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MASON GROUP HOLDINGS LIMITED

茂宸集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 273)

SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Reference is made to the annual report of Mason Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2018 (the “**2018 Annual Report**”) and the announcement of the Company dated 8 September 2017 (the “**Announcement**”). Unless otherwise defined, terms used herein shall bear the same meanings as defined in the 2018 Annual Report and the Announcement.

Reference is also made to the paragraph headed “Use of Proceeds” in the section headed “Management Discussion and Analysis” of the 2018 Annual Report. The Board wishes to supplement with the following information.

The net proceeds of the Rights Issue (the “**Net Proceeds**”) were approximately HK\$2,840 million and the table below sets out the use of the Net Proceeds:

Intended use of the Net Proceeds	Notes	Net proceeds HK\$	in HK\$			
			Actual application for the year ended 31 December 2017 HK\$	Un-utilised amount as at 31 December 2017 HK\$	Actual application for the year ended 31 December 2018 HK\$	Un-utilised amount as at 31 December 2018 HK\$
(i) Financial Services						
(a) upgrading IT system, stocks and futures internet trading platform for securities and futures trading, and internal control system	1	40,000,000	18,000,000	22,000,000	8,230,000	13,770,000
(b) providing a full online discounted brokerage services to clients, brokers and dealers	2	600,000	575,000	25,000	25,000	—
(c) setting up and marketing trading platform, developing the securities and brokerage services and margin financing business and the working capital	3	310,000,000	149,000,000	161,000,000	161,000,000	—
(d) Expanding leverage and acquisition financing business	4	500,000,000	441,000,000	59,000,000	59,000,000	—

		in HK\$				
Intended use of the Net Proceeds	Notes	Net proceeds HK\$	Actual application for the year ended 31 December 2017 HK\$	Un-utilised amount as at 31 December 2017 HK\$	Actual application for the year ended 31 December 2018 HK\$	Un-utilised amount as at 31 December 2018 HK\$
(ii) Asset management, wealth management and money lending business						
(a) Acquiring a controlling stake in Mason Privatbank Liechtenstein AG (formerly known as Raiffeisen Privatbank Liechtenstein AG) and Harris Fraser Group Limited and its subsidiaries	5	700,000,000	—	700,000,000	700,000,000	—
(b) Increasing capital base of Mason Resources Finance Limited to develop its money lending business		140,000,000	140,000,000	—	—	—
(iii) Direct investment						
(a) Acquiring AYD Group Limited which specialises in mother-infant-children care products in the PRC		461,000,000	461,000,000	—	—	—
(b) Acquiring Pangenica Inc, a molecular diagnostics in Hong Kong which provides pre-natal and oncology related genetic diagnostics services		200,000,000	200,000,000	—	—	—
(c) Acquiring Blend and Pack Pty. Ltd., an infant formula and nutritional products manufacturing business, and other direct investment projects	6	488,400,000	481,000,000	7,400,000	7,400,000	—
Total		<u>2,840,000,000</u>	<u>1,890,575,000</u>	<u>949,425,000</u>	<u>935,655,000</u>	<u>13,770,000</u>

Notes:

- During 2018, the Group utilised HK\$8,230,000 as intended. The Group expects to invest the remaining proceeds in 2019 to upgrade its IT system, stocks and futures internet trading platform for securities and futures trading, and internal control system.
- As disclosed in the Announcement, the Company suspended the Online Services Project for the time being and reallocated the remaining proceeds of approximately HK\$149.4 million of the Net Proceeds originally allocated for the development of the Online Services Project for the acquisition of Blend and Pack Pty. Ltd. The remaining net proceeds of HK\$25,000 was used for the rental of the new branch office in Sheung Shui during 2018.
- The Group utilized approximately HK\$161,000,000 as intended for the purpose of granting facilities to existing and new margin clients during 2018.
- The Group utilized approximately HK\$59,000,000 as intended for the purpose of granting a loan to an independent third party borrower during 2018.

- 5 The Group utilized approximately HK\$566,559,000 as intended in relation to the acquisition of the entire issued share capital of Mason Privatbank Liechtenstein AG (formally known as Raiffeisen Privatbank Liechtenstein AG) and approximately HK\$131,679,000 as intended in relation to the acquisition of the entire issued share capital of HFG Group. The remaining proceeds of HK\$1,492,000 was utilized to develop the Group's asset and wealth management business for setting up platforms, systems and building up clients and products network.
- 6 In 2017 and 2018, the Group utilised HK\$481,000,000 and HK\$391,000, respectively, as intended in relation to the acquisition of Blend and Pack Pty. During 2018, the Group utilised the remaining proceeds of HK\$7,009,000 in other direct investments in healthcare/medical services businesses.

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

Hong Kong, 4 September 2019

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

Executive Directors:

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

Mr. Chang Tat Joel

Ms. Lui Choi Yiu, Angela

Ms. Fu Yau Ching, Shirley

Mr. Cao Lu

Non-executive Director:

Ms. Hui Mei Mei, Carol

Independent Non-executive Directors:

Mr. Tian Ren Can

Ms. Kan Lai Kuen, Alice

Mr. Chen Wai Chung, Edmund

Mr. Wang Cong