio of strategic and direct investments during monthly portfolio review meetings and quarterly management meetings.

Each strategic investment, restructuring and divestment project undergoes the below approval process:

1. Concept paper: After an extensive preliminary review and agreement on an investment framework, the deal team will submit a concept paper to the Investment Committee. The Investment Committee will consider the investment thesis, potential synergies on strategic investment opportunities, investment merits, risks and constraints, and investment framework to decide whether it is worthwhile to proceed and the scope of the full due diligence.

2. Investment proposal: Each investment will undergo a thorough due diligence on the business strategy, market positioning, sustainability of competitive advantages, quality of the management team, corporate governance, legal and regulatory compliance, tax and risk factors. Synergies and value added are also key consideration factors. The Group usually engages external advisors on the due diligence in respect of the financial and tax review, regulatory compliance, litigation and disputes. The Investment Committee will consider the investment thesis, potential synergies on strategic investment opportunities, investment merits, risks and constraints, and risk-reward profile.

3. Board approval: When the Investment Committee approves an investment project, the relevant investment proposal is submitted for approval by the Board.

For the invested projects, the Group operates and manages its investee companies in accordance with the following policies:

1. For the strategic and direct investments which are integrated into the Group's financial services business, the investee companies will be operated and managed by the Group as a business unit. The Group will normally hold controlling stake or significant influence, have board control (in the case of controlling stake) and take on an active role in financial management. Such investments refer to investments which are synergistic and complementary to our core financial services business.

2. For the strategic and direct financial investment not integrated into the Group, the Group assigns representative(s) to be active board participants and pro-actively assist the investee companies in business growth and financial management.

Business Update

In pursuance of its growth strategy, the Group will continue to expand its existing financial services business, i.e. securities brokerage, securities margin financing, leverage and acquisition financing and money lending, and also plans to further develop its business into the provision of asset and wealth management to compliment the securities and fund management business, and direct investment business.

(i) Financial services and lending business, including but not limited to securities brokerage, securities margin financing, money lending and mortgage loan business

Financial Services Business

With an average Hong Kong market turnover of HK$66 billion per day from 1 January 2016 to 31 October 2016, it is expected that, after the launch of Shenzhen-Hong Kong Stock Connect, there will be more capital flows between Hong Kong and the PRC, especially on southbound fund flows from Chinese insurance companies. To meet the challenging market conditions and customers demand, the Group has engaged new execution brokers for our retail clients and professional investors for dealing in listed securities in U.S. and European markets and has commenced the upgrading of its equity and futures trading system.

In October, the Company injected a total of HK$200 million into Mason Securities Limited for the provision of margin financing facilities to its clients, HK$140 million of which was raised from the subscription of new Shares under the general mandate which was completed on 5 October 2016. To meet the demand of the Group's clients on margin financing facilities and acquisition loans, which are capital-driven business, the Company requires capital to expand the margin financing and lending business.

The Directors believe that, though, as stated in our interim report for the six (6) months ended 30 June 2016, trading activities quietened down during the six (6) months ended 30 June 2016 and the remaining months of 2016 will be equally challenging, the Company could become more competitive in the securities market if it is equipped with a larger capital base and higher ability to provide margin financing. Therefore, the Directors are of the view that the proposed expansion of the financial securities services including securities margin financing would be in the interest of the Shareholders.

Lending Business

Money lending

The Group plans to increase the capital base of Mason Resources Finance Limited (an indirect wholly-owned subsidiary of the Company and holder of a money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)) to develop its money lending business.

As disclosed in the announcements of the Company dated 27 October 2016 and dated 4 November 2016, the Company, through its indirect wholly-owned subsidiary, Mason Resources Finance Limited, entered into two (2) facility agreements to provide facilities in an aggregate amount of up to HK$630 million to the borrowers.

Mortgage loan

The Group has identified opportunities to develop and expand the scope of its lending business through participation of the provision of mortgage loans in Hong Kong. Mortgage loans in Hong Kong are characterized by low delinquencies and default ratios. According to a residential mortgage survey conducted by The Hong Kong Monetary Authority ("**HKMA**"), the mortgage delinquency ratio for residential mortgage loans was only 0.04% for the month of September 2016. According to the statistics published on the website of HKMA, the new loans approved in 2015 amounted to HK$284,951 million, representing a slight increase of approximately 2.1% as compared to HK$278,981 million in 2014. The new loans approved in the first eight (8) months of 2016 amounted to HK$161,285 million, representing a decrease of approximately 25% as compared to HK$215,583 million in the comparative eight (8) months period in 2015. Although the amount of the mortgage loans decreased in 2016 compared to 2015, the Directors consider the mortgage loan market is still very big and has great potential, given the current market size and the expected business flow of the mortgage loans market in Hong Kong.

As disclosed in the announcement of the Company dated 7 October 2016, the Company, through its indirect non-wholly owned subsidiary (a company established to conduct the lending and financing services business of the Group), has acquired an interest in Hong Kong Mortgage Solutions Limited ("**HKMS**"). HKMS, together with a management company ("**Mortgage Management Company**") and other partners which are all Independent Third Parties, is engaged in the origination of mortgage loans and securitization business in Hong Kong. HKMS is principally engaged in the provision of first legal-charge mortgage loans on residential properties in Hong Kong, targeting customers who will use these properties for owner-occupied purpose. The size of its loan portfolio has been expanding steadily and amounted to approximately HK$75 million as at 30 November 2016. The Mortgage Management Company provides portfolio management services for the mortgage loan business of HKMS, and other services relating to set-up, accounting and administration. The direct investment in HKMS enables the Group to participate in the mortgage loan and securitization business in Hong Kong. This will serve as a platform for the future expansion in the scope of its lending and financing businesses.

The Mortgage Management Company possesses a strong management team with extensive experience in property mortgage financing. The chief executive officer of The Mortgage Management Company has about 20 years of experience in mortgage loans and securitization business, and was the former senior vice president of the Hong Kong Mortgage Corporation Limited. The chief operating officer of The Mortgage Management Company has more than 20 years of experience in the banking and finance industry, and was formerly the head of the compliance department of the Hong Kong branch of a foreign bank for six (6) years.

The Group's investment in HKMS, a company engaged in the provision of mortgage loan and securitization business, is carried out under suitable risk control environment. As at the Latest Practicable Date, the Group has invested HK$38 million in the mortgage loans and securitisation business of the Group, of which HK$26.6 million was paid by the Company which is indirectly interested in 70% of the issued share capital of the relevant company, and the Company intends to invest an additional HK$48.4 million in the said business which have and will be funded from the proceeds of the subscription of new Shares as disclosed in the announcement of the Company dated 22 September 2016 and completed on 5 October 2016.

(ii) Asset management and wealth management

As per the market research report prepared by PricewaterhouseCoopers ("**PwC**"), which was based on the survey jointly conducted by the Private Wealth Management Association and PwC in July 2016, Hong Kong is the fifth largest offshore wealth center globally and also ranked as the second billionaire city behind New York according to Wealth-X Billionaire Census 2015–2016, with high net worth individual wealth being projected to grow by 23.5% to reach US$1.4 trillion in 2016, according to the Private Banker International Report.

According to the Fund Management Activities Survey 2015 published by SFC in July 2016, Hong Kong's combined fund management business increased by 10.5% from approximately HK$16.0 trillion in 2013 to approximately HK$17.7 trillion in 2014, and remained at approximately HK$17.4 trillion in 2015. Under China's 12th 5-year plan and 13th 5-year plan it has stated that Mainland will support Hong Kong as a fund management center, and 7 Hong Kong funds were approved for public offering in the PRC under the Mainland — Hong Kong Mutual Recognition of Funds ("**MRF**") scheme as at the Latest Practicable Date.

Based on the above market surveys, the Directors believe there is great potential in the asset management and wealth management business.

In June 2016, the Group (upon receipt of approval from SFC) acquired Enerchine Investment Management Limited which conducts asset management and wealth management businesses. A team of experienced professional for the asset management and wealth management businesses, has been hired to advise the Group's senior management in implementing the business strategy and to set up the infrastructure and team. Being an integral part of the Group's overall strategy, the team has been working closely with the internal compliance team and external legal counsels as well as operational and control departments to set up the necessary infrastructure and systems and flows. In addition, the Group is currently in the discussion with other financial institutions to source a wide range of mutual funds and other investment products for our clients. Moreover, the Group plans to set up different forms of private equity funds for our clients. The private equity funds will initially focus on the theme of investing in asset-backed fixed income products and target at high net worth individual and companies which qualify as professional investors under the SFO. The Company will act as fund manager of the private equity funds and may also invest in some of the funds.

In addition to organic growth, the Group is also considering to accelerate the development by way of mergers and acquisitions. At present, the Group is exploring several investment opportunities relating to companies engaging in asset management and/or wealth management.

(iii) Direct investment

The Group's direct investments activities will complement the Group's core financial services businesses. The direct investments activities will initially focus on strategic investments in financial services, healthcare, and mother-infant-children consumer sectors. The Directors believe these sectors are complementary and offer significant opportunities for crossover synergies and enhance the overall value of the Group.

To this end, the Group will from time to time engage in strategic investment into companies in the fast growing financial sector and other business areas with growth potentials including but not limited to exploratory discussions in relation to strategic investment into companies in the fast growing financial sector and other business areas with growth potentials. In particular, the Group focuses on financial services institutions with proven track records which can help the Group to develop distribution channels in fund management, asset management and wealth management services for its clients.

The Company believes that financial services, healthcare, and mother-infant-children industry share common customers. These sectors are both synergistic and complementary, with significant opportunities for cross-sale.

The Company prefers to seek acquisitions targets with brand value, professional management with proven history of success, having conservative financial management policy, and with positive outlook.

In addition to financial services, the Directors believe in synergistic and complementary direct investment opportunities in (1) the healthcare sector in Greater China and Southeast Asia will continue to benefit from the rising personal income in the region; and (2) the mother-infant-children consumer segment in Greater China will benefit from the implementation of the two-child policy in China. In particular, the Group will target companies with quality management, proven and sustainable business model, strong cashflow and margins, healthy growth, and clean balance sheets.

China's rapid socio-economic growth and accelerated urbanization has led to an increase in disposable income per Chinese household. The implementation of the "two-child" policy further stimulates the mother-infant industry as the number of newborns in China is expected to increase exponentially over the next five years. With the "two-child" policy in full-force in 2016, it is expected that it will have a positive effect on the birth rate in the PRC. For referencing, just 2014 alone, the number of newborns in the PRC reached 16.9 million.

China's overall healthcare industry is expected to demonstrate continuous growth amid the rise of disposable income and population boom in China. In particular, the assisted reproduction sector and the genetic diagnostics sector have presented the substantial growth potentials. According to the Report of China's Genetic Diagnosis Market Study by China Insights Consultancy, Mainland China's genetic diagnostics market is expected to reach RMB14.6 billion by 2019, with a compound annual growth rate of 42.1% between 2014 and 2019 driven mainly by growth in the Non-invasive Prenatal Testing ("**NIPT**"), Preimplantation Genetic Diagnosis ("**PGD**"), and cancer diagnosis segments. The PGD market alone is expected to see a 28.4% compound annual growth rate from 2014 to 2019. Market penetration rate of PGD in China is low at the moment due to its high pricing, but as PGD technology continues to improve and testing costs continue to decrease, the price of NIPT is expected to decline and spark more demands over the next five years.

The Group is also exploring opportunities in general practitioners clinic chains, pediatrics and gynecology specialty operations, and life science opportunities such as molecular diagnostics and precision medicine businesses.

Depending on the size of investment and nature of business, the Group operates and manages its investee companies in accordance with the following policies:

1. For the strategic and direct investments which are integrated into the Group's financial services business, the investee companies will be operated and managed by the Group as a business unit. The Group will normally hold controlling stake or significant influence, have board control (in the case of controlling stake) and take on an active role in financial management.

2. For the strategic and direct financial investment not integrated into the Group, the Group assigns representative(s) to be active board participants and pro-actively assist the investee companies in business growth and financial management.

Expertise and experience

The Group's direct investment division is led by the Group's Chief Operating Officer Mr. Joel Chang, and the Group's Chief Investment Officer Mr. John Lin.

Mr. Chang has over 25 years of financial, private equity and advisory experience. He is a co-founder of AID Partners Capital Limited and the founder of Genius Link Assets Management Limited, both private equity investment companies. He is an investment committee member of AID Partners Capital Limited, and is responsible for its strategic investment planning. Prior to founding AID Partners Capital Limited, he was the chief investment officer of Investec Asia Limited, a managing director of China Everbright Capital Limited and an executive director of BNP Prime Peregrine Capital Limited. Mr. Chang founded various private equity investment funds and has led investments of over US$100 million in the past decades and one of the investments was awarded by Private Equity International as the best mid-size investment exit in 2010.

Mr. Lin has over 25 years of private equity experience. He was previously President & CEO of C.V. Starr Investment Advisors (Asia) Ltd. ("**Starr Investments Asia**"), the investment arm of C.V. Starr Group of Companies ("**Starr**") from 2008 through 2012. Starr Investments Asia manages Starr's own direct investment projects in Asia and a portfolio of Asia-focused private equity funds. While at Starr Investments Asia, he led a number of successful investments in healthcare and pharmaceuticals by taking significant minority positions of up to 40%, such as Concord Medical Services Holdings Ltd. (CCM:NYSE), the largest network of radiotherapy and diagnostic imaging centers and hospitals in China; a leading biopharmaceutical company in China; and a medical equipment maker specializing in oncology diagnostic and radiotherapy treatment equipment. From 1988 through 2007, he was at AIG Global Investment Corp., the former investment arm of the American International Group Inc. ("**AIG**"). Mr. Lin spearheaded AIG's multi-billion third party private equity business in Asia in 1994. From 1994 through 2007, he was a co-head and an investment committee member of all AIG's in-house direct investment portfolios in Asia, including those of American International Assurance Co. Ltd. ("**AIA**"), and most of third party private equity funds in Asia. While at AIG, he led numerous successful private equity investments in the consumer/retail, technology, and infrastructure sectors in China, Taiwan, Southeast Asia and India.

Recent direct investment made by the Group

As disclosed in the announcement of the Company dated 30 September 2016, the Group has entered into two share purchase agreements to acquire a group of privately assisted reproductive service providers in Hong Kong, which marked the Group's maiden venture into the medical services sector. Upon completion on 1 November 2016, the Group has paid the total cash consideration of HK$282,776,000.

The Group has invested with other investors in a newly established company called Shengang Securities Company Limited ("**Shengang Securities**"), which engages in securities dealings in Shanghai, the PRC. Shengang Securities obtained a Securities and Futures Business License from the China Securities Regulatory Commission ("**CSRC**") on 10 October 2016, which allows Shengang Securities to engage in securities brokering, securities underwriting and sponsoring, securities trading and securities asset management related businesses in the PRC. The Group will cooperate with Shengang Securities to explore the business opportunities and create synergies through its network and client base in the PRC. Since Shengang Securities recently formally commenced business in China (Shanghai) Pilot Free Trade Zone, and we have already invested RMB525 million to it, the Group does not intend to put additional investment into Shengang Securities in the next twelve (12) months.

As for the fund investment, the Group intends to use approximately HK$156 million for the investment in the Agate Healthcare Fund, and approximately HK$62 million for the investment in the Children's Fund.

Agate Heathcare Fund is a private equity fund specialising in investments in medication, pharmaceutical technologies and healthcare sectors. The size of the fund is approximately US$100 million and the fund mainly invests in early or mid-stage Israeli enterprises or enterprises focused on the healthcare sectors, such as medical treatment and health, medical device, medical info-tech, mobile medical treatment and digital platform and wearable devices. The target investment size is approximately US$5–15 million per investment for a minority dominant stake and the target investment period is approximately four (4) years.

The Children's Fund has not yet been formed as at the Latest Practicable Date. It will be newly set up as a Cayman Islands exempted limited partnership to be registered under the Partnership Law with a preliminary targeted fund size of RMB500 million. The purpose of the Fund is to generate attractive financial returns and achieve long-term capital appreciation through, investing, directly or indirectly, in debt, equity or debt- or equity-related securities of private companies in the provision of services, product, technology and know-how in connection with mother-infant-children care and related industries, pursuing a global strategy executed by a seasoned and reliable management team or enabled by stable, long term strategic partnerships, where there can be identified a clear disposal strategy by way of a stock market listing, trade sale or asset injection into a listed company in a period of two (2) to five (5) years.

Intended Use of the Proceeds of the Rights Issue

To further implement the aforementioned growth strategy and further develop its existing business, the Company requires more funds to strengthen its current capital base. The gross proceeds of the Rights Issue will be approximately HK$2,876 million, and the estimated net proceeds of the Rights Issue will be approximately HK$2,840 million. The Company intends to apply such net proceeds in the following manner:

(i) Financial services — as to approximately HK$1,000 million to support the further development of the Group's securities business, including but not limited to margin financing services:

The Group will capitalise on opportunities from the launch of the Shenzhen-Hong Kong Stock Connect and further develop the securities and brokerage business, as well as the securities margin financing services, leverage and acquisition financing, and corporate finance services. The Group intends to use (a) HK$40 million to upgrade its IT system, internet trading platform for securities and futures trading, and internal control system; and (b) HK$960 million for the Group's margin financing business, leverage and acquisition financing, and securities and brokerage business as to approximately HK$460 million for the Group's securities and brokerage business including margin financing business, and approximately HK$500 million for the leverage and acquisition financing.

The Group intends to develop, through its indirect wholly-owned subsidiary Thomas Securities Company Limited ("**Thomas Securities**"), a full online discounted brokerage services to the retail clients, institutional clients and brokers and dealers, with Hong Kong and global equity products, together with Hong Kong and global futures execution in the future. Thomas Securities targets customers who have been proficient in online trading, across equities and futures. They usually do not require offline transaction services and look for low-transaction-cost execution services.

In order to support the launch of the equities and futures execution services of Thomas Securities, the Group intends to use HK$150 million to HK$200 million for setting up and marketing its trading platform, margin financing business and the working capital.

The Group will also use HK$260 million to HK$310 million to further develop the the securities and brokerage services and margin financing business of Mason Securities Limited.

(ii) Asset management, wealth management and lending business — as to approximately US$90 million (equivalent to approximately HK$700 million) for the Group's wealth management business development, and approximately HK$140 million for the Group's money lending business:

The Group will develop its asset management and wealth management business, which require capital investment for, inter alia, setting up platforms, systems and building up clients and products networks. The Group is also considering different opportunities relating to investments in asset management and wealth management companies.

The Group is in the negotiation stage for a potential investment opportunity in a private bank and wealth management company, which provides traditional banking, wealth management and asset management services to clients worldwide. The Group intends to acquire a controlling stake in this private bank and wealth management opportunity for an investment amount of approximately US$90 million (equivalent to approximately HK$700 million). The Group has signed the non-binding letter of intent and is conducting the due diligence on this potential acquisition.

The Group believes that the investments in and the cooperations with the abovementioned companies can enhance the financial product development and distribution capabilities of the Group to its corporate clients and high net worth individual clients. Since the Company is still in the negotiation stage with the abovementioned companies, there is no assurance that the possible investments will materialise or be eventually consummated. If the abovementioned investments do not materialise eventually, the Company will utilize the proceeds reserved for the abovementioned investments for other opportunities relating to investments in asset management and wealth management companies, and/or money lending business.

As disclosed in the section headed "Reasons for the Rights Issue and Use of Proceeds — Business Update — Lending Business — Money Lending", the Group plans to increase the capital base of Mason Resources Finance Limited to develop its money lending business. The current loan portfolio of the Group's money lending business is approximately HK$830 million, and the Group intends to build up the loan portfolio to approximately HK$1,000 million. Therefore, the Group also intends to use approximately HK$140 million of the proceeds from Rights Issue for the Group's money lending business.

(iii) Direct investment — as to approximately HK$1,000 million for direct investment in the financial services industry and/or the healthcare/medical services and related sectors in connection to mother-infant-children sector:

The Group is in the advanced negotiation stage for the acquisition of a leading department stores operator which specialises in mother-infant-children care products in the PRC for an investment amount of HK$650 million to HK$700 million. It is a leading franchise operator in Southern China with a regional network of over 800 directly-operated and franchise stores, mainly in Zhuhai, Guangzhou, Jiangsu province and Zhejiang province. The Group is currently conducting the due diligence and expects to, if the investment materialises, enter into the definitive agreement(s) by the first quarter of 2017.

The Group is in the negotiation stage for a potential investment opportunity in a leading molecular diagnostics company in Hong Kong for an investment amount of HK$150 million to HK$200 million. It focuses on providing pre-natal and oncology related genetic diagnostics services based on Polymerase Chain Reaction and Next Generation Sequencing technology. The Group is currently conducting the due diligence and expects to, if the investment materialise, enter into the definitive agreement(s), by the first quarter of 2017.

In order to pursue the business strategies, the Group is from time to time seeking suitable investment opportunities which are in line with our strategies. As such, the remaining proceeds of HK$100 million is reserved for other projects that the Group is in preliminary discussion. These projects include but not limited to a (i) a majority stake in a renowned paediatric and medical aesthetic services chain operator in Hong Kong, and (ii) a leading and high growth P2P platform operator and payment gateway operator in the PRC.

Since the Company is still in the negotiation stage with the abovementioned companies, there is no assurance that the possible investments will materialise or be eventually consummated. If the abovementioned investments do not materialise eventually, the Company will utilize the proceeds reserved for the abovementioned investments for other opportunities relating to investments in financial services industry, and healthcare/medial services industry.

Expected Funding Needs for the Next 12 Months

Based on the Group's latest estimates, other than daily operating working capital, the expected funding needs of the Group for the next twelve (12) months (the "**Forecast Period**") is approximately HK$3,106.4 million. The expected funding needs for the Forecast Period are for the following major outflow:

(i) approximately HK$1,000 million to support further development of the Group's securities business, including but not limited to margin financing services;

(ii) approximately HK$840 million to supplement the Group's asset management, wealth management and lending business;

(iii) approximately HK$1,000 million for direct investment in the financial services industry and/or the healthcare/medical services and related sectors;

(iv) approximately HK$218 million to be applied towards the investment in a Children Fund and a Healthcare Fund; and

(v) approximately HK$48.4 million for the mortgage loan and securitization business.

The above funding needs are expected to be financed by the proceeds from the Rights Issue and internal financial resources. As at 30 November 2016, the cash and bank balance of the Group was approximately HK$673 million.

Furthermore, the key assumptions and factors used to prepare the forecast include but are not limited to the following:

(i) the Group's growth strategy i.e. to broaden the scope of its financial services platform as detailed in the pages 30 to 31 of this circular;

(ii) there being no premature termination of its existing loan facilities from financial institutions;

(iii) there being no material adverse change in its financial services business; and

(iv) there will be no material change in the economic environment or market conditions in Hong Kong, PRC or other countries in which the Group operates or intends to operate.

The Directors consider that the Company, during the next twelve (12) months, may have external funding requirements, either in the form of debt financing or equity financing, in the following cases:

(i) applying for normal loan facilities from financial institutions for our securities margin business, leverage and acquisition financing business; and

(ii) if the Group comes across a compelling investment opportunity not included in the forecast during the Forecast Period, it will be funded by internally generated resources or external financing facilities so as to enable the Group to promptly capture a good investment opportunity when it arises.

It is a general practice for financial services companies to obtain external financing, apart from their internal resources, for their securities brokerage and margin financing, and leverage and acquisition financing business, such as the above mentioned circumstances in which the Group may obtain external funding. The Group will leverage on the external facilities available to develop its business after having considered the costs of funding and the spread income the Group can earn.

In order to implement the abovementioned growth strategy and further develop its existing business, and taking into account the expected funding needs under the section headed "Reasons for the Rights Issue and Use of Proceeds — Intended Use of the Proceeds of the Rights Issue", the Directors consider it necessary to raise the funds and the Rights Issue a suitable method. Taking into consideration the procedures and the length of time to complete the Rights Issue, the Directors consider that the conducting of the Rights Issue now is timely and in the interest of the Company and the Shareholders as a whole.

Other fund raising alternatives considered by the Group and the reasons for choosing the Rights Issue as funding method

The Directors have considered alternative means of fund raising such as a share placement, bank borrowings and the issuance of convertible bonds. However, given the size of the funds sought by the Company, the Directors consider that it is more prudent to finance the Group's long term growth by way of the Rights Issue, which will strengthen the Group's capital base and financial position without incurring substantial finance costs. Having considered:

(i) the dilutive effect to the shareholding interests of Shareholders in the case of a placement of new Shares or the possible conversion into equity of convertible bonds issued by the Company;

(ii) the additional finance costs that will be incurred by the Company through the increase in bank borrowings, the issuance of convertible bonds or other debt financing that would increase the Group's liabilities burden; and

(iii) the Rights Issue offers all Qualifying Shareholders (Rights Issue) an equal and fair opportunity to participate in the Rights Issue to maintain their pro-rata shareholding interests in the Company and in the future development of the Company, the Directors are of the view that the Rights Issue allows the Group to strengthen its capital base and enhance its financial position without incurring any significant finance costs and to minimize the dilutive effect on the shareholding interest of Qualifying Shareholders (Rights Issue), and as such, the Directors consider that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

REASONS FOR THE BONUS ISSUE

The Board believes that the Bonus Issue will, on the one hand, enable the Group to maintain its cash position for future development, and on the other hand, allow the Shareholders to enjoy a pro-rata increase in the number of Shares held by them in the Company without incurring any significant costs to them.

The Bonus Issue will increase the number of Shares to be held by the Shareholders (including the Qualifying Shareholders (Bonus Issue) who are Qualifying Shareholders (Rights Issue), who did not take up any Rights Shares), which will increase the number of the issued Shares which can be traded in the market, and also enable the Shareholders to enjoy more flexibility in managing their own investment portfolios such as giving them an opportunity to dispose of part of their Shares and realise a cash return to meet the individual Shareholders' financial needs. As such, the Bonus Issue will induce the Shareholders to trade their shares and thus increase the trading volume and liquidity of the Shares.

Given the size of funds to be raised from Shareholders under the Rights Issue and the considerable investments to be made by the Company with such proceeds, the Directors believe that the prospects of the Company in the long term to be positive. The Directors, noting that the Shareholders' proportionate interests in the Company will not be increased by the Bonus Issue, are of the view that the Bonus Issue will allow the Shareholders to participate in the business growth of the Company and be an encouragement for the long-term support of the Shareholders, even if the Qualifying Shareholders (Bonus Issue) who are Qualifying Shareholders (Rights Issue) do not take up any Rights Shares.

EQUITY FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

Apart from the equity fund raising activity mentioned below, the Company has not carried out other equity fund raising activities during the twelve (12) months immediately preceding the Latest Practicable Date:

Date of announcement	Capital raising activity	Net proceeds raised	Proposed use of the net proceeds	Net proceeds utilised or reserved for use	Unused net proceeds
22 September 2016	Subscription of new Shares under general mandate	HK$725 million	(i) (a) approximately HK$90 million to HK$140 million to support the further development of the Group's money lending business and securities business, including but not limited to margin financing services and leverage and acquisition financing services; and	The Company has injected HK$140 million into Mason Securities Limited (a licensed corporation under the Securities and Futures Commission and is licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (CAP 571)) for the provision of margin financing facilities to its clients.	Nil
			(b) as to HK$75 million to fund the potential investment in a company which is principally engaged in provision of property mortgage services in Hong Kong market;	The Group has applied HK$38 million for its investment in its indirect non-wholly-owned subsidiary, which as disclosed in the announcement of the Company dated 7 October 2016 was established to conduct the lending and financing services business of the Group (of which the Company is indirectly interested in 70% of its issued share capital and paid HK$26.6 million). As disclosed in the announcement of the Company dated on 7 October 2016, the abovementioned indirect non-wholly-owned subsidiary of the Company has utilised an aggregate of approximately HK$35.25 million for the acquisition of an interest in a company which is principally engaged in the provision of mortgage loan and securitisation businesses in Hong Kong.	The Company intends to use the remaining HK$48.4 million for the mortgage loan and securitization business of the Group.
			(ii) approximately HK$300 million to HK$350 million for direct investment in the financial services industry and/or the healthcare/ medical services sector; and	The Group has applied approximately HK$282.7 million for the payment of the consideration for the RHC Acquisition and the V&L Acquisition, as disclosed in the announcement of the Company dated 1 November 2016.	HK$17.3 million
			(iii) approximately HK$210 million to finance the further development of the fund investment and management business and asset management business of the Group.	Nil	The Group intends to use HK$156 million for investment in the Agate Healthcare Fund, and HK$62 million for investment in the Children's Fund, totalling HK$218 million, of which HK$8 million will be paid by internal resources.

As at the Latest Practicable Date, the Group has utilised approximately 62.0% the net proceeds raised from the subscription of new Shares under general mandate which was completed on 5 October 2016.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed "Termination of the Underwriting Agreement" under the section headed "The Underwriting Agreement" above). Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Wednesday, 4 January 2017. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 17 January 2017 to Tuesday, 24 January 2017 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Since the Company is still in the negotiation stage with the companies as stated in the section headed "Reasons for the Rights Issue and Use of Proceeds — Intended use of proceeds of the Rights Issue", there is no assurance that the possible investments will materialise or be eventually consummated.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19(6)(a) of the Listing Rules, as the Rights Issue, if proceeded with, will increase the number of the issued shares of the Company by more than 50%, the Rights Issue is conditional on approval by Independent Shareholders by way of poll at the GM on which any Controlling Shareholders and their associates or, where there are no Controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the Latest Practicable Date, there is no Controlling Shareholder. Therefore, the Directors and their respective associates shall be required to abstain from voting in favour of the Rights Issue.

Accordingly, as at the Latest Practicable Date, (i) Grace Gorgeous, an associate of Mr. Tong Tang, Joseph (a non-executive Director and the Joint Chairman of the Company), which is interested in 3,842,524,965 Shares (representing approximately 20.84% of the issued share capital of the Company); (ii) Mr. Ko Po Ming (an executive Director), who is interested in 261,200,000 Shares (representing approximately 1.42% of the issued share capital of the Company); and (iii) True Elite, an associate of Mr. Chang Tat Joel (an executive Director), which is interested in 199,740,000 Shares (representing approximately 1.08% of the issued share capital of the Company); and (iv) Future Achiever, an associate of Ms. Hui Mei Mei, Carol (a non-executive Director), which is interested in 3,072,880,000 Shares (representing approximately 16.67% of the issued share capital of the Company), are therefore required to abstain from voting in favour of the resolution(s) approving the Rights Issue and the transactions contemplated thereunder at the GM.

GM

The register of members of the Company will be closed from Thursday, 22 December 2016 to Friday, 30 December 2016 (both dates inclusive) for determining the entitlements to attend the GM. No transfer of Shares will be registered during this period.

The GM will be convened and held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Rights Issue; and (ii) the Underwriting Agreement and the transactions contemplated thereunder. Only the Independent Shareholders will be entitled to vote on the resolutions to approve the Rights Issue and Underwriting Agreement at the GM.

Save as disclosed above, no other Shareholder is involved or interested in or has a material interest in the transactions contemplated under the Rights Issue and the Underwriting Agreement and, hence, is required to abstain from voting on the resolution(s) to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder at the GM.

The notice convening the GM is set out on pages GM-1 to GM-3 of this circular. A form of proxy for use at the meeting is enclosed. Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the share registrar and transfer office of the Company at Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so desire.

Subject to the approval of the Rights Issue by the Independent Shareholders at the GM, the Prospectus Documents will be despatched to the Qualifying Shareholders (Rights Issue) on or before Friday, 13 January 2017 whereas the Prospectus will be despatched to the Non-Qualifying Shareholders (Rights Issue) for information only.

RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Lam Yiu Kin, Mr. Yuen Kwok On and Mr. Tian Ren Can, has been established to advise the Independent Shareholders in connection with the Rights Issue, whether their terms are fair and reasonable and whether they are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser, Investec Capital Asia Limited, which has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

You are advised to read carefully the letter of recommendation from the Independent Board Committee and the letter of advice from the Independent Financial Adviser set out on pages 49 to 50 and pages 51 to 86 respectively of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolution approving the Rights Issue at the GM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
MASON FINANCIAL HOLDINGS LIMITED
Ko Po Ming
Joint Chairman and Chief Executive Officer

MASON FINANCIAL HOLDINGS LIMITED
民信金控有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 273)

13 December 2016

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF SIX (6) RIGHTS SHARES FOR EVERY FIVE (5) SHARES HELD ON THE RECORD DATE

We refer to the circular of the Company to the Shareholders dated 13 December 2016 (the "**Circular**") of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as members to constitute the Independent Board Committee and to advise the Independent Shareholders in respect of the Rights Issue.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue is fair and reasonable insofar as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole. Details of its recommendation, together with the principal factors and reasons taken into consideration in arriving at such recommendation, are set out on pages 51 to 86 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 8 to 48 of the Circular.

Having considered the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as set out in its letter of advice to the Independent Shareholders and the Independent Board Committee on pages 51 to 86 of the Circular, we are of the opinion that the terms of the Rights Issue are fair and reasonable insofar as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the GM to approve the Rights Issue.

Yours faithfully,
For and on behalf of the Independent Board Committee
Mr. Lam Yiu Kin, Mr. Yuen Kwok On and Mr. Tian Ren Can
Independent non-executive Directors

The following is the text of the letter of advice from Investec Capital Asia Limited to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue prepared for the purpose of inclusion in this Circular.

Investec

Investec Capital Asia Limited
Room 3609, 36/F, Two International Finance Centre
8 Finance Street, Central, Hong Kong
香港中環金融街8號國際金融中心二期36樓3609室
Tel/電話: (852) 3187 5000
Fax/傳真: (852) 2501 0171
www.investec.com

13 December 2016

To: The Independent Board Committee and the shareholders of Mason Financial Holdings Limited

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF SIX (6) RIGHTS SHARES FOR EVERY FIVE (5) SHARES HELD ON THE RIGHTS ISSUE RECORD DATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, details of which are set out in the section headed "Letter from the Board" (the "**Letter from the Board**") in the Company's circular to the Shareholders dated 13 December 2016 (the "**Circular**"), of which this letter forms part. Unless otherwise stated, terms defined in the Circular shall have the same meanings in this letter.

The Company announced on 28 October 2016 that it proposed to raise gross proceeds of approximately HK$2,876 million (before expenses) by way of a rights issue on the basis of six (6) Rights Shares for every five (5) Shares held on the Rights Issue Record Date by issuing 22,124,799,450 Rights Shares at the Subscription Price of HK$0.13 per Rights Share (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Rights Issue Record Date). The Rights Issue is only available to the Qualifying Shareholders (Rights Issue) and will not be extended to Non-Qualifying Shareholders (Rights Issue).

In accordance with Rule 7.19(6)(a) of the Listing Rules, as the Rights Issue, if proceeded with, will increase the number of issued shares of the Company by more than 50%, the Rights Issue is conditional on approval by Independent Shareholders by way of poll at the GM on which any controlling Shareholders and their associates, or where there are no Controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue.

As at the Latest Practicable Date, there is no Controlling Shareholder. Therefore, the Directors and their respective associates will be required to abstain from voting in favour of the Rights Issue.

Accordingly as at the Latest Practicable Date, (i) Grace Gorgeous, an associate of Mr. Tong Tang, Joseph (a non-executive Director and the Joint Chairman of the Company), which is interested in 3,842,524,965 Shares (representing approximately 20.84% of the issued share capital of the Company); (ii) Mr. Ko Po Ming (an executive Director), who is interested in 261,200,000 Shares (representing approximately 1.42% of the issued share capital of the Company); (iii) True Elite, an associate of Mr. Chang Tat Joel (an executive Director), which is interested in 199,740,000 Shares (representing approximately 1.08% of the issued share capital of the Company); and (iv) Future Achiever, an associate of Ms. Hui Mei Mei, Carol (a non-executive Director), which is interested in 3,072,880,000 Shares (representing approximately 16.67% of the issued share capital of the Company), are therefore required to abstain from voting in favour of the resolution(s) approving the Rights Issue and the transactions contemplated thereunder at the GM.

An Independent Board Committee, comprising Mr. Lam Yiu Kin, Mr. Yuen Kwok On, and Mr. Tian Ren Can, all being the independent non-executive Directors, has been established by the Company to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

We, Investec, have been appointed to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Rights Issue are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the relevant resolutions to approve the Rights Issue at the GM.

As at the Latest Practicable Date, we were independent from and not connected with the Group and any party acting in concert with it, and accordingly, are qualified to give independent advice to the Independent Board Committee and Independent Shareholders regarding the Rights Issue. Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Group. We are independent under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Rights Issue.

BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group contained in the Circular and the information and representations provided to us by the Group and/or its senior management staff (the "**Management**"). We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular or otherwise provided or made or given by the Group and/or Management and/or the Directors and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and representations for matters relating to the Group made or provided by Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular and the Company shall notify the Shareholders of any subsequent material changes as soon as possible.

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Management has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company and their shareholder(s) and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Rights Issue, we have taken into consideration the following principal factors:

1. Background information of the Group

1.1 Principal Business

The Group is principally engaged in the provision of a wide range of financial services to a diversified client base that includes corporations, financial institutions and retail customers in Hong Kong. As set out in the Group's annual report for the year ended 31 December 2015 (the "**2015 Annual Report**"), the major operating segments from which the Group derives revenues are primarily (i) trading of investments; (ii) provision of financial services; and (iii) investment holding. After discontinuing the property investment segment during the year and completing acquisitions of financial services businesses, the Group is focused on 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.

In addition, the Group has plans to leverage its experience in financial services by expanding its business into the PRC as well as developing its direct investment, wealth management and fund management businesses. As stated in the interim report of the Group for the six months ended 30 June 2016 (the "**2016 Interim Report**"), the Group has formed a foreign funded joint stock company, Shengang Securities Company Limited ("**SSCL**"), in Shanghai with other investors which will engage in securities related businesses in the PRC. As further noted in an announcement of the Company dated 18 October 2016, SSCL has obtained a Securities and Futures Business Licence from the China Securities Regulatory Commission, which allows SSCL to engage in securities broker, securities underwriting and sponsoring, securities trading and securities asset management related business in the PRC. The Company believes that the commencement of such business marks a milestone for the Group, which will allow it to diversify and expand into the PRC.

Furthermore, we have been advised by the Management that by capitalising on its financial services platform, the Group will continue to expand its existing financial services business, including securities brokerage, securities margin financing and money lending, whilst leaning on its experience and platform to further develop its direct investment, wealth management and fund management businesses.

1.2 Historical financial performance of the Group

Set out below is a summary of the unaudited consolidated results of the Group for the six months period ended 30 June 2016, extracted from the 2016 Interim Report and the two financial years ended 31 December 2014 and 2015 as extracted from the 2015 Annual Report.

	For the six months period ended 30 June 2016	For the year ended 31 December 2015	For the year ended 31 December 2014
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Audited)	(Audited)
Turnover	**(32,724)**	**166,517**	**567,458**
Other income	2,660	3,605	1,006
Employee benefit expenses	(15,883)	(15,524)	(10,178)
Amortisation of intangible assets	(6,005)	—	—
Depreciation of property, plant and equipment	(1,801)	(440)	(283)
(Provision for) Reversal of allowance for doubtful debts, net	—	(26,725)	990
Loss on disposal of property, plant and equipment	(1)	(1,659)	—
Gain on disposal of interest in subsidiaries	—	156,926	—
Gain on disposal of interests in an associate	—	323,767	—
Gain arising from acquisition of interests in associate	—	—	213,473
(Loss)/gain arising from changes in shareholding in associates	3,158	(163,534)	(21,247)
(Loss) Gain on disposal of available-for-sale financial assets, net	—	(4,210)	1,577
Net fair value (loss) gain on investments held for trading	(711,171)	(91,386)	149,778
Impairment loss on available-for-sale financial asset	(84,521)	—	—
Net fair value loss on investments designated as at fair value upon initial recognition	—	—	(1,925)
Other operating expenses	(45,035)	(35,020)	(25,230)
Finance costs	(8,370)	(2,782)	(626)
Share of results of associates	(40,494)	(136,140)	(121,231)
Share of results of a joint venture	—	68,929	(10,056)

	For the six months period ended 30 June	For the year ended 31 December	
	2016	**2015**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Audited)	(Audited)
(Loss)/profit before taxation	**(940,187)**	**242,324**	**743,506**
Income tax expense	—	(263)	—
(Loss)/profit for the period/year from continuing operations	(940,187)	242,061	743,506
(Loss)/profit for the period/year from discontinued operations	—	(673)	624
(Loss)/profit for the period/year	**(940,187)**	**241,388**	**744,130**
Profit (loss) attributable to:			
Equity holders of the Company			
— Continuing operations	(626,256)	357,821	743,506
— Discontinued operations	—	(673)	624
Non-controlling interests			
— Continuing operations	(313,931)	(115,760)	—
(Loss)/profit for the period/year	**(940,187)**	**241,388**	**744,130**

Financial performance for the six months period ended 30 June 2016

As set out in the 2016 Interim Report, for the six months ended 30 June 2016, the Group recorded a negative turnover of approximately HK$32.7 million compared with a turnover of approximately HK$207.1 million for the corresponding period in 2015. The decrease in turnover was mainly attributable to a loss incurred in securities trading during the period. In addition, the Group recorded a loss of approximately HK$626.3 million attributable to equity holders of the Company, which was primarily attributable to a net fair value change on investments held for trading for the six months period end 30 June 2016.

Moreover, we note from the 2016 Interim Report that:

- The Group recorded a net fair value loss on investments held for trading of approximately HK$711.2 million for the six months period ended 30 June 2016, compared to a net fair value gain of approximately HK$255.9 million for the six months period ended 30 June 2015, representing a substantial increase in loss of approximately 377.9%.

- Part of such loss would be recovered upon the completion of the disposal of certain subsidiaries of the Group, at an aggregate consideration of approximately HK$1,200.0 million. The disposal transaction was completed on 25 July 2016, in which the Group expects a gain on disposal to be recognised in the consolidated statement of comprehensive income for the second half of 2016 of approximately HK$379.0 million.

- The share of losses of associates amounted to approximately HK$40.5 million for the six months period ended 30 June 2016, compared to share of profits of associates of approximately HK$29.2 million for the prior corresponding period, representing a decrease of approximately 238.7%.

- The Group recorded a loss for the period of approximately HK$940.2 million for the six months period ended 30 June 2016, compared to a profit of approximately HK$554.9 million for the corresponding period in 2015, representing a substantial increase in loss of approximately 269.4%.

Financial performance for the year ended 31 December 2015

For the financial year ended 31 December 2015, the Group recorded revenue of approximately HK$166.5 million, representing a decrease of approximately 70.7% in comparison to turnover recorded of approximately HK$567.5 million for the corresponding period in 2014. As stated in the 2015 Annual Report, the decrease in turnover was mainly attributable to the decrease in net realised gain from sale of investments at fair value through profit or loss by approximately HK$387.0 million during the financial year ended 31 December 2015. For the year ended 31 December 2015, turnover of the Group was primarily derived from trading of investments, which accounted for approximately 90.1% of the Group's consolidated turnover.

As further stated in the 2015 Annual Report, the Group recorded profit attributable to equity holders of the Company of approximately HK$357.8 million. Such decrease in profit of approximately 51.9%, from approximately HK$743.5 million for the year ended 31 December 2014, was mainly attributable to a smaller realised gain on investments held for trading.

1.3 Historical financial position of the Group

	As at 30 June 2016	As at 31 December 2015	2014
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Audited)	(Audited)
Non-current assets	**1,281,171**	**864,769**	**1,596,172**
Investment properties	—	—	11,650
Property, plant and equipment	4,416	1,869	657
Intangible assets	100,779	—	—
Goodwill	94,073	—	—
Interests in associates	448,102	485,872	995,771
Interests in a joint venture	—	—	559,945
Available-for-sale financial assets	630,525	90,000	21,169
Deposit paid for acquisition of investment properties	—	—	2,400
Deposit paid for acquisition of available-for-sale financial assets	—	63,472	—
Other non-current assets	3,276	—	—
Other investments	—	—	4,580
Deposits paid for acquisition of subsidiaries	—	223,556	—
Current assets	**3,985,112**	**3,544,097**	**1,003,009**
Available-for-sale financial assets	—	—	28,126
Financial assets at fair value through profit or loss	442,822	2,898,407	470,599
Accounts receivables	565,974	—	—
Loans receivables	—	155,968	320,373
Other receivables	16,453	45,038	2,594
Bank balances and cash — trust and segregated accounts	691,103	—	—
Bank balances and cash — general accounts	457,682	444,684	176,321
Assets associated with a disposal group classified as held for sale	1,811,078	—	4,996
Total Assets	**5,266,283**	**4,408,866**	**2,599,181**

	As at 30 June 2016	As at 31 December 2015	2014
	HK$'000	HK$'000	HK$'000
	(Unaudited)	(Audited)	(Audited)
Current liabilities	**1,901,570**	**333,642**	**13,520**
Accounts payables	752,579	—	—
Other payables	729,710	36,718	9,337
Interest-bearing borrowings	165,000	296,143	4,183
Tax payable	690	781	—
Liabilities associated with a disposal group classified as held for sale	253,591	—	—
Non-current liabilities	**34,202**	**20,000**	**20,059**
Total liabilities	**1,935,772**	**353,642**	**33,579**
Net Assets	**3,330,511**	**4,055,224**	**2,565,602**
Equity			
Share capital	2,550,372	2,550,372	2,400,372
Reserves	(158,473)	476,092	165,230
Equity attributable to equity holders of the Company	2,391,899	3,026,464	2,565,602
Non-controlling interests	938,612	1,028,760	—
Total equity	**3,330,511**	**4,055,224**	**2,565,602**

As at 30 June 2016, the Group's total assets amounted to approximately HK$5,266.3 million as compared to approximately HK$4,408.9 million and HK$2,599.2 million as at 31 December 2015 and 31 December 2014, respectively. This represents an increase of approximately 19.4% during the six months period and a year-on-year increase of approximately 69.6% for the year ended 31 December 2015. The non-current assets of the Group as at 30 June 2016 amounted to approximately HK$1,281.2 million, of which approximately 84.2% was interests in associates and available-for-sale financial assets. The Group's non-current assets as at 31 December 2015 was approximately HK$864.8 million, which decreased by approximately 45.8% from approximately HK$1,596.2 million as at 31 December 2014.

Moreover, we note from the 2016 Interim Report that:

- As at 30 June 2016, the Group's available-for-sale financial assets amounted to approximately HK$630.5 million as compared to approximately HK$90.0 million as at 31 December 2015, representing an increase of approximately 600.6% during the six months period.

- As at 30 June 2016, the Group's interest in associates amounted to approximately HK$448.1 million as compared to approximately HK$485.9 million as at 31 December 2015, representing a decrease of approximately 7.8% during the six months period.

- The Group's current assets amounted to approximately HK$3,985.1 million as at 30 June 2016, compared to approximately HK$3,544.1 million as at 31 December 2015, representing an increase of approximately 12.4% during the six months period. Financial assets at fair value as at 30 June 2016 was recorded at approximately HK$442.8 million, compared to approximately HK$2,898.4 million as at 31 December 2015.

- Bank balances and cash increased from approximately HK$444.7 million as at 31 December 2015 to approximately HK$457.7 million as at 30 June 2016, representing an increase of approximately 2.9% during the six months period.

- Total liabilities of the Group increased from approximately HK$353.6 million as at 31 December 2015 to approximately HK$1,935.8 million as at 30 June 2016, representing an substantial increase of approximately 447.4% during the six months period. As set out in the 2016 Interim Report, this was primarily due to accounts payables arising from the provision of securities and commodities brokerage services and other payables of approximately HK$752.6 million and HK$729.7 million, respectively. As at 30 June 2016, the Group had bank loans of approximately HK$165.0 million.

- The unaudited net asset value of the Group attributable to equity holders of the Company was approximately HK$2,391.9 million as at 30 June 2016 and the audited net asset value attributable to equity holders of the Company was approximately HK$3,026.5 million as at 31 December 2015, representing a decrease of approximately 21.0% during the six months period.

2. Prospects of the Group

As stated in the 2016 Interim Report, the Group noted that the local stock market remained volatile in the first half of 2016, during which time, advanced economies continued to stagnate and emerging economies slowed down. The UK referendum to exit from the European Union ("**Brexit**") affected mainly European financial markets but also had an impact on the US and Hong Kong markets. The 2016 Interim Report further states that globally, equity market witnessed sell-offs, while commodity prices and emerging market currencies came under pressure following the depreciation of the renminbi. As equity market volatility continued, investors turned conservative and became cautious over the timing and pace of US interest rate hikes and commodity price fluctuations. Increasing downside risks were evident in the global economy, particularly in the emerging market economies. The Group further noted that trading activities quietened down in the face of the uncertain outlook of the economy, in which average daily turnover in the securities market contracted by approximately 22.0% in comparison to 31 December 2015. In relation to the future and options dealing, the average daily trading volume contracted by approximately 7.0% in comparison to 31 December 2015.

The Group envisages that the remainder of 2016 will be challenging. While the US has tightened its monetary policy, the additional stimulus policies adopted by central banks in Europe, Japan and China are also expected to underscore the global economy. The Group expects uncertainties and concerns to linger on, over (i) the slowdown in China's economic growth and renminbi devaluation; (ii) the perpetuation of US rate hikes; (iii) the movement of the US dollar; and (iv) rising deflationary pressure in Europe.

In spite of such challenges, however, the Group remains confident of its ability to overcome them. The Company believes that the launch of the Shenzhen-Hong Kong Stock Connect is expected to be a major driver supporting the domestic stock market for the current year. The Group believes that in the long-term, the financial services business is expected to be a significant contributor to the Group's future revenue and profitability.

The Group aims to capitalise on opportunities both in Hong Kong and the PRC from the launch of the Shenzhen-Hong Kong Stock Connect, along with domestic and overseas mergers and acquisitions, to expand its business and future growth. By leveraging off its financial services platform and experience, the Group seeks to expand and enhance the range and depth of its business to incorporate complimentary financial business units, such as direct investment and asset and wealth management. To this end, the Group has acquired (i) a property mortgage business for a total consideration of approximately HK$35.3 million as stated in the announcement of the Company dated 7 October 2016; and (ii) a 55% interest in a leading private assisted reproductive service provider in Hong Kong which focuses on the provision of IVF services for a cash consideration of HK$282.8 million as stated in the announcement of the Company dated 30 September 2016. As set out in 2016 Interim Report, the Management advised that it is the Group's intention to apply its know-how in investment banking and private equity to assess acquisition opportunities in order to further enhance profitability. Through such acquisitions, the Group envisions itself to be in a unique position to diversify its risk whilst enabling itself to capture potential growth opportunities. Going forward, the Group will continue to explore acquisition opportunities in the premium healthcare/medical services sector in Hong Kong as well as the mother-infant-children consumer sectors as part of its direct investments business, and at the same time, rationalise long-term investments with lower-than-expected financial performance.

3. Reasons for the Rights Issue and the use of the proceeds

As set out in the Letter from the Board, the Group aims to capitalise on its existing financial services platform, with the intention to embark on a growth strategy to broaden the width of its current platform. As further stated in the Letter from the Board, the Group's vision is to become a leading global financial conglomerate with global asset allocation capabilities, covering investment opportunities and distribution channels in Greater China, Japan, US, Europe, Asia Pacific and the Middle East. In pursuit of such growth strategy, we understand that the Group will continue to expand its existing financial services business, i.e. securities brokerage, securities margin financing and money lending, and also plans to further develop its business into asset and wealth management services which compliment the securities business and its direct investments. In relation to direct investments, the Group will initially focus on opportunities in the financial services related industry and healthcare/medical services and related sectors in connection to mother-infant-children consumer sector.

3.1 Intended use of proceeds of the Rights Issue

To implement the aforementioned vision and growth strategy and further develop its existing business as set out in the Letter from the Board, the Company requires additional funds to strengthen its current capital base. The gross proceeds of the Rights Issue will be approximately HK$2,876 million and the estimated net proceeds of the Rights Issue will be approximately HK$2,840 million. The Company intends to apply such net proceeds in the following manner:

3.1.1 Financial services — as to approximately HK$1,000 million to support the further development of the Group's securities business, including but not limited to margin financing services

Management believes that with the launch of the Shenzhen-Hong Kong Stock Connect, allowing Hong Kong investors to trade on the Shenzhen Stock Exchange and certain PRC investors to trade on the Hong Kong Stock Exchange, the Group is well placed to take advantage of the anticipated increases in trading flow on both the Hong Kong and Shenzhen stock exchanges, which will allow the Group to further develop its financial services business. The program is subject to daily trading quotas (RMB13 billion for the northbound daily quota and RMB10.5 billion for the southbound daily quota) which provides the Directors with an indication as to the potential for increased trading flow.

The Group will seek to capitalise both in Hong Kong and in the PRC on opportunities from the launch of the Shenzhen-Hong Kong Stock Connect and further develop the securities and brokerage business, as well as securities margin financing services, leverage and acquisition financing, and corporate finance services. Given the new north and south-bound securities trading opportunities as a result of the mutual stock market access, the Company believes that the opening of the Shenzhen-Hong Kong Stock Connect will lead to increased flow from both Hong Kong and eligible PRC investors which will in turn increase demand for margin financing facilities which requires considerable capital resources. The Group intends to use (a) HK$40 million to upgrade its IT system, internet trading platform for securities and futures trading, and internal control system; and (b) HK$960 million for the Group's margin financing business, leverage and acquisition financing and securities brokerage business as to approximately HK$460 million for the Group's securities and brokerage business including margin financing business and approximately HK$500 million for the leverage and acquisition financing business.

We understand that the Group intends to develop, through its indirect wholly-owned subsidiary Thomas Securities Company Limited ("**Thomas Securities**"), a full online discounted brokerage services to retail clients, institutional clients and brokers and dealers, with Hong Kong and global equity products, together with Hong

Kong and global futures execution in the future. Thomas Securities targets customers who have been proficient in online trading, across equities and futures. They usually do not require offline transaction services and look for low-transaction-cost execution services.

In order to support the launch of the equities and futures execution services of Thomas Securities, the Group intends to use HK$150 million to HK$200 million for setting up and marketing its trading platform, margin financing business and working capital.

The Group will also use HK$260 million to HK$310 million to further develop the securities and brokerage services and margin financing business of Mason Securities Limited ("**MSL**").

We have reviewed the Company's plans/proposals in respect of the development of its financial services and lending business, which includes, among other things, a proposal with respect to the Thomas Securities business, together with details of the funds required to develop such business, as well as the budget for MSL and the leverage and acquisition finance businesses. We have also discussed the utilisation of the allocated proceeds to the financial services and lending business with the Management who believes, and we concur, that in respect of the financial services and lending business, the Company's business plans and allocation of funds are fair and reasonable.

In light of the anticipated increase in share trading with the commencement of the Shenzhen-Hong Kong Stock Connect, which allows a daily quota of RMB10.5 -13 billion depending upon the direction of the trade, we believe that the Company is well placed to take advantage of the new opportunities offered by the launch. Given that the trading volume in 2015 on the Shenzhen Stock Exchange was approximately 6.9 trillion as compared to trading volume on the Hong Kong Stock Exchange of approximately 53.1 trillion during the same period, the Management believes that the potential offered by the access to the Shenzhen Stock Exchange for international investors and access to the Hong Kong Stock Exchange for certain PRC investors and the anticipated increase in liquidity in selected shares on both exchanges merits the resources the Group will allocate to the financial services business. As mentioned in the Letter from the Board, in October 2016, the Company injected a total of HK$200 million into MSL in response to the increase in demand for margin financing facilities from its clients. We understand from the Company that such funds were fully utilised to provide margin financing transactions in respect of the Company's customers. Given the Company's growth and development strategy as well as the potential of the Shenzhen-Hong Kong Stock Connect, the Company is seeking to allocate approximately HK$960 million for its financial services business which includes margin finance, leverage and acquisition finance and securities brokerage business. The Directors therefore believe, and we concur, that the application of such proceeds from the Rights Issue to support the Group's financial services business is in the interests of the Shareholders as a whole.

3.1.2 Asset management, wealth management and lending business — as to approximately US$90 million (equivalent to approximately HK$700 million) for the Group's wealth management business development, and approximately HK$140 million for the Group's money lending business:

As set out in the Letter from the Board, the Group plans to increase the capital base of Mason Resources Finance Limited (an indirect wholly-owned subsidiary of the Company which holds a money lending license in Hong Kong) to develop its money lending business. The Group plans to allocate approximately HK$140 million raised from the Rights Issue to increase the loan portfolio of its money lending business. Moreover, as further disclosed in the Letter from the Board, the Group acquired an interest in Hong Kong Mortgage Solutions Limited which is principally engaged in the provision of property mortgage services in Hong Kong and which will enable the Group to continue to develop and expand the scope of its lending services.

Furthermore, the Group will develop its asset management and wealth management business, which requires capital investment for, inter alia, setting up platforms, systems and building up clients and products networks. The Group is also considering different acquisition opportunities relating to investment in asset management and wealth management companies.

As noted in the Letter from the Board, according to the Fund Management Activities Survey ("**FMAS**") conducted by the Securities and Futures Commission (the "**SFC**"), Hong Kong's combined fund management business increased by 10.5% from approximately HK$16.0 trillion in 2013 to approximately HK$17.7 trillion in 2014, and remained at approximately HK$17.4 trillion in 2015. The asset management business in Hong Kong amounted to approximately HK$12,259.0 billion for the year ended 31 December 2015, a slight decrease of approximately 1.6% compared to the corresponding year ended 2014. The proportion of assets managed in Hong Kong increased consistently over the past three years and reached 55.7% of the asset management business. This suggests that Hong Kong is increasingly becoming a preferred location for asset management activities as asset managers are able to leverage expertise in Asia Pacific markets, particularly, in the PRC and Hong Kong.

In addition, according to the FMAS, the wealth management business in Hong Kong grew by 18.4% to US$3,666.0 billion in 2015, compared to the corresponding year in 2014. This was primarily due to (i) the growth in the number of high net worth individuals in Asia; (ii) the sustained capital inflows from wealth management clients; and (iii) the expansion of wealth management operations in Hong Kong. In 2015, funds sourced from private clients, including the wealth management business (US$3,666.0 billion) and private client funds (US$1,1090 billion), amounted to US$4,775.0 billion, an increase of approximately 4.3% in comparison to the prior year.

According to the results from the Private Wealth Management Association ("**PWMA**") Hong Kong survey conducted jointly by the PWMA and PricewaterhouseCoopers in July 2016, Asia Pacific has been at the forefront of growth in the private wealth management market in recent years. Hong Kong's population of high net worth individuals ("**HNWIs**"), with net worths between US$1 million and US$30 million, increased by 4.6% in 2014, followed by a further 3.3% increase in 2015. According to the report, there were 200,000 HNWIs in Hong Kong, collectively holding approximately US$1.1 trillion in wealth, in which the HNWI population is expected to grow by 14.2% to reach 230,000, while total HNWI wealth is projected to grow by 23.5% to reach US$1.4 trillion in 2016, according to the Private Banker International Report.

Moreover, according to the Asia Pacific Wealth Report 2015 published by Capgemini and RBC Wealth Management, Asia Pacific has surpassed North America with the largest HNWI population with 4.69 million HNWIs as compared to North America's 4.68 million HNWIs. It has further been estimated that 80% of wealth in Asia is still not under professional management by wealth managers which offers considerable potential for private banks and wealth managers. Given the increasing number of HNWIs in Asia and the low penetration of HNWIs utilising professional management services of their wealth and assets, we understand that the Management believes that the Group can leverage its client network and financial services platform to develop competitive wealth and asset management businesses.

As stated in the Letter from the Board, the Group, is in negotiations for a potential investment opportunity in a private bank and wealth management company, which provides traditional banking, wealth management and asset management services to clients worldwide. The Group intends to acquire a controlling stake in this private bank and wealth management opportunity for an investment amount of approximately US$90 million (equivalent to approximately HK$700 million). The Group has signed a non-binding letter of intent and is conducting due diligence on this potential acquisition.

The Group believes that the investment in and the cooperations with the abovementioned company can enhance the financial product development and distribution capabilities of the Group to its corporate clients and high net worth individual clients. Since the Company is still in the negotiation stage with the above mentioned company, there is no assurance that the possible investment will materialise or eventually be consummated. If the abovementioned investment does not conclude, the Company will utilise the proceeds reserved for the abovementioned investment for other opportunities relating to investments in asset management and wealth management companies and/or money lending businesses.

We have reviewed the Company's plans/proposals in respect of the development of its wealth and asset management and lending business, which includes among other things, a non-binding letter of intent between the Company and an independent third party in respect of a potential acquisition of a private bank as well as the budget for its lending business. We have also discussed the utilisation of the allocated proceeds to the wealth and asset management and lending business (including acquisition considerations) with the Management who believes, and we concur, that in respect of the wealth and asset management and lending business the Company's business plan and allocation of funds are fair and reasonable. Moreover, given the consistent increase in the proportion of assets managed in Hong Kong over the past three years and the opportunity to capitalise on the growth prospects in the wealth management business in Asia, the Directors believe, and we concur, that the application of such proceeds from the Rights Issue to support the Group's asset management and wealth management business, is in the interests of the Shareholders as a whole.

3.1.3 Direct investment — as to approximately HK$1,000 million for direct investment in the financial services industry and/or the healthcare/medical services and related sectors in connection to mother-infant-children consumer sector

As stated in the Letter from the Board, being a financial conglomerate, the Group will continue to look into opportunities with high growth potentials which can bring synergies and benefits to the Group's business. To this end, the Group has, and will, from time to time make direct investments in entities which operate in the financial services industry. The Group expects to continue to engage in such investments including but not limited to partnerships with asset management companies, strategic investments into companies in the fast growing asset management and insurance sector and other business areas with growth potential.

In addition to direct investment opportunities in the financial services sector, the Directors consider that the implementation of the two-child policy in the PRC in 2016 creates further growth opportunities in premium medical services and life science with focus on the healthcare/medical services sector as well as the mother-infant-children related consumer sector. As disclosed in the announcement of the Company dated 30 September 2016, the Group entered into two share purchase agreements to acquire a group of leading private assisted reproductive service providers in Hong Kong, which marked the Group's maiden venture into the medical services sector. Leveraging on the Management's expertise in investment banking and private equity businesses, the Group intends to participate in those sectors through direct investment activities. Furthermore, it intends to create a cross-industry and diversified financial services platform for the Group by developing and managing private equity funds with focus on those sectors, providing financial products and services tailored for those sectors and financing to companies in those sectors.

According to the OECD Health Statistics 2014, total health spending accounted for 5.4% of GDP in the PRC in 2012, which was below the OECD average at the time of 9.3%. However, we also note reports which suggest that spending in the PRC's health-care sector is projected to grow from US$357 billion in 2011 to US$1 trillion in 2020. According to information published in Deloitte's 2016 global healthcare outlook, the PRC healthcare market has been growing rapidly, driven by increasing consumer income, an aging population and other government initiatives. Based on the publication, we note that: (i) government policies focused on enhancing health care accessibility and affordability to the general public; and (ii) the emergence of new technology and healthcare related wearable devices, represent two major factors which will be driving the evolution of the PRC health care sector in 2016 going forward.

As stated in the Letter from the Board, we understand that the Group is in advanced negotiations for the acquisition of a leading department stores operator which specialises in mother-infant-children care products in the PRC for an investment amount of HK$650 million to HK$700 million. It is a leading franchise operator in Southern China with a regional network of over 800 directly-operated and franchise stores, mainly in Zhuhai, Guangzhou, Jiangsu province and Zhejiang province. The Group is currently conducting due diligence and expects, if the investment materialises, to enter into the definite agreement(s) by the first quarter of 2017. Although we have not conducted any detailed research on the target company nor any research on the market in which the target company operates, we have reviewed a due diligence report prepared by a professional party in respect of the target company as well as a term sheet in respect of the transaction. Having considered that the business is thematically aligned with one of the Company's sector focuses (i.e. the mother-infant-children consumer sector), the Management believes, and we concur, that such acquisition offers potential for broader integration and distribution synergies within the Group and that such investment is in line with the Company's overall development strategy. The Management further believes, and we concur, that such acquisition would complement its overall investments and is beneficial to the Company, in so far as it is pursuing a broader position in the financial services/healthcare/mother-infant-children consumer sector businesses.

In addition, the Group is in the negotiation stage for a potential investment opportunity in a leading molecular diagnostics company in Hong Kong for an investment amount of HK$150 million to HK$200 million. The Company focuses on providing pre-natal and oncology related genetic diagnostics services based on Polymerase Chain Reaction and Next Generation Sequencing technology. The Group is currently conducting due diligence and expects, if the investment materialises, to enter in to the definitive agreement(s) by the first quarter of 2017.

We also understand that from time to time the Group will consider suitable investment opportunities which are in line with its strategies. As such, the remaining proceeds of HK$100 million is reserved for other projects that the Group is in preliminary discussion. These projects include but are not limited to (i) a majority stake in a renowned paediatric and medical aesthetic service chain operator in Hong Kong; and (ii) a leading and high growth P2P platform operator and payment gateway operator in the PRC.

Since the Company is still in negotiations with the above mentioned companies, there is no assurance that the possible investments will materialise or eventually be consummated. If the abovementioned investments do not successfully conclude, the Company will utilise the proceeds reserved for the abovementioned investments for other opportunities relating to investments in the financial services and/or healthcare/medical services industry and related sectors in connection to mother-infant-children consumer sector.

Given the growth prospects of the PRC healthcare/medical services sector and in particular changes in family planning policies in the PRC, the Company is seeking to allocate approximately HK$1,000 million in direct investments to continue investing in the sector. We have reviewed the Company's business plans in respect of its direct investments, which include, among other things, details on aforementioned acquisition targets, term sheets, investment proposals and internal communications relating to potential acquisition opportunities. We have also discussed the utilisation of the allocated proceeds to direct investments (including acquisition considerations) with the Management who believes, and we concur, that the Company's business plan and allocation of funds are fair and reasonable. Moreover, the Directors believe, and we concur, that the application of such proceeds from the Rights Issue to support the Group's direct investments, in particular towards the financial services industry and/or the healthcare/medical services and related sectors in connection to mother-infant-children consumer sector, is in the interests of the Shareholders as a whole.

As mentioned above, the Company will focus its direct investment business on these main sectors, financial services, healthcare/medical services and mother-infant-children consumer sector businesses. Given the Group's core business and operational experience and track record, direct investments in financial services businesses is a natural extension of its principal business and operations. Although the Group has not historically had any deep experience in the healthcare business, the potential of the underdeveloped healthcare/medical services sector in the PRC offers the Company considerable interest and potential returns. Moreover, given the change in PRC government policy which allows two child families, the Company believes that the population growth, together with increasing incomes and wealth in the PRC also offers growth potential for the Company. Based on our discussions with the Management and our review of their business and development plans, we understand that the Directors believe that there are considerable synergies to be achieved in the financial, healthcare/medical services and mother-infant-children consumer sectors. Given the expanding healthcare industry in the PRC, together with the rising costs of healthcare and the rising incomes, we note that the Directors believe that the synergies across the Group's sector focuses can be achieved.

Although we understand from the Management that they have adopted an opportunist approach to direct investments, we note that the key criteria for investments should be thematic alignment and where potential exists for synergies across those key areas. Moreover, as stated in the Letter from the Board, we note that the Company has implemented various risk controls, policies and procedures to ensure the integrity of the investment process and management of the Group's investments and investee companies whether they are integrated into the Group or not and consider such controls, policies and procedures to be prudent to ensure integrity in the investment transaction execution process.

As mentioned in the Letter from the Board, the Group's direct investment division is led by the Group's Chief Operating Officer, Mr. Joel Chang, and the Group's Chief Investment Officer, Mr. John Lin. Although we have not conducted any detailed due diligence on Messrs. Chang or Lin, we have considered their biographies as presented in the Letter from the Board. Given that both Messrs. Chang and Lin each has over 25 years of experience in the financial services industry, including management experience in private equity or direct investment businesses or portfolio management, we believe that such experience is relevant and applicable to the Group's direct investment business. Moreover, we note that both Messrs. Chang and Lin have held positions on investment committees of relevant investment firms, which would typically afford them exposure and experience in making investment decisions. As such, based on the information presented in the Letter from the Board, including the roles held and firms in which both Messrs. Chang and Lin have been engaged, we believe that they possess the relevant industry experience to manage the Company's asset management and wealth management business and direct investment businesses.

Given the reasons as stated above, including (i) to support the further development of the Group's financial services business; (ii) the Company could become more competitive in the financial services market if it is equipped with a larger capital base and higher ability to provide margin financing; (iii) to supplement the Group's asset management, wealth management and lending business due to the potential in the aforesaid businesses; (iv) the potential synergies, benefits and value enhancement towards the Group's businesses through direct investments in the financial services industry and/or the healthcare/medical services and related sectors in connection to mother-infant-children consumer sector; and (v) the Company's business plan as set out in the section head "Business Update" in the Letter from the Board, the Directors believe, and we concur, that the intended use of proceeds raised from the Rights Issue is in line with the Company's development plan.

4. Expected funding needs for the next 12 months

As stated in the Letter from the Board, based on the Group's latest estimates, other than daily operating working capital, the expected funding needs of the Group for the next twelve (12) months (the "**Forecast Period**") is approximately HK$3,106.4 million. Details of the funding needs together with the key assumptions and factors used to prepare the forecast are set out in the section headed "Expected Funding Needs for the Next 12 Months" in the Letter from the Board. In particular, we note that the Group intends to invest an aggregate of approximately HK$218 million in two investment funds, being Agate Healthcare Fund and The Children's Fund (collectively together the "**Funds**"). As further disclosed in the Letter from the Board (i) Agate Healthcare Fund is an approximately US$100 million private equity fund which specialises in investments on medication, pharmaceutical technologies and healthcare sectors; and (ii) The Children's Fund, with a preliminary targeted fund size of approximately RMB500 million, is expected to invest in private companies with the know-how in connection with mother-infant-children consumer sector related industries.

Having reviewed the proposals and investment strategies of the Funds provided by the Management, and given that both funds (i) represent direct investment opportunities for the Company which are focused on healthcare/medical services and related sectors in connection to mother-infant-children related investments; (ii) invest in portfolio companies which offers the Company opportunities to engage with companies in relevant sectors and potentially partner with such companies to further develop its healthcare/medical services and mother-infant-children consumer investments; (iii) the expected growth in the PRC's medical expenditure per capita; (iv) the growth prospects of the PRC healthcare/medical services sector and in particular, changes in family planning policies in the PRC; and (v) the potential synergies, benefits and value enhancement towards the Group's businesses through direct investments in the healthcare/medical services and related sectors in connection to mother-infant-children consumer sector, the Management believes, and we concur, that such investments are in line with the Group's objectives and that these investments are in the interest of the Company.

Overall, we note that the net proceeds of approximately HK$2,840 million raised from the Rights Issue will largely be applied in the manner as mentioned in the section headed "3.1 Intended use of proceeds of the Rights Issue" of this letter. We also note from the Letter from the Board that in addition to the proceeds raised from the Rights Issue, the Company expects to utilise its existing financial resources (including cash and bank balances of approximately HK$673 million as at the 30 November 2016) for investments in the Funds, the Group's mortgage loan and securitisation business and day to day working capital needs. As further detailed in the Letter from the Board, such forecasted funding needs are made on assumptions including among others, the Group's growth strategy, no premature termination of its existing loan facilities, no material adverse change in the Group's financial services business and no material changes in the economic environment. Having considered the information provided to us by the Company and our discussions with the Management in respect of the allocations of such proceeds for each business unit, and that the forecasts assume that there is no material adverse change to the Group's financial position or trading conditions and business environment, we consider the relevant breakdown to be consistent with our understanding of the Group's growth and development strategy under consistent and, in so far as the Company is able to execute its plans, the breakdowns and assumptions to be fair and reasonable.

Although the net proceeds from the Rights Issue together with the Group's existing financial resources are able to satisfy its expected funding needs for the Forecast Period, given the Company's overall growth strategy, the Management would not rule out the possibility of requiring additional funds for unexpected capital requirements or investment opportunities. Based on our discussions with the Management, we understand that individual margin financing transactions, in particular for IPO application financing transactions, can require considerable amounts of money. As such, we concur with the views of the Directors, as stated in the Letter from the Board, that it is general practice for financial services companies to obtain external financing, apart from their internal resources, for their securities brokerage and margin financing, and leverage and acquisition finance business. We understand that the Directors consider that the Company, during the Forecast Period, may have external funding requirements, either in the form of debt financing or equity financing, in the following cases:

(i) applying for normal loan facilities from financial institutions for the Company's securities margin business, leverage and acquisition financing business; and

(ii) if the Group comes across a compelling investment opportunity not included in the forecasts arises during the Forecast Period, it will be funded by internally generated resources or external financing facilities so as to enable the Group to promptly capture a good investment opportunity when it arises.

Given that the Company is engaged in a number of discussions with various parties on potential acquisition and investment opportunities, the aggregate sum of which is equal to approximately HK$1,918 million, we believe that in order to prepare for such transactions, there is an imminent need for funding to be in place. (Such sum is in addition to the funds which the Group requires to maintain and develop its existing business and operations.) Although, these transactions have yet to conclude, the Directors believe that it is prudent for funding of such acquisitions and investments, to be arranged at the earliest opportunity, to prevent any failure on the Company's part to complete due to lack of funding. Moreover, given the commencement of the Shenzhen-Hong Kong Stock Connect, the Directors believe that it should have the requisite resources in place for its overall financial services business in preparation of new or additional business flowing from the new link. In the event that the Group requires further funding requirements, we consider debt or equity financing to raise any required funds to be generally accepted fund raising options for the Company.

5. Other fund raising alternatives considered by the Group and the reasons for choosing the Rights Issue as funding method

As set out in the Letter from the Board, during the past twelve months immediately preceding the Latest Practicable Date, the Company has carried out one equity fund raising activity by way of subscription of new Shares under a general mandate, with net proceeds raised of approximately HK$725.0 million. We have been advised by the Management that as at the Latest Practicable Date the Group has utilised approximately 62% of the net proceeds raised from the subscription. Details of the actual use of respective net proceeds used are stated in the Letter from the Board. Save for the equity fund raising as mentioned above, the Company has not carried out fund raising activities during the twelve months immediately preceding the Latest Practicable Date.

As stated in the Letter from the Board, we understand that to meet the demands of the Group's clients overall business and growth development, including among others, on margin financing and acquisition lending which are capital-intensive businesses, the Company requires capital to operate such business lines. In addition, as stated in the Letter from the Board, the Directors believe that the Company could become more competitive in the securities market if it is equipped with a larger capital base and higher ability to provide margin financing. As such the Directors believe that although about HK$275.7 million of the proceeds from the subscription which, and completed on 5 October 2016, remain unutilised, such proceeds are reserved for the purposes and projects other than the intended use of proceeds for the Rights Issue. Moreover, in order to not only operate but also grow all of its business lines, it requires considerably more capital to support its growth and development.

Furthermore, we understand from the Management that the Company has allocated time, personnel and resources to consider various acquisition and investment opportunities and regularly reviews multiple opportunities. As mentioned above, the Group is currently seeking to enhance its direct investments business line and is in advanced negotiations for (i) the acquisition of a leading department stores operator which specialises in mother-infant-children care products in the PRC for an investment amount of approximately HK$650 million to approximately HK$700 million; (ii) a potential investment opportunity in a leading molecular diagnostics company in Hong Kong for an investment amount of approximately HK$150 million to approximately HK$200 million; and (iii) the acquisition of a controlling stake in a private bank and wealth management company for an investment amount of approximately US$90 million (equivalent to approximately HK$700 million).

As the Company is still in negotiation with the abovementioned companies, there is no certainty that the negotiations will lead to the signing of binding agreements. However, if such investments are successfully concluded, the Company will utilise the proceeds raised from the proposed Rights Issue to make such acquisitions. If, on the other hand, the abovementioned investments do not materialise, the Company will utilise the proceeds reserved for the aforementioned investments for other opportunities relating to investments in the financial services industry, and healthcare/medical services industry.

Having considered (i) the proposed expansion of the financial services business, asset management business and wealth management business; (ii) the benefits of a larger capital base in the margin financing and lending business; and (iii) the potential investment opportunities of the abovementioned companies, we are of the opinion and concur with the Directors' view that the Company has the imminent needs to conduct the Rights Issue.

After discussion with the Management, we note that the Company has considered alternative means of fund raising such as a share placement, bank borrowings and the issuance of convertible bonds. However, given the size of the funds sought by the Company, we understand that the Management considers that it is more prudent to finance the Group's long term growth by way of the Rights Issue, which will strengthen the Group's capital base and financial position without incurring substantial finance costs. Having considered:

(i) the dilutive effect to the shareholding interests of Shareholders in the case of a placement of new Shares or the possible conversion into equity of convertible bonds issued by the Company;

(ii) the additional finance costs incurred by the Company through the increase in bank borrowings, the issuance of convertible bonds or other debt financing that would increase the Group's liabilities burden; and

(iii) the Rights Issue offers all Qualifying Shareholders (Rights Issue) an equal and fair opportunity to participate in the Rights Issue to maintain their pro-rata shareholding interests in the Company and in the future development of the Company,

we concur with the Directors' view that the Rights Issue allows the Group to strengthen its capital base and enhance its financial position without incurring any significant finance costs and minimising the dilutive effect on the shareholding interest of Qualifying Shareholders (Rights Issue), and as such, we are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

6. Principal terms of the proposed Rights Issue

6.1 Issue Statistics

Basis of the Rights Issue:	six (6) Rights Shares for every five (5) Shares held at the close of business on the Rights Issue Record Date
Subscription Price:	HK$0.13 per Rights Share
Number of Shares in issue as at the date of announcement disclosed on 28 October 2016:	18,437,332,875 Shares
Number of Rights Shares:	22,124,799,450 Rights Shares, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Rights Issue Record Date
Number of Shares in issue upon completion of the Rights Issue:	40,562,132,325 Shares, assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before the completion of the Rights Issue
Number of Rights Shares to be underwritten by the Underwriter	13,273,185,492 Right Shares
Amount to be raised before expenses:	Approximately HK$2,876 million
Right of excess applications:	Qualifying Shareholders (Rights Issue) may apply for the Rights Shares in excess of their provisional allotment
Underwriter	Haitong International Securities Company Limited

As set out in the Letter from the Board, the Company does not have any outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of the Circular. The Company also has no intention to issue or grant any convertible securities, options and/or warrants on or before the Rights Issue Record Date. Assuming no Shares will be issued on or before the Rights Issue Record Date, the 22,124,799,450 Rights Shares represent 120% of the Company's issued share capital as at the date of the Circular and will represent approximately 54.5% of the Company's issued share capital as enlarged by the Rights Issue assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before the completion of the Rights Issue.

6.2 Subscription Price

The Subscription Price for the Rights Shares is HK$0.13 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the relevant allotment of Rights Shares will be approximately HK$0.128.

The Subscription Price represents:

(i) a discount of approximately 45.4% to the closing price of HK$0.238 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 46.1% to the average of the closing prices of approximately HK$0.241 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 47.5% to the average closing price of HK$0.248 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the Last Trading Day;

(iv) a discount of approximately 27.4% to the theoretical ex-rights price of approximately HK$0.179 per Share based on the closing price of HK$0.238 per Share as quoted on the Stock Exchange on the Last Trading Day;

(v) a discount of approximately 28.6% to the theoretical ex-rights price upon completion of the Rights Issue and the Bonus Issue of approximately HK$0.17 per Share based on the closing price of HK$0.238 per Share quoted on the Stock Exchange on the Last Trading Day;

(vi) a discount of approximately 16.7% to the unaudited consolidated net asset value per Share attributable to equity holders of the Company of approximately HK$0.156 based on the unaudited consolidated net asset value of the Company and the then number of issued Shares as at 30 June 2016; and

(vii) a discount of approximately 28.2% to the closing price of HK$0.181 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Upon completion of the Rights Issue and the Bonus Issue and based on the closing price of HK$0.238 per Share quoted on the Stock Exchange on the Last Trading Day, the theoretical ex-rights price would be approximately HK$0.17 per Share which equates to a value of the Company's shares to be held by a current single board lot of 20,000 Shares of approximately HK$3,400.

Basis of determining the Subscription Price

As stated in the Letter from the Board, the Subscription Price was determined, after arm's length negotiations between the Company and the Underwriter, with reference to (i) the low trading liquidity of the Shares for the recent 12 months (the average daily trading volume of the Shares per month ranged from approximately 0.01% to approximately 0.13% of the total issued shares as at the end of the relevant month/period from November 2015 to October 2016 up to including the Last Trading Day); (ii) the market price of the Shares under the prevailing market conditions; and (iii) having considered the future business development of the Group.

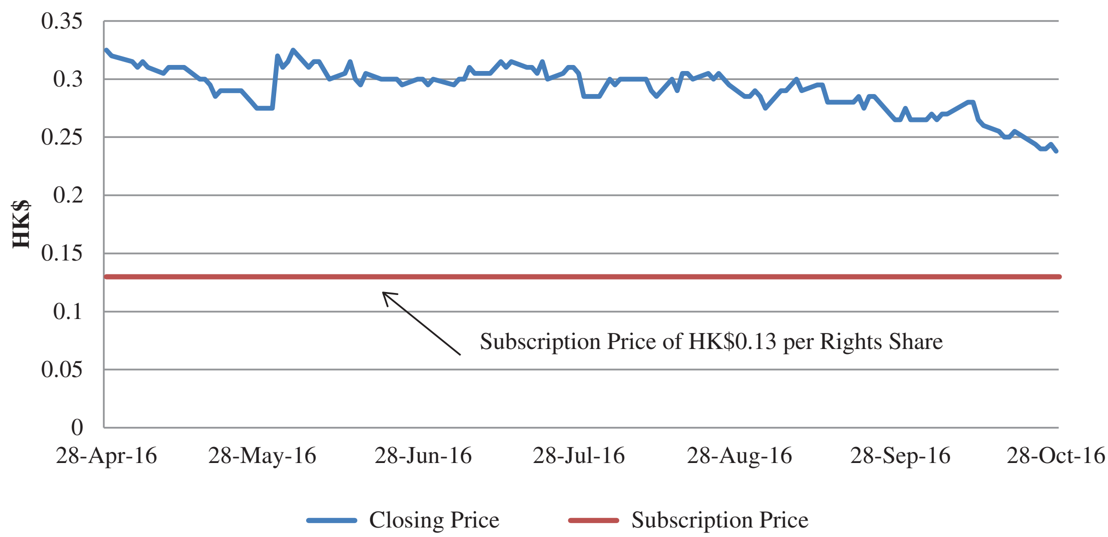
The Board considers the terms of the Rights Issue, including the Subscription Price which has been set at a reasonable discount to the recent closing prices of the Shares with the objective of encouraging Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK$0.128. Each Qualifying Shareholder (Rights Issue) is entitled to subscribe for the Rights Shares at the Subscription Price in proportion to their existing shareholding in the Company.

In order to assess the fairness and reasonableness of the Subscription Price, we have compared the Subscription Price with reference to (i) the historical share price performance; (ii) the trading liquidity of the Shares; and (iii) a market comparable analysis, as set out below.

6.2.1 Historical Share price performance

We have reviewed the daily closing price of the Shares (the "**Closing Price(s)**") for the period from 28 April 2016, being the commencement date of the six months period prior to the date of the Underwriting Agreement (the "**Review Period**"). We consider a period of six months to be long enough to capture the recent price movements of the Shares so that a reasonable comparison between the Closing Prices and the Subscription Price can be conducted. Set out below are the Closing Prices as quoted from the website of the Stock Exchange.

Graph C: Historical price of the Share



Source: Website of the Stock Exchange (www.hkex.com.hk)

As shown in the graph above, we note that the Closing Prices were on a downward trend throughout the Review Period and the highest Closing Price and the lowest Closing Price were HK$0.325 on 28 April 2016 and HK$0.238 on 28 October 2016, respectively, with an average Closing Price of approximately HK$0.292. We further noted that the Subscription Price of HK$0.13 per Rights Share is lower than all the Closing Prices during the Review Period and represents (i) a discount of approximately 45.4% to the lowest Closing Price; (ii) a discount of approximately 60.0% to the highest Closing Price; and (iii) a discount of approximately 55.5% to the average Closing Price during the Review Period.

As discussed in the section headed "6.2.3 Comparison to other rights issue" below, we note that it is a common market practice to set the subscription price at a discount to the prevailing market prices of the relevant shares in order to increase the attractiveness and encouraging shareholders to participate in the rights issue.

6.2.2 Trading liquidity of the Shares

Regarding the trading liquidity of the Shares, for illustrative purposes, the table below shows the average daily trading volume of the Shares per month/period and the respective percentages of the average daily trading volume as compared to the total number of issued Shares during the Review Period.

Month	Number of trading days	Total trading volume of the Shares	Average daily trading volume of the Shares	Number of issued Shares as at the end of the month/ period	Percentage of average daily trading volume to the total number of issue Shares as at the end of the month/ period (%)
2016					
April (since 28 April)	2	5,316,020	2,658,010	15,364,452,875	0.02
May	21	68,478,750	3,260,893	15,364,452,875	0.02
June	21	53,139,836	2,530,468	15,364,452,875	0.02
July	20	42,152,173	2,107,609	15,364,452,875	0.01
August	22	278,898,535	12,677,206	15,364,452,875	0.08
September	21	428,699,328	20,414,254	15,364,452,875	0.13
October (up to and including the Last Trading Day)	18	217,233,400	12,068,522	18,437,332,875	0.07
Average		**156,274,006**	**7,959,566**		**0.05**

Source: Website of the Stock Exchange (www.hkex.com.hk)

As shown in the table above, throughout the Review Period, the average daily trading volume of the Shares per month/period ranged from approximately 0.01% to approximately 0.13% of the total number of issued shares as at the end of the relevant month/period. We are of the view that the Shares were traded at thin liquidity during the Review Period with less than 1.0% to the then total number of issued Shares as at the end of the relevant month/period.

6.2.3 Comparison to other rights issues

To further assess the fairness and reasonableness of the terms of the Rights Issue, we have compared the terms of the Rights Issue to other rights issue conducted by other companies listed on the Stock Exchange. We have reviewed all the proposed rights issue which (i) have subscription ratios above 1 for 2 and therefore would be subject to shareholders' approval which is the case of the Rights Issue and; (ii) were initially announced by companies listed on the Stock Exchange during the Review Period and identified an exhaustive list of 14 proposed rights issues (the "**Rights Issue Comparables**"). We consider that the Review Period is appropriate because the Rights Issue Comparables are considered for the purpose of providing a general reference for recent market practice, market conditions and sentiments. We also note that the Rights Issue Comparables may vary from the Company in respect of business nature, financial positions, market capitalisation, funding requirements and future prospects. As a result of such differences, we consider that the Rights Issue Comparables might not constitute an absolute close reference to the Rights Issue. However, as the Rights Issue Comparables are the most recent rights issue transactions announced to the public, we consider that the Rights Issue Comparables best represent recent market conditions and provide a general reference to the terms of the Rights Issue in the prevailing market conditions.

Details regarding the Rights Issue Comparables are set out below:

No.	Name of company	Stock code	Date of initial announcement	Basis of entitlement	Discount of subscription price to the closing price on last trading day (%) *(Note 1)*	Discount of subscription price to the theoretical ex-entitlement price (%) *(Note 1)*	Excess application (Y/N)	Underwriting commission (%)	Maximum dilution (%) *(Note 2)*	(Discount)/ Premium to net asset value per share (%)
1	Time2U International Holding Ltd.	1327	11 May 2016	2 for 1	(49.1)	(24.3)	Y	1.5	66.7	(81.2)
2	Unity Investments Holdings Ltd.	913	23 May 2016	2 for 1	(25.4)	(10.1)	N	1.5	66.7	(27.5)
3	China Properties Investment Holdings Ltd.	736	24 May 2016	4 for 1	(42.2)	(13.0)	Y	2.5	80.0	(76.7)
4	Xiao Nan Guo Restaurants Holdings Ltd.	3666	8 June 2016	1 for 2	(18.0)	(12.8)	Y	2.0 *(Note 3)*	33.3	(33.9)
5	Lerado Financial Group Co. Ltd.	1225	29 June 2016	2 for 1	(63.6)	(36.9)	N	1.5	28.6	(56.5)
6	Wai Yuen Tong Medicine Holdings Ltd.	897	8 July 2016	3 for 1	(48.8)	(18.9)	Y	2.5	75.0	(94.1)
7	Universe International Financial Holdings Ltd.	1046	12 July 2016	2 for 1	(25.0)	(10.0)	Y	3.0	66.7	(88.6)
8	GT Group Holdings Ltd.	263	9 August 2016	1 for 2	(32.4)	(24.2)	N	3.0	33.3	(91.3)
9	Chinese Food and Beverage Group Ltd.	8272	19 August 2016	9 for 1	(45.8)	(13.3)	Y	2.5	81.8	128.8
10	Tai United Holdings Ltd.	718	2 September 2016	2 for 1	(4.8)	(3.2)	Y	2.0	66.7	74.8
11	Chinlink International Holdings Ltd.	997	7 September 2016	5 for 1	(76.2)	(34.4)	Y	2.0	83.3	(84.0)
12	Sun Century Group Ltd.	1383	20 September 2016	3 for 1	(20.0)	(6.1)	Y	3.0	75.0	1,438.5
13	Eminence Enterprise Ltd.	616	13 October 2016	3 for 1	(33.1)	(6.0)	Y	1.0	75.0	(93.8)
14	Heng Tai Consumables Group Ltd.	197	20 October 2016	1 for 1	(17.2)	(9.4)	Y	3.5	50.0	(91.1)
				Mean	**(35.8)**	**(15.9)**				**(47.3)**
				Minimum	**(4.8)**	**(3.2)**			**28.6**	**(94.1)**
				Maximum	**(76.2)**	**(36.9)**			**83.3**	**1,438.5**
	Mason Financial Holdings Limited	**273**	**28 October 2016**	**6 for 5**	**(45.4)**	**(27.4)**	**Y**	**Fixed underwriting commission fee of HK$8.0 million**	**54.5**	**(16.7)**

Source: Website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Based on the figures disclosed in the initial announcement of the Rights Issue Comparables respectively

2. Maximum dilution effect of the Rights Issue Comparables is calculated as: (number of new shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the new shares under the basis of entitlement + number of new shares to be issued under the basis of entitlement) x 100%

3. As disclosed in Xiao Nan Guo Restaurants Holdings Ltd's circular dated 7 June 2016, the company will pay the underwriter an underwriting commission of an amount equal to (i) 2% of the subscription price of the number of rights shares less the committed shares; and (ii) 0.5% of the aggregate subscription price of the committed shares. For the purpose of our Rights Issue Comparables analysis, we have selected the higher of the two underwriting commissions as disclosed in the circular.

As illustrated in the table above, we note that the rights issue subscription prices of the Rights Issue Comparables we offered at a discount of approximately 4.8% to approximately 76.2%, with an average discount of approximately 35.8% to the respective closing price per share on the respective last trading day of the Rights Issue Comparable. The discount of the Subscription Price of the Rights Issue to the closing price per Share on the Last Trading Day is approximately 45.4%, which falls within the range and higher the corresponding average discount of the Rights Issue Comparables.

In relation to the subscription prices to the theoretical ex-entitlement prices per share based on the closing prices on the respective last trading days prior to the release of the announcements, we note that the theoretical ex-entitlement price per share by the Rights Issue Comparables ranged from a discount of approximately 3.2% to approximately 36.9%, with an average discount of approximately 15.9%. The discount of the Subscription Price of the Rights Issue to the theoretical ex-entitlement price per Share based on the closing price on the Last Trading Day is approximately 27.4%. Moreover, we note that the discount of the Subscription Price of the Rights Issue to the theoretical ex-rights price per Share based on the closing price on the Last Trading Day and after the issue of Bonus Shares is approximately 28.6%. Both discounts fall within the range and are slightly higher than the corresponding average discount of the Rights Issue Comparables.

In addition, we note that the discount/premium of the subscription price to the net asset value per share represented by the Rights Issue Comparables ranged from a discount of approximately 94.1% to a premium of approximately 1,438.5%. The discount of the Subscription Price to the unaudited consolidated net asset value per Share attributable to equity holders of the Company is approximately 16.7%, which falls within the range of the Rights Issue Comparables. However, if we exclude the relevant premiums in subscription prices to the net asset value of the Rights Issue Comparables and focus only on those which are offered at discount, the discount of the remaining eleven Rights Issue Comparables ranged from approximately 94.1% to approximately 27.5%, with an average discount of approximately 74.4%. On this basis, the discount of the Subscription Price to the unaudited consolidated net asset value per Share in respect of the Rights Issue falls within the range and is lower than the corresponding average discount of the Rights Issue Comparables.

Considering that all the Qualifying Shareholders (Rights Issue) are offered an equal opportunity to participate in the Rights Issue and to take up their entitlements in full at the same price to maintain their respective shareholdings in the Company, we are of the opinion and concur with the view of the Management that the discount rate of the Subscription Price as compared to the recent market prices of the Shares would encourage Shareholders to participate in the Rights Issue and that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Additionally, we note that the Subscription Price represents (i) a discount of approximately 9.72% to the unaudited consolidated net tangible assets per Share of approximately HK$0.144 as at 30 June 2016; and (ii) a discount of approximately 16.7% to the unaudited consolidated net asset value per Share of approximately HK$0.156 based on the unaudited consolidated net asset value attributable to equity holders of the Company and the then number of issued Shares as at 30 June 2016, we consider the Subscription Price which, we understand from the Management, has been set at a reasonable discount to the recent closing prices of the Shares with the objective of encouraging existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

6.3 Subscription/entitlement basis

We understand from the Management (and as set out in the Letter from the Board) that, the Subscription Price and the subscription basis (i.e. six (6) Rights Shares for every five (5) existing Shares held) were arrived at after arm's length negotiations between the Company and the Underwriter with reference to the amount of fund raising targeted by the Company under the Rights Issue and the market price of the Shares under the prevailing market conditions. Upon determining (i) the target fund raising amount after assessing the funding needs of the Company; and (ii) the Subscription Price after considering the discount of the Subscription Price to the closing prices of the Shares acceptable to the Underwriter and the attractiveness to the Qualifying Shareholders (Rights Issue) to participate in the Rights Issue, the Directors decided on a subscription basis of six (6) Rights Shares for every five (5) existing Shares. The Directors are of the view that in the event that the Subscription Price is increased and the subscription basis is changed to a higher basis, the attractiveness to the Underwriter and also Qualifying Shareholders (Rights Issue) to participate in underwriting the Rights Issue will likely decrease.

Whilst recognising that the Rights Issue entitlement ratio of six (6) Rights Shares for five (5) existing Shares was arrived at after arm's length negotiations between the Company and the Underwriter and having considered the target fund raise and the appropriateness of the discount of the Subscription Price to the closing prices of the Shares, we note that such entitlement ratio falls within the range of the entitlement ratios of the Rights Issue Comparables from nine (9) rights shares for one (1) existing share to one (1) rights share for two (2) existing shares.

6.4 Underwriting commission

Pursuant to the Underwriting Agreement, the Company will pay the Underwriter a fixed underwriting commission of HK$8 million, representing approximately 0.46% of the gross proceeds to be underwritten by the Underwriter (being approximately HK$1,726 million, which excludes the Rights Shares entitlements made by certain Shareholders pursuant to the Irrevocable Undertaking). All costs and other out-of-pocket expenses (including legal fees) incurred by the Underwriter in respect of the Rights Issue shall be borne by the Underwriter. The underwriting commission mentioned above will only be paid if the obligations of the Underwriter under the Underwriting Agreement become unconditional and has not been terminated in accordance with the provisions detailed in the Circular. As mentioned in the Letter from the Board, the terms of the Underwriting Agreement (including the underwriting commission) were determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue and the current and expected market condition. In addition, and having considered the favourable underwriting commission, the experience and financial resources of the Underwriter, the Directors considered the terms of the Underwriting Agreement to be fair and reasonable and within the range of normal commercial terms of the Company and in the interests of the Company and Shareholders as a whole.

We have also considered the background of the Underwriter and note that the Underwriter is a company listed on the Stock Exchange and is primarily engaged in (i) securities and futures contracts dealing and broking; (ii) proprietary trading; (iii) margin and other financing; (iv) underwriting; (v) assets management; and (vi) provision of investment advisory and consultancy services. The Underwriter is a corporation licensed to carry out business in type 1 (dealing in securities), type 3 (leveraged foreign exchange trading) and type 4 (advising on securities) regulated activities under the SFO. Underwriting is in the ordinary and usual course of business of the Underwriter and we note from the Underwriter's annual report for the year ended 31 December 2015 that it recorded revenue from commissions on placing, underwriting and sub-underwriting of approximately HK$489.3 million, representing approximately 8.4% of the Underwriter's consolidated revenue for the year ended 31 December 2015.

The Letter from the Board further states that the Company did not approach any other underwriters as a result of the low trading activity of the Shares, the stock market conditions in Hong Kong, which would have rendered it difficult to the Company to find other underwriters willing to underwrite the Rights Issue on terms more favourable than those offered by the Underwriter. Furthermore, the Company considers the underwriting commission charged by the Underwriter to be relatively competitive and favourable to the Company.

As the underwriting commission of HK$8 million charged by the Underwriter is a fixed fee, we have considered such underwriting commission as a percentage of the gross proceeds to be underwritten by the Underwriter (being approximately HK$1,726 million, which excludes the Rights Shares entitlements made by certain Shareholders pursuant to the Irrevocable Undertaking), which is equal to an underwriting fee percentage of approximately 0.46%. We note from the analysis on the Rights Issue Comparables above that the underwriting commission charged by the respective underwriters of the Rights Issue Comparables ranged from 1.0% to 3.5%, with an average of approximately 2.2% on the respective funds raised. As such, the underwriting commission, as a percentage of underwriting commitment is below the average fees charged by underwriters of the Rights Issue Comparables.

We have also reviewed other major terms of the Underwriting Agreement including, but not limited to, the payment terms, the termination of the Underwriting Agreement and conditions of the Underwriting Agreement (details of which are set out in the Letter from the Board) and we are not aware of any term which is unusual. As such, having considered that (i) the underwriting commission to be charged by the Underwriter of HK$8 million represents a commission of approximately 0.46%, which is below the average underwriting commission charged by underwriters of the Rights Issue Comparables; (ii) the terms of the Underwriting Agreement (including the underwriting commission) were determined after arm's length negotiations between the Company and the Underwriter; (iii) the experience and financial resources of the Underwriter for underwriting of such securities; and (iv) the Company's perceived difficulties in engaging with underwriters given the size of the issue and the current market environment, who are able to offer terms as competitive as the Underwriter, we are of the view, and concur with the view of the Directors, that the terms offered by other underwriters are unlikely to be more favourable than the terms offered by the Underwriter and that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable so far as the Independent Shareholders are concerned.

6.5 Termination and conditions of the Rights Issue and the Underwriting Agreement

For details in relation to the termination of the Underwriting Agreement and conditions of the Rights Issue and the Underwriting Agreement, please refer to the sections headed "Termination of the Underwriting Agreement" and "Conditions of the Rights Issue and the Underwriting Agreement" in the Letter from the Board.

6.6 Application for excess Rights Shares

As stated in the Letter from the Board, Qualifying Shareholders (Rights Issue) are entitled to apply, by way of excess application, for (i) any unsold entitlements of the Non-Qualifying Shareholders (Rights Issue); (ii) any Rights Shares provisionally allotted but not accepted; and (iii) any unsold Rights Shares arising out of the aggregation of fractional entitlements.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis. No preference will be given to topping up odd lots to whole board lots. Further details of the basis of allocation of excess Rights Shares are set out in the Letter from the Board.

With reference to the Rights Issue Comparables as set out in section headed "6.2.3 Comparison to other rights issues" above in this letter, we note that 11 of the 14 Rights Issue Comparables made arrangements for application of excess rights shares. Based on our review of the basis and principals of allocation of the excess Rights Shares under the Rights Issue by the Company, we are not aware of any unusual arrangements as compared to the Rights Issue Comparables. Moreover, as each Qualifying Shareholder (Rights Issue) is entitled to take part in the Rights Issue proportionate to their shareholding interests in the Company, application for excess Rights Shares would not be prejudicial to the interests of the Independent Shareholders if they accept their entitlement fully under the Rights Issue. As such, we are of the view and concur with the view of the Management that the application for excess Rights Shares to be consistent to normal market practice.

Having considered (i) the Rights Issue is a better way of fund raising as compared with other alternatives as stated in the section headed "5. Other fund raising alternatives considered by the Group and the reasons for choosing the Rights Issue as a funding method" above in this letter; (ii) the desire to encourage all the Qualifying Shareholders to participate in the Rights Issue; (iii) the equal opportunity in participating in the Rights Issue by all of the Qualifying Shareholders (Rights Issue); (iv) the relevant discounts of the Subscription Price to the market price of the Share is within the range and below the mean of the Rights Issue Comparables (as defined below) as stated in the section headed "6.2.3 Comparison to other rights issue" below, we are of the view and concur with the view of the Management that the proposed discount rate of the Subscription Price to the prevailing market price of the Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. Bonus Issue

As further disclosed in the Letter from the Board, the Board recommends a Bonus Issue to the Qualifying Shareholders (Bonus Issue) on the basis of one (1) Bonus Share for every ten (10) Shares held by the Qualifying Shareholders (Bonus Issue) whose names appear on the register of members of the Company on the Bonus Issue Record Date. As stated in the Letter from the Board, the Board believes that the Bonus Issue will, on the one hand, enable the Group to maintain its cash position for future development, and on the other hand, allow the Shareholders to enjoy a pro-rata increase in the number of Shares held by them in the Company without incurring any significant costs to them. Given the size of funds raised from Shareholders under the Rights Issue and the considerable investments to be made by the Company with such proceeds, the Directors believe that the prospects of the Company in the long term to be positive. We understand, therefore, that the Company wishes to recognise the support of all of its Shareholders independently of whether the Shareholders took up their entitlements under the Rights Issue. As a result, and regardless of whether Shareholders participated in the Rights Issue or not, the Directors view the Bonus Issue, which is conducted after the Rights Issue, as an encouragement for all its Shareholders to participate in the long term vision of the Group and in the continued growth of the Company. Given that the Bonus Shares are (i) issued to all Shareholders on a pro-rata basis without any subsequent dilution to their shareholding; (ii) offered to Shareholders at no cost to them and without utilisation of cash available to the Company; and (iii) intended to recognise the support of all the Company's Shareholders and to encourage Shareholders to continue to participate in the Company's business growth, we consider the Bonus Issue and the arrangement of the Bonus Issue to be in the interests of the shareholders.

8. Possible financial effects of the Rights Issue

8.1 Net tangible assets

According to the "Unaudited Pro Forma Financial Information of the Group" set out in Appendix II: Unaudited pro forma financial information of the Group in the Circular, the unaudited consolidated net tangible assets attributable to equity holders of the Company (which (i) takes into account the issue of 3,072,880,000 Shares in October 2016 (the "**Share Subscription**"); and (ii) assumes that the Share Subscription had been completed on 30 June 2016) (the "**Post Share Subscription NTA**") was approximately HK$2,936.5 million as at 30 June 2016. After taking into consideration the estimated net proceeds (after expenses) of approximately HK$2,840.2 million from the Rights Issue of 22,124,799,450 Rights Shares, the Post Share Subscription NTA after completion of the Rights Issue would be increased to approximately HK$5,776.8 million.

As at 30 June 2016, the Post Share Subscription NTA per Share amounted to HK$0.16 per Share. Immediately upon the completion of the Rights Issue of 22,124,799,450 Rights Shares, the Post Share Subscription NTA per Share will be approximately HK$0.142 per Share, representing a decrease of approximately 11.3% from the Post Share Subscription NTA per Share as at 30 June 2016.

We are of the view that although the unaudited net tangible assets per Share attributable to the equity holders of the Company would decrease as stated above, having taken into account: (i) the use of proceeds from the Rights Issue is consistent with the Company's policy as stated in the section headed "3. Reasons for the Rights Issue and the use of proceeds" above in this letter; (ii) the Rights Issue as a fundraising option is fair and reasonable when compared to other financing alternatives as stated in the section headed "5. Other fund raising alternatives considered by the Group and the reasons for choosing the Rights Issue as funding method" above; (iii) the discount of the Subscription Price to the prevailing market price is within the discounts range of recent rights issues in Hong Kong; (iv) the Rights Issue is offered to all Qualifying Shareholders (Rights Issue) and enables them to maintain their proportional interests in the Company and to participate in the future growth of the Company; (v) the lower Subscription Price set at a discount to the closing price of the Share on the Last Trading Day and to the theoretical ex-entitlement price per Share; and (vi) the inherent dilutive nature of the Rights Issue is within the range of dilutive effect of recent comparable rights issue transactions, we are of the view and concur with the view of the Management that the aforesaid decrease in unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of the Company is justifiable.

9. Potential dilution effect of the Rights Issue on Shareholders

As the Rights Issue is offered to all Qualifying Shareholders (Rights Issue) on the same basis, the Qualifying Shareholders (Rights Issue) will be able to maintain their proportionate shareholding interests in the Company if they take up their pro-rata entitlement in full under the Rights Issue and will not suffer any dilution to their interests in the Company. However, any Qualifying Shareholders (Rights Issue) who determine not to take up in full their entitlements will have their shareholdings in the Company diluted by up to a maximum of

54.6% upon completion of the Rights Issue. Such dilution represents a decrease in public shareholding from 59.99% to 27.27%, assuming that none of the public shareholders take up their entitlements. The possible dilution effect of the Rights Issue on shareholding interests of the Company under various scenarios is set out in the section headed "Changes in Shareholding Structure" in the Letter from the Board.

In addition, it should be noted that the Board has recommended a Bonus Issue to the Qualifying Shareholders (Bonus Issue) on the basis of one (1) Bonus Share for every ten (10) Shares held by the Qualifying Shareholders (Bonus Issue) whose names appear on the register of members of the Company on the Bonus Issue Record Date. In the event that Qualifying Shareholders (Rights Issue) do not take up their pro-rata entitlement in full under the Rights Issue, after completion of the Rights Issue and the Bonus Issue, the proportionate shareholding in the Company of such non-participating Qualifying Shareholders (Rights Issue) will remain diluted to a maximum extent of 54.6%.

As shown in the table in the section headed "6.2.3 Comparison to other rights issues" of this letter, the maximum dilution effect of the Rights Issue Comparables ranged from 33.3% to 90.0%, with an average of approximately 66.3%. The maximum dilution effect of the Rights Issue of 54.6% falls within the dilution range of the Rights Issue Comparables and remains at 54.6% after the Bonus Issue.

We note that the Rights Issue will dilute Qualifying Shareholder (Rights Issue) who do not participate in the Rights Issue. In the event that none of the Qualifying Shareholders (Rights Issue), save for the Shareholders who are subject to the Irrevocable Undertaking, take up the Rights Shares to which they are entitled, such shareholders will be subject to the maximum dilution after the Rights Issue, and the public shareholding will be decreased from 59.99% to 27.27%. In addition, in the event that the Rights Issue is only partially subscribed for, there will still be a dilution impact on non-participating Qualifying Shareholders (Rights Issue). We believe that (i) given the nature of the proposed use of the net proceeds, as set out in the section headed "3.1 Intended use of proceeds of the Rights Issue" of this letter, in particular the overall direction and strategy of the Group's future development; and (ii) the inherent dilutive nature of the Rights Issue is within the dilution range of the Rights Issue comparables, that the dilution effect and entitlement ratio of the Rights Issue and the Bonus Issue are in the interests of the Shareholders. Moreover, given that the Rights Issue will enable the Group to pursue future business opportunities as set out in the section headed "3.1 Intended use of proceeds of the Rights Issue" of this letter, we believe the benefits of such business opportunities may outweigh any potential negative impact from possible dilutive effects of the Rights Issue and the Bonus Issue, and as such, the Rights Issue and the Bonus Issue is in the interests of the Shareholders as a whole.

We would like to draw Shareholders' attention to the fact that any investment carries significant risk of loss of capital. Shareholders are advised to carefully read the section headed "Warning of the risks of dealing in Shares and Rights Shares" in the Letter from the Board. Furthermore, those Qualifying Shareholders (Rights Issue) who do not take up the Rights Shares to which they are entitled, or if the Rights Issue is only partially

subscribed for, should therefore note that their shareholdings in the Company will be diluted. Further still, those Qualifying Shareholders (Rights Issue) who do not take up the Rights Shares will be further diluted following the Bonus Issue.

RECOMMENDATION

In considering whether the terms of the Rights Issue are on normal commercial terms and are fair and reasonable and in the interests of the Company and Shareholders as a whole, we have taken into account the following factors: (i) the use of proceeds from the Rights Issue is consistent with the Company's policy as stated in the section headed "3. Reasons for the Rights Issue and the use of proceeds" above; (ii) the further opening-up of China's capital markets, in particular opportunities provided by the upcoming Shenzhen-Hong Kong Stock Connect; (iii) the Rights Issue as a fundraising option is fair and reasonable when compared to other financing alternatives as stated in the section headed "5. Other fund raising alternatives considered by the Group and the reasons for choosing the Rights Issue as funding method" above; (iv) the discount of the Subscription Price to the prevailing market price is within the discounts range of recent rights issues in Hong Kong; (v) the Rights Issue is offered to all Qualifying Shareholders (Rights Issue) and enables them to maintain their proportional interests in the Company and to participate in the future growth of the Company; (vi) the lower Subscription Price set at a discount to the closing price of the Share on the Last Trading Day and to the theoretical ex-entitlement price per Share; (vii) the underwriting commission payable to the Underwriter for underwriting of the Rights Issue is comparable to that offered by other financial institutions; (viii) the possible financial effects of the Rights Issue; and (ix) the inherent dilutive nature of the Rights Issue is within the range of dilutive effect of recent comparables rights issue transactions, is acceptable and is not prejudicial to the interests of the Independent Shareholders if they accept their entitlement fully under the Rights Issue.

Having considered the principal factors and reasons as discussed above, we are of the view and concur with the view of the Board that the terms of the Rights Issue are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the GM to approve the Rights Issue.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited
Alexander Tai
Managing Director
Head of Corporate Finance

Mr. Alexander Tai of Investec Capital Asia Limited is a responsible officer of Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He has been active in the field of corporate finance advisory for over 20 years, and has been involved in and completed various corporate finance advisory transactions.

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three (3) financial years ended 31 December 2013, 2014 and 2015 were disclosed in the annual reports of the Company for the years ended 31 December 2013, 2014 and 2015. The aforementioned financial information of the Group has been published on both the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.masonhk.com). Please refer to the hyperlinks as stated below.

2013 annual report:

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0428/LTN20140428055.pdf

2014 annual report:

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0427/LTN20150427033.pdf

2015 annual report:

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0425/LTN20160425003.pdf

2. STATEMENT OF INDEBTEDNESS

As at 31 October 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$21,354,000, details of which are set out below:

	HK$'000
Unsecured bonds	20,000
Bond interest payables	714
Amount due to former shareholders of a subsidiary	640
	21,354

Loan and margin facilities

The Group has loan facility of HK$75,000,000 and margin facility of HK$10,000,000 from a financial institution and a broker, which are secured by the Company's corporate guarantee and the respective financial assets at fair value through profit or loss respectively, none of which have been utilised as at 31 October 2016.

Commitment

As at 31 October 2016, the Group had a commitment in respect of development of software and renovation of office with an aggregate amount of approximately HK$3,878,000.

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 October 2016.

3. WORKING CAPITAL

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

4. MATERIAL ADVERSE CHANGE

As disclosed in the Company's 2016 Interim Report announced on 23 September 2016, the Group recorded an unaudited loss attributable to equity holders of the Company around HK$626 million for the six (6) months ended 30 June 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.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group principally provides comprehensive financial services in Hong Kong, including dealing in securities, commodities brokering, 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.

Capitalising on its existing financial services platform, the Group intends to embark on a growth strategy to broaden the width of its current platform. In pursuance of its growth strategy, the Group will continue to expand its existing financial services business, i.e. securities brokerage, securities margin financing and money lending, and also plans to further develop its business into direct investment, provision of wealth management complimenting the securities and fund management business. As regards direct investment, the Group will initially focus on financial services related industry and healthcare/medical services and related sectors in connection to mother-infant-children sector.

Business Review as Set Out in Interim Report for the period of the Six (6) Months Ended 30 June 2016

Reference is made to the interim report of the Group for the six (6) months ended 30 June 2016.

During the six months ended 30 June 2016, although the Group faced a challenging external business environment, the Group diversified into the platform of financial services business by acquiring securities dealing, securities advising, futures dealing, securities margin financing, corporate finance advisory services, asset management and bullion-trading companies. Acquisition agreements were entered into on 25 November 2015 between Mason Innovation Investment Company Limited (now known as Mason Financial Group Limited), an indirect wholly-owned subsidiary of the Company, as a purchaser and Guoco Securities (Bermuda) Limited, as a vendor in respect of the acquisition of 100% of the issued shares of each of GuocoCapital Bullion Limited (now known as Mason Bullion Limited), GuocoCapital Limited (now known as Mason Securities Limited) and GuocoCapital Futures Limited (now known as Mason Futures Limited) and the shareholder's loan in the amount of HK$2 million owed by GuocoCapital Bullion Limited to Guoco Securities (Bermuda) Limited. The acquisition was completed in February 2016. Upon completion, the Group owned these companies with licenses to carry on the aforesaid financial services in Hong Kong.

The scale of the Group's investment in securities and futures trading and provision of finance to third-party customers is under the Group's control and can be adjusted to address its business objectives. Although the scale of the Group's own investment in securities for trading and loans receivables will be smaller upon completion of the transactions, the Group's existing principal operations in the aforesaid areas will remain unchanged. Efforts have been undertaken to integrate all its business segments to enhance synergy effects.

The Group is looking into applying its know-how in investment banking and private equity to further enhance its profitability. The Group from time to time engages in exploratory discussions to acquire asset management companies, strategically invest into companies in the fast growing insurance sector and other business co-operations in overseas in the normal course of identifying business opportunities. In response to the opening-up of the financial market of the PRC, the Group has invested with other investors in a newly established company called Shengang Securities Company Limited to engage in securities dealing in Shanghai, the PRC.

While the global economy is still in its midst of recovery with lots of uncertainties, it is inevitable that China's economy is still at its fast pace of development. The de-regulation of the one-child system creates growth opportunities in the health care services and child care sectors. The Group intends to capture the growth opportunities in this growth sector through mergers and acquisitions.

During the six months ended 30 June 2016, the Group reported a negative turnover of approximately HK$33 million compared with a turnover of approximately HK$207 million for the corresponding period in 2015. The decrease in turnover was attributed to a loss incurred in securities trading during the six (6) months ended 30 June 2016 compared to a gain during the corresponding period last year. The Group reported a loss of approximately HK$626 million attributable to equity holders of the Company for the six (6) months ended 30 June 2016, primarily due to a net fair value change on investments held for trading, compared with a profit of approximately HK$554 million for the corresponding period of 2015.

During the six (6) months ended 30 June 2016, trading activities quietened down in the face of the highly uncertain outlook. Average daily turnover in the securities market contracted by 22.0% from the year end of 2015. As to futures and options dealing, the average daily trading volume shrank by 7.0% from the last year end. The Group generated a turnover of approximately HK$26 million and net loss of approximately HK$6 million in securities and futures dealings incurred by its newly acquired subsidiary companies. However, in the longer term, the securities service businesses it newly acquired at a total consideration of over HK$400 million are expected to be a significant contributor to the Group's revenue and profitability in the future.

As the Group has targeted creditworthy borrowers, the result of the Group's provision of financing services business has turned around from a loss of approximately HK$20 million during the corresponding period of last year to a net profit of approximately HK$1 million during the six (6) months ended 30 June 2016, notwithstanding the drop in revenue in this segment.

On the other hand, the Group disposed of certain wholly-owned subsidiaries and non wholly-owned subsidiaries, including the entire issued share capital of Mind Stone Investments Limited (holding approximately 9.54% of the issued share capital of Co-Lead Holdings Limited) and approximately 43.15% of the issued share capital of Co-Lead Holdings Limited, to an independent third party for a total consideration of HK$1,200 million. The principal businesses of the disposed companies (including a subsidiary of Co-Lead Holdings Limited) were in securities trading, provision of financing services and investment holding. The disposal has released financial resources to the Group to be used its working capital as well as to finance its investments in the financial services industry and future development and investment. The disposal was completed on 25 July 2016.

The Group foresees that the remaining months of 2016 will be equally challenging. While U.S. has tightened its monetary policy, the additional stimulus policies adopted by the central banks in Europe, Japan and the PRC will also underscore the global economy. Uncertainties and concerns will linger on, over the slowdown in the PRC economic growth and renminbi devaluation, the perpetuation of U.S. rate hikes, movement of the US dollar and rising deflationary pressure in Europe. The launch of Shenzhen-Hong Kong Stock Connect will be a major driver supporting the domestic stock market for the current year. Given these macroeconomic circumstances, the Board sees both challenges and opportunities in navigating the treacherous business landscape while managing its investments and operations in the months ahead.

Moreover, the Group considers that its existing business portfolio as mentioned above, with a high degree of diversification in terms of asset allocation, is in line with its major business objective of focusing on the financial services industry. Apart from establishing a broad financial services platform, the Group will capitalise on opportunities from the launch of the Shenzhen-Hong Kong Stock Connect, coupled with both domestic and overseas mergers and acquisitions, to expand its business and fuel its growth. Furthermore, through the acquisitions of leading corporations in other financial platforms and business sectors, the Group will be in a unique position to diversify its risk while capturing growth opportunities and profitability.

Recent Development

Capitalising on its existing financial services platform, the Group intends to embark on a growth strategy to broaden the width of its current platform.

The Group's vision is to become a leading global financial conglomerate with global asset allocation capabilities, covering investment opportunities and distribution channels in Greater China, Japan, U.S., Europe, Asia Pacific and Middle East. The Group plans to cooperate with leading global asset management companies, private banks and insurance companies to develop financial products and channels for the clients to access the global markets, making the Group a "one-stop service provider for the global financial market".

The Group expects to create synergies through its extensive network of financial institutions and their high net worth client base in the Greater China.

In pursuance of its growth strategy, the Group will continue to expand its existing financial services business, i.e. securities brokerage, securities margin financing, leverage and acquisition financing and money lending, and also plans to further develop its business into the provision of asset and wealth management to compliment the securities and fund management business, and direct investment business.

(i) Financial services and lending business, including but not limited to securities brokerage, securities margin financing, money lending and mortgage loan business

Financial Services Business

With an average Hong Kong market turnover of HK$66 billion per day from 1 January 2016 to 31 October 2016, it is expected that, after the launch of Shenzhen-Hong Kong Stock Connect, there will be more capital flows between Hong Kong and the PRC, especially on southbound fund flows from Chinese insurance companies. To meet the challenging market conditions and customers demand, the Group has engaged new execution brokers for our retail clients and professional investors for dealing in listed securities in U.S. and European markets and has commenced the upgrading of its equity and futures trading system.

In October, the Company injected a total of HK$200 million into Mason Securities Limited for the provision of margin financing facilities to its clients, HK$140 million of which was raised from the subscription of new Shares under the general mandate which was completed on 5 October 2016. To meet the demand of the Group's clients on margin financing facilities and acquisition loans, which are capital-driven business, the Company requires capital to expand the margin financing and lending business.

The Directors believe that, though, as stated in our interim report for the six (6) months ended 30 June 2016, trading activities quietened down during the six (6) months ended 30 June 2016 and the remaining months of 2016 will be equally challenging, the Company could become more competitive in the securities market if it is equipped with a larger capital base and higher ability to provide margin financing. Therefore, the Directors are of the view that the proposed expansion of the financial securities services including securities margin financing would be in the interest of the Shareholders.

Lending Business

Money lending

The Group plans to increase the capital base of Mason Resources Finance Limited (an indirect wholly-owned subsidiary of the Company and holder of a money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)) to develop its money lending business.

As disclosed in the announcements of the Company dated 27 October 2016 and dated 4 November 2016, the Company, through its indirect wholly-owned subsidiary, Mason Resources Finance Limited, entered into two (2) facility agreements to provide facilities in an aggregate amount of up to HK$630 million to the borrowers.

Mortgage loan

The Group has identified opportunities to develop and expand the scope of its lending business through participation of the provision of mortgage loans in Hong Kong. Mortgage loans in Hong Kong are characterized by low delinquencies and default ratios. According to a residential mortgage survey conducted by The Hong Kong Monetary Authority ("**HKMA**"), the mortgage delinquency ratio for residential mortgage loans was only 0.04% for the month of September 2016. According to the statistics published on the website of HKMA, the new loans approved in 2015 amounted to HK$284,951 million, representing a slight increase of approximately 2.1% as compared to HK$278,981 million in 2014. The new loans approved in the first eight (8) months of 2016 amounted to HK$161,285 million, representing a decrease of approximately 25% as compared to HK$215,583 million in the comparative eight (8) months period in 2015. Although the amount of the mortgage loans decreased in 2016 compared to 2015, the Directors consider the mortgage loan market is still very big and has great potential, given the current market size and the expected business flow of the mortgage loans market in Hong Kong.

As disclosed in the announcement of the Company dated 7 October 2016, the Company, through its indirect non-wholly owned subsidiary (a company established to conduct the lending and financing services business of the Group), has acquired an interest in Hong Kong Mortgage Solutions Limited ("**HKMS**"). HKMS, together with a management company ("**Mortgage Management Company**") and other partners which are all Independent Third Parties, is engaged in the origination of mortgage loans and securitization business in Hong Kong. HKMS is principally engaged in the provision of first legal-charge mortgage loans on residential properties in Hong Kong, targeting customers who will use these properties for owner-occupied purpose. The size of its loan portfolio has been expanding steadily and amounted to approximately HK$75 million as at 30 November 2016. The

Mortgage Management Company provides portfolio management services for the mortgage loan business of HKMS, and other services relating to set-up, accounting and administration. The direct investment in HKMS enables the Group to participate in the mortgage loan and securitization business in Hong Kong. This will serve as a platform for the future expansion in the scope of its lending and financing businesses.

The Mortgage Management Company possesses a strong management team with extensive experience in property mortgage financing. The chief executive officer of The Mortgage Management Company has about 20 years of experience in mortgage loans and securitization business, and was the formerly senior vice president of the Hong Kong Mortgage Corporation Limited. The chief operating officer of The Mortgage Management Company has more than 20 years of experience in the banking and finance industry, and was formerly the head of the compliance department of the Hong Kong branch of a foreign bank for six (6) years.

The Group's investment in HKMS, a company engaged in the provision of mortgage loan and securitization business, is carried out under suitable risk control environment. As at the Latest Practicable Date, the Group has invested HK$38 million in the mortgage loans and securitisation business of the Group, of which HK$26.6 million was paid by the Company which is indirectly interested in 70% of the issued share capital of the relevant company, and the Company intends to invest an additional HK$48.4 million in the said business which have and will be funded from the proceeds of the subscription of new Shares as disclosed in the announcement of the Company dated 22 September 2016 and completed on 5 October 2016.

(ii) Asset management and wealth management

As per the market research report prepared by PricewaterhouseCoopers ("**PwC**"), which was based on the survey jointly conducted by the Private Wealth Management Association and PwC in July 2016, Hong Kong is the fifth largest offshore wealth center globally and also ranked as the second billionaire city behind New York according to Wealth-X Billionaire Census 2015–2016, with high net worth individual wealth being projected to grow by 23.5% to reach US$1.4 trillion in 2016, according to the Private Banker International Report.

According to the Fund Management Activities Survey 2015 published by SFC in July 2016, Hong Kong's combined fund management business increased by 10.5% from approximately HK$16.0 trillion in 2013 to approximately HK$17.7 trillion in 2014, and remained at approximately HK$17.9 trillion in 2015. Under China's 12th 5-year plan and 13th 5-year plan it has stated that Mainland will support Hong Kong as a fund management center, and 7 Hong Kong funds were approved for public offering in the PRC under the Mainland — Hong Kong Mutual Recognition of Funds ("**MRF**") scheme as at the Latest Practicable Date.

Based on the above market surveys, the Directors believe there is great potential in the asset management and wealth management business.

In June 2016, the Group (upon receipt of approval from SFC) acquired Enerchine Investment Management Limited which conducts asset management and wealth management businesses. A team of experienced professional for the asset management and wealth management businesses, has been hired to advise the Group's senior management in implementing the business strategy and to set up the infrastructure and team. Being an integral part of the Group's overall strategy, the team has been working closely with the internal compliance team and external legal counsels as well as operational and control departments to set up the necessary infrastructure and systems and flows. In addition, the Group is currently in the discussion with other financial institutions to source a wide range of mutual funds and other investment products for our clients. Moreover, the Group plans to set up different forms of private equity funds for our clients. The private equity funds will initially focus on the theme of investing in asset-backed fixed income products and target at high net worth individual and companies which qualify as professional investors under the SFO. The Company will act as fund manager of the private equity funds and may also invest in some of the funds.

In addition to organic growth, the Group is also considering to accelerate the development by way of mergers and acquisitions. At present, the Group is exploring several investment opportunities relating to companies engaging in asset management and/or wealth management.

(iii) Direct investment

The Group's direct investments activities will complement the Group's core financial services businesses. The direct investments activities will initially focus on strategic investments in financial services, healthcare, and mother-infant-children consumer sectors. The Directors believe these sectors are complementary and offer significant opportunities for crossover synergies and enhance the overall value of the Group.

To this end, the Group will from time to time engage in strategic investment into companies in the fast growing financial sector and other business areas with growth potentials including but not limited to exploratory discussions in relation to strategic investment into companies in the fast growing financial sector and other business areas with growth potentials. In particular, the Group focuses on financial services institutions with proven track records which can help the Group to develop distribution channels in fund management, asset management and wealth management services for its clients.

The Company believes that financial services, healthcare, and mother-infant-children industry share common customers. These sectors are both synergistic and complementary, with significant opportunities for cross-sale.

The Company prefers to seek acquisitions targets with brand value, professional management with proven history of success, having conservative financial management policy, and with positive outlook.

In addition to financial services, the Directors believe in synergistic and complementary direct investment opportunities in (1) the healthcare sector in Greater China and Southeast Asia will continue to benefit from the rising personal income in the region; and (2) the mother-infant-children consumer segment in Greater China will benefit from the implementation of the two-child policy in China. In particular, the Group will target companies with quality management, proven and sustainable business model, strong cashflow and margins, healthy growth, and clean balance sheets.

China's rapid socio-economic growth and accelerated urbanization has led to an increase in disposable income per Chinese household. The implementation of the "two-child" policy further stimulates the mother-infant industry as the number of newborns in China is expected to increase exponentially over the next five years. With the "two-child" policy in full-force in 2016, it is expected that it will have a positive effect on the birth rate in the PRC. For referencing, just 2014 alone, the number of newborns in the PRC reached 16.9 million.

China's overall healthcare industry is expected to demonstrate continuous growth amid the rise of disposable income and population boom in China. In particular, the assisted reproduction sector and the genetic diagnostics sector have presented the substantial growth potentials. According to the Report of China's Genetic Diagnosis Market Study by China Insights Consultancy, Mainland China's genetic diagnostics market is expected to reach RMB14.6 billion by 2019, with a compound annual growth rate of 42.1% between 2014 and 2019 driven mainly by growth in the Non-invasive Prenatal Testing ("**NIPT**"), Preimplantation Genetic Diagnosis ("**PGD**"), and cancer diagnosis segments. The PGD market alone is expected to see a 28.4% compound annual growth rate from 2014 to 2019. Market penetration rate of PGD in China is low at the moment due to its high pricing, but as PGD technology continues to improve and testing costs continues to decrease, the price of NIPT is expected to decline and spark more demands over the next five years.

The Group is also exploring opportunities in general practitioners clinic chains, pediatrics and gynecology specialty operations, and life science opportunities such as molecular diagnostics and precision medicine businesses.

Recent direct investment made by the Group

As disclosed in the announcement of the Company dated 30 September 2016, the Group has entered into two share purchase agreements to acquire a group of privately assisted reproductive service providers in Hong Kong, which marked the Group's maiden venture into the medical services sector. Upon completion on 1 November 2016, the Group has paid the total cash consideration of HK$282,776,000.

The Group has invested with other investors in a newly established company called Shengang Securities Company Limited ("**Shengang Securities**"), which engages in securities dealings in Shanghai, the PRC. Shengang Securities obtained a Securities and Futures Business License from the China Securities Regulatory Commission ("**CSRC**") on 10 October 2016, which allows Shengang Securities to engage in securities brokering, securities underwriting and sponsoring, securities trading and securities asset management related businesses in the PRC. The Group will cooperate with Shengang Securities to explore the business opportunities and create synergies through its network and client base in the PRC. Since Shengang

Securities recently formally commenced business in China (Shanghai) Pilot Free Trade Zone, and we have already invested RMB525 million to it, the Group does not intend to put additional investment into Shengang Securities in the next twelve (12) months.

As for the fund investment, the Group intends to use approximately HK$156 million for the investment in the Agate Healthcare Fund, and approximately HK$62 million for the investment in the Children's Fund.

Agate Heathcare Fund is a private equity fund specialising in investments in medication, pharmaceutical technologies and healthcare sectors. The size of the fund is approximately US$100 million and the fund mainly invests in early or mid-stage Israeli enterprises or enterprises focused on the healthcare sectors, such as medical treatment and health, medical device, medical info-tech, mobile medical treatment and digital platform and wearable devices. The target investment size is approximately US$5–15 million per investment for a minority dominant stake and the target investment period is approximately four (4) years.

The Children's Fund has not yet been formed as at the Latest Practicable Date. It will be newly set up as a Cayman Islands exempted limited partnership to be registered under the Partnership Law with a preliminary targeted fund size of RMB500 million. The purpose of the Fund is to generate attractive financial returns and achieve long-term capital appreciation through, investing, directly or indirectly, in debt, equity or debt- or equity-related securities of private companies in the provision of services, product, technology and know-how in connection with mother-infant-children care and related industries, pursuing a global strategy executed by a seasoned and reliable management team or enabled by stable, long term strategic partnerships, where there can be identified a clear disposal strategy by way of a stock market listing, trade sale or asset injection into a listed company in a period of two (2) to five (5) years.

Subscription under general mandate

On 22 September 2016, the Company entered into a subscription agreement with Future Achiever, which is indirectly wholly-owned and controlled by Mr. Hui Wing Mau, who is the chairman and executive director of Shimao Property Holdings Limited. Upon completion of the subscription on 5 October 2016, Future Achiever became interested in 3,072,880,000 Shares, holding approximately 16.67% of the issued Shares of the Company as at the Latest Practicable Date, and is a substantial Shareholder of the Company. The amount of net proceeds from the subscription, after deducting the relevant expenses incurred in relation to the subscription, was approximately HK$725 million. The Directors consider that the Group will benefit from Mr. Hui Wing Mau's extensive community network in the PRC, well-established reputation in the property market in the PRC and his financial strength, and therefore would help the development and expansion of the Group's business in the future.

Disposal

On 4 November 2016, Willie Resources Incorporated, a wholly-owned subsidiary of the Company, entered into the disposal agreement, pursuant to which Willie Resources Incorporated shall dispose of its 55 ordinary shares in the capital of Willie Link Limited ("**Willie Link**"), representing 55% of the issued share capital of Willie Link to Best Mate Limited, which is wholly owned by Mr. Chan Chak Kai Kenneth (an Independent Third Party), for a cash consideration of HK$200,000,000. This disposal, when aggregated with the disposal in March 2016 by Willie Resources Incorporated of its 45 ordinary shares in the capital of Willie Link to Apex Corporate Investment Limited, which is wholly owned by Mr. Chow Kam Wah (an Independent Third Party), would result in Willie Link ceasing to be a subsidiary of the Company, and 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 upon completion of the said disposal.

In summary, the Group will devote resources to strengthening its business in the financial services and lending business, asset management and wealth management, and direct investment in the financial services industry and/or the healthcare/medical services and related sectors in connection to the mother-infant-children sector. The Board believes that, with the cross-industry and diversified financial services platform, the Group will be in a unique position to capture growth opportunities and profitability in both the financial industry and the healthcare industry.

The Directors
Mason Financial Holdings Limited
Room 4708–4710
47/F, the Centre
99 Queen's Road
Central, Hong Kong

Dear Sirs,

MASON FINANCIAL HOLDINGS LIMITED
INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Mason Financial Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets attributable to the equity holders of the Company as at 30 June 2016 and the related notes (the "Pro Forma Financial Information") as set out in Appendix II to the investment circular dated 13 December 2016 (the "Circular") issued by the Company. The applicable criteria on the basis of which the directors have compiled the Pro Forma Financial Information are described in Appendix II to the Circular.

The Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed rights issue of 22,124,799,450 rights shares at HK$0.13 per rights share on the basis of six rights shares for every five shares of the Company held on the rights issue record date (the "Rights Issue") and the proposed bonus issue on the basis of one bonus share for every ten shares of the Company held on the bonus issue record date (the "Bonus Issue") on the Group's unaudited consolidated net tangible assets attributable to the equity holders of the Company as at 30 June 2016 as if the Rights Issue and the Bonus Issue had taken place on 30 June 2016. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's unaudited consolidated financial statements for the six months ended 30 June 2016, on which a review report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue and the Bonus Issue at 30 June 2016 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 13 December 2016

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company prepared in accordance with Rule 4.29 of the Listing Rules is set out to illustrate the effect of the Rights Issue and the Bonus Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue and the Bonus Issue had been completed on 30 June 2016.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at the date to which it is made up or at any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2016, as extracted from the published interim report of the Company for the six (6) months ended 30 June 2016, with adjustments described below.

	Unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2016	**Estimated net proceeds from the Rights Issue**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company immediately after completion of the Rights Issue**	**Unaudited consolidated net tangible assets per Share attributable to the equity holders of the Company as at 30 June 2016**	**Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after completion of the Rights Issue**	**Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after completion of the Rights Issue and the Bonus Issue**
	HK$'000	*HK$'000*	*HK$'000*	*HK$*	*HK$*	*HK$*
	(Note i)	*(Note ii)*		*(Note iii)*	*(Note iv)*	*(Note v)*
Rights Issue of 18,437,343,450 Rights Shares and Bonus Issue of 3,380,179,632 Bonus Shares	2,211,035	2,360,855	4,571,890	0.144	0.135	0.123

Notes:

(i) The unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 June 2016 of approximately HK$2,211,035,000 is based on the unaudited consolidated net assets of the Group attributable to the equity holders of the Company as at 30 June 2016 of approximately HK$2,391,899,000 as adjusted to exclude goodwill of approximately HK$94,073,000, intangible assets of approximately HK$100,779,000 and deferred tax liability relating to intangible assets of approximately HK$13,988,000 as shown on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2016 as extracted from the published interim report of the Company for the six (6) months ended 30 June 2016.

(ii) The estimated net proceeds from the Rights Issue of approximately HK$2,360,855,000 is calculated based on 18,437,343,450 Rights Shares to be issued (in the proportion of six (6) Rights Shares for every five (5) Shares held as at the Rights Issue Record Date) at the subscription price of HK$0.13 per Rights Share, after deduction of the estimated related expenses of approximately HK$36,000,000, assuming that the Rights Issue had been completed on 30 June 2016, but does not take into account any Shares which would have been issued upon the issue of 3,072,880,000 Shares in October 2016 or any Shares which may be granted and issued or buy-back by the Company pursuant to the general mandate and the buy-back mandate, if any.

(iii) The unaudited consolidated net tangible assets per Share attributable to the equity holders of the Company as at 30 June 2016 is HK$0.144, which is calculated based on the unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2016 of HK$2,211,035,000 and 15,364,452,875 Shares in issue as at 30 June 2016.

(iv) The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after completion of the Rights Issue of HK$0.135 is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company immediately after completion of the Rights Issue of HK$4,571,890,000 and 33,801,796,325 Shares, which represents 15,364,452,875 Shares of the Company in issue as at 30 June 2016 and 18,437,343,450 Rights Shares to be issued, pursuant to the Rights Issue (in the proportion of six (6) Rights Shares for every five (5) Shares held as at the Rights Issue Record Date), are in issue assuming that the Rights Issue had been completed on 30 June 2016, but does not take into account any Shares which would have been issued upon the issue of 3,072,880,000 Shares in October 2016 (see note (vi) below) or any Shares which may be granted and issued or buy-back by the Company pursuant to the general mandate and the buy-back mandate, if any.

(v) The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after completion of the Bonus Issue of HK$0.123 is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company immediately after completion of the Rights Issue and the Bonus Issue of HK$4,571,890,000 and 37,181,975,957 Shares, which represents (1) 15,364,452,875 Shares of the Company in issue as at 30 June 2016; (2) 18,437,343,450 Rights Shares to be issued, pursuant to the Rights Issue (in the proportion of six (6) Rights Shares for every five (5) Shares held as at the Rights Issue Record Date); and (3) 3,380,179,632 Bonus Shares to be issued, pursuant to the Bonus Issue (in the proportion of one (1) Bonus Share for every ten (10) Shares held as at the Bonus Issue Record Date), are in issue assuming that the Rights Issue and the Bonus Issue had been completed on 30 June 2016, but does not take into account any Shares which would have been issued upon the issue of 3,072,880,000 Shares in October 2016 (see note (vi) below) or any Shares which may be granted and issued or buy-back by the Company pursuant to the general mandate and the buy-back mandate, if any.

(vi) The unaudited pro forma statement of adjusted consolidated net tangible assets does not take into account the issue of 3,072,880,000 Shares in October 2016 (the "Share Subscription").

Had the Share Subscription been completed on 30 June 2016, the consolidated net tangible assets of the Group attributable to equity holders of the Company would increase from approximately HK$2,211,035,000 to approximately HK$2,936,526,000 after adjusting for 3,072,880,000 Shares issued at HK$0.24 per Share (net of the related expenses of approximately HK$12,000,000). The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company after completion of the Rights Issue would be approximately HK$5,776,750,000 after adjusting for estimated proceeds of approximately HK$2,840,224,000, which is calculated based on 22,124,799,450 Rights Shares to be issued (in the proportion of six (6) Rights Shares for every five (5) Shares held as at the Rights Issue Record Date) at the subscription price of HK$0.13 per Rights Share, after deduction of the estimated related expenses of approximately HK$36,000,000. Consequently, the unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company would be HK$0.142 assuming the Rights Issue had been completed on 30 June 2016.

Had the Share Subscription been completed on 30 June 2016, the number of shares used for the calculation of the unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company immediately after completion of the Rights Issue and the Bonus Issue would be based on 44,618,345,557 Shares, which represents the sum of 40,562,132,325 Shares in issue as at the Bonus Issue Record Date given that there has been no further issue of new Shares or repurchase of Shares from the date of the completion of the Rights Issue to the Bonus Issue Record Date and 4,056,213,232 Bonus Shares expected to be issued on the completion of the Bonus Issue. Consequently, the unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company would be HK$0.129 assuming the Rights Issue and the Bonus Issue had been completed on 30 June 2016.

(vii) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2016.

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 Company. 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 are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL OF THE COMPANY

Under the Hong Kong Companies Ordinance (Cap. 622), the Company, a company incorporated in Hong Kong, does not have an authorised share capital and the Shares do not have a nominal value. The issued and fully paid share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Rights Issue Record Date) were as follows:

(i) As at the Latest Practicable Date

Issued and fully paid:

18,437,332,875	Shares

(ii) Immediately following completion of the Rights Issue (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Rights Issue Record Date) and the Bonus Issue

Issued and fully paid:

18,437,332,875	Shares in issue
22,124,799,450	Rights Shares to be issued
4,056,213,232	Bonus Shares to be issued
44,618,345,557	Shares in total

As at the Latest Practicable Date, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Rights Shares or Shares.

3. DISCLOSURE OF INTERESTS

(i) Interest of Directors and chief executives of the Company

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

Long position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company
Tong Tang Joseph	Interest of controlled corporation	3,842,524,965 *(Note 1)*	20.84%
Ko Po Ming	Beneficial owner	261,200,000	1.42%
Chang Tat Joel	Interest of controlled corporation	199,740,000 *(Note 2)*	1.08%

Notes:

1. These Shares are held by Grace Gorgeous, 40% of which is held by First Elite Ventures Limited, which is in turn wholly-owned by Mr. Tong Tang, Joseph, who is a non-executive Director and the Joint Chairman of the Company.

2. These Shares are held by True Elite, a company wholly-owned by Mr. Chang Tat Joel.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was deemed to have under such provisions of the SFO); (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

(ii) Interest of substantial shareholders

As at the Latest Practicable Date, in so far as is known to the Directors or the chief executive of the Company, the following persons (other than a Director or the chief executive of the Company) had 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, who was, directly or indirectly, interested in 10% or more of the total number of Shares in issue of the Company carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company
Future Achiever	Beneficial owner	3,072,880,000 *(Note 1)*	16.67%

Notes:

1. These Shares are held by Future Achiever, a wholly-owned subsidiary of Shiying Finance Limited, which is wholly owned by Mr. Hui Wing Mau.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any person (other than a Director or the chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10% or more of the total number of Shares in issue of the Company carrying rights to vote in all circumstances at a general meeting of any member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which is not determinable by the Company within one (1) year without payment of compensation (other than statutory compensation).

5. EXPERT AND CONSENT

The following is the qualification of the expert whose advice is contained in this circular:

Name	Qualification
Mazars CPA Limited	Certified Public Accountants
Investec Capital Asia Limited	a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Each of Mazars CPA Limited and the Independent Financial Adviser has given and has not withdrawn its written consents to the issue of this circular with the inclusion of their letters and/or references to its names included herein in the form and context in which they appears.

As at the Latest Practicable Date, each of Mazars CPA Limited and the Independent Financial Adviser was not interested in any shareholding in any member of the Group or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and had no direct or indirect interest in any assets which have been or 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 consolidated financial statements of the Group were made up.

6. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have 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 since 31 December 2015, being the date to which the latest published audited consolidated accounts of the Group were made up. Save as disclosed above, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the businesses of the Group.

7. COMPETING INTEREST

As at the Latest Practicable Date, insofar as the Directors were aware, none of the other Directors or their respective associates were interested in any business which competes or is likely to compete, whether directly or indirectly, with the business of the Group.

8. MATERIAL CONTRACTS

The particulars of all material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within the two (2) years immediately preceding the issue of this circular are set out as follows:

(a) a conditional agreement dated 17 March 2015 entered into between the Company and Mission Capital Holdings Limited ("**Mission Capital**") in relation to the subscription of 1,500,000,000 new ordinary shares of Mission Capital by the Company at the consideration of HK$150,000,000 and the issue of 1,250,000,000 new Shares to Mission Capital or as it may direct at the consideration of HK$150,000,000;

(b) 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;

(c) the share swap agreement dated 19 June 2015 entered into between Co-Lead Holdings Limited ("**Co-Lead**"), an indirect subsidiary of the Company, Loyal Fine Limited and Up Wonderful Limited in relation to the issue of new ordinary shares of Co-Lead ("**Co-Lead Shares**") in exchange for ordinary shares of Freeman Corporation Limited ("**FCL**") ("**FCL Shares**");

(d) a conditional agreement dated 26 June 2015 entered into between Nice Hill International Limited ("**Nice Hill**") as the vendor, which is an indirect wholly-owned subsidiary of the Company, and Downe Investments Limited as the purchaser in relation to the sale of 100% of the issued shares of Decade Enterprises Limited at the consideration of HK$300 million;

(e) On 6 July 2015, Co-Lead executed a share swap agreement with Color State Limited and West West Limited whereby Co-Lead agreed to buy 55,000,000 shares in FCL held by Color 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;

(f) the promoters' agreement dated 21 September 2015 (the "**Promoters' Agreement**") entered into between the Company and the 3 corporate investors in Hong Kong, 11 corporate investors and 1 partnership investor in the PRC (collectively, the "**Co-Promoters**"), in relation to the formation of a foreign-funded joint stock company limited to be incorporated by the Company and the Co-Promoters under the name of "Shengang Securities Company Limited" in Shanghai, which will be principally engaged in securities related business with full licences to be approved by the China Securities Regulatory Commission ("**CSRC**");

(g) the cornerstone investment agreement dated 25 September 2015 entered into between a joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name "恒泰證券股份有限公司" ("**Hengtai**") as the issuer, Nice Hill as the investor, BOCOM International Securities Limited and Haitong International Securities Company Limited in relation to the subscription of the such number of H shares of Hengtai offered by Hengtai to Nice Hill at the aggregate subscription price of US$20 million;

(h) On 16 October 2015, Co-Lead received from FCL a three(3)-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 FCL Shares held by Co-Lead at the time and the buy-back offer was accepted by Co-Lead on 26 October 2015;

(i) the agreement dated 25 November 2015 and entered into between Mason Innovation Investment Company Limited, an indirect wholly-owned subsidiary of the Company, as a purchaser and Guoco Securities (Bermuda) Limited, as a vendor in respect of the acquisition of 100% of the issued shares of each of GuocoCapital Bullion Limited (now known as Mason Bullion Limited), GuocoCapital Limited (now known as Mason Securities Limited) and GuocoCapital Futures Limited (now known as Mason Futures Limited) and the shareholder's loan in the amount of HK$2 million owed by GuocoCapital Bullion Limited to Guoco Securities (Bermuda) Limited. The completion of the said acquisition took place on 16 February 2016 and the consideration (as adjusted) was approximately HK$415,069,422;

(j) a supplemental agreement dated 2 December 2015 entered into between the Company and the Co-Promoters to vary the terms of the Promoters' Agreement 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. Shengang Securities Company Limited has obtained a Securities and Futures Business License from the CSRC on 10 October 2016;

(k) the sale and purchase agreement dated 30 March 2016 entered into between WRI, a wholly-owned subsidiary of the Company, as the vendor and Capital Union Inc. (an Independent Third Party) as the purchaser, pursuant to which WRI has conditionally agreed to sell and Capital Union Inc. has conditionally agreed to acquire the entire issued share capital of Mind Stone Investments Ltd and 2,457 shares of Co-Lead (representing approximately 43.15% of the issued share capital of Co-Lead Holdings), at a total consideration of HK$1,200 million. Completion of the said disposals by the Group took place on 25 July 2016;

(l) the sale and purchase agreement dated 30 March 2016 entered into between WRI as the vendor and Apex Corporate Investments Limited, which is wholly owned by Mr. Chow Kam Wah (an Independent Third Party) as the purchaser, pursuant to which WRI has conditionally agreed to sell and Apex Corporate Investments Limited has conditionally agreed to acquire 45 shares representing 45% interest of the issued share capital in Willie Link Limited ("**Willie Link**"), an indirect wholly-owned subsidiary of the Company for a cash consideration of HK$200 million. Completion of the said disposal took place on 31 March 2016;

(m) the subscription agreement dated 22 September 2016 entered into between the Company and Future Achiever, as the subscriber, pursuant to which Future Achiever has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 3,072,880,000 subscription shares at the subscription price of HK$0.24 per subscription share. Completion of the subscription took place on 5 October 2016 and the amount of net proceeds raised from the subscription, after deducting the relevant expenses incurred in relation to the subscription, were approximately HK$725 million;

(n) the share purchase agreement dated 30 September 2016 entered into between Jubilant Link Limited ("**Jubilant Link**"), a wholly-owned subsidiary of the Company, as the purchaser and Joywood International Limited ("**Joywood**", holder of 15% of the issued share capital of Reproductive HealthCare Limited ("**RHC**")) and Dr. Ho Wing Chiu Clement ("**Dr. Ho**", holder of 85% of the issued share capital of RHC) as the sellers (collectively, the "**RHC Sellers**") in relation to the sale and purchase of the entire issued share capital of RHC (the "**RHC Acquisition**"). The aggregate consideration for the said acquisition is a combination of HK$113,962,000 cash and 4,616 ordinary shares of Jubilant Link (the "**Jubilant Shares**") and shall be payable by Jubilant Link to the RHC Sellers on the date of completion of the said acquisition in the following manner: (1) HK$34,886,000 payable in cash to Joywood; (2) HK$79,076,000 payable in cash to Dr. Ho; and (3) 4,616 Jubilant Shares to be allotted and issued to Dr. Ho. Completion took place on 1 November 2016;

(o) the share purchase agreement dated 30 September 2016 entered into between Jubilant Link, as the purchaser and Kanrich Pacific Limited ("**Kanrich**", holder of (i) the entire issued share capital of Victory "Art" Laboratory Limited ("**Victory**") and (ii) 60% of the issued share capital of Leader Enterprise Limited ("**Leader**")) as the seller and Mr. Chan Wing Cheng ("**Mr. Chan**"), Dr. Ho and Ms. Pang Yee Man Ophelia ("**Ms. Pang**") (each of Mr. Chan, Dr. Ho and Ms. Pang own one-third of the issued share capital of Kanrich) as the warrantors, in relation to the sale and purchase of the entire issued share capital of Victory and 60% of the issued share capital of Leader (the "**V&L Acquisition**"). The aggregate consideration for the said acquisitions is a combination of HK$168,814,000 cash and 4,380 Jubilant Shares and shall be payable by Jubilant Link at the direction of Kanrich to its shareholders, Mr. Chan, Dr. Ho and Ms. Pang, on the date of completion of the said acquisitions in the following manner: (1) HK$93,786,000 payable in cash to Mr. Chan; (2) HK$37,514,000 payable in cash to Dr. Ho; (3) HK$37,514,000 payable in cash to Ms. Pang; (4) 2,190 Jubilant Shares to be allotted and issued to Dr. Ho; and (5) 2,190 Jubilant Shares to be allotted and issued to Ms. Pang. Completion took place on 1 November 2016;

(p) in connection with the RHC Acquisition and the V&L Acquisition, the shareholders' agreement dated 30 September 2016 entered into between Jubilant Link, Mason Worldwide Capital Limited, a wholly-owned subsidiary of the Company, Dr. Ho, Ms. Pang and Mr. Wong Shun Yun, in relation to the management and administration of Jubilant Link's affairs and to govern certain shareholders' rights. The shareholders' agreement shall take effect on the earlier of (i) the date of completion of the RHC Acquisition; or (ii) the date of completion of the V&L Acquisition. Completion of both of the RHC Acquisition and the V & L Acquisition took place on 1 November 2016 and the shareholders' agreement took effect on the same date;

(q) the investment agreement dated 6 October 2016 entered into amongst others, Mason Capital Investments Limited, an indirect non-wholly-owned subsidiary of the Company (a company established to conduct the lending and financing services business of the Group), Mason Assets Limited, an indirect wholly-owned subsidiary of the Company, and other investors, pursuant to which, among other things, Mason Assets Limited has conditionally agreed to subscribe for new ordinary shares of Mason Capital Investments Limited in two (2) tranches at an aggregate consideration of HK$70 million. As at the Latest Practicable Date, the first tranche subscription has been completed and the consideration of HK$26.6 million has been paid and Mason Assets Limited is interested in 70% of the issued share capital of Mason Capital Investments Limited;

(r) the subscription and capitalisation agreement dated 6 October 2016 (the "**Subscription Agreement**") entered into amongst others, Mason Capital Investments Limited, an indirect non-wholly-owned subsidiary of the Company (a company established to conduct the lending and financing services business of the Group) and Hong Kong Mortgage Solutions Limited pursuant to which, among other things, Mason Capital Investments Limited has conditionally agreed to subscribe for new ordinary shares of Hong Kong Mortgage Solutions Limited ("**HKMS Share(s)**") (representing 43% of the issued share capital of the Target Company as enlarged by the allotment and issue of new Target Shares pursuant to the Subscription Agreement) for a total consideration of HK$35,250,000 (the "**Subscription**");

(s) in connection with the Subscription, the sale and purchase agreement dated 6 October 2016 entered into between Mason Capital Investments Limited with one of the shareholders of Hong Kong Mortgage Solutions Limited, pursuant to which Mason Capital Investments Limited has conditionally agreed to purchase and the shareholder has conditionally agreed to sell all 20 HKMS Shares (representing 4% of the issued share capital of Hong Kong Mortgage Solutions Limited as enlarged by the allotment and issue of new HKMS Shares pursuant to the Subscription Agreement) held by it to Mason Capital Investments Limited for a total consideration of HK$20 (the "**Purchase**"). Completion of the Subscription and the Purchase took place on 7 October 2016 and Mason Capital Investments Limited has become interested in 47% of the issued share capital of Hong Kong Mortgage

Solutions Limited and an aggregate of 51% of the voting rights of Hong Kong Mortgage Solutions Limited through an arrangement with one of the other shareholders of Hong Kong Mortgage Solutions Limited;

(t) the Underwriting Agreement;

(u) the disposal agreement dated 4 November 2016 entered into between WRI as the vendor and Best Mate Limited (an Independent Third Party) as the purchaser, pursuant to which WRI has conditionally agreed to sell and Best Mate Limited has conditionally agreed to acquire 55 shares representing 55% interest of the issued share capital in Willie Link, an indirect non wholly-owned subsidiary of the Company for a cash consideration of HK$200 million;

(v) the subscription agreement dated 25 November 2016 entered into between Mason Resources Finance Limited (as indirect wholly owned subsidiary of the Company) as the issuer, Dazzling Elite Limited (an Independent Third Party) as the subscriber and the Company as the guarantor, pursuant to which Mason Resources Finance Limited has conditionally agreed to issue, and the subscriber has conditionally agreed to subscribe for the fixed coupon notes of an aggregate principal amount up to HK$100,000,000, and the Company has undertaken to guarantee the performance and observance by Mason Resources of its obligations under the subscription agreement and the instrument constituting the notes; and

(w) the subscription agreement dated 25 November 2016 entered into between Mason Resources Finance Limited (as indirect wholly owned subsidiary of the Company) as the issuer, Haitong Freedom Multi-Tranche Master Bond Fund (an Independent Third Party) as the subscriber and the Company as the guarantor, pursuant to which Mason Resources Finance Limited has conditionally agreed to issue, and the subscriber has conditionally agreed to subscribe for the fixed coupon notes of an aggregate principal amount up to HK$200,000,000, and the Company has undertaken to guarantee the performance and observance by Mason Resources of its obligations under the subscription agreement and the instrument constituting the notes.

9. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and so far as the Directors are aware, there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office & principal office	Units 4708–10, 47/F The Center 99 Queen's Road Central Hong Kong
Authorised representatives	Mr. Chang Tat Joel Units 4708–10, 47/F The Center 99 Queen's Road Central Hong Kong Ms. Lui Choi Yiu Angela Units 4708–10, 47/F The Center 99 Queen's Road Central Hong Kong
Company secretary	Ms. Lui Choi Yiu Angela *Certified Public Accountant* Units 4708–10, 47/F The Center 99 Queen's Road Central Hong Kong
Share registrar and transfer office of the Company	Computershare Hong Kong Investor Services Limited Shops 1712–1716 17/F., Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited DBS Bank (Hong Kong) Limited China Everbright Bank Company Limited China Construction Bank (Asia) Corporation Limited
Auditors and reporting accountants	Mazars CPA Limited *Certified Public Accountants* 42nd Floor, Central Plaza 18 Harbour Road, Wanchai Hong Kong

Legal adviser to the Company	Troutman Sanders 34th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong
Underwriter	Haitong International Securities Company Limited 22/F., Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Independent Financial Adviser	Investec Capital Asia Limited Suite 3609 Two International Finance Centre 8 Finance Street Central Hong Kong

11. PARTICULARS OF THE DIRECTORS

(a) Name and address of the Directors

Executive Directors

Name	Address
Mr. Ko Po Ming *(Joint Chairman and Chief Executive Officer)*	Units 4708–10, 47/F The Center 99 Queen's Road Central Hong Kong
Mr. Chang Tat Joel	Units 4708–10, 47/F The Center 99 Queen's Road Central Hong Kong
Mr. Man Wai Chuen	Units 4708–10, 47/F The Center 99 Queen's Road Central Hong Kong
Ms. Lui Choi Yiu, Angela	Units 4708–10, 47/F The Center 99 Queen's Road Central Hong Kong

Non-executive Directors

Name	Address
Mr. Tong Tang, Joseph *(Joint Chairman)*	Units 4708–10, 47/F The Center 99 Queen's Road Central Hong Kong
Ms. Hui Mei Mei, Carol	Units 4708–10, 47/F The Center 99 Queen's Road Central Hong Kong

Independent non-executive Directors

Name	Address
Mr. Lam Yiu Kin	Units 4708–10, 47/F The Center 99 Queen's Road Central Hong Kong
Mr. Yuen Kwok On	Units 4708–10, 47/F The Center 99 Queen's Road Central Hong Kong
Mr. Tian Ren Can	Units 4708–10, 47/F The Center 99 Queen's Road Central Hong Kong

(b) Profiles of the Directors

Executive Directors

Mr. Ko Po Ming, aged 58, has been appointed as the Joint Chairman of the Board, an executive Director and the Chief Executive Officer of the Company since 8 September 2016. Mr. Ko has over 33 years of extensive experience in finance and investment banking business. Prior to joining the Company, Mr. Ko was the Chief Executive Officer of CMBC International Limited, a wholly-owned subsidiary of the China Minsheng Banking Corp. Ltd. From October 2012 to March 2015, Mr. Ko was a consultant of China Minsheng Banking Corp., Ltd., Hong Kong Branch and was responsible for the setting up of CMBC International Holdings Limited. Prior to co-founding Goldbond Capital Holdings Limited ("**GCHL**") in 2003, he was the Head of Asian Corporate Finance of BNP Paribas Peregrine Capital Limited where he was in charge of the corporate finance business in Asia. GCHL was acquired by Piper Jaffray Companies (NYSE: PJC) in 2007 and its name was changed to Piper Jaffray Asia Holdings Limited ("**PJA**"). Since then and until September 2012, Mr. Ko served as the chief executive officer of PJA. Mr. Ko graduated from The Chinese University of Hong Kong in 1982 with a Bachelor's degree in Business Administration.

Mr. Ko had acted as independent non-executive directors of a number of Hong Kong and Mainland China listed companies, including (i) Nanjing Panda Electronics Company Limited (stock code: 553) between 1996 and 1999; (ii) Dazhong Transport (Group) Company Limited (SHA: 600611) between 1997 and 2003; (iii) Chinese Energy Holdings Limited (formerly known as iMerchants Limited (stock code: 8009)) between 2000 and 2004; and (iv) Tianjin Capital Environmental Protection Group Company Limited (stock code: 1065) between 2003 and 2009. Mr. Ko was a Listing Committee member of the Main Board and Growth Enterprise Market of the Stock Exchange between May 2003 and June 2009.

At present, Mr. Ko is a non-executive director of Globe Metals and Mining Limited (ASX: GBE) and Petro-king Oilfield Services Ltd. (stock code: 2178) respectively. He is also a trustee of St. Johnsbury Academy, an independent day and boarding secondary school. St. Johnsbury Academy is a non-profit corporation under section 501(c)(3) of the Internal Revenue Code in the United States of America.

Mr. Chang Tat Joel, aged 48, has been appointed as an executive Director, a member of the remuneration committee of the Company, the Chief Operating Officer and the Authorised Representative of the Company since 8 September 2016. Mr. Chang has considerable strategic, financial and advisory experience. He was the co-founder of AID Partners Capital Limited and a founder of Genius Link Assets Management Limited, both are private equity investment companies. He was an executive director and investment committee member of AID Partners Capital Limited, and is responsible for its strategic investment planning. Prior to founding AID Partners Capital Limited, he was the chief investment officer of Investec Asia Limited, a managing director of China Everbright Capital Limited and an executive director of BNP Prime Peregrine Capital Limited. He is also a member of the Australian Society of Certified Practising Accountants and the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). He obtained a bachelor's degree in Economics from Monash University in 1990.

Mr. Chang is a non-executive director of AID Partners Technology Holdings Limited (Stock Code: 8088), an independent non-executive director of Dragonite International Limited (Stock Code: 329), a non-executive director of Kong Sun Holdings Ltd. (Stock Code: 295) and an independent non-executive director of Hailiang International Holdings Limited (Stock Code: 2336). He was formerly an independent non-executive director of Kingsoft Corporation Limited (Stock Code: 3888), and was an executive director and the chief financial officer of Orange Sky

Golden Harvest Entertainment (Holdings) Limited (Stock Code: 1132). He was an independent director of China Mobile Games and Entertainment Group Limited, a company previously listed on NASDAQ.

Mr. Man Wai Chuen, aged 53, has been appointed as a Director of the Company since July 2013. He has over 20 years of experience in company secretarial and accounting fields. Mr. Man was formerly an independent non-executive director of Skyway Securities Group Limited (stock code: 1141) from November 2014 to November 2015 and China Optoelectronics Holding Group Company Limited (stock code: 1332) from August 2015 to January 2016, both of which are listed companies in Hong Kong. Mr. Man holds a Master's degree in Business Administration from the University of Sheffield in the United Kingdom. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Chartered Secretaries and an associate member of the HKICPA.

Ms. Lui Choi Yiu, Angela, aged 42, has been appointed as an executive Director of the Company since 26 April 2016. Ms. Lui is also the chief financial officer of the Group. Ms. Lui has also been appointed as the Company Secretary and an Authorised Representative of the Company since 8 September 2016. She is responsible for overall financial strategies, planning and management of the Group. Prior to joining the Group, Ms. Lui had over 4 years of experience in audits in an international certified public accounting firms, over 16 years of experience in accounts, finance, operations, compliance and company secretarial duties in a listed securities firm and over 7 years of experience in company secretarial duties in a listed electroplating equipment designing and manufacturing company in Hong Kong. She has over 20 years of experience in finance, accounting, and management and company secretary as well as extensive experience in management and operations of securities business. Ms. Lui graduated with a Bachelor of Science degree in Accounting from Azusa Pacific University in California, USA and a Postgraduate Diploma in Corporate Administration from Hong Kong Polytechnic University. She is currently a member of the American Institute of Certified Public Accountants and a member of the HKICPA.

Non-executive Directors

Mr. Tong Tang Joseph, aged 57, has been appointed as a non-executive Director and the Joint Chairman of the Company, and is the chairman of the nomination committee of the Company since 26 April 2016. Mr. Tong has over 30 years of experience in the financial services industry. He was an executive director of Sun Hung Kai & Co. Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 86), from 4 December 2003 to 25 January 2016. During this period, he held various positions including chief executive officer of the Capital Markets and Institutional Brokerage department. He has also previously held senior positions with a number of international banks and financial institutions, including ABN AMRO Bank, CCIC Finance Limited, Bain & Co. Securities Limited and Bali International Finance Limited. Mr. Tong was also an independent non-executive director of Carry Wealth Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 643), from 11 July 2013 to 4 July 2016. Mr. Tong is an independent director of Jih Sun Financial Holding Co., Ltd. (and two of its subsidiaries), the shares of which are listed on the Gre Tai Securities Market (GTSM) in Taiwan. Mr. Tong has a Bachelor's Degree in Social Sciences from the University of Hong Kong and a Master's Degree in Business Administration from the Chinese University of Hong Kong, and is a fellow member of the Association of Chartered Certified Accountants.

Ms. Hui Mei Mei Carol, aged 41, has been appointed as a non-executive Director, a member of the remuneration committee and nomination committee of the Company since 5 October 2016. Ms. Hui has more than 18 years' experience in property development, and more than 10 years' experience in management and strategic planning of listed companies. Ms. Hui obtained a Bachelor's Degree in Commerce majoring in Accounting from Macquarie University in Australia in 1997. She is also a Certified Practising Accountant in Australia. Ms. Hui is currently a member of Beijing Committee of the Chinese People's Political Consultative Conference, a council member of Beijing Chinese Overseas Friendship Association and a member of the Youth Committee of All-China Federation of Returned Overseas Chinese. Ms. Hui is currently the vice chairman of Shanghai Shimao Co., Ltd., a company listed on the Shanghai Stock Exchange (SHA: 600823), and the vice chairman and president of Shimao International Holdings Limited. Ms. Hui is also the sole director of Future Achiever Limited and the daughter of Mr. Hui Wing Mau.

Independent Non-executive Directors

Mr. Lam Yiu Kin, aged 61, has been appointed as an independent non-executive Director of the Company since August 2015, and is the chairman of the audit committee, a member of both the nomination committee and remuneration committee of the Company. He graduated from Hong Kong Polytechnic University with a higher diploma in accounting in October 1975 and was conferred an Honorary Fellow in November 2002. Mr. Lam became a fellow member of the Association of Chartered Certified Accountants in June 1983, a fellow member of the Chartered Accountants of Australia and New Zealand in June 1999, a fellow member of the HKICPA in June 1989 and a fellow member of Institute of Chartered Accountants in England and Wales in January 2015. Mr. Lam was previously a member of the Listing Committee and the Financial Reporting Advisory Panel of the Stock Exchange from 1997 to 2003, a committee member of HKICPA from 1994 to 2009. Mr. Lam was a partner with PricewaterhouseCoopers Hong Kong from July 1993 to June 2013. He has extensive experience in finance and accounting, auditing and business consultation. Since October 2013, Mr. Lam has been serving as an independent non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (a company listed on the Stock Exchange, stock code: 1349). From June 2014 to September 2015, he served as an independent non-executive director of Kate China Holdings Limited (a company listed on the Stock Exchange, stock code: 8125). Since January 2015, he has been serving as an independent non-executive director of Spring Asset Management Limited (the units of Spring Real Estate Investment Trust, which is managed by Spring Asset

Management Limited, is listed on the Stock Exchange, stock code: 1426). He has been serving as an independent non-executive director of Vital Mobile Holdings Limited (a company listed on the Stock Exchange, stock code: 6133) since September 2014, an independent non-executive director of Global Digital Creations Holdings Limited (a company listed on the Stock Exchange, stock code: 8271) since July 2015, an independent non-executive director of COSCO Shipping Ports Limited (a company listed on the Stock Exchange, stock code: 1199) and an independent non-executive director of Shougang Concord Century Holdings Limited (a company listed on the Stock Exchange, stock code: 103) since August 2015 and an independent non-executive director of Nine Dragons Paper (Holdings) Limited (a company listed on the Stock Exchange, Stock code: 2689) since March 2016.

Mr. Yuen Kwok On, aged 51, has been appointed as an independent non-executive Director of the Company since October 2015, and is the chairman of the remuneration committee, a member of both the audit committee and nomination committee of the Company. Mr. Yuen graduated from the La Trobe University in Australia in July 1991 with a bachelor degree of economics. He obtained a master degree of business administration from Hong Kong Baptist University in December 1998. Mr. Yuen is a member of the CPA Australia and the HKICPA since September 1994 and April 1995, respectively. He has more than 22 years of working experience in the field of finance and accounting. Mr. Yuen was the chief financial officer and company secretary of Orange Sky Golden Harvest Entertainment (Holdings) Limited ("**OSGH**") (a company listed on the Main Board of the Stock Exchange, stock code: 1132). Prior to joining OSGH in October 1996, Mr. Yuen had over 5 years of audit working experience in international accounting firms. Mr. Yuen worked in OSGH for more than 16 years and left OSGH in June 2013. He has extensive experience in financial analysis, risk control and mergers and acquisitions, as well as in-depth knowledge of operations of film distribution and exhibition business. Since July 2013, Mr. Yuen has been serving as an independent non-executive director of AID Partners Technology Holdings Limited (a company listed on the Growth Enterprise Market of the Stock Exchange, stock code: 8088).

Mr. Tian Ren Can, aged 55, has been appointed as an independent non-executive Director of the Company, and is the member of each of the audit committee, remuneration committee and nomination committee of the Company since 26 April 2016. Mr. Tian has more than 20 years of working experience in the field of finance. Mr. Tian is currently the chief executive officer of UBP Investments Management (Shanghai) Limited. He was the chief executive officer of HFT Investments Management Co., Ltd. from April 2003 to March 2015. Before that, Mr. Tian worked for multi-national financial institutes. Mr. Tian obtained a Master Degree of Business Administration awarded jointly by Manchester Business School and University of Wales of the United Kingdom. He obtained a Master Degree in Political Sciences International Relations from Shanghai International Studies University. Mr. Tian graduated from Shanghai Foreign Languages Institute with a Bachelor Degree in French Language and French Literature. Since June 2016, Mr.

Tian has been serving as an executive director of Huarong Investment Stock Corporation Ltd. (formerly known as Chun Sing Engineering Holdings Limited), a company listed on the Main Board of the Stock Exchange, stock code: 2277.

12. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, independent financial adviser fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK$36 million, which are payable by the Company.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Units 4708–10, 47/F, The Center, 99 Queen's Road Central, Hong Kong Hong Kong, during normal business hours on any weekday (except Saturdays, Sundays and public holidays) for a period of fourteen (14) days from the date of this circular:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the years ended 31 December 2014 and 31 December 2015;

(c) the unaudited pro forma financial information of the Group, the text of which are set out in appendix II to this circular;

(d) the written consents referred to in the paragraph headed "Expert and Consent" in this appendix;

(e) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(f) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 49 to 50 of this circular;

(g) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 51 to 86 of this circular;

(h) the letter from Mazars CPA Limited, the reporting accountants, in respect of the unaudited pro forma statement of the adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II of this circular; and

(i) all circulars of the Company issued pursuant to the requirements set out in Chapters 14 and/or 14A which have been issued since 31 December 2015, including this circular.

14. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

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 (the "**GM**") of Mason Financial Holdings Limited (the "**Company**") will be held at 3/F Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Friday, 30 December 2016 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) subject to and conditional upon fulfillment of the conditions of the Underwriting Agreement (as defined below), the Rights Issue (as defined below) and the transactions contemplated thereunder be and are hereby approved;

(b) the underwriting agreement in respect of the Rights Issue (as defined below) dated 28 October 2016 and made between the Company and Haitong International Securities Company Limited (the "**Underwriting Agreement**") (a copy of which has been produced to the GM marked "A" and signed by the Chairman of the GM for the purpose of identification) and the transaction contemplated thereunder be and are hereby approved;

(c) subject to the fulfillment of the conditions set out in the Underwriting Agreement, the allotment and issue of 22,124,799,450 new shares (the "**Rights Shares**") in the share capital of the Company (the "**Shares**") pursuant to an offer by way of rights to the holders of Shares (the "**Shareholders**") at the subscription price of HK$0.13 per Rights Share on the basis of six (6) Rights Shares for every five (5) Shares held by the Shareholders whose names appear on the register of members of the Company on 12 January 2017 (the "**Record Date**") as described in further details in a circular issued by the Company dated 13 December 2016 and on and subject to such terms and conditions as may be determined by the directors of the Company (the "**Director(s)**") (the "**Rights Issue**"), be and is hereby approved;

(d) the Directors be and are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to any Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) as they deem necessary or expedient having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong, and to do all such acts and things as they consider necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and

(e) any one of the Directors be and hereby authorised to do all acts and things in connection with the allotment and issue of the Rights Shares, the implementation of the Rights Issue and the Underwriting Agreement, the exercise or enforcement of any of the Company's rights under the Underwriting Agreement."

By order of the Board
MASON FINANCIAL HOLDINGS LIMITED
Ko Po Ming
Joint Chairman and Chief Executive Officer

Hong Kong, 13 December 2016

Notes:

1. Any shareholder entitled to attend and vote at the meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf. A proxy need not to be a shareholder of the Company.

2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must 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 less than 48 hours before the time appointed for the meeting (or any adjournment thereof).

3. Completion and delivery of a form of proxy shall not preclude a shareholder from attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. Where there are joint holders of any shares, any one of such joint holder may vote, either in person or by proxy in respect of such shares as if he/she were solely entitled hereto; but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.

5. A form of proxy for use at the meeting is attached herewith.

6. Any voting at the meeting shall be taken by poll.

7. The form of proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

As at the date of this notice, the directors of the Company are:

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