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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 2021**

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Mason Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2021 (the “**Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	<i>Notes</i>	Unaudited	
		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
Turnover	2	1,860,151	389,474
Operating income	3	334,602	239,405
Other income	4	11,745	101,006
Exchange gain/(loss), net		1,301	(383)
Consumables used and merchandise sold		(62,188)	(45,820)
Commission and brokerage expenses		(101,164)	(70,242)
Employee benefits expenses		(42,068)	(76,754)
Amortisation of intangible assets		(5,471)	(9,339)
Depreciation of property, plant and equipment		(8,732)	(10,001)
Depreciation of right-of-use assets		(7,617)	(11,460)
Loss on disposal of property, plant and equipment		(33)	(10,184)
Impairment loss on property, plant and equipment		(78,352)	—
Impairment loss on financial assets for expected credit loss		(5,479)	(99,930)

Unaudited
Six months ended 30 June

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss on disposal of interest in a subsidiary	<i>17</i>	(4,644)	—
Net fair value gain/(loss) on financial instruments		25,625	(1,469)
Other operating expenses		(63,282)	(49,802)
Finance costs		(4,476)	(10,171)
Impairment loss on interests in associates		(18,307)	—
Share of results of associates		5,808	18,313
		<hr/>	<hr/>
Loss before taxation	<i>6</i>	(22,732)	(36,831)
Income tax (expenses)/credit	<i>7</i>	(3,275)	3,455
		<hr/>	<hr/>
Loss for the period		<u>(26,007)</u>	<u>(33,376)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Unaudited	
		Six months ended 30 June	
		2021	2020
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income:			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign subsidiaries		(10,128)	2,388
Share of other comprehensive income of an associate		(1,605)	(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		<u>10,498</u>	<u>(56,570)</u>
Other comprehensive income for the period		<u>(1,235)</u>	<u>(57,004)</u>
Total comprehensive income for the period		<u>(27,242)</u>	<u>(90,380)</u>
Loss for the period attributable to:			
Equity holders of the Company		(29,127)	(33,312)
Non-controlling interests		<u>3,120</u>	<u>(64)</u>
Loss for the period		<u><u>(26,007)</u></u>	<u><u>(33,376)</u></u>
Total comprehensive income attributable to:			
Equity holders of the Company		(30,114)	(90,125)
Non-controlling interests		<u>2,872</u>	<u>(255)</u>
Total comprehensive income for the period		<u><u>(27,242)</u></u>	<u><u>(90,380)</u></u>
Loss per share			
Basic and diluted	8	<u><u>(HK0.07 cents)</u></u>	<u><u>(HK0.08 cents)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		220,076	315,321
Right-of-use assets		21,207	29,012
Intangible assets		95,495	101,621
Goodwill		56,930	56,930
Interests in associates	<i>10</i>	443,049	885,724
Loan receivables	<i>14</i>	144,926	216,852
Other receivables	<i>15</i>	197,520	178,504
Deferred tax assets		6,907	7,924
Financial assets at fair value through profit or loss	<i>11</i>	254,017	197,028
Financial assets at fair value through other comprehensive income	<i>12</i>	1,037,381	1,026,883
Financial assets at amortised cost	<i>13</i>	—	153,996
		2,477,508	3,169,795
Current assets			
Inventories		11,255	11,064
Financial assets at fair value through profit or loss	<i>11</i>	979,386	819,708
Derivative financial instruments		12,428	19,529
Loan receivables	<i>14</i>	115,474	240,964
Reverse repurchase agreements		—	217,641
Trade and other receivables	<i>15</i>	1,006,424	404,868
Tax recoverables		1,570	59
Fixed bank deposits		516,151	1,194,299
Bank balances and cash		647,270	848,130
		3,289,958	3,756,262

		Unaudited	Audited
		30 June	31 December
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
Current liabilities			
Trade and other payables	16	445,160	1,167,117
Contract liabilities		7,632	16,056
Repurchase agreements		—	239,479
Derivative financial instruments		12,421	19,521
Lease liabilities		15,686	16,202
Tax payables		10,328	8,995
		<u>491,227</u>	<u>1,467,370</u>
Net current assets		<u>2,798,731</u>	<u>2,288,892</u>
Total assets less current liabilities		<u>5,276,239</u>	<u>5,458,687</u>
Non-current liabilities			
Deferred tax liabilities		36,027	33,823
Lease liabilities		8,205	15,901
Net defined benefit obligations		7,377	7,613
Long-term liabilities		486	468
		<u>52,095</u>	<u>57,805</u>
NET ASSETS		<u><u>5,224,144</u></u>	<u><u>5,400,882</u></u>
Capital and reserves			
Share capital		6,142,962	6,142,962
Reserves		(983,512)	(953,398)
Equity attributable to equity holders of the Company		<u>5,159,450</u>	<u>5,189,564</u>
Non-controlling interests		64,694	211,318
TOTAL EQUITY		<u><u>5,224,144</u></u>	<u><u>5,400,882</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

These interim 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 interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2020 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 2021. 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 interim 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 interim condensed consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated. These interim 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 2020 annual financial statements. These interim 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 2020 annual financial statements.

The financial information relating to the financial year ended 31 December 2020 that is included in these unaudited interim condensed consolidated financial statements for the six months ended 30 June 2021 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 2020 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 from operation 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 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, manufacture of infant formula and nutritional products and investment holding is as follow:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Brokerage commission income from:		
— securities dealing	22,757	13,769
— insurance	111,590	77,690
— underwriting and placing	—	880
Commission income from providing advisory, account and custody management	18,017	18,701
Financial advisory fee income	—	1,516
Margin facility and loan facility handling fee income	1,825	6,658
Gain from sale of financial assets at fair value through profit or loss, net*	49,219	14,505
Dividend income from financial assets at fair value through profit or loss	36,284	8,176
Interest income from:		
— margin financing	6,207	3,082
— loan receivables from third parties	20,260	41,018
— loan receivable from a shareholder of an associate (Note 14(c))	—	368
Manufacture of infant formula and nutritional products	68,443	53,042
	<u>334,602</u>	<u>239,405</u>

* Represented the proceeds from the sale of financial assets at fair value through profit or loss (“FVTPL”) of HK\$1,574,768,000 (2020: HK\$164,574,000) less relevant costs and carrying amount of the financial assets sold of HK\$1,525,549,000 (2020: HK\$150,069,000).

4. OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Interest income from financial institutions	2,729	13,807
Gain from redemption of unlisted investment	—	29,175
Rental income	1,890	1,740
Forfeiture of deposits	—	55,306
Others	7,126	978
	<u>11,745</u>	<u>101,006</u>

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, 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-infant-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>
For the six months ended 30 June 2021 (unaudited)									
Segment turnover									
From contracts with customers within the scope of HKFRS 15	—	—	154,138	—	—	68,443	—	—	222,581
From other source	<u>1,583,967</u>	<u>13,893</u>	<u>39,658</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>52</u>	<u>—</u>	<u>1,637,570</u>
	<u><u>1,583,967</u></u>	<u><u>13,893</u></u>	<u><u>193,796</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>68,443</u></u>	<u><u>52</u></u>	<u><u>—</u></u>	<u><u>1,860,151</u></u>
For the six months ended 30 June 2020 (unaudited)									
Segment turnover									
From contracts with customers within the scope of HKFRS 15	—	—	119,215	—	—	53,042	—	—	172,257
From other source	<u>2,155</u>	<u>31,544</u>	<u>12,570</u>	<u>164,574</u>	<u>—</u>	<u>—</u>	<u>6,374</u>	<u>—</u>	<u>217,217</u>
	<u><u>2,155</u></u>	<u><u>31,544</u></u>	<u><u>131,785</u></u>	<u><u>164,574</u></u>	<u><u>—</u></u>	<u><u>53,042</u></u>	<u><u>6,374</u></u>	<u><u>—</u></u>	<u><u>389,474</u></u>

(b) Segment income and results

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

	Trading of securities investments <i>HKS'000</i>	Provision of financing services <i>HKS'000</i>	Provision of wealth and asset management, financial brokerage and related services <i>HKS'000</i>	Provision of medical consultation and laboratory services <i>HKS'000</i>	Franchisor and retail of mother- infant-child products <i>HKS'000</i>	Manufacture of infant formula and nutritional products <i>HKS'000</i>	Investment holding <i>HKS'000</i>	Unallocated <i>HKS'000</i>	Total <i>HKS'000</i>
For the six months ended 30 June 2021									
(unaudited)									
Segment income	58,418	13,893	193,796	—	—	68,443	52	—	334,602
Profit/(loss) for the period before following items:	55,915	11,934	14,364	140	2,513	(8,649)	5,009	(3,954)	77,272
(Loss)/gain on disposal of property, plant and equipment	—	—	—	—	—	(41)	—	8	(33)
Impairment loss on property, plant and equipment	—	—	(78,352)	—	—	—	—	—	(78,352)
Finance costs	(11,477)	(9,524)	(3,248)	—	—	(247)	404	19,616	(4,476)
Impairment loss on interest in associate	—	—	—	(18,307)	—	—	—	—	(18,307)
Share of results of associates	—	—	—	(131)	5,939	—	—	—	5,808
	44,438	2,410	(67,236)	(18,298)	8,452	(8,937)	5,413	15,670	(18,088)
Loss on disposal of interests in a subsidiary	—	—	—	(4,644)	—	—	—	—	(4,644)
(Loss)/profit before taxation	44,438	2,410	(67,236)	(22,942)	8,452	(8,937)	5,413	15,670	(22,732)
Income tax credit/(expense)	(4,683)	—	18	—	(1,407)	2,797	—	—	(3,275)
Segment results	39,755	2,410	(67,218)	(22,942)	7,045	(6,140)	5,413	15,670	(26,007)

	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>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 June 2020 (unaudited)									
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
Segment results	(34)	(66,233)	(19,204)	18,345	11,418	(9,392)	79,486	(47,762)	(33,376)

(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>
As at 30 June 2021 (unaudited)								
Assets before following items:	1,200,394	299,812	1,704,911	—	265,356	71,124	1,378,196	4,919,793
Interests in associates	—	—	—	87,680	355,369	—	—	443,049
Goodwill	—	—	56,930	—	—	—	—	56,930
Segment assets	1,200,394	299,812	1,761,841	87,680	620,725	71,124	1,378,196	5,419,772
Unallocated assets	—	—	—	—	—	—	—	347,694
Total assets								5,767,466
Liabilities								
Segment liabilities	(46,604)	(500)	(433,392)	—	(9,746)	(23,347)	(5,225)	(518,814)
Unallocated liabilities	—	—	—	—	—	—	—	(24,508)
Total liabilities								(543,322)

	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>
As at 31 December 2020 (audited)								
Assets before following items:	925,510	321,070	2,525,035	30	262,906	80,861	1,554,923	5,670,335
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								6,926,057
Liabilities								
Segment liabilities	(35,239)	(500)	(1,408,516)	—	(8,339)	(26,122)	(11,779)	(1,490,495)
Unallocated liabilities								(34,680)
Total liabilities								(1,525,175)

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, tax recoverables, 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, tax payables, deferred tax liabilities, derivative financial instruments, net defined benefit obligations, long-term liabilities, repurchase agreements and lease liabilities. 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>
For the six months ended 30 June 2021 (unaudited)								
Primary geographic markets								
Hong Kong	59,064	13,893	174,339	—	—	—	52	247,348
PRC	(646)	—	—	—	—	—	—	(646)
Australia	—	—	—	—	—	68,443	—	68,443
Europe	—	—	19,457	—	—	—	—	19,457
Total	<u>58,418</u>	<u>13,893</u>	<u>193,796</u>	<u>—</u>	<u>—</u>	<u>68,443</u>	<u>52</u>	<u>334,602</u>
For the six months ended 30 June 2020 (unaudited)								
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>

(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 wealth and asset management, financial brokerage and related services <i>HK\$'000</i>	Manufacture of infant formula and nutritional products <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended			
30 June 2021 (unaudited)			
Major products/service lines			
Wealth and asset management	136,579	—	136,579
Financial brokerage and related services	17,559	—	17,559
Infant formula and nutritional products	—	68,443	68,443
	<u>154,138</u>	<u>68,443</u>	<u>222,581</u>
Timing of revenue recognition			
At a point in time	149,212	68,443	217,655
Transferred over time	4,926	—	4,926
	<u>154,138</u>	<u>68,443</u>	<u>222,581</u>

	Provision of wealth and asset management, financial brokerage and related services <i>HK\$'000</i>	Manufacture of infant formula and nutritional products <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 June 2020 (unaudited)			
Major products/service lines			
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>53,042</u>	<u>172,257</u>
Timing of revenue recognition			
At a point in time	114,500	53,042	167,542
Transferred over time	4,715	—	4,715
	<u>119,215</u>	<u>53,042</u>	<u>172,257</u>

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other operating expenses		
Auditor's remuneration	2,490	4,100
Rent, rates and building management expenses	1,470	2,181
Management fees	13,941	1,760
Information services expenses	11,003	9,869
Utilities and office expenses	4,120	12,421
Legal and professional fees	9,739	6,563
	<u>42,763</u>	<u>36,854</u>

7. TAXATION

		Unaudited	
		Six months ended 30 June	
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
Current tax			
Hong Kong Profits Tax	<i>(a)</i>	95	86
Liechtenstein Corporate Income Tax	<i>(b)</i>	27	—
Australian Income Tax	<i>(c)</i>	(1,421)	(2,640)
		(1,299)	(2,554)
Withholding tax		1,407	903
		108	(1,651)
Deferred tax			
Origination and reversal of taxable temporary differences		3,167	(1,804)
Tax expense/(credit) for the period		3,275	(3,455)

Notes:

(a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at the rate of 16.5% (2020: 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) Liechtenstein Corporate Income Tax

Liechtenstein Corporate Income Tax of the Company's subsidiary operating in Liechtenstein during the six months ended 30 June 2021 was 12.5% (2020: 12.5%) on its taxable profits.

(c) Australian Income Tax

Australian Income Tax rate of the Company's subsidiary operating in Australia during the six months ended 30 June 2021 was 30% (2020: 30%) on its taxable profits.

8. LOSS PER SHARE

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

	Unaudited Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Loss		
Loss for the period attributable to equity holders of the Company	<u>(29,127)</u>	<u>(33,312)</u>
	2021 No. of shares '000	2020 No. of shares '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>44,364,886</u>	<u>44,364,886</u>

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

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Carrying amount at the beginning of the period/year	885,724	1,052,895
Share of post-acquisition gains and other comprehensive income during the period/year	4,203	65,585
Impairment losses during the period/year	(18,307)	(191,346)
Disposal during the period/year (<i>Note iii</i>)	(422,140)	—
Dividends received	<u>(6,431)</u>	<u>(41,410)</u>
Carrying amount at the end of the period/year	<u>443,049</u>	<u>885,724</u>

As at 30 June 2021, interests in associates comprise of:

- (i) HK\$87,680,000 (31 December 2020: HK\$114,494,000) representing 42.87% equity interest in Pangenja Inc (“**Pangenja**”), a company incorporated in the British Virgin Islands with limited liability. Pangenja is principally engaged in the provision of pre-natal and oncology related genetic diagnostics services.

- (ii) HK\$355,369,000 (31 December 2020: HK\$351,034,000) representing 46.20% equity interest in AYD Group Limited (“AYD”), a company incorporated in British Virgin Islands with limited liability. AYD is principally engaged in franchisor and retail of mother-infant-child products in Southern China and Eastern China.
- (iii) During the period, the Company disposed of the 46.71% equity interest in the Women’s Clinic Group Limited, through the disposal of the Group’s subsidiary. Refer to note 17 for details.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		Unaudited 30 June 2021 HK\$’000	Audited 31 December 2020 HK\$’000
	<i>Notes</i>		
Investments held for trading			
Equity securities — listed in Hong Kong	<i>(a)</i>	562,206	358,664
Equity securities — listed overseas	<i>(a)</i>	36,209	38,704
Equity securities — listed in PRC	<i>(a)</i>	380,971	422,340
Investments not held for trading			
Equity securities — listed in Hong Kong	<i>(a)&(c)</i>	83,712	52,920
Equity securities — listed overseas	<i>(a)&(c)</i>	58,016	49,084
Unlisted equity securities	<i>(b)&(c)</i>	112,289	95,024
		<u>1,233,403</u>	<u>1,016,736</u>
Less: Balances in current portion		<u>(979,386)</u>	<u>(819,708)</u>
Non-current portion		<u>254,017</u>	<u>197,028</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 2021 HK\$’000	Audited 31 December 2020 HK\$’000
Unlisted equity securities	<u>1,037,381</u>	<u>1,026,883</u>

13. FINANCIAL ASSETS AT AMORTISED COST

	Unaudited	Audited
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
European bonds	—	153,996

14. LOAN RECEIVABLES

Loans granted to borrowers are repayable according to repayment schedules.

		Unaudited	Audited
		30 June	31 December
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
Loan receivables from third parties			
— Term loans	<i>(a)</i>	489,575	655,111
— Instalment loans	<i>(b)</i>	21,329	21,490
		510,904	676,601
Amount receivable from a shareholder of an associate	<i>(c)</i>	—	21,691
		510,904	698,292
Expected credit loss	<i>(d)</i>	(250,504)	(240,476)
		260,400	457,816
Less: Balances due within one year included in current assets		(115,474)	(240,964)
Non-current portion		144,926	216,852

Notes:

- (a) As at 30 June 2021, term loan receivables of:
- (i) HK\$287,580,000 (31 December 2020: HK\$304,223,000) 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\$113,894,000 (31 December 2020: HK\$113,700,000) are collateralised by unlisted securities;
 - (iii) HK\$10,807,000 (equivalent to CHF1,268,000) (31 December 2020: HK\$47,708,000 (equivalent to CHF5,425,000)) are collateralised by properties located overseas or pledged deposits;

- (iv) HK\$77,294,000 (equivalent to CHF9,070,000) (31 December 2020: HK\$189,480,000 (equivalent to CHF21,546,000)) are collateralised by securities or bonds;

As at 30 June 2021 and 31 December 2020, there are no unsecured term loan receivables.

The term loan receivables carry fixed interest rates ranging from around 1% to 16% per annum (31 December 2020: 1% to 16% per annum) and all (31 December 2020: all) are within the respective maturity dates.

- (b) As at 30 June 2021 and 31 December 2020, 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) Amount receivable from a shareholder of an associate represents interest receivables from one of the vendors, Cosmicfield Investments Limited (“**Cosmicfield**”), in acquisition of AYD. Pursuant to an investment agreement dated 30 December 2016, a 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 expiring 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. The loan and the related interest receivables were fully repaid during the period.
- (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:

	Unaudited	Audited
	30 June	31 December
	2021	2020
	HK\$’000	HK\$’000
At the beginning of the reporting period	240,476	170,786
Derecognised including repayment, during the period/year	(25)	(475)
Charged during period/year	11,398	67,341
Exchange realignment	(1,345)	2,824
	<hr/>	<hr/>
At the end of the reporting period	250,504	240,476
	<hr/> <hr/>	<hr/> <hr/>

15. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Trade receivables	<i>(a)</i>	3,311	2,976
Accounts receivable from clients arising from provision of wealth and asset management services	<i>(b)</i>	9,036	11,092
Accounts receivable from third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	<i>(b)</i>	713,585	82,750
— margin clients	<i>(b)</i>	103,067	150,201
— clearing houses and brokers	<i>(b)</i>	33,043	13,470
		862,042	260,489
Expected credit loss	<i>(c)</i>	(33,757)	(37,057)
		828,285	223,432
Deposits and prepayments		24,223	27,943
Other debtors		11,388	16,038
Amounts due from related parties	<i>(d)</i>	340,387	318,727
		375,998	362,708
Expected credit loss	<i>(d)</i>	(339)	(2,768)
		375,659	359,940
		1,203,944	583,372
Less: Balances due within one year included in current assets		(1,006,424)	(404,868)
Non-current portion		197,520	178,504

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 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\$452,737,000 (31 December 2020: HK\$355,446,000).

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:

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Less than 1 month	2,339	283
1 month to 3 months	972	1,757
Over 3 months to 6 months	—	936
	<u>3,311</u>	<u>2,976</u>

Movements in the expected credit loss are as follows:

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
At the beginning of the reporting period	37,057	36,799
(Reversal)/allowance for expected credit loss	<u>(3,300)</u>	<u>258</u>
At the end of the reporting period	<u>33,757</u>	<u>37,057</u>

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.

(d) 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 (31 December 2020: HK\$52,238,000) and other receivables from an associate of HK\$119,618,000 (31 December 2020: HK\$97,927,000), which are unsecured, interest-free and repayable within 1 year, and dividend receivable of HK\$194,916,000 (31 December 2020: HK\$166,785,000) which is unsecured, interest-free and repayable in five years from the date of dividend declaration. The carrying value of the amounts due approximate to their fair value. The ECLs are based on the 12-months ECLs. The loss allowance decreased by HK\$2,429,000 (31 December 2020: increased by HK\$63,000) for amounts due from related parties during the period.

16. TRADE AND OTHER PAYABLES

		Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
	<i>Notes</i>		
Trade and bills payables to third parties	<i>(a)</i>	3,305	2,784
Accounts payable to clients arising from provision of wealth and asset management services	<i>(b)</i>	394,478	996,810
Accounts payable to third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	<i>(b)</i>	444,648	463,650
— margin clients	<i>(b)</i>	89,878	95,421
— clearing house and brokers	<i>(b)</i>	59,236	58,364
		<u>991,545</u>	<u>1,617,029</u>
Less: Cash held on behalf of clients	<i>(c)</i>	<u>(619,121)</u>	<u>(543,603)</u>
		<u>372,424</u>	<u>1,073,426</u>
Other payables	<i>(d)</i>	60,518	82,985
Deposit received		11,930	5,238
Amounts due to related parties		288	5,468
		<u>72,736</u>	<u>93,691</u>
		<u><u>445,160</u></u>	<u><u>1,167,117</u></u>

Notes:

(a) Ageing analysis of trade payables

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

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Less than 1 month	3,220	1,722
1 month to 3 months	85	76
Over 3 months to 6 months	—	986
	<u>3,305</u>	<u>2,784</u>

(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 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 2021, included in other payables was salaries and bonus payables, professional advisory fee payables and bond interest payable.

As at 31 December 2020, included in other payables are salaries and bonus payables, professional advisory fee payables and bond interest payable.

17. DISPOSAL OF A SUBSIDIARY

On 26 February 2021, the Company's indirect wholly owned subsidiary, Mason Healthcare Group Limited ("**Mason Healthcare**"), entered into the share purchase agreement with a third party company (the "**Purchaser**") in which Mason Healthcare transfer 64.85% equity interest in its subsidiary, Mason Reproductive Technology Limited ("**MRT**"), to the Purchaser at a cash consideration of HK\$268,000,000. The transfer was completed on 26 February 2021. After the disposal, MRT will cease to be an indirect non-wholly owned subsidiary of the Company and the Group will cease to have any interests in the MRT.

Net assets of MRT at the date of disposal were as follows:

	<i>HK\$'000</i>
Net assets disposed of:	
Interest in an associate (<i>Note 10</i>)	422,140
Non-controlling interests	<u>(149,496)</u>
	272,644
Loss on disposal of MRT	<u>(4,644)</u>
Total consideration satisfied by cash	<u><u>268,000</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

As a Hong Kong based company, the Group principally provides comprehensive financial services in Mainland China, Japan, South Korea and Europe, with businesses covering private banking, wealth and asset management, securities and futures brokerage, securities margin financing, corporate finance advisory services, investment in securities trading and money lending. 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 2021 (the “**Period**”), the Group generated a total turnover of approximately HK\$1,860.15 million (2020: HK\$389.47 million), an approximately 3.78 times increase from the same period in 2020 and operating income of approximately HK\$334.60 million (2020: HK\$239.41 million), an approximately 39.76% increase from the same period in 2020. The Group recorded a net loss of approximately HK\$26.01 million (2020: net loss of HK\$33.38 million). Loss attributable to equity holders of the Company amounted to approximately HK\$29.13 million (2020: loss attributable to equity holders of HK\$33.31 million). As a result, basic and diluted loss per share were 0.07 Hong Kong cents (2020: loss per share of 0.08 Hong Kong cents). The increase in turnover and operating income for the Period was mainly due to strong performance in business segments of trading of securities investments and provision of wealth and asset management, financial brokerage and related services.

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, businesses of the Group faced huge challenges during the Period.

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 this business segment during the Period was approximately HK\$193.80 million (2020: HK\$131.79 million), with a 47.05% or HK\$62.01 million increase in operating income over the same period in 2020. The business segment contributed approximately 57.92% to the Group's total operating income. The loss attributable to the financial services business segment is HK\$67.22 million (2020: HK\$19.20 million). The increase in loss is mainly attributable to the loss incurred due to the voluntary liquidation of Mason Privatbank Liechtenstein AG ("MPL"). Excluding the one-off impact of the impairment loss on property, plant and equipment of MPL of approximately HK\$78.35 million (2020: nil), the business segment contributed profit of approximately HK\$11.13 million (2020: loss of HK\$19.20 million).

Voluntary Liquidation of MPL

During the Period, 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.

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, as 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 being disadvantageous to the Group and therefore resolved for the voluntary liquidation of MPL. Especially given 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 announcements dated 12 March 2021 and 26 May 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.

Financial Services — Provision of financing services

During the Period, 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\$13.89 million (2020: HK\$31.54 million), representing a decrease of 55.96%, and net profit of approximately HK\$2.41 million (2020: loss of HK\$66.23 million). The improvement in net profit is mainly due to the decrease in impairment loss for expected credit loss during the Period.

The decrease in operating income attributable to this segment was aligned with the decrease in size of the Group's loan portfolio during the Period. The total size of the Group's loan portfolio of mortgage and loan business was approximately HK\$394.56 million as at 30 June 2021 (As at 31 December 2020: HK\$422.91 million), with credit impairment of HK\$0.85 million as at 30 June 2021 (As at 31 December 2020: HK\$50.78 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 Period, with the increased investment portfolio, together with insights of our management to seize investment opportunities, the Group's proprietary trading of securities recorded a net profit of approximately HK\$39.76 million (2020: net loss of HK\$0.03 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 counselling services, and health check services. During the Period, the results of the Group's healthcare business are mainly contributed by associated companies of the Group, Pangen Inc and its subsidiaries. In February 2021, the Group realised its investment in the assisted reproductive services business in Hong Kong through the disposal of Mason Reproductive Technology Limited (“MRT”) at a cash consideration of HK\$268 million (the “Disposal”). For the details, please refer to the announcement of the Company dated 26 February 2021.

Since the outbreak of the COVID-19, 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\$22.94 million was recorded in the healthcare segment during the Period (2020: profit of HK\$18.35 million). The loss in the Period was primarily due to the impairment loss on investment in associates and the loss on Disposal.

Mother-infant-child consumer products — Infant formula manufacturing and sales

This business segment mainly includes AYD Group Limited and its subsidiaries (“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 Period, this business segment contributed an operating income of approximately HK\$68.44 million (2020: HK\$53.04 million) and a profit of approximately HK\$0.91 million (2020: profit of HK\$2.03 million). The operating income increase recognised in the Period was due to the increase in operating income generated from B&P. The decrease in profit for the business segment was primarily due to poor performance of B&P, as exacerbated by the escalation of the Australia-China trade tensions, and the impact of COVID-19 to retail business of AYD Group in Mainland China.

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 30 June 2021, the segment assets of this segment was approximately HK\$1,378.20 million (As at 31 December 2020: HK\$1,554.92 million), of which HK\$1,037.38 million (As at 31 December 2020: HK\$1,026.88 million) represents investment in a private equity, and HK\$112.29 million (2020: HK\$95.02 million) represents investments in funds. During the Period, segment income of approximately HK\$0.05 million (2020: HK\$6.37 million) and segment profit of approximately HK\$5.41 million (2020: profit of HK\$79.49 million) generated from fund investments were recorded.

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 that 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.

FINANCIAL REVIEW

Liquidity and financial resources

As at 30 June 2021, the Group's total assets amounted to approximately HK\$5,767.47 million (As at 31 December 2020: HK\$6,926.06 million), among which 20.17% (As at 31 December 2020: 29.49%) was bank deposits and cash of approximately HK\$1,163.42 million (31 December 2020: HK\$2,042.43 million). The bank deposits and cash comprised fixed deposits of approximately HK\$516.15 million (As at 31 December 2020: HK\$1,194.30 million) in aggregate.

As at 30 June 2021, the net current assets of the Group amounted to approximately HK\$2,798.73 million (As at 31 December 2020: approximately HK\$2,288.89 million), which included bank deposits and cash of approximately HK\$1,163.42 million (As at 31 December 2020: HK\$2,042.43 million). The current ratio, expressed as current assets over current liabilities, was approximately 6.70 (31 December 2020: approximately 2.56). During the Period, the Group did not have any interest-bearing borrowings and therefore the gearing ratio of the Group (defined as total interest-bearing borrowings over the total equity) was zero (As at 31 December 2020: zero).

As at 30 June 2021, the Group does not have any bank borrowings nor any other borrowings (As at 31 December 2020: nil).

As at 30 June 2021, 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 (As at 31 December 2020: 44,364,885,557 shares).

As at 30 June 2021, the Group's total equity amounted to approximately HK\$5,224.14 million (31 December 2020: HK\$5,400.88 million), taking into account of non-controlling interest of approximately HK\$64.69 million (31 December 2020: HK\$211.32 million).

As at 30 June 2021, the Group's total debt to equity ratio was 0.00 (As at 31 December 2020: 0.04), being the Group's total loans and borrowing, repurchase agreements and the issued preferred shares of approximately HK\$0.00 million collectively (31 December 2020: HK\$239.48 million) divided by the total equity.

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 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 2021, the Group had a total capital commitment of approximately HK\$56.39 million (As at 31 December 2020: HK\$66.96 million), contracted for but not provided for in the financial statements.

CONTINGENT LIABILITIES

As at 30 June 2021 and 31 December 2020, 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 Group for its working capital requirements. As at 30 June 2021, the maximum aggregate amount of the guarantees was RMB11.02 million (approximately HK\$13.23 million) (As at 31 December 2020: RMB13.50 million, approximately HK\$16.05 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 2021, the Group does not have any pledged assets (31 December 2020: nil).

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES

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 MRT 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.

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

SIGNIFICANT INVESTMENTS

The Group remains cautious about the trading performance of its portfolio of securities. With volatile global financial markets during the Period, the Group proactively grasp investment opportunities and made stock investments to capture trading profits. A net fair value gain recognised for the Group's trading of securities investments amounted to approximately HK\$19.15 million (2020: loss of HK\$1.83 million) during the Period. Save as disclosed above, the Group did not have any investment in an investee company with a value of 5% or more of the Group's total assets as at 30 June 2021.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (2020: nil).

IMPORTANT EVENTS SINCE THE PERIOD

No important event affect the Group has taken place since 30 June 2021 and up to the date of this announcement.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2021, the Group employed 137 employees globally (31 December 2020: 153), including 129 full-time and 8 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 as discretionary bonus, 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 of the Company and Deputy Chief Executive Officer of the Group and Mr. Zhang Zhenyi, an executive Director and company secretary of the Company and Chief Financial Officer of the Group.

PURCHASE, REDEMPTION OF SALE OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed 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 unaudited interim results of the Group for the Period.

CORPORATE GOVERNANCE

During the Period, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange.

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) and the Company (www.masonhk.com). The 2021 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 2021.

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

Hong Kong, 27 August 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