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ASX Announcements
4th Floor
20 Bridge Street
Sydney, NSW. 2000

MEJORITY ENTERS AGREEMENT TO SELL HONG KONG SUBSIDIARY

Mejority Capital Limited (ASX: "MJC") has entered into a Memorandum of Understanding ("MOU") to sell its interest in MEJority Securities Limited of Hong Kong ("MJS"). MJS is a 100% owned operating subsidiary of MJC, operating in financial services in Hong Kong with Type 1, 4 and 9 licenses.

The purchaser of MJS is Global Group International Holdings Limited (**Global**) of Hong Kong. The Global Group has diverse interests across a wide range of sectors. Originally specialising in financing high-yield technology companies, the company has evolved since its creation in 1997 and is now active in private equity, venture capital, angel investments, financial and corporate services in sectors including, but not limited to, banking, biomedical, education, energy, media and entertainment, mining, and property development. Additionally Global offer private equity, venture capital, angel investments, financial services, asset management, overseas exchange introduction for businesses, private placements and management and strategic consultancy services.

The purchase remains subject to a 30 day due diligence period by Global and approval of the sale by regulatory bodies, most specifically the HK Securities and Futures Commission ("HK SFC"). This is anticipated within 2 months following the due diligence period.

The terms of acquisition are as follows:

- A non-refundable deposit of HKD1,100,000 on signing of the MOU and commencement of Due Diligence – this has been paid.
- A payment of HKD9,900,000 being a gross payment from which sales commissions to business brokers involved with the transaction will be deducted; and
- The refund of HKD3,600,000 which is on deposit in Hong Kong securing the Company's financial obligations with the HK SFC.

Hence the total cash returned to MJC is in the order of A\$2,200,000. It is anticipated that the transaction will settle before the end of the 1st quarter of 2017.

MJC acquired MJS in May of 2016 as part of its cross over strategy between Australia and Hong Kong as a conduit into the Chinese capital markets. The strategy has suffered due in part to a tightening of capital outflows from China and MJC struggling to control the costs of the business. It believes the sale outcome provides a reasonable return to shareholders, stems losses that were occurring, and allows

MJC to continue its strategy as it will retain a close co-operation with the incoming Global Group that will provide it with similar access to the Chinese capital markets. The co-operation agreement with Global will also afford MJC the opportunity to utilize the existing infrastructure to service existing Hong Kong and Chinese clients, whilst maintaining the company's overall Asian strategy in a more cost effective manner.

The Company continues with its core day to day operations under its existing AFSL, which comprise:

- provision of financial advice and trading services to retail and wholesale clients. This is currently the Company's major source of income;
- strategic corporate advice to a select group of companies; and
- licensing services, where it has external corporate authorised representatives that operate under its AFSL for which it earns fee revenue.

The Company maintains offices on the Gold Coast and Sydney where it currently has 6 advisers. It is seeking to expand its office locations to other major Australian cities and to employ additional advisers.

MJC is also seeking to expand and diversify its revenue stream and to that end has recently appointed four Corporate Authorised Representatives ("CAR") who add to the Company's revenue stream. The Company is in discussion with other CAR's whom it hopes will materialise into formal commercial agreements through the next quarter. This area of business will be a key focus for the Australian operations in 2017.

The Company expects the combination of the above two revenue streams will see an increase in operational revenues from that reported at 30 June 2016.

The company is also in late stage negotiations with a potential partner to its Australian operations and is hopeful of advising the market in the coming months regarding this opportunity. This potential transaction remains under confidentiality and cannot be commented on further until the transaction is consummated.

The Company also wishes to confirm that a historical revenue stream through Bridge Global Asset Management Limited of Cayman Islands has ceased. It was anticipated to be a significant part of the Company's ongoing revenue stream, and was written up as such in the Company's prospectus. However the clients of BGAM, who were unknown to MJC, withdrew their funds and BGAM has effectively been liquidated. MJC's only role in this funds management business was a back office management function.

As part of its ongoing activities in the financial services industry MJC is setting up new funds management platforms and anticipates being able to announce new arrangements in this area in the near future. It is expected that this will then provide a third regular revenue stream to the company.

The Company has previously provided corporate advice and earned corporate fees for the same. This area of the company's business has diminished as it has concentrated on the acquisition – and now sale – of

MJS. MJC will seek to increase this area of its business, though fees from corporate advice are “lumpier” and less predictable.

Mejority Capital’s CEO, Neil Sheather, said today that: *“We are disappointed that we could not make the Hong Kong office work for us, but are comfortable with the outcome that provides us with the same serviceability of our clients through a more experienced operator in the Hong Kong market. It also provides the Company with capital which will assist our expansion plans within Australia.”*

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For further information:

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