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Mason Financial Holdings Limited

民信金控有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 273)

(I) DISCLOSEABLE TRANSACTION

INVESTMENT IN A REGIONAL SPECIALITY RETAIL CHAIN IN CHINA FOCUSING ON SALES OF MOTHER-INFANT-CHILDREN PRODUCTS

(II) CONNECTED TRANSACTION

PROVISION OF LOAN TO A CONNECTED PERSON AT SUBSIDIARY LEVEL

THE INVESTMENT AGREEMENT

The Board is pleased to announce that on 30 December 2016 (after trading hours), the Investor (a wholly-owned subsidiary of the Company) entered into the Investment Agreement with Golden Metro, Cosmicfield, Shining Time and the Management Team Members, pursuant to which the Investor shall make the Investment in the amount of RMB550,000,000 (equivalent to HK\$616,000,000) subject to the terms and conditions of the Investment Agreement.

Subject to the terms and conditions of the Investment Agreement, the Investor shall make the Investment in the amount of RMB550,000,000 (equivalent to HK\$616,000,000) through the following manner:

- (i) RMB409,200,000 (equivalent to HK\$458,304,000) in the form of a loan to Golden Metro which shall be drawn down by Golden Metro on the Completion Date and the burden of the Golden Metro Loan shall simultaneously be novated to Shining Time and settled by the allotment and issuance of the Investor Shares to the Investor by Shining Time at the Issue Price on the Completion Date. Notwithstanding the aforesaid, the proceeds of the Golden Metro Loan shall be advanced by the Investor in two tranches as follows:
 - (a) RMB60,000,000 (equivalent to HK\$67,200,000) shall be advanced to Golden Metro on the Completion Date by way of wire transfer to an account designated by Golden Metro and approved by the Investor or by way of issuing cheque to addressee designated by Golden Metro and approved by the Investor; and
 - (b) RMB349,200,000 (equivalent to HK\$391,104,000) shall be advanced to Golden Metro on the Completion Subsequent Date by way of wire transfer to an account designated by Golden Metro and approved by the Investor; and

(ii) RMB140,800,000 (equivalent to HK\$157,696,000) as the Loan to Cosmicfield which shall have a maturity period of 36 months and carry interest at a rate of 8% per annum on and subject to the terms of the Loan Agreement which shall be entered into on the Completion Date, and Cosmicfield shall further lend the proceeds of the Loan to Golden Metro and the burden of the loan between Cosmicfield and Golden Metro shall simultaneously be novated to Shining Time and be settled by the allotment and issuance of Cosmicfield Shares to Cosmicfield by Shining Time at the Issue Price on the Completion Date. Notwithstanding the aforesaid, the Loan shall be drawn down by Cosmicfield on the Completion Subsequent Date and the proceeds of the Loan shall be advanced to Golden Metro on the Completion Subsequent Date by way of wire transfer to an account designated by Golden Metro and approved by the Investor.

Immediately upon completion of the Restructuring and the Investment, the Company will indirectly hold 55% of the shareholding in Shining Time and Shining Time will become an indirect non-wholly-owned subsidiary of the Company. Shining Time will indirectly wholly own Zhuhai AYD which is the franchisor of a leading franchise in mother-infant-children products business in Southern China with a regional network of over 800 corporate and franchise retail stores operating under the “愛嬰島” brand name, mainly in Guangdong, Jiangsu and Zhejiang provinces. The Board is of the view that the Investment is in line with the Group’s strategy to take advantage of synergistic and complementary direct investment opportunities in the “mother-infant-children” sector.

THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Investment exceeds 5% but all of them are less than 25%, the Investment constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

Upon Completion, Shining Time will become an indirect non-wholly owned subsidiary of the Company, and each of Cosmicfield and Golden Metro will become a substantial shareholder, holding 18.92% and 26.08% of the shareholding respectively, of Shining Time. The provision of the Loan to Cosmicfield pursuant to the Loan Agreement will therefore constitute financial assistance and hence continuing connected transactions under the Listing Rules.

Since (i) each of Cosmicfield and Golden Metro is regarded as a connected person of the Company at subsidiary level; (ii) the Board (including all the independent non-executive Directors) has approved the transactions contemplated under the Loan Agreement; and (iii) the independent non-executive Directors have confirmed that the transactions contemplated under the Loan Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Loan Agreement are subject to the reporting and announcement requirements but are exempt from circular, independent financial advice and shareholders’ approval requirements pursuant to Rule 14A.101 of the Listing Rules.

The Board announces that on 30 December 2016 (after trading hours), the Investor (a wholly-owned subsidiary of the Company) entered into the Investment Agreement with Golden Metro, Cosmicfield, Shining Time and the Management Team Members, pursuant to which the Investor shall make the Investment in the amount of RMB550,000,000 (equivalent to HK\$616,000,000) on and subject to the terms and conditions of the Investment Agreement.

THE INVESTMENT AGREEMENT

Date

30 December 2016 (after trading hours)

Parties

- (i) the Investor, a wholly-owned subsidiary of the Company
- (ii) Golden Metro
- (iii) Cosmicfield
- (iv) Shining Time
- (v) Management Team Members, namely Mr. Yip Shing Fung, Mr. Ye Faduan, Mr. Ye Fachao, Mr. Lin Han and Ms. Gao Qin

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of Golden Metro, Cosmicfield, Shining Time and their respective ultimate beneficial owner(s) and each of the Management Team Members is an Independent Third Party.

The Investment

Subject to the terms and conditions of the Investment Agreement, the Investor shall make the Investment in the amount of RMB550,000,000 (equivalent to HK\$616,000,000) through the following manner:

- (i) RMB409,200,000 (equivalent to HK\$458,304,000) in the form of a loan to Golden Metro ("**Golden Metro Loan**") which shall be drawn down by Golden Metro on the Completion Date and the burden of the Golden Metro Loan shall simultaneously be novated to Shining Time and settled by the allotment and issuance of the Investor Shares to the Investor by Shining Time at the Issue Price on the Completion Date. Notwithstanding the aforesaid, the proceeds of the Golden Metro Loan shall be advanced by the Investor in two tranches as follows:
 - (a) RMB60,000,000 (equivalent to HK\$67,200,000) shall be advanced to Golden Metro on the Completion Date by way of wire transfer to an account designated by Golden Metro and approved by the Investor or by way of issuing cheque to addressee designated by Golden Metro and approved by the Investor; and

- (b) RMB349,200,000 (equivalent to HK\$391,104,000) shall be advanced to Golden Metro on the Completion Subsequent Date by way of wire transfer to an account designated by Golden Metro and approved by the Investor; and
- (ii) RMB140,800,000 (equivalent to HK\$156,696,000) as the Loan to Cosmicfield which shall have a maturity period of 36 months and carry interest at a rate of 8% per annum on and subject to the terms of the Loan Agreement which shall be entered into on the Completion Date, and Cosmicfield shall further lend the proceeds of the Loan to Golden Metro and the burden of the loan between Cosmicfield and Golden Metro shall simultaneously be novated to Shining Time and be settled by the allotment and issuance of Cosmicfield Shares to Cosmicfield by Shining Time at the Issue Price on the Completion Date. Notwithstanding the aforesaid, the Loan shall be drawn down by Cosmicfield on the Completion Subsequent Date and the proceeds of the Loan shall be advanced to Golden Metro on the Completion Subsequent Date by way of wire transfer to an account designated by Golden Metro and approved by the Investor.

If any of 2016 Attributable Profit, 2017 Attributable Profit and 2018 Attributable Profit is less than RMB62,000,000, RMB85,000,000 and RMB120,000,000 respectively by 5% or more (i.e. less than RMB58,900,000, RMB80,750,000 and RMB114,000,000) respectively, Golden Metro and Cosmicfield shall transfer the relevant number of Shining Time Shares (the “**Adjustment Shares**”) to the Investor at no cost within 10 Business Days after the respective dates of issue of the 2016 Financial Statements, 2017 Audited Accounts and the 2018 Audited Accounts. The number of Adjustment Shares to be transferred is calculated as follows:

- (i) if the 2016 Attributable Profit is less than RMB58,900,000, the number of Adjustment Shares to be transferred shall be calculated as:

$$\frac{(\text{RMB62,000,000} - \text{2016 Attributable Profit}) \times 12}{\text{Issue Price}}$$

- (ii) if the 2017 Attributable Profit is less than RMB80,750,000, the number of Adjustment Shares to be transferred shall be calculated as:

$$\frac{(\text{RMB85,000,000} - \text{2017 Attributable Profit}) \times 10}{\text{Issue Price}}$$

- (iii) if the 2018 Attributable Profit is less than RMB114,000,000, the number of Adjustment Shares to be transferred shall be calculated as:

$$\frac{(\text{RMB120,000,000} - \text{2018 Attributable Profit}) \times 9}{\text{Issue Price}}$$

For the purpose of the aforesaid, the should be 1,788 Shining Time Shares held by Golden Metro (representing 17.88% shareholding in Shining Time) shall be transferred as Adjustment Shares before the transfer of any of the Shining Time Shares held by Cosmicfield. For the avoidance of doubt, notwithstanding the aforesaid, the number of Adjustment Shares to be transferred by Golden Metro shall be capped at should be 1,788 Shining Time Shares plus Bonus Shares (as defined below) to be transferred pursuant to the

paragraph below (if any) and the number of Adjustment Shares to be transferred by Cosmicfield shall be capped at the total number of Shining Time Shares then held by Cosmicfield including the number of Bonus Shares to be transferred pursuant to the paragraph below (if any).

If any of 2017 Attributable Profit and 2018 Attributable Profit is more than RMB85,000,000 and RMB120,000,000 by 5% or more (i.e. more than RMB89,200,000 and RMB126,000,000) respectively, the Investor shall as bonus, transfer Shining Time Shares (the “**Bonus Shares**”) to Cosmicfield within 10 Business Days after the respective dates of issue of the 2017 Audited Accounts and the 2018 Audited Accounts. In any event that the transfer of Bonus Shares will lead to the shareholding percentage of the Investor in Shining Time falling below 50%, the Investor shall have the option to pay cash (the “**Cash Bonus**”) in lieu of Bonus Shares. The amount of Cash Bonus to be paid or the number of Bonus Shares to be transferred is calculated as follows:

(i) if the 2017 Attributable Profit is more than RMB89,200,000,

(a) amount of Cash Bonus to be paid shall be calculated as:

$$\frac{(2017 \text{ Attributable Profit} - \text{RMB}85,000,000) \times 2017 \text{ Shareholding Percentage}}{2} \times 10$$

or

(b) the number of Bonus Shares to be transferred shall be calculated as:

$$\frac{(2017 \text{ Attributable Profit} - \text{RMB}85,000,000) \times 2017 \text{ Shareholding Percentage}}{2 \times 2017 \text{ Issue Price}} \times 10$$

“**2017 Shareholding Percentage**” shall be the shareholding percentage held by the Investor in Shining Time as at 31 December 2017 which shall be capped at 55%

“**2017 Issue Price**” shall be calculated as follows:

$$\frac{2017 \text{ Attributable Profit} \times 10}{\text{Total number of issued Shining Time Shares as at 31 December 2017}}$$

(ii) if the 2018 Attributable Profit is more than RMB126,000,000,

(a) amount of Cash Bonus to be paid shall be calculated as:

$$\frac{(2018 \text{ Attributable Profit} - \text{RMB}120,000,000) \times 2018 \text{ Shareholding Percentage}}{2} \times 9$$

or

(b) the number of Bonus Shares to be transferred shall be calculated as:

$$\frac{(2018 \text{ Attributable Profit} - \text{RMB}120,000,000) \times 2018 \text{ Shareholding Percentage}}{2 \times 2018 \text{ Issue Price}} \times 9$$

“**2018 Shareholding Percentage**” shall be the shareholding percentage held by the Investor in Shining Time as at 31 December 2018 which shall be capped at 55%

“**2018 Issue Price**” shall be calculated as follows:

$$\frac{2018 \text{ Attributable Profit} \times 9}{\text{Total number of issued Shining Time Shares as at 31 December 2018}}$$

For the avoidance of doubt, the total number of Bonus Shares to be transferred by the Investor shall be capped at the total number of Shining Time Shares then held by the Investor.

If at any time on or before 31 December 2018, the Investor ceases to be interested in 30% or more of the shareholding of Shining Time (whether directly or indirectly), (other than the decrease in the Investor’s shareholding interest in Shining Time solely by the reason of transferring Bonus Shares to Cosmicfield), the provisions regarding the Adjustment Shares and the Bonus Shares or the Cash Bonus (as the case may be) as mentioned above shall, immediately upon such cessation, cease to apply and shall not have any further effect. For avoidance of doubt, no Adjustments Shares or Bonus Shares or Cash Bonus (as the case maybe) shall be transferable or payable in respect of that current incomplete financial year.

If the 2017 Attributable Profit is more than RMB85,000,000, the Investor agrees that share options which when exercised shall not exceed 5% of the issued share capital of Shining Time as at 31 December 2017, will be granted to management or consultant of Zhuhai AYD or other subsidiaries of Shining Time, provided the Investor shall have the right to approve the grantees of such share options (which approval shall not be unreasonably withheld or delayed) subject to the applicable requirements of the Listing Rules.

Conditions precedent

Completion shall be conditional upon the fulfilment on or prior to the Completion Date, or waiver by the Investor in writing, of the following conditions:

- (i) the issue of the PRC Legal Opinion satisfactory to the Investor and the Company;
- (ii) the PRC Legal Advisor having provided the proposal for the Restructuring satisfactory to the Investor and the Company;
- (iii) the Restructuring Agreements having been duly executed or such evidence to the satisfaction of the Investor showing the Restructuring having been completed;
- (iv) the Investor having completed and satisfied with the due diligence review on the financial, legal, commercial and taxation aspects of the Shining Time Group;
- (v) an independent firm of accountants which is acceptable to the Investor and appointed by Shining Time having audited the financial statements of Zhuhai AYD for the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 without reserved or qualified opinion;
- (vi) if applicable, the obtaining of all consents as required under the internal procedures of the Investor and the Company and/or from government or regulatory authorities (including but not limited to the Stock Exchange and/or the Securities and Futures Commission of Hong Kong (if applicable)) or third parties which are necessary or desirable in connection with the execution and performance of the Investment Agreement and any transaction contemplated therein;
- (vii) the Audited Accounts having been produced to the satisfaction of the Investor; and
- (viii) the representations and warranties given by Golden Metro, Shining Time and the Management Team Members in the Investment Agreement remaining true and accurate in all material respects.

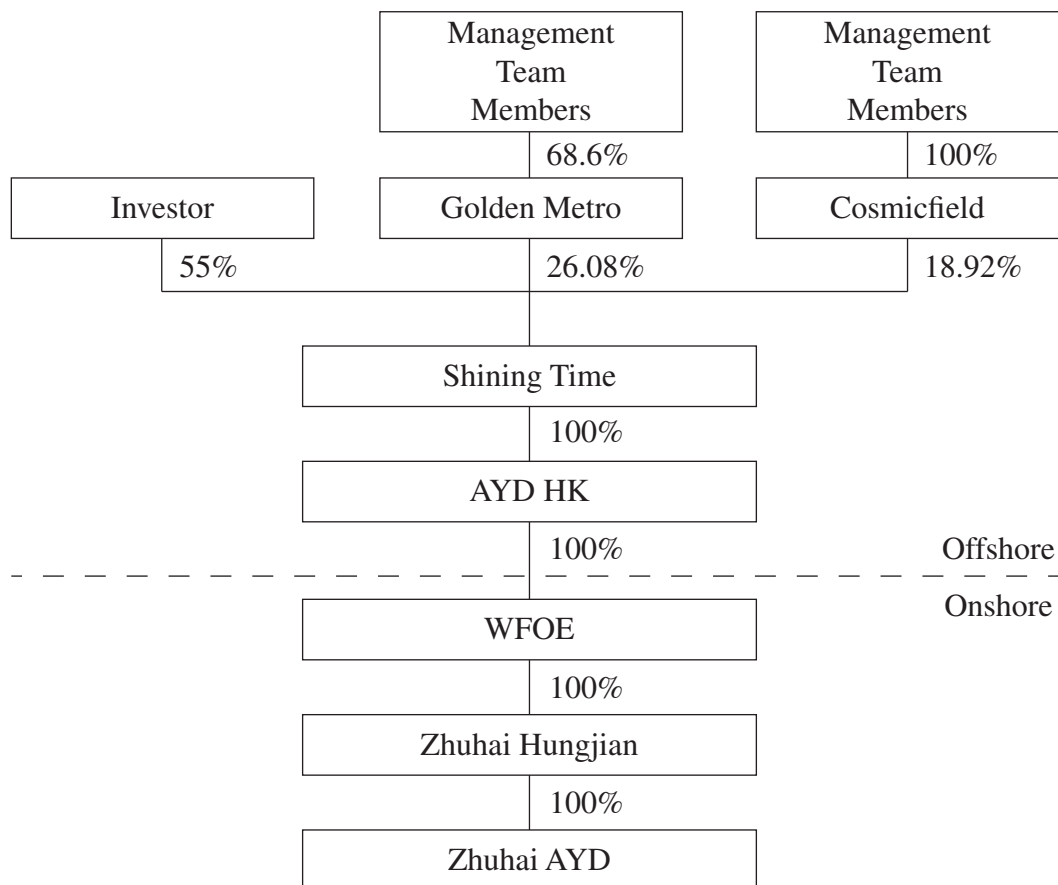
The Investor shall have the right to waive in full or in part any of the Conditions. In the event that the Conditions shall not be fulfilled or waived in full or in part as the case may be on or before the Long Stop Date, the Investment Agreement shall terminate and no party shall have any claim against the others provided that the rights and liabilities of the parties thereto which have accrued prior to termination shall subsist.

Completion

Completion shall take place on the Completion Date (or such other time as the parties to the Investment Agreement may agree).

The Restructuring

As a condition precedent to the Investment Agreement, the Restructuring Agreements shall have been duly executed, whereby the shareholding and group structure of Shining Time Group immediately upon completion of the Restructuring and the Investment shall be as follows:



The Loan Agreement

The Investor, Cosmicfield and Golden Metro shall enter into the Loan Agreement on the Completion Subsequent Date. Details of the Loan Agreement are as follows:

- Parties:
- (a) the Investor, as lender
 - (b) Cosmicfield, as borrower
 - (c) Golden Metro
- Principal amount: RMB140,800,000 (equivalent to HK\$157,696,000)
- Interest rate: 8% per annum
- Term: 36 months commencing from the drawdown date, being the Completion Subsequent Date

Share Charges:

- (i) A charge of 1,892 Shining Time Shares, representing 18.92% of the issued share capital of Shining Time, owned by Cosmicfield in favour of the Investor
- (ii) A charge of 1,269 Shining Time Shares, representing 12.69% of the issued share capital of Shining Time, owned by Golden Metro in favour of the Investor

Repayment and Prepayment:

Cosmicfield shall repay the principal outstanding amount of the Loan and interest thereon in full in one lump sum on the Maturity Date (as defined in paragraph below).

In the event that Cosmicfield fails to repay the principal outstanding amount of the Loan and the interest thereon or any part thereof on the Maturity Date,

- (1) the Investor and Cosmicfield may negotiate on the deferring of the repayment of the outstanding amount of the Loan and interest thereon;
- (2) in the situation that the actual attributable profits of Shining Time meet the Profit Targets, Cosmicfield is entitled to transfer part or all of the Shining Time Shares owned by it to the Investor for the repayment of the outstanding amount of the Loan and interest thereon, and for such purpose, the valuation of the Shining Time Shares shall be calculated as follows:

A / B

where

A = RMB140,800,000

B = number of Shining Time Shares representing 18.92% of the issued share capital of Shining Time; and

- (3) in the situation that the actual attributable profit of Shining Time cannot meet the Profit Target for any year:
- (i) the Investor may choose to extend the Maturity Date for the outstanding amount of the Loan and interest thereon for a further period of not more than 36 months on the same terms and conditions as in the Loan Agreement.
 - (ii) whether or not the Maturity Date has been extended under paragraph 3(i) above, Cosmicfield may choose to transfer all the Shining Time Shares owned by it to the Investor for the repayment of the outstanding amount of the Loan and interest thereon, and for such purpose, the valuation of the Shining Time Shares shall be calculated as follows:

$$C \times 10 / D$$

where

C = consolidated net profit attributable to the equity holders of the more recent year of Shining Time

D = total number of shares issued by Shining Time, or

For the avoidance of doubt, in the event that Cosmicfield choose to repay any outstanding amount of the Loan by transferring shares to the Investor pursuant to paragraph (2) and (3) above, the aggregate repayment obligation of Cosmicfield to the Investor in respect of such outstanding amount shall not exceed the 18.92% held by Cosmicfield in Shining Time.

Cosmicfield may at any time before the Maturity Date prepay all or part of the Loan in amounts of not less than HK\$5,000,000 and in integral multiples of HK\$1,000,000, provided that Cosmicfield shall have given to the Investor not less than 7 Business Days' written notice of its intention to make such prepayment, specifying the amount of Loan to be prepaid and the proposed date of such prepayment, signed by the authorised person of Cosmicfield.

Maturity Date: The date falls on the expiry of a period of 36 months from the drawdown date, being the Completion Subsequent Date, or, if an extension thereto is agreed by the parties to the Loan Agreement in writing, such later date as may be so agreed by the parties to the Loan Agreement.

Use of proceeds: The proceeds of the Loan shall be advanced as a loan to Golden Metro and the burden of the loan between Cosmicfield and Golden Metro shall be novated to Shining Time and be settled by the allotment and issuance of the Cosmicfield Shares, representing 18.92% of the issued share capital of Shining Time, and such proceeds shall ultimately be used for the sole purpose of the Restructuring pursuant to the Restructuring Agreements.

The Loan Agreement contains other usual representations, warranties and undertakings given by Cosmicfield in favour of the Investor.

The Shareholders Agreement

The Investor, Golden Metro, Cosmicfield and Shining Time shall enter into the Shareholders Agreement on the Completion Subsequent Date to govern the future relationship of the Investor, Golden Metro and Cosmicfield as shareholders of Shining Time. Details of the Shareholders Agreement are as follows:

- Parties:**
- (a) the Investor
 - (b) Golden Metro
 - (c) Cosmicfield
 - (d) Shining Time

Board of directors: The number of directors of the board of Shining Time in office at any one time shall be seven (7). The Investor shall have the right to appoint and maintain in office and remove and replace (with or without cause) four (4) natural persons as directors and Golden Metro and Cosmicfield shall together have the right to appoint and maintain in office and remove and replace (with or without cause) three (3) natural persons as directors.

The directors to be appointed by the Investor on the one hand or Golden Metro and Cosmicfield together on the other shall be approved by the other party prior to their appointment (which approval shall not be unreasonably withheld or delayed).

The chairman shall be a director appointed by the Investor.

Management:

The Investor shall have the right to appoint the chief financial officer, or where applicable, the most senior financial and accounting staff of Shining Time. The chief financial officer, or where applicable, such most senior financial and accounting staff shall have the powers and duties empowered to him/her by and shall report to the board of directors.

Cosmicfield and Golden Metro shall have the right to appoint Mr. Yip Shing Fung as the chief executive officer and the right to appoint members of senior management (save for those senior financial personal to be nominated by the Investor as mentioned above) of Shining Time until 31 December 2018. If at any time on or before 31 December 2018, Cosmicfield and Golden Metro together cease to have any interest in the shareholding of Shining Time, Cosmicfield and Golden Metro shall no longer be entitled to such right of appointment. After 31 December 2018, for so long as Cosmicfield and Golden Metro together hold 20% or more of the shareholding of Shining Time, the Investor shall support and shall procure the directors appointed by it to support the appointment of Mr. Yip Shing Fung as the chief executive officer of Shining Time.

Reserved matters:

- (a) The following actions shall be determined exclusively by shareholders holding 75% or more of the then issued share capital of Shining Time:
- (i) making any change or amendment to the memorandum or articles of association, bylaws or other constitutional documents in the relevant jurisdiction of incorporation of any member of Shining Time Group;
 - (ii) making any composition or arrangement with any creditors of Shining Time Group, move for insolvency, receivership or administration or doing or permitting or suffering to be done any act or thing whereby any member of Shining Time Group may be wound up (whether voluntarily or compulsorily), save as otherwise expressly provided for in the Shareholders Agreement;
 - (iii) altering its accounting year end or changing its secretary, auditors or accounting policies and practices of any member of Shining Time Group;

- (iv) incurring any major capital expenditure and/or disposals of any assets by any member of Shining Time Group in excess of HK\$10,000,000 per transaction or in aggregate through a series of transactions of similar nature;
 - (v) incorporating any subsidiary or permit the disposals or dilution of its interest, directly or indirectly, in any subsidiary or acquisition and disposal of any business, major partnerships, joint ventures and company by any member of Shining Time Group;
 - (vi) entering into and termination of major contracts, arrangement or commitment which involves expenditure of any member of Shining Time Group in the excess of HK\$10,000,000 per transaction or in aggregate through a series of transactions of similar nature; and
 - (vii) creating any charges or any other Encumbrances on the shares of any member of Shining Time Group or obtaining or increasing bank borrowings by any member of Shining Time Group over HK\$10,000,000.
- (b) The following actions shall be determined exclusively by shareholders holding 85% or more of the then issued share capital of Shining Time:
- (i) making or agreeing to make any change to the authorised or issued share capital or registered capital (as the case may be) from time to time of any member of Shining Time Group or granting any option over or interest in, or issuing any instrument carrying rights of conversion into, any other security or share of any member of Shining Time Group or redeeming or purchasing any of its own shares or effecting any other re-organisation of its share capital or registered capital (as the case may be); and
 - (ii) varying, modifying or abrogating any of the rights attaching to any of the stocks of any member of Shining Time Group.

Further issue of new securities:

Unless Shining Time and its shareholders representing not less than 85% of the then total issued share capital of Shining Time otherwise agree, all new securities shall first be offered to the shareholders of Shining Time in proportion as nearly as possible to the numbers of shares held by them. Where a shareholder does not accept the offer in respect of all the new securities offered to it, the new securities not accepted under such offer shall be offered to the other shareholders in proportion that the total number of shares of each other shareholder that wishes to accept such offer bears to the aggregate shareholdings of all such accepting shareholders. Any new securities which have been offered to the shareholders and which have not been accepted shall be at the disposal of the board of directors who may allot, grant options over or otherwise issue or dispose of the same to such persons at a price per new security and on terms no more favourable to the offeree than those on which the same were offered to such shareholders.

Transfer of shares:

Co-sale Rights

In the event that the Investor shall propose to transfer, in one or more transactions, any share of Shining Time, to a third party, and no existing shareholder of Shining Time choose to exercise their respective Rights of First Refusal, the existing shareholders shall have the right and option, but not the obligation, to participate in such proposed transfer, at the same price and on the same terms and subject to the same conditions as the Investor on a pro rata basis.

Qualified IPO:

Commencing from the beginning of 2017 financial years, the parties to the Shareholders Agreement shall use their respective best endeavors to procure the listing of Shining Time on the Stock Exchange, provided that: (i) the valuation of Shining Time immediately before the proposed listing is not less than RMB833,280,000 (being twelve (12) times RMB62,000,000) with a compound annual growth rate of 20% starting from 1 January 2017; and (ii) the gross proceeds of the proposed listing shall be not less than HK\$248,640,000 (the “**Qualified IPO**”).

Conflict with articles:

If, at any time, any provisions of the articles of association of Shining Time conflict with any provision of the Shareholders Agreement, the provisions of the Shareholders Agreement shall prevail as between the shareholders of Shining Time. In such circumstances the shareholders of Shining Time shall procure that such modifications as are necessary are made to the articles of association of Shining Time.

INFORMATION RELATING TO THE PARTIES TO THE INVESTMENT AGREEMENT

Information relating to Cosmicfield, Golden Metro and the Management Team Members

Cosmicfield is an investment holding company and is owned as to wholly-owned by the Management Team Members.

Golden Metro is an investment holding company and is owned as to 68.6% by the Management Team Members.

Information relating to Shining Time Group

Shining Time is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. Immediately upon completion of the Restructuring and the Investment, the Company will indirectly hold 55% of the shareholding in Shining Time and Shining Time will become an indirect non-wholly owned subsidiary of the Company. Shining Time will through a number of investment holding companies, namely AYD HK, WFOE and Zhuhai Hungjian, indirectly wholly own Zhuhai AYD which is the franchisor of a leading franchise in mother-infant-children products retail business in Southern China with a regional network of over 800 self-operated and franchise retail stores operating under the “愛嬰島” brand name, mainly in Guangdong, Jiangsu and Zhejiang provinces.

The audited consolidated net asset value of Zhuhai AYD as at 30 June 2016 amounted to approximately RMB24.54 million, with total assets and liabilities of approximately RMB203.62 million and RMB179.08 million, respectively.

The audited consolidated financial results of Zhuhai AYD for the two years ended 31 December 2014 and 2015 are as follows:

	For the year ended	
	31 December	
	2014	2015
	RMB'000	RMB'000
Revenue	163,282	179,283
Net profit before tax	13,521	17,863
Net profit after tax	9,988	13,344

REASONS AND BENEFITS OF THE INVESTMENT

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

As disclosed in the circular of the Company dated 13 December 2016, the Group intends to expand its direct investment business to complement its core financial services business and the Group will initially focus on financial services, healthcare and mother-infant-children consumer sectors since they are complementary and offer significant opportunities for crossover synergies and enhance the overall value of the Group.

The Board is of the view that the Investment is in line with the Group's strategy to take advantage of synergistic and complementary direct investment opportunities in "mother-infant-children" sector. This investment is expected to generate demand for our business segments of the Group, especially on financial and medical services.

Having considered the reasons for and benefits of the Investment as mentioned above, the Directors are of the view that the terms of the Investment Agreement are fair and reasonable and the Investment is in the interest of the Company and the Shareholders as a whole. The Group is expected to satisfy the Investment with the proceeds from its proposed rights issue (RMB60,000,000 to be paid on Completion Date will be financed by external financing which will be repaid by the proceeds from the Rights Issue). For details of its proposed rights issue, please refer to the circular of the Company dated 13 December 2016.

THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Investment exceeds 5% but all of them are less than 25%, the Investment constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

Upon Completion, Shining Time will become an indirect non-wholly owned subsidiary of the Company, and each of Cosmicfield and Golden Metro will become a substantial shareholder, holding 18.92% and 26.08% of the shareholding respectively, of Shining Time. The provision of the Loan to Cosmicfield pursuant to the Loan Agreement will therefore constitute financial assistance and hence continuing connected transactions under the Listing Rules.

Since (i) each of Cosmicfield and Golden Metro is regarded as a connected person of the Company at subsidiary level; (ii) the Board (including all the independent non-executive Directors) has approved the transactions contemplated under the Loan Agreement; and (iii) the independent non-executive Directors have confirmed that the transactions contemplated under the Loan Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Loan Agreement are subject to the reporting and announcement requirements but are exempt from circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

As at the date of this announcement, none of the Directors have a material interest in the Loan Agreement, as such, none of them have abstained from voting on the Board resolution approving the Loan Agreement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2016 Attributable Profit”	the consolidated net profit attributable to the equity holders of Shining Time for the year ending 31 December 2016 and which is recorded in the 2016 Financial Statements
“2016 Financial Statements”	the pro forma financial statements of the Shining Time Group for the year ending 31 December 2016 as prepared by Shining Time in accordance with HKFRSs based on the assumptions and adjustments as set out in Investment Agreement and reviewed and confirmed the Independent Accountants
“2017 Attributable Profit”	the consolidated net profit attributable to the equity holders of Shining Time for the year ending 31 December 2017 and which is expected to be recorded under the 2017 Audited Accounts
“2017 Audited Account”	the audited financial statements of the Shining Time Group for the year ending 31 December 2017 as prepared in accordance with HKFRSs and by the Independent Accountants
“2018 Attributable Profit”	the consolidated net profit attributable to the equity holders of Shining Time for the year ending 31 December 2018 and which is expected to be recorded under the 2018 Audited Accounts
“2018 Audited Account”	the audited financial statements of the Shining Time Group for the year ending 31 December 2018 as prepared in accordance with HKFRSs and by the Independent Accountants
“Audited Accounts”	the audited financial statements of the Shining Time Group for the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016
“AYD HK”	AYD Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Shining Time immediately upon completion of the Investment and the Restructuring
“Business Day”	a day (other than a Saturday or Sunday) on which banks are generally open for banking business in Hong Kong
“BVI”	the British Virgin Islands

“Company”	Mason Financial Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange under stock code: 273
“Completion”	completion of the Investment in accordance to the terms and conditions of the Investment Agreement
“Completion Date”	such date to be specified by the Investor which shall be a Business Day and shall fall within five Business Days after all the Conditions have been fulfilled or waived, as the case may be, in accordance with the Investment Agreement or such other date as the parties to the Investment Agreement shall agree in writing
“Completion Subsequent Date”	the date falling on the Business Day immediately after two months of the Completion Date or such other date as the parties to the Investment Agreement shall agree in writing
“Conditions”	the conditions precedent to Completion as set out in the Investment Agreement, and “Condition” means any of them
“Cosmicfield”	Cosmicfield Investments Limited, a company incorporated in the BVI with limited liability
“Cosmicfield Shares”	the 1,892 Shining Time Shares allotted and issued to Cosmicfield on the Completion Date, representing 18.92% of the issued share capital of Shining Time immediately upon completion of the Restructuring and the Investment
“Directors”	the directors of the Company
“Golden Metro”	Golden Metro Investments Limited, a company incorporated in the BVI with limited liability
“Golden Metro Loan”	the loan in the amount of RMB409,200,000 (equivalent to HK\$458,304,000) to be granted to Golden Metro as part of the Investment which shall be drawn down by Golden Metro on the Completion Date and simultaneously be novated to Shining Time and settled by the allotment and issuance of the Investor Shares to the Investor by Shining Time at the Issue Price pursuant to the Investment Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards

“Independent Accountants”	an independent firm of accountants which is acceptable to the Investor and appointed by Shining Time for the purpose of reviewing the 2016 Financial Statements and preparing the 2017 Audited Accounts and the 2018 Audited Accounts
“Independent Third Party”	individual or company not connected with (within the meaning of the Listing Rules) the Company and its subsidiaries
“Investment”	the investment of an amount of RMB550,000,000 (equivalent to HK\$616,000,000) by the Investor pursuant to terms and conditions the Investment Agreement
“Investment Agreement”	the investment agreement dated 30 December 2016 entered into among the Investor, Golden Metro, Cosmicfield, Shining Time and the Management Team Members in relation to the Investment
“Investor”	Pioneer Leap Investments Limited, a company incorporated in Samoa with limited liability and a wholly-owned subsidiary of the Company
“Investor Shares”	the 5,500 Shining Time Shares allotted and issued to the Investor by Shining Time on the Completion Date, representing 55% of the issued share capital of Shining Time immediately upon completion of the Restructuring and the Investment
“Issue Price”	the Issue Price of RMB74,400 (equivalent to HK\$83,328) per Shining Time Share
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“Loan”	the term loan facility of the principal amount of RMB140,800,000 (equivalent to HK\$157,696,000) to be granted by the Investor to Cosmicfield as part of the Investment on and subject to the terms and conditions of the Loan Agreement
“Loan Agreement”	the loan agreement to be entered into among the Investor, Cosmicfield and Golden Metro in relation to the Loan on the Completion Subsequent Date
“Long Stop Date”	31 March 2017 or such other date as the parties to the Investment Agreement may agree in writing
“Management Team Members”	Mr. Yip Shing Fung, Mr. Ye Faduan, Mr. Ye Fachao, Mr. Lin Han and Ms. Gao Qin

“PRC”	the People’s Republic of China, for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan
“PRC Legal Advisors”	Jingtian and Gongcheng, the PRC legal advisors to the Investor as to the PRC laws
“PRC Legal Opinion”	the PRC legal opinion to be issued by the PRC Legal Advisors relating to the Restructuring and the Shining Time Group
“Profit Targets”	the consolidated net profit attributable to the equity holders of Shining Time of RMB85,000,000 and RMB120,000,000 for the years ending 31 December 2017 and 2018 respectively based on the audited financial statements of the Shining Time Group for the relevant year as prepared by Independent Accountants
“RMB”	Renminbi, the lawful currency of the PRC
“Restructuring”	the restructuring pursuant to the Restructuring Agreements
“Restructuring Agreements”	the agreements in relation to the Restructuring
“Shares”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders Agreement”	the shareholders agreement to be entered into among the Investor, Golden Metro, Cosmicfield and Shining Time in relation to Shining Time on the Completion Subsequent Date
“Shining Time”	Shining Time Holdings Limited, a company incorporated in the BVI with limited liability
“Shining Time Group”	Shining Time and its subsidiaries upon completion of the Restructuring
“Shining Time Share(s)”	the share(s) of US\$1.00 each in the share capital of Shining Time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WFOE”	珠海市健優實業有限公司 (Zhuhai Jianyiu Industry Limited*), a wholly-foreign owned enterprise established in the PRC with limited liability and a wholly-owned subsidiary of AYD HK

“Zhuhai AYD”	珠海市愛嬰島商貿連鎖有限公司 (Aiyingdao Zhuhai Business Chain Limited*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Zhuhai Hungjian and an indirectly wholly-owned subsidiary of Shining Time upon completion of the Investment and Restructuring
“Zhuhai Hungjian”	珠海市鴻健商務有限公司 (Zhuhai Hungjian Commerce Limited*), a company established in the PRC with limited liability and a wholly-owned subsidiary of WFOE
“%”	per cent

* the English name is translation of the official Chinese name for identification purpose only

For the purpose of illustration only and unless otherwise stated, conversions of RMB into HK\$ in this announcement are based on the exchange rate of RMB1 to HK\$1.12. Such conversions should not be construed as a representation that any amount has been, could have been, or may be, exchanged at these or any other rates.

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

Hong Kong, 30 December 2016

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

Executive Directors:

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

Mr. Chang Tat Joel

Mr. Man Wai Chuen

Ms. Lui Choi Yiu, Angela

Non-executive Directors:

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

Ms. Hui Mei Mei, Carol

Independent Non-executive Directors:

Mr. Lam Yiu Kin

Mr. Yuen Kwok On

Mr. Tian Ren Can