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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)

SUPPLEMENTAL ANNOUNCEMENT

IN RELATION TO DISCLOSEABLE TRANSACTION ACQUISITION OF 75% OF THE ISSUED CAPITAL OF BLEND AND PACK PTY LTD

Reference is made to the announcement (the “**Announcement**”) of the Company dated 4 July 2017 in relation to the Acquisition. Defined terms used in the Announcement have the same meanings in this announcement.

The Company would like to provide Shareholders with further information in relation to the Acquisition.

FURTHER INFORMATION ON THE PARTIES TO THE AGREEMENT

(i) Mason Food

As at the date of the Agreement and the date of this announcement, Mason Food was, and is, 100% beneficially owned by the Company.

(ii) Wattle Health

As at the date of the Agreement, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of Wattle Health and its ultimate beneficial owners was a third party independent of the Company and connected persons of the Company.

As at the date of this announcement, except for the Company’s 0.68% interest in Wattle Health, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of Wattle Health and its ultimate beneficial owners is a third party independent of the Company and connected persons of the Company.

(iii) The Target Company

Based on the information provided by the Vendors, a trust structure was established in 2007 to manage and operate the business of the Target Company. The trustee of the trust was the Target Company. On 30 June 2016, the business of Target Company was changed into a corporate structure under the Target Company by transferring all the assets and liabilities of the trust to the Target Company. Except for the difference between the trust structure and the corporate structure, the daily management and operation of the business under the trust is the same as that under the corporate structure for the Target Company. Based on the information provided by the Vendors, for the two financial years ended 30 June 2015 and 30 June 2016 respectively, the trust did not engage in any other business other than the business of the Target Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the trust, the trustee and the beneficiaries of the trust (i.e. the Vendors) is a third party independent of the Company and its connected persons.

OBLIGATIONS OF THE GUARANTOR

Under the Agreement, the Guarantor has guaranteed to the Vendors the punctual performance by Mason Food of its obligations under:

- (i) the Agreement; and
- (ii) any order, award, judgment or decision which binds Mason Food relating to the Agreement,

including its obligation to pay money.

BASIS OF CONSIDERATION

The Company took a holistic view to determine the consideration of the Acquisition. In addition to the benefits of the Acquisition as stated in the section headed "REASONS AND BENEFITS OF THE ACQUISITION" of the Announcement, the Company has also considered the following factors:

(i) The business strategy of the Company's mother-infant-children landscape

The Group is principally engaged in the provision of health and wealth solutions in China and Hong Kong, with a strong focus on serving the growing mother-infant-children demographic in China. To further strengthen its strategy of creating a mother-infant-children ecosystem in China, the Company aims to create a vertically integrated supply and distribution value chain of exporting high quality and premium dairy and nutrition products from Australia to the China market. The Company considers the Acquisition as forming an integral part of such strategy of being a major producer and distributor of high quality dairy and nutrition produce.

(ii) Business prospect of infant formula market

The Company expects strong demand of high quality Australian-made infant formula from the PRC will continue driving the growth of infant formula manufacturing market in Australia.

(iii) Business plan of the Target Company

Based on the information provided by the Vendors, the Target Company's canning facility is currently utilized at approximately one-quarter of its maximum capacity. The Company expects that the utilization rate will increase based on (i) the contracts secured by the Target Company at the end of 2016; (ii) the Target Company benefitting from the CNCA accreditation; and (iii) the expected growth in demand from the PRC market.

(iv) Synergies to be created amongst the investment consortium

Through the Acquisition together with Wattle Health, the Company intends to create a vertically integrated supply and distribution value chain of exporting Australian high quality and premium dairy and nutrition products to the Chinese market. Synergies will be created through this vertically integrated value chain in terms of widening product range, eliminating intermediaries, enhancing effectiveness of sales and marketing effort and cross-selling opportunities.

(v) Market Comparables

Based on the projected adjusted EBITDA of the Target Company for the financial year ended 30 June 2017 provided by the Vendors, the Company estimated the EV/EBITDA multiple of the Target Company for the financial year ended 30 June 2017 and made reference to the EV/EBITDA multiples of dairy companies publicly listed in New Zealand, Australia and Canada.

The Directors considered that the consideration for the Acquisition was fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole.

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

Hong Kong, 18 August 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