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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020**

#### **INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Mason Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**Mason**”) is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2020 (the “**Period**”) as follows:

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

*For the six months ended 30 June 2020*

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2020</b>	<b>2019</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
			<i>(restated)</i>
Turnover	2	<b>389,474</b>	1,538,894
<b>Operating income</b>	3	<b>239,405</b>	1,510,908
Other income	4	<b>101,006</b>	21,514
Exchange loss, net		<b>(383)</b>	(5,676)
Consumables used and merchandise sold		<b>(45,820)</b>	(1,143,991)
Commission and brokerage expenses		<b>(70,242)</b>	(81,441)
Employee benefits expenses		<b>(76,754)</b>	(213,233)
Amortisation of intangible assets		<b>(9,339)</b>	(28,475)
Depreciation of property, plant and equipment		<b>(10,001)</b>	(15,998)
Depreciation of right-of-use assets		<b>(11,460)</b>	(22,008)
Loss on disposal of property, plant and equipment		<b>(10,184)</b>	(61)
Impairment loss on financial assets for expected credit loss		<b>(99,930)</b>	(32,997)

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2020</b>	<b>2019</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (restated)
Gain on deemed disposal of interest in a subsidiary	<i>17</i>	–	302,923
Net fair value loss on financial instruments		<b>(1,469)</b>	(18,778)
Impairment loss on goodwill		–	(27,877)
Other operating expenses		<b>(49,802)</b>	(123,274)
Finance costs		<b>(10,171)</b>	(22,351)
Share of results of associates		<b>18,313</b>	10,552
		<hr/>	<hr/>
(Loss)/profit before taxation	<i>6</i>	<b>(36,831)</b>	109,737
Income tax credit/(expenses)	<i>7</i>	<b>3,455</b>	(8,922)
		<hr/>	<hr/>
<b>(Loss)/profit for the period</b>		<b><u>(33,376)</u></b>	<b><u>100,815</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2020*

	Unaudited Six months ended 30 June	
<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (restated)
<b>Other comprehensive income:</b>		
<i>Items that will be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign subsidiaries	2,388	(2,418)
Share of other comprehensive income of an associate	(2,822)	–
<i>Items that will not be reclassified to profit or loss</i>		
Changes in fair value of equity instruments at fair value through other comprehensive income	(56,570)	145,754
<b>Other comprehensive income for the period</b>	<b>(57,004)</b>	143,336
<b>Total comprehensive income for the period</b>	<b>(90,380)</b>	244,151
<b>(Loss)/profit for the period attributable to:</b>		
Equity holders of the Company	(33,312)	90,654
Non-controlling interests	(64)	10,161
<b>(Loss)/profit for the period</b>	<b>(33,376)</b>	100,815
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	(90,125)	234,675
Non-controlling interests	(255)	9,476
<b>Total comprehensive income for the period</b>	<b>(90,380)</b>	244,151
<b>(Loss)/earnings per share</b>		
Basic and diluted	8 <b>(HK0.08 cents)</b>	HK0.20 cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2020*

		Unaudited 30 June 2020 <i>HK\$'000</i>	Audited 31 December 2019 <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		300,822	316,249
Right-of-use assets		37,537	63,025
Intangible assets		177,249	183,886
Goodwill		80,038	79,737
Interests in associates	<i>10</i>	1,068,386	1,052,895
Loan receivables	<i>14</i>	90,253	119,401
Other receivables	<i>15</i>	268,835	231,055
Deferred tax assets		9,750	9,380
Financial assets at fair value through profit or loss	<i>11</i>	439,643	504,589
Financial assets at fair value through other comprehensive income	<i>12</i>	692,731	749,301
Financial assets at amortised cost	<i>13</i>	169,605	199,888
Fixed bank deposits		216,664	235,558
		<b>3,551,513</b>	<b>3,744,964</b>
<b>Current assets</b>			
Inventories		42,075	14,299
Financial assets at fair value through profit or loss	<i>11</i>	21,984	914
Financial assets at amortised cost	<i>13</i>	15,474	15,479
Derivative financial instruments		27,655	37,506
Loan receivables	<i>14</i>	357,350	769,142
Reverse repurchase agreements		171,271	663,327
Trade and other receivables	<i>15</i>	447,018	420,585
Tax recoverables		–	36
Fixed bank deposits		1,390,242	719,420
Bank balances and cash		1,124,929	1,405,457
		<b>3,597,998</b>	<b>4,046,165</b>

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2020</b>	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current liabilities</b>			
Trade and other payables	16	1,367,560	1,648,705
Contract liabilities		14,812	16,566
Interest-bearing borrowings		274,769	81,000
Repurchase agreements		198,190	252,686
Derivative financial instruments		27,648	38,078
Lease liabilities		15,232	30,203
Tax payables		8,960	10,554
		<u>1,907,171</u>	<u>2,077,792</u>
<b>Net current assets</b>		<u>1,690,827</u>	<u>1,968,373</u>
<b>Total assets less current liabilities</b>		<u>5,242,340</u>	<u>5,713,337</u>
<b>Non-current liabilities</b>			
Interest-bearing borrowings		–	214,725
Deferred tax liabilities		27,786	29,564
Lease liabilities		23,688	34,981
Redeemable and exchangeable preferred share		–	152,822
Net defined benefit obligations		10,751	10,611
Other payables	16	813	952
		<u>63,038</u>	<u>443,655</u>
<b>NET ASSETS</b>		<u><u>5,179,302</u></u>	<u><u>5,269,682</u></u>
<b>Capital and reserves</b>			
Share capital		6,142,962	6,142,962
Reserves		(1,231,398)	(1,141,273)
Equity attributable to equity holders of the Company		<u>4,911,564</u>	<u>5,001,689</u>
Non-controlling interests		<u>267,738</u>	<u>267,993</u>
<b>TOTAL EQUITY</b>		<u><u>5,179,302</u></u>	<u><u>5,269,682</u></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2020*

### 1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

These condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2019 annual financial statements, except for those that relate to new standards, amendments and interpretations effective for the first time for period beginning on or after 1 January 2020. The effect of the adoption of these standards, amendments and interpretation was not material to the Group’s results of operations or financial position.

The preparation of these condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These condensed consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated. These condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements. These condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) and should be read in conjunction with the 2019 annual financial statements.

The financial information relating to the year ended 31 December 2019 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2020 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) (the “**Companies Ordinance**”) is as follows:

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.

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

### 2. TURNOVER

Turnover 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.

### 3. OPERATING INCOME

Operating income recognised from the principal activities of the Group during the period including 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 is as follow:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	<b>HK\$'000</b>
		(restated)
Brokerage commission income from:		
— securities dealing	<b>13,769</b>	17,902
— insurance	<b>77,690</b>	79,524
— underwriting and placing	<b>880</b>	2,090
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	<b>18,701</b>	22,550
Financial advisory fee income	<b>1,516</b>	4,078
Margin facility and loan facility handling fee income	<b>6,658</b>	6,691
Manufacture of infant formula and nutritional products	<b>53,042</b>	34,363
Franchisor and retail of mother-infant-child products	–	1,232,703
Rental income from lease of premises	–	591
Gain/(loss) from sale of financial assets at fair value through profit or loss, net*	<b>14,505</b>	(7,110)
Dividend income from financial assets at fair value through profit or loss	<b>8,176</b>	1,940
Interest income from:		
— margin financing	<b>3,082</b>	19,101
— loan receivables from third parties	<b>41,018</b>	66,082
— loan receivable from a shareholder of an associate ( <i>Note 14(c)</i> )	<b>368</b>	6,256
	<b>239,405</b>	<b>1,510,908</b>

\* Represented the proceeds from the sale of financial assets at fair value through profit or loss (“FVTPL”) of HK\$164,574,000 (2019: HK\$20,876,000) less relevant costs and carrying amount of the financial assets sold of HK\$150,069,000 (2019: HK\$27,986,000).

### 4. OTHER INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	<b>HK\$'000</b>
		(restated)
Interest income from financial institutions	<b>13,807</b>	12,636
Forfeiture of deposits	<b>55,306</b>	–
Government subsidies	–	2,350
Rental income	<b>1,740</b>	1,715
Gain from redemption of unlisted investment	<b>29,175</b>	–
Others	<b>978</b>	4,813
	<b>101,006</b>	<b>21,514</b>

## 5. 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 and 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



(a) Segment turnover

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

	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-child products <i>HK\$'000</i>	Manufacture of infant formula and nutritional products <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the six months ended 30 June 2020 (unaudited)</b>									
<b>Segment turnover</b>									
From contracts with customers within the scope of HKFRS 15	-	-	119,215	-	-	53,042	-	-	172,257
From other source	2,155	31,544	12,570	164,574	-	-	6,374	-	217,217
	<u>2,155</u>	<u>31,544</u>	<u>131,785</u>	<u>164,574</u>	<u>-</u>	<u>53,042</u>	<u>6,374</u>	<u>-</u>	<u>389,474</u>
<b>For the six months ended 30 June 2019 (unaudited) (restated)</b>									
<b>Segment turnover</b>	<u>22,658</u>	<u>54,944</u>	<u>169,172</u>	<u>-</u>	<u>1,257,441</u>	<u>34,363</u>	<u>316</u>	<u>-</u>	<u>1,538,894</u>

**(b) Segment income and results**

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

	Trading of securities investments HK\$'000	Provision of financing services HK\$'000	Provision of wealth and asset management, financial brokerage and related services HK\$'000	Provision of medical consultation and laboratory 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	Unallocated HK\$'000	Total HK\$'000
<b>For the six months ended 30 June 2020 (unaudited)</b>									
Segment income	2,155	31,544	131,785	14,505	-	53,042	6,374	-	239,405
(Loss)/profit for the period before following items:	(23)	(65,673)	(16,447)	11,676	(226)	(13,272)	86,324	(37,148)	(34,789)
Loss on disposal of property, plant and equipment	-	-	(121)	-	-	-	-	(10,063)	(10,184)
Finance costs	(11)	(560)	(3,081)	-	-	(33)	(5,935)	(551)	(10,171)
Share of results of associates	-	-	-	6,669	11,644	-	-	-	18,313
(Loss)/profit before taxation	(34)	(66,233)	(19,649)	18,345	11,418	(13,305)	80,389	(47,762)	(36,831)
Income tax credit/(expense)	-	-	445	-	-	3,913	(903)	-	3,455
<b>Segment results</b>	<b>(34)</b>	<b>(66,233)</b>	<b>(19,204)</b>	<b>18,345</b>	<b>11,418</b>	<b>(9,392)</b>	<b>79,486</b>	<b>(47,762)</b>	<b>(33,376)</b>
<b>For the six months ended 30 June 2019 (unaudited) (restated)</b>									
Segment income	(5,328)	54,944	169,172	-	1,257,441	34,363	316	-	1,510,908
(Loss)/profit for the period before following items:	(23,045)	52,142	(31,191)	(2,371)	21,907	(13,293)	(36,264)	(121,334)	(153,449)
(Loss)/gain on disposal of property, plant and equipment	-	-	(84)	-	-	23	-	-	(61)
Impairment loss on goodwill	-	-	-	-	-	(27,877)	-	-	(27,877)
Finance costs	-	(1,199)	(11,926)	-	(5,544)	(351)	(2,242)	(1,089)	(22,351)
Share of results of associates	-	-	-	10,710	(158)	-	-	-	10,552
(Loss)/profit from operation	(23,045)	50,943	(43,201)	8,339	16,205	(41,498)	(38,506)	(122,423)	(193,186)
Gain on deemed disposal of interest in a subsidiary	-	-	-	-	302,923	-	-	-	302,923
(Loss)/profit before taxation	(23,045)	50,943	(43,201)	8,339	319,128	(41,498)	(38,506)	(122,423)	109,737
Income tax credit/(expense)	-	-	2,611	-	(8,180)	4,084	(7,437)	-	(8,922)
<b>Segment results</b>	<b>(23,045)</b>	<b>50,943</b>	<b>(40,590)</b>	<b>8,339</b>	<b>310,948</b>	<b>(37,414)</b>	<b>(45,943)</b>	<b>(122,423)</b>	<b>100,815</b>

(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 30 June 2020 (unaudited)</b>								
Assets before following items:	156,218	288,072	2,648,433	38	318,350	127,588	2,174,365	5,713,064
Interests in associates	-	-	-	733,960	334,426	-	-	1,068,386
Goodwill	-	-	80,038	-	-	-	-	80,038
Segment assets	156,218	288,072	2,728,471	733,998	652,776	127,588	2,174,365	6,861,488
Unallocated assets								288,023
Total assets								7,149,511
<b>Liabilities</b>								
Segment liabilities	(31,656)	(600)	(1,602,838)	-	(8,339)	(78,024)	(208,331)	(1,929,788)
Unallocated liabilities								(40,421)
Total liabilities								(1,970,209)
<b>As at 31 December 2019 (audited)</b>								
Assets before following items:	154,087	700,973	3,256,359	152,869	280,224	95,042	1,525,481	6,165,035
Interests in associates	-	-	-	727,292	325,603	-	-	1,052,895
Goodwill	-	-	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								7,791,129
<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								(2,521,447)

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

- Segment assets include mainly property, plant and equipment, right-of-use assets, intangible assets, goodwill, interests in associates, deferred tax assets, loan receivables, derivative financial instruments, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortised cost, inventories, 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 include trade and other payables, contract liabilities, interest-bearing borrowings, tax payables, deferred tax liabilities, derivative financial instruments, repurchase agreements, lease liabilities, net defined benefit obligations and redeemable and exchangeable preferred share. 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) Primary geographical market**

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 six months ended</b>								
<b>30 June 2020 (unaudited)</b>								
<b>Primary geographic markets</b>								
Hong Kong	2,155	31,544	106,794	14,505	-	-	6,374	161,372
PRC	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	53,042	-	53,042
Europe	-	-	24,991	-	-	-	-	24,991
Total	<u>2,155</u>	<u>31,544</u>	<u>131,785</u>	<u>14,505</u>	<u>-</u>	<u>53,042</u>	<u>6,374</u>	<u>239,405</u>
<b>For the six months ended</b>								
<b>30 June 2019 (unaudited) (restated)</b>								
Hong Kong	(5,328)	54,944	128,038	-	-	-	316	177,970
PRC	-	-	-	-	1,257,441	-	-	1,257,441
Australia	-	-	-	-	-	34,363	-	34,363
Europe	-	-	41,134	-	-	-	-	41,134
Total	<u>(5,328)</u>	<u>54,944</u>	<u>169,172</u>	<u>-</u>	<u>1,257,441</u>	<u>34,363</u>	<u>316</u>	<u>1,510,908</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.

	<b>Provision of wealth and asset management, financial brokerage and related services <i>HK\$'000</i></b>	<b>Franchisor of mother-infant children products <i>HK\$'000</i></b>	<b>Manufacture of infant formula and nutritional products <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>For the six months ended 30 June 2020 (unaudited)</b>				
<b>Major products/service lines</b>				
Wealth and asset management	102,324	–	–	102,324
Financial brokerage and related services	16,891	–	–	16,891
Infant formula and nutritional products	–	–	53,042	53,042
	<u>119,215</u>	<u>–</u>	<u>53,042</u>	<u>172,257</u>
<b>Timing of revenue recognition</b>				
At a point in time	114,500	–	53,042	167,542
Transferred over time	4,715	–	–	4,715
	<u>119,215</u>	<u>–</u>	<u>53,042</u>	<u>172,257</u>
		<b>Franchisor and retail of mother- infant-child products <i>HK\$'000</i></b>	<b>Manufacture of infant formula and nutritional products <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>For the six months ended 30 June 2019 (unaudited) (restated)</b>				
<b>Major products/service lines</b>				
Mother-infant-child products		1,257,441	–	1,257,441
Infant formula and nutritional products		–	34,363	34,363
		<u>1,257,441</u>	<u>34,363</u>	<u>1,291,804</u>
<b>Timing of revenue recognition</b>				
At a point in time		1,243,247	34,363	1,277,610
Transferred over time		14,194	–	14,194
		<u>1,257,441</u>	<u>34,363</u>	<u>1,291,804</u>

## 6. (LOSS)/PROFIT BEFORE TAXATION

This is stated after charging:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	<b>HK\$'000</b>
		(restated)
<b>Other operating expenses</b>		
Auditor's remuneration	<b>4,100</b>	6,538
Rent, rates and building management expenses	<b>2,181</b>	11,942
Management fees	<b>1,760</b>	1,636
Information services expenses	<b>9,869</b>	9,194
Advertising and promotion	<b>946</b>	17,505
Utilities and office expenses	<b>12,421</b>	8,672
Travelling and entertainment	<b>1,321</b>	13,137
Repair and maintenance	<b>1,616</b>	1,990
Legal and professional fees	<b>6,563</b>	31,802
Bank charges and settlement charges	<b>1,358</b>	6,534
Registration and listing fees	<b>3,637</b>	3,873
Insurance, training and recruitment	<b>2,964</b>	3,871
Others	<b>1,066</b>	6,580
	<b>49,802</b>	123,274
	<b>49,802</b>	123,274
<b>Impairment loss on financial assets for expected credit loss</b>		
Expected credit losses ("ECLs") in relation to loan receivables	<b>98,580</b>	1,479
ECLs in relation to trade receivables	<b>413</b>	31,247
ECLs in relation to other receivables	<b>649</b>	–
Others	<b>288</b>	271
	<b>99,930</b>	32,997
	<b>99,930</b>	32,997

## 7. TAXATION

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2020</b>	2019
		<b>HK\$'000</b>	<b>HK\$'000</b>
			(restated)
<b>Current tax</b>			
Hong Kong Profits Tax	<i>(a)</i>	<b>86</b>	(432)
Mainland China Enterprise Income Tax	<i>(b)</i>	–	8,465
Liechtenstein Corporate Income Tax	<i>(c)</i>	–	(428)
Australian Income Tax	<i>(d)</i>	<b>(2,640)</b>	(257)
		<b>(2,554)</b>	7,348
Withholding tax		<b>903</b>	7,436
		<b>(1,651)</b>	14,784
<b>Deferred tax</b>			
Reversal of taxable temporary differences		<b>(1,804)</b>	(5,862)
		<b>(3,455)</b>	8,922

*Notes:*

### (a) Hong Kong Profits Tax

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 new two-tiered profits tax rates regime with effect from the year of assessment 2018/19.

### (b) Mainland China Enterprise Income Tax

Mainland China Enterprise Income Tax rate of the Company's subsidiaries operating in the PRC during the six months ended 30 June 2019 was 25% on its taxable profits.

### (c) Liechtenstein Corporate Income Tax

Liechtenstein Corporate Income Tax of the Company's subsidiary operating in Liechtenstein during the six months ended 30 June 2020 was 12.5% (2019: 12.5%) on its taxable profits.

### (d) Australian Income Tax

Australian Income Tax rate of the Company's subsidiary operating in Australia during the six months ended 30 June 2020 was 30% (2019: 30%) on its taxable profits.

## 8. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on (loss)/profit attributable to equity holders of the Company and the weighted average number of the ordinary shares in issue during the period as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	<b>HK\$'000</b>
		(restated)
<b>(Loss)/earnings</b>		
(Loss)/profit for the period attributable to equity holders of the Company	<u>(33,312)</u>	<u>90,654</u>
	<b>2020</b>	2019
	<b>No. of shares</b>	No. of shares
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u>44,369,472</u>	<u>44,618,346</u>

The Company had no dilutive potential ordinary shares for both periods. Accordingly, the diluted (loss)/earnings per share was the same as the basic (loss)/earnings per share for both periods.

## 9. INTERIM DIVIDEND

The board of directors does not recommend the payment of an interim dividend for both periods.

## 10. INTERESTS IN ASSOCIATES

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2020</b>	2019
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Unlisted shares</b>		
Interests in associates, unlisted	<u>1,068,386</u>	<u>1,052,895</u>

As at 30 June 2020, interests in associates comprise of:

- (i) HK\$150,328,000 (31 December 2019: HK\$149,934,000) representing 42.87% equity interest in Pangenica Inc (“**Pangenica**”), a company incorporated in the British Virgin Islands with limited liability. A goodwill of HK\$71,439,000 arising from acquisition of the Pangenica has been fully impaired during the year ended 31 December 2019. Pangenica is principally engaged in the provision of pre-natal and oncology related genetic diagnostics services.
- (ii) HK\$583,632,000 (31 December 2019: HK\$577,358,000) representing 46.71% equity interest in The Women’s Clinic Group Limited (“**WCG**”), a company incorporated in the British Virgin Islands with limited liability. WCG is principally engaged in the provision of medical consultation services and reproduction technology services.



- (iii) In February 2019, the Group entered into a subscription and shareholders agreement with third parties as an investor in Hublot Healthcare Group Limited (“**Hublot**”), a private company limited by shares in British Virgin Islands under the Companies Act. The total investment cost of HK\$40,000,000, representing 27.8% equity interest in Hublot, has been fully impaired during the year ended 31 December 2019. Hublot is principally engaged in the provision of health screening, medical service referral, health management and other related healthcare services.
- (iv) HK\$334,426,000 (31 December 2019: HK\$325,603,000) representing 46.20% equity interest in AYD Group Limited (“**AYD**”), a company incorporated in British Virgin Islands with limited liability. On 28 June 2019, the Group disposed of 0.71% of equity interest at a consideration of HK\$10,024,000 with the loss of control on the board, AYD ceased to be a subsidiary of the Group and became an associate. AYD is principally engaged in franchisor and retail of mother-infant-child products in Southern China and Eastern China.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
	<i>Notes</i>		
<b>Investments held for trading</b>			
Equity securities — listed in Hong Kong	(a)	21,984	–
Equity securities — listed overseas	(a)	–	914
<b>Investments not held for trading</b>			
Equity securities — listed in Hong Kong	(a)&(c)	44,100	41,580
Equity securities — listed overseas	(a)&(c)	82,822	–
Unlisted equity securities	(b)&(c)	312,721	463,009
		<u>461,627</u>	<u>505,503</u>
Less: Balances in current portion		<u>(21,984)</u>	<u>(914)</u>
Non-current portion		<u><u>439,643</u></u>	<u><u>504,589</u></u>

### Notes:

- (a) The fair value of listed equity securities are based on quoted market prices in active markets.
- (b) The fair value of unlisted equity securities are determined by reference to net asset value or by using market approach at the reporting date.
- (c) The financial assets are classified as financial assets at FVTPL as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Unlisted equity securities	<u><u>692,731</u></u>	<u><u>749,301</u></u>

### 13. FINANCIAL ASSETS AT AMORTISED COST

	<b>Unaudited 30 June 2020 HK\$'000</b>	Audited 31 December 2019 HK\$'000
European bonds	<b>169,605</b>	199,888
Note receivables	<b>15,474</b>	15,479
	<b>185,079</b>	215,367
Less: Balance in current portion	<b>(15,474)</b>	(15,479)
Non-current portion	<b>169,605</b>	199,888

### 14. LOAN RECEIVABLES

Loans granted to borrowers are repayable according to repayment schedules.

	<i>Notes</i>	<b>Unaudited 30 June 2020 HK\$'000</b>	Audited 31 December 2019 HK\$'000
<b>Loan receivables from third parties</b>			
— Term loans	<i>(a)</i>	<b>676,327</b>	995,467
— Instalment loans	<i>(b)</i>	<b>21,644</b>	21,791
		<b>697,971</b>	1,017,258
<b>Loan to a shareholder of an associate</b>	<i>(c)</i>	<b>21,691</b>	42,071
		<b>719,662</b>	1,059,329
Expected credit loss	<i>(d)</i>	<b>(272,059)</b>	(170,786)
		<b>447,603</b>	888,543
Less: Balances due within one year included in current assets		<b>(357,350)</b>	(769,142)
Non-current portion		<b>90,253</b>	119,401

*Notes:*

(a) As at 30 June 2020, term loan receivables of:

- (i) HK\$303,045,000 (31 December 2019: HK\$469,176,000) are secured by corporate/personal guarantee provided by equity holders of the borrowers and collateralised by unlisted securities or listed securities or properties;
- (ii) HK\$115,498,000 (31 December 2019: HK\$149,727,000) are collateralised by unlisted securities;

- (iii) HK\$54,274,000 (equivalent to CHF6,662,000) (31 December 2019: HK\$63,307,000 (equivalent to CHF7,873,000)) are collateralised by properties located overseas or pledged deposits;
- (iv) HK\$195,949,000 (equivalent to CHF24,052,000) (31 December 2019: HK\$249,815,000 (equivalent to CHF31,069,000)) are collateralised by securities or bonds;
- (v) HK\$7,561,000 (31 December 2019: nil) are collateralised by properties situated in Hong Kong, none of the term loan receivables are unsecured (31 December 2019: HK\$63,442,000).

The term loan receivables carry fixed interest rates ranging from around 1% to 16% per annum (31 December 2019: 1% to 16% per annum) and all (31 December 2019: all) are within the respective maturity dates.

- (b) As at 30 June 2020 and 31 December 2019, instalment loan receivables are collateralised by properties situated in Hong Kong, which carry interest rate of 3.25% above Hong Kong Dollar prime rate per annum with respective maturity dates.
- (c) Loan to a shareholder of an associate represents a loan and related interest receivables from one of the vendors, Cosmicfield Investments Limited (“Cosmicfield”), in acquisition of AYD. Pursuant to an investment agreement dated 30 December 2016, the loan of RMB140,800,000 (equivalent to HK\$157,696,000) carries interest at a rate of 8% per annum for a term of 36 months expired on 27 February 2020; and is secured by (i) 1,892 shares of US\$1 each, representing 18.92% of the issued share capital of AYD held by Cosmicfield; (ii) 1,269 shares of US\$1 each, representing 12.69% of the issued share capital of AYD held by Golden Metro Investments Limited.
- (d) The management assessed the collectability of loan receivables at the end of the reporting period individually with reference to borrowers’ past settlement history and current creditworthiness. Loan receivables that were neither past due nor impaired related to several borrowers for whom there was no history of default. Loan receivables that were past due but not impaired as management is of the opinion that there has not been a significant change in credit quality of the borrower or the party who provided guarantees and fair value of the collaterals obtained in respect of these loans.

The impairment analysis is performed at each reporting date 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.

Movements in the expected credit loss are as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2020</b>	2019
	<b>HK\$’000</b>	<b>HK\$’000</b>
At the beginning of the reporting period	<b>170,786</b>	25,123
Derecognised including repayment, during the period/year	–	(348)
Charged during the period/year	<b>98,580</b>	145,810
Exchange realignment	<b>2,693</b>	201
	<hr/> <b>272,059</b> <hr/>	<hr/> 170,786 <hr/>
At the end of the reporting period	<b>272,059</b>	170,786

## 15. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	<b>Unaudited 30 June 2020 HK\$'000</b>	Audited 31 December 2019 HK\$'000
Trade receivables	(a)	<b>22,008</b>	9,759
Accounts receivable from clients arising from provision of wealth and asset management services	(b)	<b>9,925</b>	12,464
Accounts receivable from third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	(b)	<b>117,684</b>	15,482
— margin clients	(b)	<b>162,536</b>	153,983
— clearing houses and brokers	(b)	<b>22,354</b>	17,330
		<b>334,507</b>	209,018
Expected credit loss	(c)	<b>(37,212)</b>	(36,799)
		<b>297,295</b>	172,219
Deposits and prepayments		<b>23,730</b>	131,404
Other receivables		<b>21,745</b>	14,254
Amounts due from related parties	(d)	<b>376,437</b>	336,468
		<b>421,912</b>	482,126
Expected credit loss	(d)	<b>(3,354)</b>	(2,705)
		<b>418,558</b>	479,421
		<b>715,853</b>	651,640
Less: Balances due within one year included in current assets		<b>(447,018)</b>	(420,585)
Non-current portion		<b>268,835</b>	231,055

*Notes:*

### (a) Settlement terms of trade receivables

The Group normally allows a credit limit to its customers. The credit terms offered to these customers are generally in credit limit and open credit period, accordingly the trade receivables that are not individually nor collectively impaired are considered not overdue.

### (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 receivables 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\$249,545,000 (31 December 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>Unaudited 30 June 2020 HK\$'000</b>	Audited 31 December 2019 HK\$'000
Less than 1 month	14,511	830
1 month to 3 months	4,903	5,533
Over 3 months to 6 months	6	3,396
Over 6 months to 12 months	2,584	–
Over 12 months	4	–
	<u>22,008</u>	<u>9,759</u>

Movements in the expected credit loss are as follows:

	<b>Unaudited 30 June 2020 HK\$'000</b>	Audited 31 December 2019 HK\$'000
At the beginning of the reporting period	36,799	22,228
Derecognised on deemed disposal of a subsidiary	–	(2,695)
Allowance for expected credit loss	413	17,266
	<u>37,212</u>	<u>36,799</u>
At the end of the reporting period		

No ageing analysis has been disclosed in respect of accounts receivable arising from the ordinary course of brokerage and the 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 ECLs.

For accounts receivables, impairment analysis is performed at each reporting date 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.

**(d) Amounts due from related parties and impairment**

Included in amounts due from related parties were amounts due from beneficial owners of respective non-controlling interests of subsidiaries of HK\$52,270,000 (31 December 2019: HK\$52,238,000) and other receivables from an associate of HK\$56,895,000 (31 December 2019: HK\$56,895,000) and HK\$97,031,000 (31 December 2019: HK\$76,284,000), which are repayable within 1 year and 5 years respectively, unsecured and interest-free, and dividend receivable of HK\$148,730,000 (31 December 2019: HK\$148,730,000) which is unsecured, interest-free and repayable in 5 years from the date of dividend declaration. The carrying value of the amounts due approximate to their fair value. The ECLs are based on the 12-months ECLs. The loss allowance increased by HK\$649,000 (31 December 2019: HK\$2,705,000) during the period.

**16. TRADE AND OTHER PAYABLES**

		<b>Unaudited 30 June 2020 HK\$'000</b>	Audited 31 December 2019 HK\$'000
	<i>Notes</i>		
Trade payables to third parties	(a)	<b>53,737</b>	4,908
Accounts payable to clients arising from provision of wealth and asset management services	(b)	<b>1,179,393</b>	1,559,505
Accounts payable to third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	(b)	<b>699,545</b>	549,568
— margin clients	(b)	<b>78,938</b>	165,151
— clearing house and brokers	(b)	<b>—</b>	2,220
		<b>2,011,613</b>	2,281,352
Less: Cash held on behalf of clients	(c)	<b>(731,893)</b>	(696,123)
		<b>1,279,720</b>	1,585,229
Other payables	(d)	<b>87,445</b>	56,356
Deposit received		<b>1,208</b>	7,961
Due to related companies		<b>—</b>	111
		<b>88,653</b>	64,428
		<b>1,368,373</b>	1,649,657
Less: Balances due within one year included in current liabilities		<b>(1,367,560)</b>	(1,648,705)
Non-current portion		<b>813</b>	952

Notes:

**(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>Unaudited 30 June 2020 HK\$'000</b>	Audited 31 December 2019 HK\$'000
Less than 1 month	<b>41,780</b>	2,724
1 month to 3 months	<b>11,957</b>	2,177
Over 3 months to 6 months	–	7
	<b><u>53,737</u></b>	<b><u>4,908</u></b>

**(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 of 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 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.
- (d) As at 30 June 2020 and 31 December 2019, included in other payables was salaries and bonus payables, professional advisory fee payables and bond interest payable.

## 17. DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY

### For the six months ended 30 June 2020

There was no deemed disposal of interest in a subsidiary for the period ended 30 June 2020.

### For the six months ended 30 June 2019

#### *Deemed disposal of AYD*

As disclosed in Note 10(iv), 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 condensed 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	10,024
	<hr/>
	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	(343,330)
	<hr/>
Net assets derecognised	408,909
	-----
Gain on deemed disposal	302,923
	<hr/> <hr/>



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

As a Hong Kong based company, Mason Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) principally provides comprehensive financial services in Mainland China, Japan, South Korea and Europe, with businesses covering private banking, wealth and asset management, securities and futures brokerage, securities margin financing, corporate finance advisory services, investments 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.

### INTERIM RESULTS

During the six months ended 30 June 2020 (the “**Period**”), the Group generated a total turnover of approximately HK\$389.47 million (2019: HK\$1,538.89 million), an approximately 74.7% drop from the same period in 2019 and operating income of HK\$239.41 million (2019: HK\$1,510.91 million), a 84.2% drop from the same period in 2019. The Group recorded a net loss of approximately HK\$33.38 million (2019: net profit of HK\$100.82 million). Loss attributable to equity holders of the Company amounted to approximately HK\$33.31 million (2019: profit attributable to equity holders of the Company amounted to approximately HK\$90.65 million). As a result, basic and diluted loss per share were 0.08 Hong Kong cents (2019: earnings per share of 0.20 Hong Kong cents). The decrease in turnover and operating income for the Period was mainly due to the deconsolidation of the AYD Group Limited and its subsidiaries (“**AYD Group**”).

### MARKET AND BUSINESS REVIEW

The business model of each core business unit of the Group, namely financial services and healthcare, requires the Group to face customers directly. The outbreak of Coronavirus Disease (“**COVID-19**”) had a great impact on almost all business units of the Group. The internal restructuring cost arising from the newly acquired business also had a negative impact on operating profit of the Group. In the first half of this year, the operating income and profit of each business unit recorded varying degrees of decline.

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

The Group’s financial services business segment consists of wealth and asset management, private banking, securities and futures brokerage, provision of securities margin financing, provision of corporate finance advisory services and related services.

With the global economy slowdown as the result of outbreak of COVID-19, the Group’s financial services segment focused on integrating and consolidating its recently acquired businesses.

The total operating income contributed by the financial services business segment during the Period were approximately HK\$131.79 million (2019: HK\$169.17 million), with a 22.1% or HK\$37.38 million decrease in operating income over the same period in 2019. The business segment contributed approximately 55.0% to the Group's total operating income. The loss attributable to the financial services business segment is HK\$19.20 million (2019: HK\$40.59 million). The decrease is mainly attributable to the decrease in operating cost resulted from group restructuring.

### **Provision of financing services**

During the Period, the Group's provision of financing services, mainly including leveraged and acquisition finance activities and mortgage loan securitisation business in Hong Kong, contributed a total operating income of approximately HK\$31.54 million (2019: HK\$54.94 million), representing a decrease of 42.6%, and loss of approximately HK\$66.23 million during the Period (2019: profit of HK\$50.94 million). The decrease is mainly due to the increase of impairment loss for expected credit loss in response to the increased credit risk.

In consideration of recent market volatility, the management has effectively managed to downsize its loan portfolio going forward and improve the quality of the loan portfolio by strengthening the collateral and guarantees from the borrowers. The total size of the Group's loan portfolio of mortgage and loan business was approximately HK\$422.91 million as at 30 June 2020 (As at 31 December 2019: HK\$687.08 million).

### **Trading of securities investments**

The listed securities held by the Group are mainly listed on the Australian, Hong Kong and U.S. stock market. During the Period, the Group's trading of securities investments recorded an operating income of approximately HK\$2.16 million (2019: loss of HK\$5.33 million) and net loss of approximately HK\$0.03 million (2019: HK\$23.05 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 Period, the Group has exited from the in-vitro-fertilisation business in Australia.

During the Period, the results of the Group's healthcare business are entirely contributed by our associated companies, WCG and its subsidiaries, Pangenja and its subsidiaries. The profit attributable to the healthcare business segment was approximately HK\$18.35 million during the Period (2019: HK\$8.34 million), of which, HK\$14.5 million is resulted from the disposal of in-vitro-fertilisation business in Australia as mentioned.

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

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

During the Period, this business segment contributed an operating income of approximately HK\$53.04 million (2019: HK\$1,291.80 million) and a profit of approximately HK\$2.03 million (2019: HK\$273.53 million). The operating income significantly decreased in 2020 as the Group no longer consolidate AYD Group’s result as a subsidiary upon the deemed disposal in June 2019.

During the year of 2019 and the Period, the Group entered into certain agreements to dispose of its entire equity stake in B&P (“**B&P Disposal**”) to Wattle Health Australia Investments Pty Ltd (“**WHAI**”). This transaction had been terminated on 9 March 2020 as WHAI was not able to raise necessary funding to settle the consideration on or before the sunset date of 29 February 2020.

### **Investment holding**

The investment holding business segment mainly holds the investments for dividend and investment income and capital appreciation purpose. As at 30 June 2020, the segment assets of this segment was approximately HK\$2,174.37 million (As at 31 December 2019: HK\$1,525.48 million). During the Period, segment income of approximately HK\$6.37 million (2019: HK\$0.32 million) and segment profit of approximately HK\$79.49 million (2019: loss of HK\$45.94 million) were recorded. Out of the HK\$79.49 million segment profit, HK\$55.31 million represents an other income arising from the termination of B&P Disposal.

## **PROSPECTS**

Looking ahead, the Group’s ability to fight the pandemic, resist adversity, and control risks will increase significantly with the on board of new management team and the continuous divestment of non-core business. The Group has sufficient cash reserves to satisfy operational funding needs, focus on development of core business as well as provide room to identify high-quality investment opportunities in line with the Group’s strategy. The Group’s financial services segment and healthcare segment will also face new opportunities through recruitment of high-calibre employees and further clarification of the development thoughts.

As for financial services segment, the Group will focus on integrating its internal resources in wholly-owned private bank in Europe, Harris Fraser Group Limited and Mason Securities Limited, as well as the jointly invested security firm in Mainland China, Shengang Securities Company Limited, to strengthen the distribution networks and achieve the goal of providing one-stop financial services to the customers. As for healthcare segment, the Group will make use of its networks and resources to explore the growing market in Mainland China. The Group will make long-term commitments, increase investments and strive to use the synergy between financial services segment and healthcare segment to share its customers and markets.

## FINANCIAL REVIEW

### Liquidity and financial resources

As at 30 June 2020, the Group's total assets decreased by 8.2% to approximately HK\$7,149.51 million (31 December 2019: HK\$7,791.13 million), among which 38.2% was bank deposits and cash of approximately HK\$2,731.83 million (31 December 2019: HK\$2,360.44 million). The bank deposits and cash comprised fixed deposits of approximately HK\$1,606.91 million (31 December 2019: HK\$954.98 million) in aggregate.

Net current assets of approximately HK\$1,690.83 million (31 December 2019: HK\$1,968.37 million) with a current ratio of approximately 1.89 (31 December 2019: 1.95) constituted interest bearing borrowings standing at approximately HK\$274.77 million (31 December 2019: HK\$81.00 million), repayable within one year or on demand. All interest-bearing borrowings were unsecured and charged at a fixed interest rate. The gearing ratio of the Group as at 30 June 2020 (defined as total interest-bearing borrowings over the total equity) was 0.05 (31 December 2019: 0.06).

As at 30 June 2020, the Company's total amount of issued and fully paid share capital was HK\$6,142.96 million and the total number of issued shares with no par value is 44,364,885,557 shares.

The Group's total equity amounted to approximately HK\$5,179.30 million as at 30 June 2020, 1.7% lower than HK\$5,269.68 million as at 31 December 2019, taking into account of non-controlling interest of approximately HK\$267.74 million (31 December 2019: HK\$267.99 million). Total debt to equity ratio was 0.09 (31 December 2019: 0.13), being the Group's total loans and borrowing and repurchase agreements of approximately HK\$472.96 million collectively (31 December 2019: 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 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 Period.

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 Period. 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.

## **CAPITAL COMMITMENTS**

As at 30 June 2020 and 31 December 2019, the Group had a total capital commitment of approximately HK\$67.28 million, contracted for but not provided for in the financial statements in respect of the subscription of funds.

## **CONTINGENT LIABILITIES**

As at 30 June 2020 and 31 December 2019, other than the disclosure in below paragraph, the Group does not provide any guarantees to any other parties.

The Group previously entered into agreements to provide certain parent guarantees for bank loan facilities granted to AYD and its wholly owned subsidiaries for their working capital requirements. As at 30 June 2020, the maximum aggregate amount of the guarantees was RMB13.48 million (approximately HK\$14.75 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 30 June 2020, the Group does not have any pledged assets (31 December 2019: Nil).

## **COMPARATIVE FIGURES**

As disclosed in the note 25 to the interim report 2019, due to B&P Disposal, the operation of B&P was classified as discontinued operation as at 30 June 2019. Accordingly, the financial information of B&P was presented as result from discontinued operation in the condensed consolidated statement of comprehensive income, and assets/liabilities associated disposal group classified as held for sale in the condensed consolidated statement of financial position in the interim report 2019. Upon the termination of B&P Disposal on 9 March 2020, B&P's operation is no longer considered as discontinued operation, as a result certain comparative figures in the condensed consolidated financial statements have been re-presented to conform with current year presentation.

## ACQUISITIONS OR DISPOSALS, AND SIGNIFICANT INVESTMENTS

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\$14.5 million for the Period. 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 or hold any significant investments during the period ended 30 June 2020.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (2019: Nil).

## IMPORTANT EVENTS AFTER THE PERIOD

Except as disclosed in this section, no other important event affect the Group has taken place subsequent to 30 June 2020 and up to the date of this announcement.

## 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 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**”) and changes in use of proceeds from Rights Issue.

As at 31 December 2019, the Group had unused proceeds of approximately HK\$12.981 million towards IT upgrade of financial services (the “**Unused Proceeds**”) 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. Further details of the change are set out in the announcements of the Company dated 4 June 2020 and 17 August 2020. As at 30 June 2020, the Unused Proceeds were not utilised. It is expected that the Unused Proceeds will be fully utilized in the financial year ending 31 December 2020.

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 30 June 2020, the Group employed 182 employees globally (31 December 2019: 235), including 165 full-time and 17 part-time employees. The decrease in the number of employees was mainly due to company restructuring. 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 medical insurance and mandatory provident fund.

## **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.

## **MANAGEMENT COMMITTEE**

A management committee of the Company (the “**Management Committee**”) was established on 1 November 2019 by the order of the board, to make suggestions on the management and operation of the business of the Group to the executive Directors for their consideration and approval and to manage and operate the business of the Group. The Management Committee is also responsible for the day to day operation, among other matters, the implementation of overall strategy and direction set by the Board. The Management Committee includes members with solid management experience in finance, banking, fund management sector, risk management and legal and compliance. It currently comprises Ms. Han Ruixia, an executive Director and Deputy Chief Executive Officer of the Group, Mr. Zhang Zhenyi, an executive Director and Chief Financial Officer of the Group and Mr. Lau Kin Yip, the Chief Risk Officer of the Group.

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

During the Period, 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, redeemed or sold any of the Company's listed securities during the Period.

## **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. The principal duties of the audit committee include the review and supervision of the Group's financial reporting process and internal controls. The Audit Committee has reviewed the interim results for the Period.

## **CORPORATE GOVERNANCE**

During the Period, the Company has complied with all the code provisions of the Corporate Governance Code (“**CG Code**”) as set out in Appendix 14 to the 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 has 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 maximizes 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 adopts the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the code of conduct regarding Directors’ securities transactions.

Upon specific enquiry by the Company, all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim 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 2020 interim report of the Company for the Period will be despatched to the shareholders of the Company who have selected to have a printed copy and will be available on the above websites before the end of September 2020.

By order of the Board  
**Mason Group Holdings Limited**  
**Han Ruixia**

*Executive Director and Deputy Chief Executive Director*

Hong Kong, 28 August 2020



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

*Executive Directors:*

Ms. Han Ruixia  
Mr. Zhang Zhenyi

*Non-executive Director:*

Ms. Hui Mei Mei, Carol

*Independent Non-executive Directors:*

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