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MASON GROUP HOLDINGS LIMITED

茂宸集團控股有限公司

(Formerly known as Mason Financial Holdings Limited 民信金控有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock code: 273)

CHANGE IN USE OF PROCEEDS FROM RIGHTS ISSUE

References are made to the announcement, the circular and the prospectus (the “**Prospectus**”) issued by Mason Group Holdings Limited (the “**Company**”) on 28 October 2016, 13 December 2016 and 13 January 2017, respectively, in relation to, among other things, the Rights Issue. Unless otherwise defined, all capitalised terms used herein shall have the respective meanings ascribed to them in the Prospectus.

As disclosed in the Prospectus, the Group intended to apply the net proceeds from the Rights Issue of approximately HK\$2,840 million (the “**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 (“**Financial Services**”);
- (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; and
- (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 with mother-infant-child sector (“**Direct Investment**”).

Please refer to the section headed “Reasons for the Rights Issue and Use of Proceeds — Intended Use of Proceeds from the Rights Issue” of the Prospectus for further details of the intended use of proceeds from the Rights Issue.

References are also made to the announcements of the Company dated 4 July 2017 (the “**4 July Announcement**”) and 18 August 2017, respectively, in relation to the proposed acquisition by the Group of 75% of the issued capital of Blend and Pack Pty Ltd, one of the major independent infant formula manufacturers in Australia (the “**B&P Acquisition**”). As disclosed in the 4 July Announcement, pursuant to the terms of the relevant acquisition agreement, the proportionate aggregate consideration of the B&P Acquisition payable by the Group shall be AUD75,000,000 (equivalent to HK\$468,750,000 and subject to adjustments).

DIRECT INVESTMENT

As disclosed in the Prospectus with respect to the abovementioned use of approximately HK\$1,000 million for Direct Investment, it was disclosed in the announcement of the Company dated 30 December 2016 that the Company, through its subsidiary, entered into an investment agreement (the “**Investment Agreement**”) in the amount of RMB550,000,000 (equivalent to approximately HK\$616,000,000) for, amongst others, the acquisition of certain interest in a franchisor of a leading franchise in mother-infant-child products business in Southern China operating under the “愛嬰島” brand name (the “**AYD Acquisition**”). The investment amount made by the Group pursuant to the Investment Agreement was comprised of and paid in two parts: (i) the consideration for the AYD Acquisition in the amount of RMB409,200,000 (equivalent to HK\$458,304,000); and (ii) the loan in the amount of RMB140,800,000 (equivalent to HK\$157,696,000) advanced to Cosmicfield Investments Limited, which is wholly owned by the management team members of the franchisor, under the Investment Agreement (the “**AYD Loan**”). Please refer to the announcement of the Company dated 30 December 2016 for further details of the Investment Agreement.

As the provision of the AYD Loan is classified as part of the leverage and acquisition financing business of the Group, the AYD Loan was paid out of the HK\$500,000,000 of the Net Proceeds which was allocated for leverage and acquisition financing under the category of Financial Services.

In light of the above, after the payment of:

- (i) the consideration of RMB409,200,000 (equivalent to approximately HK\$456,794,000 based on the exchange rate of RMB1 to HK1.1163 on the payment date) for the AYD Acquisition and the related expenses of approximately HK\$4,100,000; and
- (ii) the partial consideration of HK\$200,000,000 for the acquisition of certain interest in a molecular diagnostics business as disclosed in the announcement of the Company dated 30 December 2016,

the remaining balance of the Net Proceeds allocated to the category of Direct Investment, including the Net Proceeds of HK\$100,000,000 reserved for the other projects that the Group is in preliminary discussion which has not yet been deployed as at the date of this announcement, shall be HK\$339,106,000. The Group intends to apply such balance towards the payment of consideration for the B&P Acquisition, which is the latest direct investment project in the healthcare sector in connection with the mother-infant-child related business proposed to be carried out by the Group.

FINANCIAL SERVICES

As disclosed in the Prospectus with respect to the abovementioned use of approximately HK\$1,000 million for Financial Services, the Group intended to develop, through its subsidiary, Thomas Global Financial Services Limited (formerly known as Thomas Securities Company Limited), a full online discounted brokerage services to the retail clients, institutional clients and brokers and dealers with equity products and futures execution. In order to support the launch of such equities and futures execution services, the Group intended 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 “**Online Services Project**”). Upon further review and assessment of the Online Services Project by the Board, taking into account the timing for implementation of the Online Services Project and the current business/investment circumstance of the Group including the rare investment opportunity in the B&P Acquisition, the Board has resolved to shelve the Online Services Project for the time being and reallocate the HK\$150 million of the Net Proceeds originally allocated for the development of the Online Services Project for the B&P Acquisition and the related expenses instead, which the Board considers to be better utilization of such amount of the Net Proceeds.

As at the date of this announcement, apart from the reallocations as disclosed above, the other proposed use of the Net Proceeds remains unchanged.

Having considered the impact of the proposed change in the use of the Net Proceeds on the Group’s business, the Board is of the view that the new allocation of the Net Proceeds will meet the Group’s business and operational needs more effectively in line with the Group’s latest business development. The Board considers that the proposed change in the use of the Net Proceeds will not have any material adverse effect on the existing business and operation of the Group and is in the best interests of the Company and its shareholders as a whole.

For the purpose of illustration only and unless otherwise stated, conversions of AUD into HK\$ in this announcement are based on the exchange rate of AUD1 to HK\$6.25. Such conversions should not be construed as representation that any amount has been, could have been, or may be, exchanged at these or any other rates.

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 representation that any amount has been, could have been, or may be, exchanged at these or any other rates.

On behalf of the Board
Mason Group Holdings Limited
Ko Po Ming
Joint Chairman and Chief Executive Officer

Hong Kong, 8 September 2017

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

Ms. Lui Choi Yiu, Angela

Ms. Fu Yau Ching Shirley

Non-executive Directors:

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

Ms. Hui Mei Mei, Carol

Independent Non-executive Directors:

Mr. Tian Ren Can

Ms. Kan Lai Kuen, Alice

Mr. Chen Wai Chung Edmund