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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)**

### **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020; CHANGE OF COMPANY SECRETARY; AND CHANGE OF AUTHORISED REPRESENTATIVES**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Mason Group Holdings Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 (the “**Year**”), together with comparative figures for the year ended 31 December 2019, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) as below.

#### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
<b>Turnover</b>	3	<b>1,274,364</b>	2,686,848
<b>Operating income</b>	4	<b>528,955</b>	1,651,972
Other income	5	<b>124,390</b>	60,362
Exchange (loss)/gain, net		<b>(3,385)</b>	2,346
Consumables used and merchandise sold	7	<b>(138,509)</b>	(1,161,626)
Commission and brokerage expenses		<b>(154,038)</b>	(181,346)
Employee benefits expenses		<b>(145,793)</b>	(322,141)
Amortisation of intangible assets		<b>(19,602)</b>	(53,914)
Depreciation of property, plant and equipment		<b>(17,792)</b>	(27,725)
Depreciation of right-of-use assets		<b>(18,467)</b>	(34,294)
Loss on disposal of property, plant and equipment		<b>(11,305)</b>	(259)
Impairment loss on property, plant and equipment		–	(1,203)
Impairment loss on right-of-use assets		–	(89)

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 <i>HK\$'000</i>
Impairment loss on financial assets for expected credit loss		<b>(67,165)</b>	(165,539)
Gain on deemed disposal of interests in subsidiaries	<i>14</i>	–	302,923
Net fair value gain/(loss) on financial instruments		<b>107,345</b>	(31,875)
Impairment loss on goodwill		<b>(22,807)</b>	(424,080)
Impairment loss on interests in associates		<b>(191,346)</b>	(487,136)
Impairment loss on intangible assets		<b>(76,796)</b>	(120,907)
Other operating expenses		<b>(116,423)</b>	(198,357)
Finance costs	<i>7</i>	<b>(17,881)</b>	(41,955)
Share of results of associates		<b>53,497</b>	33,916
		<hr/>	<hr/>
<b>Loss before taxation</b>	<i>7</i>	<b>(187,122)</b>	(1,200,927)
Income tax (expense)/credit	<i>8</i>	<b>(2,735)</b>	28,730
		<hr/>	<hr/>
<b>Loss for the year</b>		<b><u>(189,857)</u></b>	<b><u>(1,172,197)</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
<b>Other comprehensive income:</b>			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign subsidiaries		36,921	5,388
Share of other comprehensive income of an associate		12,088	(2,480)
<i>Items that will not be reclassified to profit or loss</i>			
Changes in fair value of defined benefit scheme at fair value through other comprehensive income		2,514	4,570
Changes in fair value of equity instruments at fair value through other comprehensive income		277,582	116,057
<b>Other comprehensive income for the year</b>		<u>329,105</u>	<u>123,535</u>
<b>Total comprehensive income for the year</b>		<u>139,248</u>	<u>(1,048,662)</u>
<b>Loss attributable to:</b>			
Equity holders of the Company		(140,711)	(1,149,856)
Non-controlling interests		(49,146)	(22,341)
Loss for the year		<u>(189,857)</u>	<u>(1,172,197)</u>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		187,875	(1,027,665)
Non-controlling interests		(48,627)	(20,997)
<b>Total comprehensive income for the year</b>		<u>139,248</u>	<u>(1,048,662)</u>
<b>Loss per share</b>			
Basic and diluted	10	<u>HK(0.32) cent</u>	<u>HK(2.58) cent</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>315,321</b>	316,249
Right-of-use assets		<b>29,012</b>	63,025
Intangible assets		<b>101,621</b>	183,886
Goodwill		<b>56,930</b>	79,737
Interests in associates		<b>885,724</b>	1,052,895
Loan receivables		<b>216,852</b>	119,401
Other receivables	<i>11</i>	<b>178,504</b>	231,055
Deferred tax assets		<b>7,924</b>	9,380
Financial assets at fair value through profit or loss		<b>197,028</b>	504,589
Financial assets at fair value through other comprehensive income		<b>1,026,883</b>	749,301
Financial assets at amortised cost		<b>153,996</b>	199,888
Fixed bank deposits		<b>–</b>	235,558
		<b>3,169,795</b>	3,744,964
<b>Current assets</b>			
Inventories		<b>11,064</b>	14,299
Financial assets at fair value through profit or loss		<b>819,708</b>	914
Financial assets at amortised cost		<b>–</b>	15,479
Derivative financial instruments		<b>19,529</b>	37,506
Loan receivables		<b>240,964</b>	769,142
Reverse repurchase agreements		<b>217,641</b>	663,327
Trade and other receivables	<i>11</i>	<b>404,868</b>	420,585
Tax recoverables		<b>59</b>	36
Fixed bank deposits		<b>1,194,299</b>	719,420
Bank balances and cash		<b>848,130</b>	1,405,457
		<b>3,756,262</b>	4,046,165

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>1,167,117</b>	1,648,705
Contract liabilities		<b>16,056</b>	16,566
Interest-bearing borrowings		–	81,000
Repurchase agreements		<b>239,479</b>	252,686
Derivative financial instruments		<b>19,521</b>	38,078
Lease liabilities		<b>16,202</b>	30,203
Tax payables		<b>8,995</b>	10,554
		<u><b>1,467,370</b></u>	<u>2,077,792</u>
<b>Net current assets</b>		<u><b>2,288,892</b></u>	<u>1,968,373</u>
<b>Total assets less current liabilities</b>		<u><b>5,458,687</b></u>	<u>5,713,337</u>
<b>Non-current liabilities</b>			
Interest-bearing borrowings		–	214,725
Deferred tax liabilities		<b>33,823</b>	29,564
Lease liabilities		<b>15,901</b>	34,981
Redeemable and exchangeable preferred share		–	152,822
Net defined benefit obligations		<b>7,613</b>	10,611
Long-term liabilities		<b>468</b>	952
		<u><b>57,805</b></u>	<u>443,655</u>
<b>NET ASSETS</b>		<u><b>5,400,882</b></u>	<u>5,269,682</u>
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>6,142,962</b>	6,142,962
Reserves		<b>(953,398)</b>	(1,141,273)
Equity attributable to equity holders of the Company		<b>5,189,564</b>	5,001,689
Non-controlling interests		<b>211,318</b>	267,993
<b>TOTAL EQUITY</b>		<u><b>5,400,882</b></u>	<u>5,269,682</u>

## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 December 2020*

### 1. GENERAL

Mason Group Holdings Limited (the “**Company**”) is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office and the principal place of business of the Company is Portion 1, 12/F, The Center, 99 Queen’s Road Central, Hong Kong.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) and the provisions of Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (“**Listing Rules**”) on the Stock Exchange.

#### (b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

The Company has delivered the consolidated financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2020 in due course.

The Company’s auditor has reported on the consolidated financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

### 3. TURNOVER

Turnover from operations represents the aggregation of gross sales proceeds from trading of securities investments, provision of financing services, provision of wealth and asset management, financial brokerage and related services, provision of medical consultation and laboratory services, franchisor and retail of mother-infant-child products, and manufacture of infant formula and nutritional products.

#### 4. OPERATING INCOME

Operating income recognised from the principal activities of the Group during the year including trading of securities investments, provision of financing services, provision of wealth and asset management, financial brokerage and related services, franchisor and retail of mother-infant-child products, manufacture of infant formula and nutritional products and investment holding is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Brokerage commission income from:		
— securities dealing	30,617	30,678
— insurance	170,245	188,042
— underwriting and placing commission income	891	7,369
Commission income and supporting services income from concessionaire sales of mother-infant-child products	—	24,147
Commission income from providing advisory, account and custody management	39,132	43,304
Financial advisory fee income	7,808	18,014
Margin facility and loan facility handling fee income	13,878	15,453
Franchisor and retail sales of mother-infant-child products	—	1,232,703
Rental income from lease of premises	—	591
Gain/(loss) from the sale of financial assets at FVTPL, net*	24,803	(139,478)
Dividend income from financial assets at FVTPL	10,169	11,554
Interest income from:		
— margin financing	7,368	28,853
— loan receivables from third parties	61,887	125,093
— loan receivables from a shareholder of an associate/ non-controlling shareholder of a subsidiary	368	5,527
Manufacture of infant formula and nutritional products	161,789	60,122
	<u>528,955</u>	<u>1,651,972</u>

\* Represented the proceeds from the sale of financial assets at fair value through profit or loss (“FVTPL”) of HK\$770,212,000 (2019: HK\$895,398,000) less relevant costs and carrying value of the financial assets sold of HK\$745,409,000 (2019: HK\$1,034,876,000).

#### 5. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest income from financial institutions	29,604	30,167
Gain on redemption of unlisted investment	29,175	—
Government subsidies	5,185	2,350
Rental income	3,513	3,413
Forfeiture of customer deposit	—	18,539
Forfeiture of deposits from termination of disposal of a subsidiary	55,306	—
Others	1,607	5,893
	<u>124,390</u>	<u>60,362</u>

## 6. SEGMENT INFORMATION

The management has been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments based on the Group's internal reporting in respect of these segments. The management considers trading of securities investments; provision of financing services; provision of wealth and asset management, financial brokerage and related services; provision of medical consultation and laboratory services; franchisor and retail of mother-infant-child products; manufacture of infant formula and nutritional products and investment holding are the Group's major operating segments. Segment results represent the profit earned or loss incurred by each segment.

Operating segments of the Group comprise the following:

Trading of securities investments	:	Investments of shares, stocks, options and funds
Provision of financing services	:	Provision of loan financing services
Provision of wealth and asset management, financial brokerage and related services	:	Provision of wealth and asset management, dealing in securities, provision of securities, commodities brokerage services and financial advisory services
Provision of medical consultation and laboratory services	:	Provision of medical consultation and laboratory services relating to assisted reproductive technology
Franchisor and retail of mother-infant-child products	:	Managing franchise and operating retail stores of mother-infant-child products
Manufacture of infant formula and nutritional products	:	Development, manufacture and sale of infant milk formula products, and supplement and organic nutritional products
Investment holding	:	Holding investments for dividend and investment income and capital appreciation, and provision of management services

### (a) Segment turnover

The following is an analysis of the Group's turnover by operating segments:

	Trading of securities investments	Provision of financing services	Provision of wealth and asset management, financial brokerage and related services	Provision of medical consultation and laboratory services	Franchisor and retail of mother-infant-child products	Manufacture of infant formula and nutritional products	Investment holding	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 December 2020									
Segment turnover									
From contracts with customers within the scope of HKFRS 15	-	-	253,543	-	-	161,789	9,028	-	424,360
From other source	376,339	45,144	23,965	164,574	-	-	239,982	-	850,004
	<u>376,339</u>	<u>45,144</u>	<u>277,508</u>	<u>164,574</u>	<u>-</u>	<u>161,789</u>	<u>249,010</u>	<u>-</u>	<u>1,274,364</u>



	Trading of securities investments	Provision of financing services	Provision of wealth and asset management, financial brokerage and related services	Provision of medical consultation and laboratory services	Franchisor and retail of mother-infant-child products	Manufacture of infant formula and nutritional products	Investment holding	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the year ended 31 December 2019</b>									
<b>Segment turnover</b>									
From contracts with customers within the scope of HKFRS 15	-	6,569	250,688	-	1,257,441	60,122	-	-	1,574,820
From other source	898,796	89,797	114,505	-	-	-	8,930	-	1,112,028
	<u>898,796</u>	<u>96,366</u>	<u>365,193</u>	<u>-</u>	<u>1,257,441</u>	<u>60,122</u>	<u>8,930</u>	<u>-</u>	<u>2,686,848</u>

**(b) Segment income and results**

The following is an analysis of the Group's income by operating segments:

	Trading of securities investments	Provision of financing services	Provision of wealth and asset management, financial brokerage and related services	Provision of medical consultation and laboratory services	Franchisor and retail of mother-infant-child products	Manufacture of infant formula and nutritional products	Investment holding	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the year ended 31 December 2020</b>									
<b>Segment income</b>	<u>14,332</u>	<u>45,144</u>	<u>277,508</u>	<u>14,505</u>	<u>-</u>	<u>161,789</u>	<u>15,677</u>	<u>-</u>	<u>528,955</u>
Profit/(loss) for the year before following items:	91,928	(11,762)	(37,483)	11,430	3,183	(13,770)	77,819	(41,829)	79,516
Loss on disposal of property, plant and equipment	-	-	(1,242)	-	-	-	-	(10,063)	(11,305)
Impairment loss on goodwill	-	-	(22,807)	-	-	-	-	-	(22,807)
Impairment loss on interests in associates	-	-	-	(191,346)	-	-	-	-	(191,346)
Impairment loss on intangible assets	-	-	(76,796)	-	-	-	-	-	(76,796)
Finance costs	(4,424)	(13,316)	(5,503)	-	-	(631)	(8,631)	14,624	(17,881)
Share of results of associates	-	-	-	22,100	31,397	-	-	-	53,497
Profit/(loss) before taxation	<u>87,504</u>	<u>(25,078)</u>	<u>(143,831)</u>	<u>(157,816)</u>	<u>34,580</u>	<u>(14,401)</u>	<u>69,188</u>	<u>(37,268)</u>	<u>(187,122)</u>
Income tax (expense)/credit	<u>(14,076)</u>	<u>-</u>	<u>7,873</u>	<u>-</u>	<u>-</u>	<u>4,371</u>	<u>(903)</u>	<u>-</u>	<u>(2,735)</u>
<b>Segment results</b>	<u><u>73,428</u></u>	<u><u>(25,078)</u></u>	<u><u>(135,958)</u></u>	<u><u>(157,816)</u></u>	<u><u>34,580</u></u>	<u><u>(10,030)</u></u>	<u><u>68,285</u></u>	<u><u>(37,268)</u></u>	<u><u>(189,857)</u></u>

	Trading of securities investments	Provision of financing services	Provision of wealth and asset management, financial brokerage and related services	Provision of medical consultation and laboratory services	Franchisor and retail of mother-infant-child products	Manufacture of infant formula and nutritional products	Investment holding	Unallocated	Total
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
<b>For the year ended</b>									
<b>31 December 2019</b>									
<b>Segment income</b>	<u>(136,080)</u>	<u>96,366</u>	<u>365,193</u>	<u>-</u>	<u>1,257,441</u>	<u>60,122</u>	<u>8,930</u>	<u>-</u>	<u>1,651,972</u>
Profit/(loss) for the year before following items:	(163,862)	(72,235)	(80,777)	(24,064)	10,807	(19,682)	13,049	(125,373)	(462,137)
(Loss)/gain on disposal of property, plant and equipment	-	-	(373)	-	-	(28)	-	142	(259)
Loss on disposal of property, plant and equipment	-	-	(1,203)	-	-	-	-	-	(1,203)
Impairment loss on right-of-use assets	-	-	(89)	-	-	-	-	-	(89)
Impairment loss on goodwill	-	-	(128,313)	-	-	(295,767)	-	-	(424,080)
Impairment loss on interests in associates	-	-	-	(164,188)	(322,948)	-	-	-	(487,136)
Impairment loss on intangible assets	-	-	(16,201)	-	-	(104,706)	-	-	(120,907)
Finance costs	-	(56,856)	(22,002)	-	(5,544)	(792)	(8,912)	52,151	(41,955)
Share of results of associates	-	-	-	17,991	15,925	-	-	-	33,916
Profit/(loss) from operation	<u>(163,862)</u>	<u>(129,091)</u>	<u>(248,958)</u>	<u>(170,261)</u>	<u>(301,760)</u>	<u>(420,975)</u>	<u>4,137</u>	<u>(73,080)</u>	<u>(1,503,850)</u>
Gain on deemed disposal of interests in subsidiaries	-	-	-	-	302,923	-	-	-	302,923
Profit/(loss) before taxation	<u>(163,862)</u>	<u>(129,091)</u>	<u>(248,958)</u>	<u>(170,261)</u>	<u>1,163</u>	<u>(420,975)</u>	<u>4,137</u>	<u>(73,080)</u>	<u>(1,200,927)</u>
Income tax credit/(expense)	-	-	6,867	-	(15,618)	37,481	-	-	28,730
<b>Segment results</b>	<u><u>(163,862)</u></u>	<u><u>(129,091)</u></u>	<u><u>(242,091)</u></u>	<u><u>(170,261)</u></u>	<u><u>(14,455)</u></u>	<u><u>(383,494)</u></u>	<u><u>4,137</u></u>	<u><u>(73,080)</u></u>	<u><u>(1,172,197)</u></u>

Segment income reported above represents income generated from external customers. There was no inter-segment income in both years.

Income and expenses are allocated to the reporting segments with reference to income generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation/amortisation of assets attributable to those segments.

The accounting policies of the operating segments are the same as the Group's accounting policies described in the consolidated financial statements. Segment results represent the results achieved by each segment. This is the measurement method reported to the chief operating decision makers for the purpose of resources allocation and assessment of segment performance.

(c) **Segment assets and liabilities**

An analysis of the Group's assets and liabilities by operating segments is set out below.

	Trading of securities investments <i>HK\$'000</i>	Provision of financing services <i>HK\$'000</i>	Provision of wealth and asset management, financial brokerage and related services <i>HK\$'000</i>	Provision of medical consultation and laboratory services <i>HK\$'000</i>	Franchisor and retail of mother-infant-child products <i>HK\$'000</i>	Manufacture of infant formula and nutritional products <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31 December 2020</b>								
<b>Assets before following items:</b>	<b>925,510</b>	<b>321,070</b>	<b>2,525,035</b>	<b>30</b>	<b>262,906</b>	<b>80,861</b>	<b>1,554,923</b>	<b>5,670,335</b>
Interests in associates	-	-	-	534,690	351,034	-	-	885,724
Goodwill	-	-	56,930	-	-	-	-	56,930
Segment assets	925,510	321,070	2,581,965	534,720	613,940	80,861	1,554,923	6,612,989
Unallocated assets								313,068
Total assets								<u>6,926,057</u>
<b>Liabilities</b>								
Segment liabilities	(35,239)	(500)	(1,408,516)	-	(8,339)	(26,122)	(11,779)	(1,490,495)
Unallocated liabilities								(34,680)
Total liabilities								<u>(1,525,175)</u>

An analysis of the Group's assets and liabilities by operating segments is set out below.

	Trading of securities investments <i>HK\$'000</i>	Provision of financing services <i>HK\$'000</i>	Provision of wealth and asset management, financial brokerage and related services <i>HK\$'000</i>	Provision of medical consultation and laboratory services <i>HK\$'000</i>	Franchisor and retail of mother-infant-child products <i>HK\$'000</i>	Manufacture of infant formula and nutritional products <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31 December 2019</b>								
<b>Assets before following items:</b>								
Interests in associates	154,087	700,973	3,256,359	152,869	280,224	95,042	1,525,481	6,165,035
Goodwill	-	-	-	727,292	325,603	-	-	1,052,895
	-	-	79,737	-	-	-	-	79,737
Segment assets	154,087	700,973	3,336,096	880,161	605,827	95,042	1,525,481	7,297,667
Unallocated assets								493,462
Total assets								<u>7,791,129</u>
<b>Liabilities</b>								
Segment liabilities	(404)	(500)	(2,020,981)	(152,822)	(8,018)	(42,365)	(231,616)	(2,456,706)
Unallocated liabilities								(64,741)
Total liabilities								<u>(2,521,447)</u>

For the purpose of monitoring segment performance and allocating resources between segments:

- Segment assets mainly include mainly all property, plant and equipment, intangible assets, goodwill, interests in associates, right-of-use assets, deferred tax assets, financial assets at FVTPL, financial assets at fair value through other comprehensive income, financial assets at amortised cost, inventories, loan receivables, derivative financial instruments, tax recoverables, trade and other receivables, fixed bank deposits, bank balances and cash, and reverse repurchase agreements. All assets are allocated to operating segments other than unallocated head office and corporate assets as these assets are managed on a group basis.
- Segment liabilities mainly include trade and other payables, contract liabilities, interest-bearing borrowings, lease liabilities, tax payables, deferred tax liabilities, derivative financial instruments, redeemable and exchangeable preferred shares, and repurchase agreements. All liabilities are allocated to operating segments other than unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

**(d) Geographical information**

The following table provides an analysis of the Group's operating income from external customers by locations of operations:

	Trading of securities investments <i>HK\$'000</i>	Provision of financing services <i>HK\$'000</i>	Provision of wealth and asset management, financial brokerage and related services <i>HK\$'000</i>	Provision of medical consultation and laboratory services <i>HK\$'000</i>	Franchisor and retail of mother-infant-child products <i>HK\$'000</i>	Manufacture of infant formula and nutritional products <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the year ended</b>								
<b>31 December 2020</b>								
<b>Primary geographic markets</b>								
Hong Kong	14,332	45,144	229,300	14,505	-	-	15,677	318,958
PRC	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	161,789	-	161,789
Europe	-	-	48,208	-	-	-	-	48,208
Total	<u>14,332</u>	<u>45,144</u>	<u>277,508</u>	<u>14,505</u>	<u>-</u>	<u>161,789</u>	<u>15,677</u>	<u>528,955</u>
<b>For the year ended</b>								
<b>31 December 2019</b>								
<b>Primary geographic markets</b>								
Hong Kong	(136,080)	96,366	288,609	-	-	-	8,930	257,825
PRC	-	-	-	-	1,257,441	-	-	1,257,441
Australia	-	-	-	-	-	60,122	-	60,122
Europe	-	-	76,584	-	-	-	-	76,584
Total	<u>(136,080)</u>	<u>96,366</u>	<u>365,193</u>	<u>-</u>	<u>1,257,441</u>	<u>60,122</u>	<u>8,930</u>	<u>1,651,972</u>

The following table provides an analysis of the Group's non-current assets (excluding financial instruments and deferred tax assets) by locations of assets ("Specified non-current assets"):

	Specified non-current assets	
	2020 HK\$'000	2019 HK\$'000
Hong Kong	697,760	951,464
PRC	351,034	325,603
Australia	57,241	64,560
Europe	282,573	354,165
Total	<u>1,388,608</u>	<u>1,695,792</u>

(e) Disaggregation of revenue

In the following table, revenue is disaggregated by major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment.

	Provision of financing services HK\$'000	Provision of wealth and asset management, financial brokerage and related services HK\$'000	Franchisor and retail of mother-infant- child products HK\$'000	Manufacture of infant formula and nutritional products HK\$'000	Investment holding HK\$'000	Total HK\$'000
For the year ended 31 December 2020						
Major products/ service lines						
Wealth and asset management	-	218,818	-	-	-	218,818
Financial brokerage and related services	-	34,725	-	-	-	34,725
Financing services	-	-	-	-	-	-
Mother-infant-child products	-	-	-	-	-	-
Infant formula and nutritional products	-	-	-	161,789	-	161,789
Management services	-	-	-	-	9,028	9,028
Total	<u>-</u>	<u>253,543</u>	<u>-</u>	<u>161,789</u>	<u>9,028</u>	<u>424,360</u>

	Provision of financing services <i>HK\$'000</i>	Provision of wealth and asset management, financial brokerage and related services <i>HK\$'000</i>	Franchisor and retail of mother-infant- child products <i>HK\$'000</i>	Manufacture of infant formula and nutritional products <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Time of revenue recognition</b>						
At a point in time	-	244,185	-	161,789	9,028	415,002
Transferred over time	-	9,358	-	-	-	9,358
Total	-	253,543	-	161,789	9,028	424,360
<b>For the year ended 31 December 2019</b>						
<b>Major products/service lines</b>						
Wealth and asset management	-	214,127	-	-	-	214,127
Financial brokerage and related services	-	36,561	-	-	-	36,561
Financing services	6,569	-	-	-	-	6,569
Mother-infant-child products	-	-	1,257,441	-	-	1,257,441
Infant formula and nutritional products	-	-	-	60,122	-	60,122
Total	6,569	250,688	1,257,441	60,122	-	1,574,820
<b>Time of revenue recognition</b>						
At a point in time	4,198	227,111	1,243,247	60,122	-	1,534,678
Transferred over time	2,371	23,577	14,194	-	-	40,142
Total	6,569	250,688	1,257,441	60,122	-	1,574,820

**(f) Other segment information**

	Trading of securities investments	Provision of financing services	Provision of wealth and asset management, brokerage and financial related services	Provision of medical consultation and laboratory services	Franchisor and retail of mother-infant-child products	Manufacture of infant formula and nutritional products	Investment holding	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the year ended 31 December 2020</b>									
Additions of specified non-current assets*	-	-	7,936	-	-	351	-	-	8,287
Amortisation of intangible assets	-	-	(12,581)	-	-	(7,021)	-	-	(19,602)
Depreciation of property, plant and equipment	-	-	(11,508)	-	-	(2,038)	(1,575)	(2,671)	(17,792)
Depreciation of right-of-use assets	-	-	(881)	-	-	(3,419)	-	(14,167)	(18,467)
Interest income included in operating income and other income	3	45,370	35,759	-	-	-	13,571	4,524	99,227
Impairment loss on financial assets for expected credit losses	-	(50,782)	(16,285)	-	(216)	165	13	(60)	(67,165)
Net fair value gain on financial instruments	92,309	-	-	-	581	-	14,455	-	107,345

	Trading of securities investments	Provision of financing services	Provision of wealth and asset management, brokerage and financial related services	Provision of medical consultation and laboratory services	Franchisor and retail of mother-infant-child products	Manufacture of infant formula and nutritional products	Investment holding	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the year ended 31 December 2019</b>									
Additions of specified non-current assets*	-	-	30,176	40,000	641,897	15,145	-	38,161	765,379
Amortisation of intangible assets	-	-	(25,306)	-	(3,442)	(25,166)	-	-	(53,914)
Depreciation of property, plant and equipment	-	-	(13,042)	-	(4,579)	(2,532)	-	(7,572)	(27,725)
Depreciation of right-of-use assets	-	-	(1,254)	-	(12,417)	(3,428)	-	(17,195)	(34,294)
Interest income included in operating income and other income	259	89,871	80,298	-	102	28	11,769	7,313	189,640
Impairment loss on financial assets for expected credit losses	3	(142,356)	(21,956)	-	(933)	(203)	(67)	(27)	(165,539)
Net fair value gain/(loss) on financial instruments	(10,224)	-	-	(21,149)	(2,857)	-	2,355	-	(31,875)

\* Including additions of property, plant and equipment, intangible assets, right-of-use assets, interests in associates and goodwill directly or through acquisition of subsidiaries.



**(g) Information about major customers**

During the years ended 31 December 2020 and 2019, no operating income from a single customer of the Group accounted for over 10% of total revenue of the Group.

**7. LOSS BEFORE TAXATION**

This is stated after charging:

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
<b>Finance costs</b>		
Interests on bank and other borrowings	<b>14,581</b>	36,351
Interests on lease liabilities	<b>3,300</b>	5,604
	<u><b>17,881</b></u>	<u>41,955</u>
<b>Other items</b>		
Carrying amount of inventories sold	<b>126,422</b>	1,156,709
Write-down of inventories	<b>12,087</b>	4,917
	<u><b>138,509</b></u>	<u>1,161,626</u>
Cost of inventories recognised as expenses		
Auditor's remuneration (including other audit fee, primarily in respect of audits of financial statements of subsidiaries)	<b>4,379</b>	10,101
Operating lease payments on premises	<b>48</b>	104
Staff costs (excluding directors' emoluments)		
Salaries, discretionary bonus, allowances and benefits in kind	<b>126,697</b>	279,875
Contributions to defined contribution retirement schemes	<b>9,648</b>	13,436
	<u><b>9,648</b></u>	<u>13,436</u>

**8. TAXATION**

Hong Kong Profits Tax is calculated at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong, except for the first HK\$2,000,000 of qualified entity's assessable profit is calculated at 8.25%, which is in accordance with the two-tiered profits tax rates regime with effect from the year of assessment 2018/19.

Australian Income Tax rate of the Company's subsidiary operating in Australia during the year was 30% (2019: 30%) on its taxable profits.

Liechtenstein Corporate Income Tax rate of the Company's subsidiary operating in Liechtenstein during the year was 12.5% (2019: 12.5%) on its taxable profits.

Mainland China Enterprise Income Tax rate of the Company's subsidiaries operating in the PRC during the year ended 31 December 2020 was 25% (2019: 25%) on its taxable profits.

The major components of the income tax expense/(credit) for the year are as follows:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong Profits Tax		
Current year provision	<b>209</b>	189
Under/(over) provision in prior year	<b>104</b>	(357)
Mainland China Enterprise Income Tax		
Current year provision	–	8,485
Australian Income Tax		
Current year provision	–	3,245
Over provision in prior year	<b>(2,467)</b>	–
Liechtenstein Corporate Income Tax		
Current year provision	<b>15</b>	14
Withholding tax	<b>903</b>	7,436
	<b>(1,236)</b>	19,012
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>3,971</b>	(47,742)
Tax expense/(credit) for the year	<b>2,735</b>	(28,730)

## 9. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2020, nor has any dividend been proposed since the end of reporting period (2019: interim dividend of HK\$0.067 per share). There are no income tax consequences related the payment of dividends by the Company to its shareholders.

## 10. LOSS PER SHARE

The calculation of the basic loss per share amounts is based on loss for the year attributable to equity holders of the Company, and the weighted average number of ordinary shares in issue during the year as follows:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year attributable to equity holders of the Company	<b>(140,711)</b>	(1,149,856)
	<b>2020</b> <i>No. of shares</i> <i>'000</i>	2019 <i>No. of shares</i> <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>44,364,886</b>	44,516,520

## 11. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
<b>Trade receivables</b>	<i>(a) &amp; (c)</i>	<b>2,976</b>	9,759
Accounts receivable from clients arising from provision of wealth and asset management services	<i>(b)</i>	<b>11,092</b>	12,464
Accounts receivable from third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	<i>(b)</i>	<b>82,750</b>	15,482
— margin clients	<i>(b)</i>	<b>150,201</b>	153,983
— clearing houses and brokers	<i>(b)</i>	<b>13,470</b>	17,330
		<b>260,489</b>	209,018
Expected credit loss	<i>(c)</i>	<b>(37,057)</b>	(36,799)
		<b>223,432</b>	172,219
Deposits and prepayments		<b>27,943</b>	131,404
Other debtors	<i>(d)</i>	<b>16,038</b>	14,254
Amounts due from related parties	<i>(e)</i>	<b>318,727</b>	336,468
		<b>362,708</b>	482,126
Expected credit loss	<i>(d) &amp; (e)</i>	<b>(2,768)</b>	(2,705)
		<b>359,940</b>	479,421
		<b>583,372</b>	651,640
Less: Balances due within one year included in current assets		<b>(404,868)</b>	(420,585)
Non-current portion		<b>178,504</b>	231,055

*Notes:*

### (a) Settlement terms of trade receivables

The Group's trading terms with its customers are mainly on credit. The credit terms offered to these customers are generally in credit limit and credit period from 30 to 60 days.

### (b) Settlement terms of accounts receivable

Accounts receivable arising from the ordinary course of business of brokerage in securities and commodities in respect of cash clients and margin clients are two or three trading days after the transaction dates.

Accounts receivable arising from the ordinary course of business of brokerage in index, commodity and currency futures contracts represent the margin deposits maintained with futures clearing house, options clearing house or brokers to meet the margin requirements of open contracts. Margin calls from clearing house and brokers are settled on a daily basis. The excess amounts over the required margin deposits stipulated are repayable on demand.

The credit facility limits to margin clients are determined by the discounted market value of the collateral securities accepted by the Group. The majority of the loans to margin clients which are secured by the underlying pledged securities are interest-bearing. The Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call which the customers have to make up the shortfall.

Loans to margin clients as at the end of the reporting period were secured by the customers' securities to the Group as collateral with discounted market value of approximately HK\$355,446,000 (2019: HK\$374,640,000).

The Group determines the allowance for impaired debts based on the evaluation of collectability and ageing analysis of accounts receivable and on management's judgement including the assessment of change in credit quality, collateral and the past collection history of each client. The concentration of credit risk is limited due to the customer base being large and unrelated.

Trading limits are set for customers. The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimise the credit risk. Overdue balances are regularly monitored by management.

**(c) Ageing analysis and impairment**

At the end of the reporting period, the ageing analysis of trade receivables, by invoice date is as follows:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Less than 1 month	<b>283</b>	830
1 month to 3 months	<b>1,757</b>	5,533
3 months to 6 months	<b>936</b>	3,396
	<u><b>2,976</b></u>	<u>9,759</u>

Movements in the expected credit loss are as follows:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At the beginning of the reporting period	<b>36,799</b>	22,228
Derecognised on deemed disposal of subsidiaries	–	(2,695)
Allowance for expected credit loss	<b>258</b>	17,266
At the end of the reporting period	<u><b>37,057</b></u>	<u>36,799</u>

No ageing analysis has been disclosed in respect of accounts receivable arising from the ordinary course of brokerage business and wealth and asset management service business, as in the opinion of the management, it does not give additional value in view of the business's nature.

For trade receivables, impairment analysis is performed at each reporting date using the simplified approach to measure expected credit losses (“ECLs”). As at 31 December 2020, the gross carrying amount and loss allowance of trade receivables is HK\$2,976,000 (2019: HK\$9,759,000) and HK\$38,000 (2019: HK\$203,000) respectively.

For accounts receivable, impairment analysis is performed at the end of each reporting period using general approach to measure ECLs.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and account receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group’s accounts receivable as at 31 December 2020 and 2019:

	Stage 1 Gross amount HK\$'000	Stage 1 Allowance for ECLs HK\$'000	Stage 2 Gross amount HK\$'000	Stage 2 Allowance for ECLs HK\$'000	Stage 3 Gross amount HK\$'000	Stage 3 Allowance for ECLs HK\$'000	Total Gross amount HK\$'000	Total Allowance for ECLs HK\$'000
<b>Balance as at 1 January 2020</b>	<u>155,934</u>	<u>56</u>	<u>6,788</u>	<u>15</u>	<u>36,537</u>	<u>36,524</u>	<u>199,259</u>	<u>36,595</u>
New financial assets originated during the year	220,977	-	-	-	-	-	220,977	-
Transfer from/to 12-month ECLs to/from lifetime ECLs of new financial assets originated during the year	(31,718)	-	31,694	-	24	-	-	-
Derecognised, including repayment, during the year	(155,935)	(57)	(6,788)	(15)	-	-	(162,723)	(72)
Charged/(recovered) during the year	-	386	-	86	-	24	-	496
<b>Balance as at 31 December 2020</b>	<u>189,258</u>	<u>385</u>	<u>31,694</u>	<u>86</u>	<u>36,561</u>	<u>36,548</u>	<u>257,513</u>	<u>37,019</u>
	Stage 1 Gross amount HK\$'000	Stage 1 Allowance for ECLs HK\$'000	Stage 2 Gross amount HK\$'000	Stage 2 Allowance for ECLs HK\$'000	Stage 3 Gross amount HK\$'000	Stage 3 Allowance for ECLs HK\$'000	Total Gross amount HK\$'000	Total Allowance for ECLs HK\$'000
<b>Balance as at 1 January 2019</b>	<u>390,504</u>	<u>80</u>	<u>54,118</u>	<u>71</u>	<u>304,800</u>	<u>19,382</u>	<u>749,422</u>	<u>19,533</u>
New financial assets originated during the year	199,258	-	-	-	-	-	199,258	-
Transfer from/to 12-month ECLs to/from lifetime ECLs of new financial assets originated during the year	(43,324)	-	6,788	-	36,536	-	-	-
Derecognised, including repayment, during the year	(390,504)	(60)	(54,118)	(71)	(304,799)	(19,381)	(749,421)	(19,512)
Charged/(recovered) during the year	-	36	-	15	-	36,523	-	36,574
<b>Balance as at 31 December 2019</b>	<u>155,934</u>	<u>56</u>	<u>6,788</u>	<u>15</u>	<u>36,537</u>	<u>36,524</u>	<u>199,259</u>	<u>36,595</u>

**(d) Other debtors**

The ECLs are based on the 12-months ECLs.

(e) **Amounts due from related parties**

Included in amounts due from related parties were amounts due from beneficial owners of respective non-controlling interests of subsidiaries of HK\$52,238,000 (2019: HK\$52,238,000) and other receivables from an associate of HK\$97,927,000 (2019: HK\$133,179,000), which are unsecured, interest-free and repayable within one year (2019: within two years), and dividend receivable of HK\$166,785,000 (2019: HK\$148,730,000) which is unsecured, interest-free and repayable in five years from the date of dividend declaration. The carrying value of the amounts due approximate their fair value. The ECLs are based on the 12-month ECLs. The loss allowance increased by HK\$63,000 (2019: HK\$2,705,000) for amounts due from related parties during the year.

**12. TRADE AND OTHER PAYABLES**

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables to third parties	(a)	<b>2,784</b>	4,908
Accounts payable to clients arising from provision of wealth and asset management services	(b)	<b>996,810</b>	1,559,505
Accounts payable to third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	(b)	<b>463,650</b>	549,568
— margin clients	(b)	<b>95,421</b>	165,151
— clearing house and brokers	(b)	<b>58,364</b>	2,220
		<b>1,617,029</b>	2,281,352
Less: Cash held on behalf of clients	(c)	<b>(543,603)</b>	(696,123)
		<b>1,073,426</b>	1,585,229
Other payables	(d)	<b>82,985</b>	55,404
Deposits received		<b>5,238</b>	7,961
Amounts due to related parties	(e)	<b>5,468</b>	111
		<b>93,691</b>	63,476
		<b>1,167,117</b>	1,648,705

(a) **Ageing analysis of trade payables**

At the end of the reporting period, the ageing analysis of trade payables by date of issue of invoice is as follows:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Less than 1 month	<b>1,722</b>	2,724
1 month to 3 months	<b>76</b>	2,177
3 months to 6 months	<b>986</b>	7
	<b>2,784</b>	4,908

**(b) Settlement terms of accounts payable**

Accounts payable arising from the ordinary course of business of wealth and asset management services are repayable to clients on demand.

Accounts payable arising from the ordinary course of business of brokerage in securities in respect of cash clients and margin clients are two or three trading days after the transaction dates.

Accounts payable arising from the ordinary course of business brokerage in index, commodity and currency futures contracts represent the margin deposits received from clients for their trading in futures contracts. The excess over the required margin deposits stipulated are repayable to clients on demand.

No ageing analysis has been disclosed in respect of accounts payable arising from the ordinary course of brokerage business and wealth and asset management service business, as in the opinion of the management, it does not give additional value in view of the business's nature.

- (c) The Group maintains segregated accounts with banks and authorised institutions to hold cash on behalf of clients arising from its normal course of business in provision for brokerage services. At 31 December 2020, client money maintained in segregated accounts not otherwise dealt with in the financial statements amounted to HK\$543,603,000 (2019: HK\$696,123,000).
- (d) As at 31 December 2020, included in other payables are salaries and bonus payables, professional advisory fee payables and bond interest payable.
- (e) As at 31 December 2020, the amounts due to the directors of a subsidiary are unsecured, interest-free and have no fixed repayment term. The carrying value of the amounts due approximate their fair value.

**13. SHARE CAPITAL**

	<i>Number of shares</i>	<i>HK\$'000</i>
<b>Issued and fully paid shares:</b>		
<b>At 1 January 2019</b>	44,618,345,557	6,142,962
Cancelled during the year	<u>(243,280,000)</u>	<u>–</u>
<b>At 31 December 2019 and 1 January 2020</b>	44,375,065,557	6,142,962
Cancelled during the year	<u>(10,180,000)</u>	<u>–</u>
<b>At 31 December 2020</b>	<u>44,364,885,557</u>	<u>6,142,962</u>

During the year ended 31 December 2019, the Company repurchased 10,180,000 shares on The Stock Exchange of Hong Kong Limited for a total consideration of HK\$1,100,000, at a price per share between HK\$0.086 and HK\$0.121. The Company has cancelled these 10,180,000 shares on 23 March 2020. No shares were repurchased by the Company during the year ended 31 December 2020.

#### 14. DEEMED DISPOSAL OF INTEREST IN SUBSIDIARIES WITH LOSS OF CONTROL

(a) For the year ended 31 December 2020

There was no deemed disposal of interest in a subsidiary for the year ended 31 December 2020.

(b) For the year ended 31 December 2019

*Deemed disposal of AYD*

The Group has lost control in AYD on 28 June 2019 upon loss of right to appoint majority of the board and equity interest in AYD decreased from 46.91% to 46.20%. AYD ceased as a subsidiary of the Group and was accounted for as an associate since then. The following summarised the deemed consideration and the carrying amount of the assets and liabilities to be derecognised from the consolidated statement of financial position of the Group as at the date of deemed disposal:

	<i>HK\$'000</i>
<b>Consideration</b>	
Deemed consideration	635,106
Add: Consideration received	<u>10,024</u>
	645,130
<b>Add: Transfer from other reserves</b>	66,702
<b>Less: Net assets and liabilities derecognised</b>	
Property, plant and equipment	16,839
Right-of-use assets	65,389
Other non-current deposits paid and prepayments	1,223
Intangible assets	493,023
Goodwill	270,631
Inventories	329,873
Trade and other receivables	394,173
Pledged bank deposits	13,468
Bank balances and cash	47,805
Trade and other payables	(478,284)
Interest-bearing borrowings	(209,362)
Lease liabilities	(75,829)
Tax payables	(4,958)
Deferred tax liabilities	(111,039)
Exchange reserve	(713)
Non-controlling interests	<u>(343,330)</u>
Net assets derecognised	<u>408,909</u>
Gain on deemed disposal	<u><u>302,923</u></u>



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

As a Hong Kong based company, the Company 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. As an investment holding company, in addition to directly investing in the healthcare sector and mother-infant-child consumer products sector, the Group also takes trading of securities as a principal business and invests conservatively in local and global stocks.

### RESULTS

During the year ended 31 December 2020 (the “**Year**”), the Group recorded a turnover of approximately HK\$1,274.36 million (2019: HK\$2,686.85 million) and operating income of approximately HK\$528.96 million (2019: HK\$1,651.97 million). The decrease in turnover and operating income for the Year was mainly due to deconsolidation of the AYD Group Limited and its subsidiaries (“**AYD Group**”) from the second half of 2019, as a result of the disposal of part of share interest in AYD Group in June 2019. Since then, AYD Group ceased as a subsidiary of the Group and was accounted for as an associate of the Group.

During the Year, loss attributable to equity holders of the Company was approximately HK\$140.71 million (2019: loss attributable to equity holders of HK\$1,149.86 million), and basic and diluted loss per share were 0.32 Hong Kong cents (2019: loss per share of 2.58 Hong Kong cents). The loss for the Year was mainly due to impairment loss on financial assets for expected credit loss of HK\$67.17 million (2019: HK\$165.54 million), impairment loss on goodwill and intangible assets totaling HK\$99.60 million (2019: HK\$544.99 million), and impairment loss on interests in associates of HK\$191.35 million (2019: HK\$487.14 million). The Company engaged an independent professional valuer, Avista Valuation Advisory Limited (“**Avista**”) to perform the valuation for each business segments as at 31 December 2020 under the requirements of HKFRS.

### MARKET AND BUSINESS REVIEW

As Hong Kong’s economy suffers contraction as Coronavirus Disease (the “**COVID-19**”) hammered key drivers of growth, such as tourism and consumption, the resulting range of social distancing and quarantine measures implemented to reduce the COVID-19 spread have been very testing on the Group’s business model in respect of each of its core business, in particular, where the Group’s financial services and healthcare businesses do require the Group to face customers directly, when quite some customers are also based outside Hong Kong. As such, all business units of the Group faced huge challenges during the Year.

With Hong Kong's economic recession deepened in the first half of the Year in face of the COVID-19, Hong Kong's financial market has correspondingly suffered. This saw the Hang Seng Index suffering a sharp decrease from approximately 28,900 points in January 2020 to approximately 21,600 points in March 2020. Leveraging on the much needed global fiscal and monetary stimulus measures as well as more synchronised pandemic controls implemented by governments across the world, Hong Kong's financial market managed a recovery, which saw the Hang Seng Index rebounded to 27,100 points at the end of the Year. Against this backdrop, the Group demonstrated resilience by reducing its operating costs through effective group restructuring plan and developed its financial services and investments, in particular its brokerage business and trading of securities investment, which resulted in considerable income being recorded during the Year. On top of that, notwithstanding COVID-19 related disruptions within the market of consumer goods in Mainland China during the beginning of the Year, the Group's mother-infant-child consumer product sector remained robust, due to the fast resumption of production and operation in Mainland China during the second quarter, coupled with increase in demand of mother-infant-child consumer products as the result of Mainland China's two-child policy.

### **Financial Services — Provision of wealth and asset management, financial brokerage and related services**

The Group's financial services business segment primarily focused on wealth management platform consisting of securities and futures brokerages, private banking, fixed income sales and distribution, discretionary account and asset management, insurance brokerage services, securities margin financing, leverage financing solutions and provision of corporate finance advisory and related services.

The total operating income contributed by the financial services business segment during the Year was approximately HK\$277.51 million (2019: HK\$365.19 million) and the loss was approximately HK\$135.96 million (2019: HK\$242.09 million). The loss was significantly reduced due to the Group's continuous cost management efforts. However, due to the ever-increasing competition among financial institutions in the market, the operating income from securities and futures brokerages services have decreased during the Year. Furthermore, for the private banking sector, given the expected synergies in offering European private banking solutions to the Group's clients in Asia have yet to be realised and the tightened local regulations and the continuous negative interest policy of European banking industry, an impairment losses on goodwill and intangible assets of approximately HK\$22.81 million and HK\$72.12 million were recognised for Mason Privatbank Liechtenstein AG ("MPL") respectively during the Year.

### **Financial Services — Provision of financing services**

During the Year, the Group's provision of financing service, mainly including leverage and acquisition financing activities and mortgage loan securitisation business in Hong Kong, contributed a total operating income of approximately HK\$45.14 million (2019: HK\$96.37 million) and net loss of approximately HK\$25.08 million (2019: HK\$129.09 million).

The decrease in operating income attributable to this segment was aligned with a more conservative credit strategy imposed by the Group since late 2019. After comprehensive and diligent evaluation, the overall loan portfolio was reduced, with effective actions taken to accelerate the recovery of outstanding loans. With the implementation of these efforts, credit ratios and collaterals quality in the overall loan portfolio have notably benefited. With the Group's focus geared towards a more granular risk appetite, its active portfolio management actions involved all credit proposals being subject to robust credit risk assessments. Regular credit monitoring and the credit mitigation through enhancement of collaterals are also part of the controlling tools in the Group's credit risk management life cycle. For the Year, the total size of the Group's loan portfolio of mortgage and loan business was approximately HK\$413.76 million (2019: HK\$687.08 million), with credit impairment of HK\$50.78 million (2019: HK\$142.36 million).

### **Financial Services — Trading of securities investments**

The listed securities held by the Group, for the purpose of proprietary investment, are mainly listed on the Australian, Mainland China, Hong Kong, and United States stock markets. The Group focused its investment, including but not limited to securities trading and funds investment, in specialised sectors, with investments conducted with a cautious attitude and under strict discipline. During the Year, the Group's proprietary trading of securities recorded a profit of approximately HK\$73.43 million (2019: loss of HK\$163.86 million).

### **Healthcare service — Provision of medical and laboratory services**

The Group's healthcare business comprises of the provision of assisted reproductive services, genetic diagnostic and counseling services, and health check services. During the Year, the results of the Group's healthcare business are entirely contributed by associated companies of the Group, The Women's Clinic Group Limited and its subsidiaries ("TWCGL") and Pangenja Inc. and its subsidiaries ("Pangenja"). In May 2020, the Group exited from the assisted reproductive services business in Australia through the disposal of TT Holdings Limited.

Since the outbreak of the COVID-19 in 2020, social distancing measures, inclusive of travel restrictions and quarantine arrangements, directly reduced the number of customers from Mainland China and overseas who patronise the Group's the healthcare services. As a result, the loss of approximately HK\$157.82 million was recorded in the healthcare segment during the Year (2019: loss of HK\$170.26 million), of which profit of HK\$14.51 million resulted from the disposal of assisted reproductive services business in Australia as mentioned above and impairment of HK\$151.00 million and HK\$40.34 million resulted from the deterioration of the business prospects of TWCGL and Pangenja respectively.

In February 2021, the Group further realised its investment in the assisted reproductive services business in Hong Kong through the disposal of Mason Reproductive Technology Limited at a cash consideration of HK\$268 million. The Group's exit from the assisted reproductive services business in Australia and Hong Kong has allowed the Group to focus on other core businesses.

## **Mother-infant-child consumer products — infant formula manufacturing and sales**

This business segment mainly includes AYD Group which operates the franchise operating and managed retail stores of mother-infant-child products in Mainland China, as well as Blend and Pack Pty. Ltd (“**B&P**”), the Australia-based manufacturer of infant formula and nutritional products.

During the Year, this business segment contributed an operating income of approximately HK\$161.79 million (2019: HK\$1,317.56 million) and a profit of approximately HK\$24.55 million (2019: loss of HK\$397.95 million). The operating income significantly decreased in 2020 as the Group no longer consolidates AYD Group’s result as a subsidiary upon the deemed disposal in June 2019.

### **Investment holding**

The investment holding business segment mainly holds the investments in private equity and funds, for earning dividend and investment income and capital appreciation purpose. As at 31 December 2020, the segment assets of this segment was approximately HK\$1,554.92 million (2019: HK\$1,525.48 million), of which HK\$1,026.88 million (2019: HK\$749.30 million) represents investment in a private equity, and HK\$95.02 million (2019: HK\$312.94 million) represents investments in funds. During the Year, segment income of approximately HK\$15.68 million (2019: HK\$8.93 million) and segment profit of approximately HK\$68.29 million (2019: profit of HK\$4.14 million) generated from fund investments were recorded. During the Year, the Group also recorded a HK\$55.31 million other income arising from the termination of B&P Disposal under this business segment.

## **FINANCIAL REVIEW**

### **Liquidity and financial resources**

As at 31 December 2020, the Group’s total assets amounted to approximately HK\$6,926.06 million (31 December 2019: HK\$7,791.13 million), among which 29.49% (2019: 30.30%) was bank deposits and cash of approximately HK\$2,042.43 million (31 December 2019: HK\$2,360.44 million). The bank deposits and cash comprised fixed deposits of approximately HK\$1,194.30 million (31 December 2019: HK\$954.98 million) in aggregate.

As at 31 December 2020, the net current assets of the Group amounted to approximately HK\$2,288.89 million (2019: approximately HK\$1,968.37 million), which included bank deposits and cash of approximately HK\$2,042.43 million (2019: HK\$2,124.88 million). The current ratio, expressed as current assets over current liabilities, was approximately 2.56 (2019: approximately 1.95).

As at 31 December 2020, the Group does not have any bank borrowings nor any other borrowings.

As at 31 December 2019, the Group does not have any bank borrowings. As at 31 December 2019, the Group has other borrowings of approximately HK\$295.73 million, of which HK\$194.73 million is an unsecured bond denominated in United States dollar, which carries an interest at 12 months ICE LIBOR plus 4.5% per annum. Furthermore, there are two outstanding unsecured bonds with principal amounts of approximately HK\$10.00 million each, issued in 2014 to two third party investors with an interest of 5% per annum. All other borrowings were fully repaid during 2020.

As at 31 December 2020 and 2019, the Company's total amount of issued and fully paid share capital is HK\$6,142.96 million. As at 31 December 2020, the total number of issued shares with no par value is 44,364,885,557 shares (2019: 44,375,065,557 shares).

As at 31 December 2020, the Group's total equity amounted to approximately HK\$5,400.88 million (2019: HK\$5,269.68 million), taking into account of non-controlling interest of approximately HK\$211.32 million (31 December 2019: HK\$267.99 million).

As at 31 December 2020, the Group's total debt to equity ratio was 0.04 (31 December 2019: 0.13), being the Group's repurchase agreements of approximately HK\$239.48 million (31 December 2019: loans and borrowing and repurchase agreements of approximately HK\$701.23 million) divided by the total equity.

To enhance the earnings per share of the Group for the benefits of the Company's shareholders as a whole, the Group repurchased 253,460,000 shares (the "**Repurchased shares**") of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during 2019 at a total consideration of approximately HK\$31.70 million. 53,140,000 shares, 190,140,000 shares and 10,180,000 shares were cancelled on 8 July 2019, 8 August 2019 and 23 March 2020, respectively. Save for such repurchases, no members of the Group purchased, sold or redeemed any of the Company's listed securities during the Year.

After taking into account the capital structure and liquidity analysis of the Group during the reporting period, as well as the estimated cash flows generated from the Group's operations, the management of the Group is satisfied that the Group will have sufficient working capital in the future to sustain the development of our current continuing operations and focus on the major advantageous businesses.

### **Treasury Policies**

Having considered the Group's current cash and cash equivalents, bank and other borrowings and banking facilities, the management believes that the Group's financial resources are sufficient for its day-to-day operations. The Group did not use financial instruments for financial hedging purposes during the Year. The Group's business transactions, assets and liabilities are principally denominated in Australia dollars, Swiss Franc, Renminbi and Hong Kong dollars. Fluctuations in foreign currency may have an impact on the Group's results and net asset value as the Group's consolidated financial statements are presented in Hong Kong dollars. The Group's treasury policy is to manage its foreign currency exposure only when its potential financial impact is material to the Group. The Group will continue to monitor its foreign exchange position and, if necessary, utilise hedging tools, if available, to manage its foreign currency exposure.

## **PROSPECTS**

With Mainland China's great success in the control of the COVID-19, as supported with well-implemented vaccination programs across key markets, there are good windows of asset reallocation to capture market opportunities in key equity markets, fixed income and credit markets. The continuous facilitation of cross market wealth management for investors in Hong Kong and the Greater Bay Area is expected to bring new innovations and market opening for inbound and outbound flows of wealth management business. The Group is expected to be able to capture these new market opportunities for clients via various wealth management platforms.

In particular, given the rollout of COVID-19 vaccines, the Group believes that global economic recovery will result and is therefore cautiously optimistic for the year 2021 ahead. The Group considers it is an opportunity to, within the year 2021, expand its competitive financial strength to make a stronger presence in the Hong Kong financial industry by increasing new market share within the securities margin financing business as well as other different types of secured lending businesses. Given the financial services industry has been at the forefront in helping businesses and individuals through difficulties, whilst at the same time capturing investment opportunities in terms of expected recovery and future growth, the Group anticipates to re-build its overall loan portfolio by doubling its book size in 2021, so as to create long-term and sustainable value for the Group.

## **CAPITAL COMMITMENTS**

As at 31 December 2020, the Group had a total capital commitment of approximately HK\$66.96 million (2019: HK\$67.28 million), contracted for but not provided for in the financial statements.

## **CONTINGENT LIABILITIES**

The Group previously entered into agreements to provide certain parent guarantees for bank loan facilities granted to AYD Group for its working capital requirements. As at 31 December 2020, the maximum aggregate amount of the guarantees was RMB13.50 million (approximately HK\$16.05 million) (2019: RMB13.80 million, approximately HK\$15.04 million) which were fully utilised. A guarantee fee will be charged at 1.5% per annum of the drawdown amount.

## **PLEDGE OF ASSETS**

As at 31 December 2020 and 2019, the Group does not have any pledged assets.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

On 13 May 2020, the Group entered into an agreement for the disposal of 33,955 shares of TT Holdings Limited for a consideration of US\$23.0 million (equivalent to approximately HK\$179.4 million) to Classic Harmony Limited (the “**Investor**”). The consideration comprised of a cash of approximately US\$1.5 million (equivalent to approximately HK\$11.75 million) and the transfer of preferred shares from the Investor to the Group amounted to approximately US\$21.5 million (equivalent to approximately HK\$164.57 million). TT Holdings Limited indirectly owns approximately 55.2% equity interests in Genea Limited, an Australia based company that principally engaged in providing the assisted reproductive technology services. The disposal was completed on 13 May 2020. Following the completion of the transaction, the Group recognised a gain of approximately HK\$14.51 million for the Year. Details please refer to the announcement of the Company dated 13 May 2020.

Save as disclosed above, the Group did not undertake any material acquisitions or disposals during the Year.

## **SIGNIFICANT INVESTMENTS**

The Group remains cautious about the trading performance of its portfolio of securities. With volatile global financial markets during the Year, the Group made stock investments to capture trading profits. The Group will also leverage the Group’s healthcare and consumer eco-system to identify securities investment opportunities with the aim of not just benefiting the Group as a result of its stock performance but also creating synergetic value by the investee companies. A net fair value gain recognised for the Group’s trading of securities investments amounted to approximately HK\$92.31 million (2019: loss of HK\$10.22 million) during the Year. The Group held a few listed investments with market value over HK\$50.00 million as at 31 December 2020 as set out below:

## List of significant stocks in terms of market value as at 31 December 2020

Name of stock listed on Stock Exchange/overseas stock exchange	Stock code	Brief description of the business	Number of shares held	Proportion of shares held	Investment cost as at	Market value as at	Percentage to total assets value of the Group as at
			31 December 2020	31 December 2020	31 December 2020 <i>HK\$'000</i>	31 December 2020 <i>HK\$'000</i>	31 December 2020
Analogue Holdings Limited	1977	Provision of electrical and mechanical engineering building services	42,000,000	3.00%	50,908	52,920	0.76%
Hangzhou Hikvision Digital Technology Co., Ltd.	2415	Research and development, manufacture and distribution of video products, as well as the provision of video services	909,400	0.01%	45,486	52,431	0.76%
Tencent Holdings Limited	700	Provision of value-added services, FinTech and business services and online advertising services	97,500	0.001%	54,637	54,990	0.79%

## Significant stocks gains/(losses) for the year ended 31 December 2020

Name of stock listed on Stock Exchange/overseas stock exchange	Stock code	Brief description of the business	Realised gains/(losses) for the year ended	Unrealised gains/(losses) for the year ended	Dividend received for the year ended
			31 December 2020 <i>HK\$'000</i>	31 December 2020 <i>HK\$'000</i>	31 December 2020 <i>HK\$'000</i>
Analogue Holdings Limited	1977	Provision of electrical and mechanical engineering building services	–	11,340	3,734
Hangzhou Hikvision Digital Technology Co., Ltd.	2415	Research and development, manufacture and distribution of video products, as well as the provision of video services	1,117	6,945	–
Tencent Holdings Limited	700	Provision of value-added services, FinTech and business services and online advertising services	(34)	353	–



## USE OF PROCEEDS

Reference is made to the prospectus and the announcements issued by the Company on 13 January 2017, 7 February 2017, 8 September 2017, 4 September 2019, 4 June 2020 and 17 August 2020 respectively, and the annual report 2019, in relation to, among other things, the rights issue on the basis of six (6) rights shares for every five (5) shares (the “**Rights Issue**”), use of proceeds and changes in use of proceeds from Rights Issue.

The Company (i) allotted and issued 22,124,799,450 ordinary shares to the qualifying shareholders on the register as at 12 January 2017 at a subscription price of HK\$0.13 per share for a total consideration, before expenses, of approximately HK\$2,876.00 million and (ii) allotted and issued 4,056,213,232 new shares (the “**Bonus Shares**”) of the Company to certain qualifying shareholders, on the basis of one Bonus Share for every ten shares held by the qualifying shareholders at the date for determining their entitlements (the “**Bonus Issue**”). Both the Rights Issue and Bonus Issue were completed in February 2017 and the net proceeds from the Rights Issue was approximately HK\$2,840.00 million (the “**Net Proceeds**”).

Following completion, the Company resolved to reallocate part of the Net Proceeds on 8 September 2017. Further details of the change in use of unused proceeds were set out in the announcements of the Company dated 8 September 2017.

As at 31 December 2019, the Group had unused Net Proceeds of approximately HK\$12.98 million towards IT upgrade of financial services and on 4 June 2020, the Company changed the original intended use of the unused proceeds to general working capital purpose to allocate its financial resources more effectively to support the daily business of the Group. The Company expected the unutilised proceeds of the right issue would be applied by end of 31 December 2020. Further details of the change in use of unused proceeds were set out in the announcement of the Company dated 4 June 2020.

As at 31 December 2020, the Net Proceeds have already been fully utilised. Details of the use of the Net Proceeds are as follows:

Intended use of the Net Proceeds	Net proceeds	Actual application	Un-utilised amount	Actual application	Un-utilised amount	Actual Application	Un-utilised amount	Un-utilised amount of	Actual application	Un-utilised amount
		for the year ended 31 December 2017	as at 31 December 2017	for the year ended 31 December 2018	as at 31 December 2018	for the year ended 31 December 2019	as at 31 December 2019	as at 4 June 2020 after Reallocation	for the year ended 31 December 2020	as at 31 December 2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(i) Financial Services										
(a) upgrading IT system, stocks and futures internet trading platform for securities and futures trading, and internal control system	40,000	18,000	22,000	8,230	13,770	789	12,981	-	-	-
(b) providing a full online discounted brokerage services to clients, brokers and dealers	600	575	25	25	-	-	-	-	-	-
(c) setting up and marketing trading platform, developing the securities and brokerage services and margin financing business and the working capita	310,000	149,000	161,000	161,000	-	-	-	-	-	-
(d) Expanding leverage and acquisition financing business	500,000	441,000	59,000	59,000	-	-	-	-	-	-
(ii) Asset management, wealth management and money lending business										
(a) Acquiring a controlling stake in MPL and HFG	700,000	-	700,000	700,000	-	-	-	-	-	-
(b) Increasing capital base of Mason Resources Finance Limited to develop its money lending business	140,000	140,000	-	-	-	-	-	-	-	-
(iii) Direct investment										
(a) Acquiring AYD which specialises in mother-infant-children care products in the PRC	461,000	461,000	-	-	-	-	-	-	-	-
(b) Acquiring Pangenica, a molecular diagnostics in Hong Kong which provides pre-natal and oncology related genetic diagnostics services	200,000	200,000	-	-	-	-	-	-	-	-
(c) Acquiring B&P, an infant formula and nutritional products manufacturing business, and other direct investment projects	488,400	481,000	7,400	7,400	-	-	-	-	-	-
(iv) General working capital	-	-	-	-	-	-	-	12,981	12,981	-
	<u>2,840,000</u>	<u>1,890,575</u>	<u>949,425</u>	<u>935,655</u>	<u>13,770</u>	<u>789</u>	<u>12,981</u>	<u>12,981</u>	<u>12,981</u>	<u>-</u>

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group employed 153 employees globally (31 December 2019: 235), including 140 full-time and 13 part-time employees. The decrease in the number of employees was mainly due to company restructuring. Staff costs of the Group were approximately HK\$145.79 million for the year ended 31 December 2020 (2019: HK\$322.14 million). The remuneration policy and package of the Group's employees are structured in accordance to market terms and statutory requirements where appropriate. The Group also provides other staff benefits such as discretionary bonus, medical insurance and mandatory provident fund.

## EVENTS AFTER THE YEAR

### Disposal of Mason Reproductive Technology Limited

On 26 February 2021, Mason Healthcare Group Limited (“MHGL”), an indirect wholly-owned subsidiary of the Company, and Tongsheng International Enterprise Limited (“Tongsheng”) entered into the share purchase agreement, pursuant to which MHGL agreed to sell to Tongsheng, and Tongsheng agreed to acquire from MHGL, 648,538 issued shares in Mason Reproductive Technology Limited (the “Target Company”) at the consideration of HK\$268 million in cash. Completion had taken place on the date of the share purchase agreement. For the details, please refer to the announcement of the Company dated 26 February 2021 (the “MRT Announcement”).

The Consideration of HK\$268,000,000 was determined with reference to, among others, the three bases specified in the MRT Announcement in the following manner:

- (i) *the financial position, the asset value and the historical financial performance of the Target Company*

The unaudited consolidated net 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:

	<b>For the financial year ended 31 December 2020 (HK\$'000)</b>	For the financial year ended 31 December 2019 (HK\$'000)
Operating losses	(199)	(13)
Share of results from associates	17,200	22,662
Fair value adjustments	(151,007)	(45,118)
Net loss before and after taxation	<u>(134,006)</u>	<u>(22,469)</u>

For the financial year ended 31 December 2020, the Target Company's net profit in the amount of approximately HK\$17 million which substantially represents its share of TWCGL's net profit, its associate, dropped significantly by 24% as compared to its share of TWCGL's net profit for the financial year ended 31 December 2019, based on the unaudited management accounts and before recognising any impairment loss.

The deterioration in financial performance of the Target Company is, among others, associated with future business uncertainties of TWCGL as follows:

- (a) The net profit of TWCGL decreased from approximately HK\$48.50 million for the year ended 31 December 2019 to approximately HK\$36.80 million for the year ended 31 December 2020 based on the management accounts, representing a drop of approximately 24.1%, which was mainly attributable to the decrease in the number of patients who could come to Hong Kong and access TWCGL's services amidst the COVID-19 outbreak. Since the outbreak of the COVID-19 in 2020, the Hong Kong government implemented various social distancing measures, inclusive of travel restrictions and quarantine arrangements, which directly reduced the number of patients from Mainland China and overseas visiting the clinics of TWCGL. As at the date of the MRT Announcement as well as the date hereof, the macro environment including Mainland China and Hong Kong have been continuously impaired by the COVID-19 outbreak, with the financial performance of TWCGL expected to worsen in the coming future; and
- (b) Pursuant to the terms of the shareholders' agreement of TWCGL dated 8 June 2018, Dr. HO Wing Chiu Clement, Dr. LEONG Milton Ka Hong and Dr. DOO Alexander Kenneth (all of them being reputable In-Vitro Fertilization specialists and key doctors and management members of TWCGL) respectively executed contracts with TWCGL for respective terms of three years commencing from 8 June 2018. Given that these contracts for key personnel will expire in June 2021, with renewal of contracts remaining uncertain, the financial performance of TWCGL is expected to deteriorate further, if TWCGL fails to have these contracts renewed.

*(ii) the positive investment return from the perspective of cash flow since the Group's acquisition of TWCGL in 2016*

After netting-off direct costs associated with two transactions underpinning the Group's acquisition of TWCGL, as disclosed in the Company's announcements of 30 September 2016 and 17 May 2018 and dividends received by the Group from the Target Company, the accumulated net investment in the Target Company approximates the amount of HK\$214.46 million. From the perspective of cash flow, therefore, the consideration of approximately HK\$268 million represents a positive investment return to the Group since its acquisition of TWCGL in 2016, where an internal rate of return of 5.1% is recorded.

The Company is also of view that the Target Company was disposed on 26 February 2021 at a PE Multiple of approximately 24.0, which is higher than that when it was acquired (where the Group's investment in the Target Company were disclosed in the announcements made by the Company on 30 September 2016 and 17 May 2018), in which all related PE Multiples were lower and ranged from 18.0 to 22.0.

*(iii) the business prospect of the Target Company*

As the COVID-19 pandemic has had far reaching economic impact locally and globally, Hong Kong's economy suffers a consequential downturn as well. Coupled with intense competition resulting from increasing number of medical institutions entering into the industry of In-Vitro Fertilization, both within Hong Kong and overseas (such as Taiwan, Thailand and etc.), the Board considers the Target Company's business prospect being uncertain.

Given the Target Company's business prospect as stated above, an impairment loss of HK\$151.01 million was recognised during the Year.

In view of the above, the Board considers that the consideration and the disposal are fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole.

The Directors have not obtained independent professional valuation in relation to the disposal. However, for financial reporting purposes, the Company engaged independent valuer, Avista, to perform the valuation of the Company's interest in the Target Company at each financial year end. With the basis above and took reference to the latest draft valuation report which stated the fair value of the Target Company of approximately HK\$420 million as at 31 December 2020, the Directors consider that they have exercised the degree of care, skill and diligence that may be reasonably expected of them.

Lunar Capital Management Limited ("**Lunar Capital**") is a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of Lunar Capital Management Advisors Ltd. It is an independent investment advisory firm licensed by The Securities and Futures Commission to carry out Type 4 (advising on securities) regulated activity under the Securities and Futures Ordinance (Cap. 571). Lunar Capital focuses on investments in private companies providing innovative, premium services and offerings to Chinese consumers and serves as investment advisor to Lunar Global Fertility Platform L.P., a limited partnership established in the Cayman Islands in January 2021, which focuses on investments in private companies that engage in fertility services and offerings in the Greater China region.

To the best of the Board's knowledge, information and belief, having made all reasonable enquiry, each of the purchaser, Lunar Capital and their ultimate beneficial owners does not have any past or present relationships with (a) the Company or its connected persons, (b) the counterparties and their ultimate beneficial owners in the First Share Purchase Agreement and the Second Share Purchase Agreement as stated in the Company's announcement dated 30 September 2016, and (c) the counterparties and their ultimate beneficial owners in the merger, the subscription and the transfer as stated in the Company's announcement dated 17 May 2018.

## **Voluntary Liquidation of MPL**

On 12 March 2021, Mason Strategic Investment Company Limited, an indirect wholly-owned subsidiary of the Company which wholly owns MPL, resolved the voluntary liquidation of MPL, with the process and procedure for such voluntary liquidation commenced in March 2021.

The Group acquired MPL on 18 October 2017 with a view to leverage on MPL as the Group's platform for its core financial practice to supplement its existing financial segments and enable further cross-selling and create synergies amongst the Group's different lines of businesses. However, MPL has become loss making since the financial year of 2019, given the macro-environment of the European banking industry became more challenging with tightened local regulations and the continuous negative interest policy. The severe situation of MPL was exacerbated by the declining global economy, which was further dampened by the impact of the COVID-19, which was globally felt since 2020. Given MPL has continuously sustained losses since 2019, with no reasonable means or prospect of improvement for the foreseeable future, on 12 March 2021, the Group considered the continuing holding of MPL disadvantageous to the Group and therefore resolved for the voluntary liquidation of MPL. Especially given that the Group is of view that MPL is likely to remain unable to generate sufficient revenue to cover its own operating expenses and liabilities, MPL's voluntary liquidation would enable the Group to release the financial burden resulting from its holding of MPL. With reference to MPL's voluntary liquidation, PricewaterhouseCoopers GmbH and Walpart Trust Registered are appointed as liquidators, where for further details of the subject voluntary liquidation, please refer to the Company's announcement dated 12 March 2021. The liquidation and management's assessment on the financial impact to the Group were still in progress as at the date of this announcement.

## **CLOSURE OF REGISTER OF MEMBERS**

The annual general meeting of the Company (the "AGM") is scheduled to be held on Thursday, 3 June 2021. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 31 May 2021 to Thursday, 3 June 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a shareholder of the Company to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 28 May 2021.

## **RISK MANAGEMENT**

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk within the organisation and the external environment with active management participation and effective internal control procedures in the best interest of the Group and its shareholders.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the Year (2019: Nil).

## **PURCHASE, REDEMPTION OF SALE OF LISTED SECURITIES OF THE COMPANY**

During the Year, 10,180,000 Shares which have been repurchased by the Company on the Stock Exchange during the year ended 31 December 2019 were cancelled on 23 March 2020.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

## **AUDIT COMMITTEE**

The audit committee of the Company, comprising Mr. Wu Xu'an as chairman as well as Mr. Tian Ren Can, Mr. Wang Cong and Mr. Ng Yu Yuet as members, has reviewed the audited final results for the Year.

## **SCOPE OF WORK OF BDO LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

## **CORPORATE GOVERNANCE**

During the Year, the Company has complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of Listing Rules except for deviation from code provision A.2.1 of the CG Code.

Code provision A.2.1 of CG Code stipulates that the roles of Chairman of the Board and Chief Executive Officer should be separated and should not be performed by the same individual. During the period of 1 January 2020 to 13 January 2020, Mr. Ko Po Ming ("**Mr. Ko**") was the Chairman of the Board and had also carried out the responsibility of Chief Executive Officer which constituted a deviation from the code provision A.2.1. Mr. Ko possessed essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The daily operation and management of the Company was monitored by the Executive Directors. The Board considers such structure more suitable for the Company as it could promote the efficient formulation and implementation of the Company's strategies. The aforesaid leadership structure facilitated the execution of the business strategies, decision-making and maximises the effectiveness of the Group's operations.

Following the resignation of Mr. Ko as an Executive Director, Chief Executive Officer of the Group and the Chairman of the Board with effect from 13 January 2020, the Company has complied with code provision A.2.1.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) in Appendix 10 of the Listing Rules as the code of conduct regarding directors’ securities transactions. Following specific enquiry by the Company, all of the Directors have confirmed that they have complied with the requirements as set out in the Model Code throughout the Year.

### **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.masonhk.com](http://www.masonhk.com)). The annual report of the Company for the Year will be despatched to the Company’s shareholders and available on the above websites in due course.

### **CHANGE OF COMPANY SECRETARY**

The Board announces that Ms. Dong Jiayin (“**Ms. Dong**”) has tendered her resignation as the company secretary of the Company (the “**Company Secretary**”) with effect from 25 March 2021.

Ms. Dong confirmed that she has no disagreement with the Board and there are no other matters that need to be brought to the attention of the Stock Exchange and the shareholders of the Company in relation to her resignation.

The Board is pleased to announce that Mr. Zhang Zhenyi (“**Mr. Zhang**”) has been appointed as the Company Secretary with effect from 25 March 2021. Mr. Zhang is currently an executive Director of the Company and also the Chief Financial Officer.

The Board would like to take this opportunity to express its sincere gratitude to Ms. Dong for her valuable contributions to the Company during her tenure of service and welcome Mr. Zhang on his new appointment.

# *For identification purposes only*



## CHANGE OF AUTHORISED REPRESENTATIVE

The Board announces that Ms. Dong ceases to act as the authorised representative of the Company (the “**Authorised Representative**”) under Rule 3.05 of the Listing Rules on the Stock Exchange with effect from 25 March 2021 and Ms. Han Ruixia (“**Ms. Han**”) has been appointed as the Authorised Representative with effect from 25 March 2021. Ms. Han is currently an executive Director of the Company.

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

Hong Kong, 25 March 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