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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)

DISCLOSEABLE TRANSACTION ENTERING INTO THE SHARE EXCHANGE AND TERMINATION AGREEMENT

INTRODUCTION

Reference is made to the Announcement in relation to, among others, the issue of the Preferred Shares by Mason Healthcare to the Investor. Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in the Announcement.

On 13 May 2020, the Company, Mason Healthcare and the Investor entered into the Share Exchange and Termination Agreement, pursuant to which (i) Wealth Infinity agreed to transfer the Exchange Shares to the Investor in an aggregate amount of US\$23.0 million (equivalent to approximately HK\$179.4 million); (ii) the Investor agreed to transfer the Preferred Shares to Mason International in an aggregate amount of approximately US\$21.5 million (equivalent to approximately HK\$167.7 million) and pay a cash consideration of approximately US\$1.5 million (equivalent to approximately HK\$11.7 million) to Mason Healthcare; and (iii) the Parties agreed to terminate the 2018 Preferred Shares Agreement.

IMPLICATION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios as defined under the Listing Rules in relation to the Transaction contemplated under the Share Exchange and Termination Agreement exceeds 5% and is below 25%, the Transaction contemplated under the Share Exchange and Termination Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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THE SHARE EXCHANGE AND TERMINATION AGREEMENT

Date: 13 May 2020

Parties:

1. The Company;
2. Mason Healthcare; and
3. The Investor

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Investor and its beneficial owner(s) are third parties independent of the Company and its connected persons.

Subject matter

Under the Share Exchange and Termination Agreement, the Investor agreed to transfer the Preferred Shares to Mason International in an aggregate amount of US\$21.5 million (equivalent to approximately HK\$167.7 million) and pay a cash consideration of approximately US\$1.5 million (equivalent to approximately HK\$11.7 million) to Mason Healthcare and Wealth Infinity agreed to transfer the Exchange Shares to the Investor in an aggregate amount of US\$23.0 million (equivalent to approximately HK\$179.4 million).

Basis of considerations and payment terms

The consideration of the Exchange Shares of US\$23.0 million (equivalent to approximately HK\$179.4 million) was determined after arm's length negotiations between Mason Healthcare and the Investor with reference to (i) the investment cost of approximately US\$21.6 million (equivalent to approximately HK\$168.5 million) paid by Wealth Infinity to TT Holdings to subscribe for the Exchange Shares in 2018; (ii) transaction costs incurred by Mason Healthcare to acquire the Exchange Shares; and (iii) other factors applicable.

On the other hand, the consideration of the Preferred Shares of approximately US\$21.5 million (equivalent to approximately HK\$167.7 million) was determined according to the term as stated in the 2018 Preferred Shares Agreement that included (i) the aggregate

subscription price of US\$20.0 million (equivalent to approximately HK\$156.0 million) on the Preferred Shares paid by the Investor to Mason Healthcare; (ii) accrued cash dividend of approximately US\$0.2 million (equivalent to approximately HK\$1.6 million) payable to the Investor by Mason Healthcare; and (iii) interest of approximately US\$1.3 million (equivalent to approximately HK\$10.1 million) accrued for the period between the date of the 2018 Preferred Shares Agreement and the date of the Share Exchange and Termination Agreement.

The net amount of approximately US\$1.5 million (equivalent to approximately HK\$11.7 million) between the aggregate value of the Exchange Shares and the aggregate value of the Preferred Shares shall be settled by the Investor to Mason Healthcare in cash at Exchange Completion. Exchange Completion shall take place immediately after the Share Exchange and Termination Agreement is signed.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Having considered the economic uncertainties associated with the economic slowdown in Hong Kong and in the world, social movements in Hong Kong and the outbreak of Coronavirus Disease, the Group believes that the disposal of the Exchange Shares allows the Group to recoup funds through asset restructuring in order to optimize its capital allocation, consolidate its core business with competitive advantages and strengthen the Group's overall ability to control risks, which are in line with the business strategies of the Group as stated in the annual report of the Company for the year ended 31 December 2019.

The Directors consider that the terms of the Share Exchange and Termination Agreement have been determined after arm's length negotiations between the Parties and are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

(i) Information on the Investor

The Investor is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. It is a wholly-owned subsidiary of NWS Holdings Limited, a company listed on the Stock Exchange (Stock Code: 659).

(ii) Information of the Group and Mason Healthcare

The Group principally provides comprehensive financial services in Mainland China, Japan, South Korea and Europe, with businesses covering private banking, wealth and asset management, securities and futures brokerage, securities margin financing, corporate finance advisory services, investment in securities trading and money lending. The Group also invests in healthcare sector and mother-infant-child consumer products sector and engages in trading of securities.

Mason Healthcare is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding. Immediately before the Exchange Completion, Mason Healthcare indirectly holds 33,955 ordinary shares of TT Holdings, representing approximately 34.0% interest of TT Holdings.

(iii) Information of TT Holdings

TT Holdings is principally engaged in investment holding business and indirectly owns the issued shares of Genea with an effective interest of approximately 55.2% of issued shares of Genea. As at the date of this announcement, Genea is engaged in providing a comprehensive range of integrated assisted reproductive technology (“**ART**”) services, including in-vitro fertilization (“**IVF**”), egg and embryo freezing, genetic testing, sperm bank, day surgeries and pathology in Australia, Thailand and New Zealand. Genea also provides, under the brand name of Genea Biomedx, technologically advanced and innovative medical devices, consumables and software that pioneer concepts of self-learning artificial intelligence in this area of science and help automate and standardise the ART process for embryologists and practitioners at IVF laboratories and fertility clinics.

Set out below are the financial information of the TT Holdings together with its subsidiaries (the “**TT Holdings Group**”) for the two years ended 31 December 2018 and 31 December 2019:

	For the year ended 31 December 2019	For the period from incorporation date to 31 December 2018
	<i>AU\$’000</i> (unaudited)	<i>AU\$’000</i> (unaudited)
Revenue	90,218	43
Gross profit	65,037	21
Loss before taxation	7,254	4,409
Net loss	8,354	4,282

As at 31 December 2019, the total assets and net assets of TT Holdings Group were approximately AU\$310.5 million (equivalent to approximately HK\$1,573.8 million) and AU\$161.5 million (equivalent to approximately HK\$818.6 million) respectively.

FINANCIAL EFFECT TO THE TRANSACTION

As at 31 December 2019, the carrying amount of our investment in TT Holdings was amounted to approximately HK\$150.1 million, and the liability arising from the Preferred Shares was amounted to approximately HK\$152.8 million, upon the Exchange Completion, the Group will recognise a net gain of approximately HK\$14.5 million. The net proceeds from the Transaction of approximately HK\$11.8 million will be used for general working capital purpose.

The Company had a preliminary discussion with the auditors of the Group and the actual result to be recorded by the Group is subject to their review after the Exchange Completion. The Company currently does not expect any material change in the result of the Exchange Completion.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as defined under the Listing Rules in relation to the Transaction contemplated under the Share Exchange and Termination Agreement exceeds 5% and is below 25%, the Transaction contemplated under the Share Exchange and Termination Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“2018 Preferred Shares Agreement”	the agreement dated 24 October 2018 entered into between the Company, Mason Healthcare and the Investor in relation to the issue of the Preferred Shares
“Announcement”	the announcement of the Company dated 24 October 2018
“Exchange Shares”	the 33,955 shares of TT Holdings
“Exchange Completion”	completion of the Share Exchange and Termination Agreement
“Mason International”	Mason International Group Limited, an indirect wholly-owned subsidiary of the Company incorporated in the Cayman Islands with limited liability
“Parties”	the Company, Mason Healthcare and the Investor
“Share Exchange and Termination Agreement”	The share exchange and termination agreement dated 13 May 2020 entered into between the Company, Mason Healthcare and the Investor in relation to, among others, the transfer of the Preferred Shares and the Exchange Shares and the termination of the 2018 Preferred Shares Agreement
“Transaction”	The transfer of the Preferred Shares and the Exchange Shares and the termination of the 2018 Preferred Shares Agreement
“TT Holdings”	TT Holdings Limited, a company incorporated in the Cayman Islands with limited liability
“Wealth Infinity”	Wealth Infinity Global Limited, a company incorporated in the British Virgin Islands with limited liability

For the purpose of this announcement, conversion of US\$ into HK\$ and AU\$1 into HK\$ are based on the approximate exchange rate of US\$1 to HK\$7.8 and AU\$1 to HK\$5.0686. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount in HK\$, US\$ or AU\$ has been, could have been or may be converted at such or any other rate or at all.

By Order of the Board
Mason Group Holdings Limited
Han Ruixia
Executive Director and Deputy Chief Executive Officer

Hong Kong, 13 May 2020

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

Executive Directors:

Ms. Han Ruixia
Mr. Zhang Zhenyi

Non-executive Director:

Ms. Hui Mei Mei, Carol

Independent Non-executive Directors:

Mr. Tian Ren Can
Mr. Wang Cong
Mr. Wu Xu'an
Mr. Ng Yu Yuet