茂宸集團
MASON GROUP

MASON GROUP HOLDINGS LIMITED
茂宸集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 273)

MAJOR TRANSACTION
ACQUISITION OF RAIFFEISEN PRIVATBANK LIECHTENSTEIN AG

THE ACQUISITION

On 18 October 2017 (after trading hours), the Purchaser, the Vendors and the Company (as guarantor) entered into the Agreement in relation to the Acquisition at a consideration of CHF58,600,000 (subject to adjustments).

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Acquisition exceeds 25% but all applicable percentage ratios are less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further information in respect of the Acquisition and other information as required by the Listing Rules, together with the notice convening the GM and the proxy form in respect of the GM will be despatched to the Shareholders.

THE ACQUISITION

On 18 October 2017 (after trading hours), the Purchaser, the Vendors and the Company (as guarantor) entered into the Agreement in relation to the Acquisition. The principal terms of the Agreement are set out below.

Subject matter

The Sale Shares, representing the entire issued share capital in the Target Company.

Consideration

The consideration is CHF58,600,000 (equivalent to approximately HK$468,800,000). The consideration will be payable to the First Vendor (in its capacity as the Vendors' representative) at completion of the Acquisition.

At completion of the Acquisition, out of the consideration of CHF58,600,000:

(i) CHF2,000,000 (equivalent to approximately HK$16,000,000) will be held in escrow for use as indemnity against the Purchaser and/or the Target Company for the breach (if any) of representations and warranties by the Vendors for two years (the "**General Escrow**"); and

(ii) CHF3,000,000 (equivalent to approximately HK$24,000,000) will be held in escrow for use as indemnity against the Purchaser from damages (if any) arising from a specific litigation as explained in paragraph (2)(c) below (the "**Specific Indemnity Escrow**") for two years.

The consideration is subject to the following adjustments:

(1) Equity portion adjustment

A - B

whereas

- A = the reserves for general banking risks, capital, the general legal reserves, the profit carried forward, and the post-tax profit or, as the case may be, loss of the Target Company of the period starting on 1 January 2017 and ending on the Completion Date prepared in accordance with Liechtenstein GAAP.

- B ("**Equity Portion**") = CHF 41,313,568.61 (equivalent to approximately HK$330,508,548.88), which represents the total shareholder equity (consisting of reserves for general banking risks, capital, the general legal reserves, the profit carried forward, and the post-tax profit) as at 31 December 2016 according to the audited financial statements of the Target Company for the financial year ended 31 December 2016 prepared in accordance with Liechtenstein GAAP.

If A is greater than B, then the Purchaser will pay to the Vendors the excess.

If A is less than B, then the Vendors will pay to the Purchaser the shortfall.

(2) Potential top-ups arising from certain provisions and/or reservations made in the completion accounts

a. specific legal risks top-up

The consideration may be increased in the amount of reservations (net of tax) in the completion accounts made in connection with specific legal risks identified in the due diligence process.

An amount equal to the reservations will be held in escrow to satisfy the claims arising from the specific legal risks. In addition, should the escrow be exhausted, the Vendors shall indemnify the Purchaser for all additional claims (without caps) arising out of the specific legal risks. The escrow will not be released until the specific legal risks have been finally and bindingly settled.

b. specific loan top-up

The consideration will be increased in the amount (net of tax) of the value adjustment specifically made for certain specific loans by existing customers in the completion accounts, if any. An amount equal to the gross exposure of the specific loan at Completion Date less CHF1 million (equivalent to approximately HK$8 million) and representing an amount agreed between the Purchaser and the Vendors taking into account the agreed amount of the General Escrow) will be held on escrow for use to settle the specific loans not repaid (if any). The escrow will not be released for a period of two years.

c. specific indemnity top-up

The consideration will be increased in the amount (net of tax) of reservations in the completion accounts made in connection with a specific litigation procedure initiated against the Target Company. After the Specific Indemnity Escrow and the General Escrow have been exhausted to settle the damages (if any) arising from the procedure, the Vendors shall indemnify the Purchaser for 50% of all additional damages (without cap) arising out of the procedure.

The consideration of CHF58,600,000 will be settled in Euros. Parties to the Agreement agreed that the exposure of the Purchaser is between EUR53,500,000 and EUR55,000,000.

The consideration was determined after arm's length negotiations between the parties with reference to (i) the historical financial performance and the net asset value of the Target Company as at 31 December 2016; (ii) the future prospects of the Target Company; and (iii) the fair market value of the Sale Shares as at 31 December 2016 of CHF58.81 million based on a valuation report provided by Graval Consulting Limited, an independent valuer, by adopting the market approach and asset approach.

The Company intends to fund the Acquisition by the net proceeds from the rights issue of the Company completed in February 2017.

Conditions Precedent

Completion will take place on the Completion Date. Completion is conditional upon the satisfaction or waiver of certain conditions (except that condition (1) below cannot be waived) including the following:

(1) the Shareholders having passed the relevant resolution approving the Agreement and the transactions contemplated thereunder at a general meeting of the Company;

(2) an agreement under which the Target Company as the holder of the trademarks (a) "RAIFFEISEN BANK LIECHTENSTEIN AG PRIVATE BANKING" (fig.); (b) "RAIFFEISEN PRIVATBANK Liechtenstein" (fig.); (c) RAIFFEISEN PRIVATBANK LIECHTENSTEIN and (d) any other registered trademark containing the term "Raiffeisen", which the Target Company holds (the "**Raiffeisen Trademarks**") transfers the Raiffeisen Trademarks to the First Vendor after a period of 12 months subsequent to the Completion Date, including the unilateral right of the Target Company to extend such period by 6 months, free of any charge is signed by the Target Company and the First Vendor;

(3) a license agreement for the benefit of the Target Company, for the use free of any charge of the Target Company's name (exclusive license), copyrights (non-exclusive license), domain names (exclusive license) and/or other intellectual property rights (non-exclusive license), other than the Raiffeisen Trademarks, which are necessary to conduct the Target Company's business as currently being conducted for a period of 12 months subsequent to the Completion Date, including the unilateral right of the Target Company to extend such period by 6 months, between the Target Company and the First Vendor is signed by the Target Company and the First Vendor;

(4) an amendment agreement shall have been signed by the Target Company and the First Vendor with regard to certain services to the Target Company which, as of the date of the Agreement, are performed for the Target Company by the First Vendor and which are necessary to conduct the Target Company's business as currently being conducted (i.e. internal audit services, services relating to financial portfolio management and monitoring of investments restrictions, risk controlling, IT-services and marketing support);

(5) all necessary regulatory notifications and approvals for Completion in form and substance satisfactory to each of the parties to the Agreement shall have been made or obtained from the Financial Market Authority Liechtenstein;

(6) all necessary corporate approvals of the Target Company for the transfer of the Sale Shares and the recognition of the Purchaser or its assignee as shareholder of the Target Company with all rights pertaining to the Sale Shares have been obtained;

(7) all representations and warranties given by the Vendors in all material aspects, have been true and correct when made and shall be still true and correct as at the completion of the Acquisition;

(8) the Vendors have performed and complied with all the obligations resulting from the Agreement;

(9) no change, event, occurrence or condition occurring on or after 1 January 2017 (with the exception of termination of employment agreements by employees of the Target Company and effects resulting from such termination) which has had, or could reasonably be expected to have, individually or in the aggregate, a material adverse effect or effects on the Target Company's business or on the Target Company's operations, assets, liabilities, or conditions, or results of operations or on the Target Company's value for the Purchaser;

(10) no change, event, occurrence or condition (i) occurring on or after January 1, 2017 and (ii) which can reasonably be expected to reduce the shareholders' equity (as defined for the calculation of the Equity Portion in the adjustment of the consideration of the Acquisition) by an amount equal to 10% or more of the Equity Portion (e.g. an additional specific provision in the completion accounts in the respective amount), provided that reserves for general banking risks and provisions and/or value adjustments for the specific legal risks and/or the specific loan shall not count towards this 10% threshold;

(11) no action shall be pending and no order, injunction or decree of any competent Governmental Authority exists which seeks to enjoin, restrain, impede or levy a substantial difficulty on the consummation of the transactions contemplated hereunder and in particular the transfer of the Sale Shares; and

(12) the Vendors, the Purchaser and the escrow agent have signed the escrow agreements in relation to the transactions contemplated under the Agreement.

If the conditions are not satisfied or waived (if applicable) on or before the Long Stop Date, the parties may terminate the Agreement and all provisions of the Agreement shall cease to be effective. Should condition (1) not be satisfied before the Long Stop Date, the Purchaser shall pay to First Vendor (in its function as Vendors' representative) a break-up-fee in the amount of CHF1,500,000 (equivalent to approximately HK$12,000,000).

Guarantee by the Company

The Company has guaranteed the full and punctual performance of any and all obligations and undertakings of the Purchaser under or in connection with the Agreement.

INFORMATION ON THE PARTIES

(1) The Purchaser is an indirect wholly owned subsidiary of the Company which is the guarantor to the Purchaser. It is principally engaged in investment holding.

(2) The First Vendor is a company incorporated in Austria. It is the legal and beneficial owner of 15% of the Target Company. It is principally engaged in providing banking services, private banking services and asset management services to clients mainly from the German speaking parts of Europe. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the First Vendor is a third party independent of the Company and connected persons of the Company.

(3) The Second Vendor is a company incorporated in Austria. It is wholly owned by the First Vendor. The Second Vendor is the legal and beneficial owner of 85% of the Target Company. It is principally engaged in holding investments in companies in the financial service industry in Europe. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Second Vendor is a third party independent of the Company and connected persons of the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Liechtenstein. It is licensed according to Art. 15 Law of 21 October 1992 on Banks and Investments Firms. It is based in Liechtenstein principally engaged in the provision of private banking services while also offering services for external asset managers ("**EAM**") with assets under management ("**AUM**") of more than CHF 1 billion as at 30 September 2017. Its head office is in Vaduz, Principality of Liechtenstein. The Target Company's clients are mainly from Germany, Austria, Spain, Liechtenstein, Russia and Switzerland. The Target Company can be divided into the following two strategic business units:

(1) Private banking: the Target Company provides advisory and other services (accounts, cards, trading etc.) for clients with a minimum target asset level of CHF250,000.

(2) Institutional clients: the Target Company serves as custodian bank for EAMs providing advisory, account and custody management as well as back and middle office services.

As at the date of the Agreement, the Target Company does not have any subsidiaries or associated companies.

Based on the audited financial statements of the Target Company prepared in accordance with Liechtenstein GAAP, the financial information of the Target Company for the two years ended 31 December 2016 is as follows:

	For the year ended 31 December	
	2015	**2016**
	audited	*audited*
	CHF'000	*CHF'000*
Revenue	10,114	10,079
Profit/(loss) before taxation	1,068	1,603
Profit/(loss) after taxation	1,017	1,467

	As at 31 December	
	2015	**2016**
	audited	*audited*
	CHF'000	*CHF'000*
Total assets	304,532	369,631
Net assets	41,237	40,914

Upon Completion, the Target Company will become a subsidiary of the Group with its assets and liabilities consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is a health and wealth solutions service conglomerate. It is principally engaged in (i) the provision of comprehensive financial services in Hong Kong, including dealing in securities, commodities broking, bullion trading services, provision of securities margin financing, provision of investment and corporate finance advisory services, investment in securities, asset management, money lending and investment holding; and (ii) the healthcare and mother infant child care related business.

Capitalising on its existing financial and healthcare services platforms, the Group continues to develop its business in direct investments, provision of wealth management services complimenting the securities and asset management business.

As disclosed in the prospectus of the Company dated 13 January 2017 in relation to the rights issue, the Group intended to acquire a controlling stake in a private bank. Through the Acquisition, the Group intends to leverage on the Target Company as the Group's platform for its core financial practice which will supplement the existing financial segments of the Company and enable further cross-selling and create synergies amongst the Group's different line of businesses. The Group will also gain a presence in the Liechtenstein private banking market which can serve as a hub for further expansion into other European private banking market. After the acquisition of this private banking platform including the license, the Group will use this platform to further develop its wealth management business through offering wide range of Asian financial products to European clients and providing high-quality European private banking services for high-net-worth clients in Asia Pacific. The Group will continue to launch investment products, including Asian fixed income securities, mortgage-backed securities, asset-backed securities, asset management products, and other investment products in order to meet the demands of the private banking clientele of the Target Company.

Having considered the reasons for and benefits of the Acquisition as mentioned above, the Directors is of the view that the terms of the Acquisition (including the consideration) are on normal commercial terms, and fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Acquisition exceeds 25% but all applicable percentage ratios are less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further information in respect of the Acquisition and other information as required by the Listing Rules, together with the notice convening the GM and the proxy form in respect of the GM will be despatched to the Shareholders.

As additional time is required to prepare the relevant information to be included in the circular, the Company expects that the circular will be despatched on or before 30 November 2017.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

"Acquisition"	the acquisition of the Sale Shares
"Agreement"	the agreement dated 18 October 2017 between the Company, the Purchaser and the Vendors in relation to the Acquisition
"CHF"	Swiss Franc
"Company"	Mason Group Holdings Limited (formerly known as Mason Financial Holdings Limited), a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Stock Exchange
"Completion Date"	the fifth Business Day (as defined in the Agreement) after the conditions precedent set forth in the paragraph headed "Conditions Precedent" have been satisfied or waived (where so permitted) or on such other date as the parties may agree
"Director(s)"	the director(s) of the Company
"EUR"	Euro Dollars
"First Vendor"	Walser Privatbank Aktiengesellschaft, a company incorporated in Austria with limited liability
"GM"	the general meeting of the Company to be convened and held for the Shareholders to consider and approve, among other things, the Acquisition and transactions contemplated thereunder
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong Dollars
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Liechtenstein GAAP"	generally accepted accounting principles as set forth in the Company Law, Banking Law and Banking Ordinance of the principality of Liechtenstein

"Listing Rules"	the Rules Governing the Listing of Securities of the Stock Exchange
"Long Stop Date"	7 months from the date of the Agreement, or such other date as the First Vendor (in its function as Sellers' Representative) and Purchaser may mutually agree
"Purchaser"	Mason Strategic Investment Company Limited, an indirect wholly-owned subsidiary of the Company
"Sale Shares"	200,000 registered shares of the Target Company, representing the entire issued capital of the Target Company
"Second Vendor"	Raiffeisenbank Kleinwalsertal Beteiligungsmanagement-GmbH, a company incorporated in Austria with limited liability
"Shareholders"	the shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Raiffeisen Privatbank Liechtenstein AG
"Vendors"	the First Vendor and the Second Vendor
"%"	per cent

* *for illustration purposes only, in this announcement, the conversion of CHF into HK$ is based on the exchange rate of CHF 1 to HK$8.*

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

Hong Kong, 18 October 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