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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
DISPOSAL OF ENTIRE EQUITY INTEREST IN A SUBSIDIARY**

THE DISPOSAL

The Board announces that on 26 February 2021, the Vendor, an indirect wholly owned subsidiary of the Company, and the Purchaser entered into the Share Purchase Agreement, pursuant to which the Vendor agreed to sell to the Purchaser, and the Purchaser agreed to acquire from the Vendor, the Sale Shares at the Consideration of HK\$268,000,000 in cash. Completion has taken place on the date of the Share Purchase Agreement.

LISTING RULES IMPLICATION

Given that one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE SHARE PURCHASE AGREEMENT

Date:	26 February 2021
Parties:	(1) The Vendor; and (2) The Purchaser
Assets to be disposed of:	The Sale Shares, representing approximately 64.85% of the equity interest in the Target Company, held by the Vendor
Consideration:	The Consideration of HK\$268,000,000 shall be paid in cash by the Purchaser to the Vendor on the date of the Share Purchase Agreement
Condition:	The Disposal is not subject to any conditions precedent and Completion has taken place on the date of the Share Purchase Agreement
Completion:	Completion has taken place on the date of the Share Purchase Agreement

INFORMATION OF THE PARTIES

(i) The Target Company

The Target Company is an indirect non-wholly owned subsidiary of the Company. It is a limited company incorporated under the laws of British Virgin Islands and is an investment holding company. Immediately before the Disposal, the Vendor holds approximately 64.85% of the equity interest in the Target Company. After the Disposal, the Target Company will cease to be an indirect non-wholly owned subsidiary of the Company and the Group will cease to have any interests in the Target Company.

The Target Company holds approximately 46.71% of the equity interest in TWCG and 100% of the equity interest in TWCG Cayman. TWCG has six (6) wholly owned subsidiaries and one (1) non-wholly owned subsidiary incorporated in Hong Kong and one (1) wholly owned subsidiary incorporated in the British Virgin Islands, which are principally engaged in the business of, among others, (a) provision of obstetrics and gynaecology clinical services, (b) medical check and consultation, operation for collection and embryo test for in vitro fertilisation, and (c) operation of laboratory for blood tests, hormone tests and sperm washing. TWCG Cayman has no operation of business and is expected to be struck off from the Registrar of Companies in the Cayman Islands on or around 31 March 2021.

The unaudited consolidated net profit/(loss) before and after taxation of the Target Company for the two financial years ended 31 December 2019 and 31 December 2020 were as follows:

	For the financial year ended 31 December 2020 (HK\$)	For the financial year ended 31 December 2019 (HK\$)
Net profit/(loss) before and after taxation	17,001,000	(22,469,000)

The unaudited consolidated net asset value of the Target Company as at 31 December 2020 was approximately HK\$570,981,000.

(ii) The Group

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.

(iii) The Vendor

The Vendor is an indirect wholly owned subsidiary of the Company. It is an exempted company with limited liability incorporated under the laws of the Cayman Islands and is an investment holding company. Immediately before the Disposal, the Vendor holds approximately 64.85% of the equity interest in the Target Company.

(iv) The Purchaser

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. It is wholly owned by Lunar Global Fertility Platform L.P., a limited partnership established in the Cayman Islands which is advised by Lunar Capital Management Limited, an investment advisory firm licensed by the SFC to carry out Type 4 (advising on securities) regulated activity under the SFO.

To the best of the Board's knowledge, information and belief, having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

BASIS OF CONSIDERATION

The Consideration was determined after arm's length negotiations between the parties to the Share Purchase Agreement with reference to, among others, (i) the financial position, the asset value and the historical financial performance of the Target Company; (ii) the positive investment return from the perspective of cash flow since the Group's acquisition of TWCGL in 2016; and (iii) the business prospect of the Target Company. The Board consider the Consideration to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

REASONS AND BENEFITS FOR THE DISPOSAL AND USE OF PROCEEDS

In light of the economic uncertainties associated with the economic downturn in Hong Kong and around the world due to the Coronavirus Disease 2019 (Covid-19) outbreak, the financial performance of the Target Company has been adversely impacted. Given the continued adverse impact of the Covid-19 outbreak, the prospect of the Target Company is uncertain. The Group believes that the Disposal allows the recoup of funds through asset restructuring to optimize its capital allocation, thereby strengthening the Group's overall ability to control risks.

The Board consider that the terms of the Disposal have been determined at arm's length negotiations between the parties to the Share Purchase Agreement and are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The net proceeds from the Disposal of approximately HK\$268,000,000 will be used for general working capital of the Group.

FINANCIAL IMPACT OF THE DISPOSAL

As at 31 December 2020, the unaudited carrying amount of the Group's investment in the Target Company amounted to approximately HK\$370,721,000. Upon the Completion, the Group expects to recognise a loss of approximately HK\$102,721,000 and the actual loss is subject to the review of the Company's auditors.

The Group does not expect any material change in financial position as a result of the Disposal.

LISTING RULES IMPLICATION

Given that one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	The board of directors of the Company
“Company”	Mason Group Holdings Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal in accordance with the Share Purchase Agreement
“Consideration”	HK\$268,000,000, being the consideration payable by the Purchaser to Vendor under the Share Purchase Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal by the Vendor of the Sale Shares subject to and upon the terms and conditions of the Share Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the Peoples’ Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Tongsheng International Enterprise Limited (同勝國際企業有限公司), a limited company incorporated under the laws of the British Virgin Islands
“Sale Shares”	648,538 fully paid shares in the Target Company, representing approximately 64.85% of the issued share capital of the Target Company as at the date of the Share Purchase Agreement
“SFC”	The Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Cap. 571)
“Share Purchase Agreement”	the share purchase agreement dated 26 February 2021 in relation to the Disposal entered into between the Vendor and the Purchaser
“Shareholders”	shareholder(s) of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Mason Reproductive Technology Limited (茂宸生殖科技有限公司), a limited company incorporated under the laws of the British Virgin Islands
“TWCG Cayman”	The Women’s Clinic Group Holdings Limited (寶德醫務集團控股有限公司), an exempted company with limited liability incorporated under the laws of Cayman Islands
“TWCGL”	The Women’s Clinic Group Limited (寶德醫務集團有限公司), a limited company incorporated under the laws of British Virgin Islands
“Vendor”	Mason Healthcare Group Limited (茂宸醫療集團有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands

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

Hong Kong, 26 February 2021

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