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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 UNAUDITED FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019; AND
DATE OF BOARD MEETING**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Mason Group Holdings Limited (the “**Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2019 (the “**Year**”), together with audited comparative figures for the year ended 31 December 2018, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) as below. For the reasons explained in the paragraph headed “Review of Unaudited Annual Results” in this announcement, the auditing process for the annual results of the Group for the year ended 31 December 2019 has not been completed.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

		2019	2018
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Audited)
Turnover	3	2,686,848	4,074,269
Operating income	4	1,651,972	3,506,994
Other income	5	60,362	29,509
Exchange gain, net		2,346	5,028
Consumables used and merchandise sold		(1,161,626)	(2,697,611)
Employee benefits expenses		(322,141)	(356,300)
Amortisation of intangible assets		(53,914)	(54,035)
Depreciation of property, plant and equipment		(27,725)	(29,429)
Depreciation of right-of-use assets		(34,294)	–
Loss on disposal of property, plant and equipment		(259)	(617)
Impairment loss on property, plant and equipment		(1,203)	–
Impairment loss on right-of-use assets		(89)	–
Impairment loss on financial assets for expected credit loss		(165,539)	(22,690)

		2019	2018
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Audited)
Gain on deemed disposal of interests in subsidiaries	14	302,923	131,352
Gain on disposal of interests in a subsidiary		–	22,288
Net fair value (loss)/gain on financial instruments		(31,875)	9,022
Impairment loss on goodwill		(424,080)	(10,000)
Impairment loss on interests in associates		(489,616)	–
Impairment loss on intangible assets		(120,907)	–
Other operating expenses		(379,703)	(339,527)
Finance costs	7	(41,955)	(23,548)
Share of results of associates		33,916	24,708
		<hr/>	<hr/>
(Loss)/profit from operation		(1,203,407)	195,144
Gain on measurement of contingent consideration payable		–	11,866
		<hr/>	<hr/>
(Loss)/profit before taxation	7	(1,203,407)	207,010
Income tax credit/(expenses)	8	28,730	(30,998)
		<hr/>	<hr/>
(Loss)/profit for the year		<u>(1,174,677)</u>	<u>176,012</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
<i>Note</i>		
Other comprehensive income:		
<i>Items that will be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign subsidiaries	3,293	(117,611)
<i>Items that will not be reclassified to profit or loss</i>		
Changes in fair value of defined benefit scheme at fair value through other comprehensive income	4,570	(4,618)
Changes in fair value of equity instruments at fair value through other comprehensive income	116,057	(82,567)
Other comprehensive income for the year	123,920	(204,796)
Total comprehensive income for the year	(1,050,757)	(28,784)
(Loss)/profit attributable to:		
Equity holders of the Company	(1,168,195)	90,184
Non-controlling interests	(6,482)	85,828
(Loss)/profit for the year	(1,174,677)	176,012
Total comprehensive income attributable to:		
Equity holders of the Company	(1,043,523)	(109,101)
Non-controlling interests	(7,234)	80,317
Total comprehensive income for the year	(1,050,757)	(28,784)
(Loss)/earnings per share		
Basic and diluted	<i>10</i> (HK2.62 cent)	HK0.20 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2019

		2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		316,249	335,449
Right-of-use assets		63,025	–
Intangible assets		183,886	842,050
Goodwill		79,737	776,295
Interests in associates		1,052,895	833,489
Loan receivables		119,401	558,547
Trade and other receivables	<i>11</i>	231,055	7,870
Deferred tax assets		9,380	7,979
Financial assets at fair value through profit or loss		534,518	364,909
Financial assets at fair value through other comprehensive income		749,301	633,244
Financial assets at amortised cost		199,888	173,785
Fixed bank deposits		235,558	44,816
		<u>3,774,893</u>	<u>4,578,433</u>
Current assets			
Inventories		14,299	326,290
Financial assets at fair value through profit or loss		914	226,166
Financial assets at amortised cost		15,479	–
Derivative financial instruments		37,506	75,396
Loan receivables		769,142	925,927
Reverse repurchase agreements		663,327	1,130,371
Trade and other receivables	<i>11</i>	390,656	1,344,277
Tax recoverables		36	988
Fixed bank deposits		719,420	1,071,483
Pledged bank deposits		–	94,137
Bank balances and cash		1,405,457	1,603,086
		<u>4,016,236</u>	<u>6,798,121</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2019

	<i>Notes</i>	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Current liabilities			
Trade and other payables	12	1,659,316	3,279,854
Contract liabilities		16,566	9,545
Interest-bearing borrowings		81,000	423,555
Repurchase agreements		252,686	350,185
Amount due to an associate		–	25,000
Derivative financial instruments		38,078	73,605
Lease liabilities		30,203	332
Tax payables		10,554	32,601
Contingent consideration payable		–	8,761
		2,088,403	4,203,438
Net current assets		1,927,833	2,594,683
Total assets less current liabilities		5,702,726	7,173,116
Non-current liabilities			
Interest-bearing borrowings		214,725	20,000
Deferred tax liabilities		29,564	193,012
Lease liabilities		34,981	304
Redeemable and exchangeable preferred share		152,822	157,744
Long-term liabilities		952	424
		433,044	371,484
NET ASSETS		5,269,682	6,801,632
Capital and reserves			
Share capital	13	6,142,962	6,142,962
Reserves		(1,157,131)	18,457
Equity attributable to equity holders of the Company		4,985,831	6,161,419
Non-controlling interests		283,851	640,213
TOTAL EQUITY		5,269,682	6,801,632

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group. Of these, only HKFRS 16, Leases is relevant to the Group’s consolidated financial statements, and the impact of the adoption have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any significant impact on the Group’s accounting policies.

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases (“**HKAS 17**”), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee’s perspective, almost all leases are recognised in the consolidated statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor’s perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group’s accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on the consolidated statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows (increase/(decrease)):

	<i>HK\$’000</i>
	(Unaudited)
Consolidated statement of financial position as at 1 January 2019	
Right-of-use assets – land and building	110,919
Lease liabilities (non-current)	82,505
Lease liabilities (current)	39,335
Retained earnings	(5,123)
Non-controlling interests	(5,798)
	<u> </u>

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 January 2019:

HK\$'000
(Unaudited)

Reconciliation of operating lease commitment to lease liabilities

Operating lease commitment as of 31 December 2018	188,619
Less: short term leases for which lease terms end within 31 December 2019	(47,533)
Less: future interest expenses	(19,882)
Add: finance leases liabilities as of 31 December 2018	636
 Total lease liabilities as of 1 January 2019	 121,840

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 is 5.54%.

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

For leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 and would be carried at cost. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements. The right-of-use asset arising from such properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Accounting as a lessor

The Group does not need to make any adjustments to the accounting for assets held as lessor under operating lease as result of the adoption of HKFRS 16.

(v) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application (1 January 2019). The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 January 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019; (iv) used hindsight in determining the lease terms if the contracts contain option to terminate the leases; and (v) relied on the previous assessment on whether leases are onerous as an alternative for impairment review when measuring the right-of-use assets at the date of initial application of HKFRS 16.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

The Group has also leased part of its computer and office equipment which previously were classified as finance leases under HKAS 17. As the Group has elected to adopt the cumulative effect method over the adoption of HKFRS 16, for those finance leases under HKAS 17, the right-of-use assets and the corresponding lease liabilities at 1 January 2019 were the carrying amount of the lease assets and lease liabilities under HKAS 17 immediately before that date. For those leases, the Group has accounted for the right-of-use assets and the lease liabilities applying HKFRS 16 from 1 January 2019.

3. 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, provision of medical consultation and laboratory services, franchisor and retail of mother-infant-child products, and manufacture of infant formula and nutritional products.

4. OPERATING INCOME

Operating income recognised from the principal activities of the Group during the year including trading of securities investments, provision of financing services, provision of wealth and asset management, financial brokerage and related services, 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 follows:

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Brokerage commission income from:		
– securities dealing	30,678	26,756
– insurance	188,042	93,157
– underwriting and placing commission income	7,369	885
Commission income and supporting services income from concessionaire sales of mother-infant-child products	24,147	105,929
Commission income from providing advisory, account and custody management	43,304	40,115
Financial advisory fee income	18,014	26,436
Margin facility and loan facility handling fee income	15,453	8,507
Medical consultation and laboratory services income	–	65,348
Franchisor and retail of mother-infant-child products	1,232,703	2,908,919
Rental income from lease of premises	591	1,159
Loss from the sale of financial assets at FVTPL, net*	(139,478)	(64,209)
Dividend income from financial assets at FVTPL	11,554	5,735
Interest income from:		
– margin financing	28,853	52,926
– loan receivables from third parties	125,093	131,195
– loan receivables from a shareholder of an associate/ non-controlling shareholder of a subsidiary	5,527	12,616
Manufacture of infant formula and nutritional products	60,122	91,520
	<u>1,651,972</u>	<u>3,506,994</u>

* Represented the proceeds from the sale of financial assets at fair value through profit or loss (“FVTPL”) of HK\$895,398,000 (2018: HK\$503,066,000) less relevant costs and carrying value of the financial assets sold of HK\$1,034,876,000 (2018: HK\$567,275,000).

5. OTHER INCOME

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Interest income from financial institutions	30,167	19,928
Forfeiture of customer deposits	18,539	–
Government subsidies	2,350	3,669
Penalties charges	752	505
Rental income	3,413	2,709
Others	5,141	2,698
	60,362	29,509

6. SEGMENT INFORMATION

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

Operating segments of the Group comprise the following:

Trading of securities investments	:	Investments of shares, stocks, options and funds
Provision of financing services	:	Provision of loan financing services
Provision of wealth and asset management, financial brokerage and related services	:	Provision of wealth and asset management dealing in securities, provision of securities, commodities brokerage services and financial advisory services
Provision of medical consultation and laboratory services	:	Provision of medical consultation and laboratory services relating to assisted reproductive technology
Franchisor and retail of mother-infant-child products	:	Managing franchise and operating retail stores of mother-infant-child products
Manufacture of infant formula and nutritional products	:	Development, manufacture and sale of infant milk formula products, and supplement and organic nutrition 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	Provision of financing services	Provision of wealth and asset management, financial brokerage and related services	Provision of medical consultation and laboratory services	Franchisor and retail of mother-infant-child products	Manufacture of infant formula and nutritional products	Investment holding	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2019									
(Unaudited)									
Segment turnover									
From contracts with customers									
within the scope of HKFRS 15	-	6,569	250,688	-	1,257,441	60,122	-	-	1,574,820
From other source	(136,080)	89,797	114,505	-	-	-	8,930	-	77,152
	<u>(136,080)</u>	<u>96,366</u>	<u>365,193</u>	<u>-</u>	<u>1,257,441</u>	<u>60,122</u>	<u>8,930</u>	<u>-</u>	<u>1,651,972</u>
	Trading of securities investments	Provision of financing services	Provision of wealth and asset management, financial brokerage and related services	Provision of medical consultation and laboratory services	Franchisor and retail of mother-infant-child products	Manufacture of infant formula and nutritional products	Investment holding	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2018									
(Audited)									
Segment turnover									
From contracts with customers									
within the scope of HKFRS 15	-	-	-	65,348	3,016,007	91,520	-	-	3,172,875
From other source	114,726	130,683	655,985	-	-	-	-	-	901,394
	<u>114,726</u>	<u>130,683</u>	<u>655,985</u>	<u>65,348</u>	<u>3,016,007</u>	<u>91,520</u>	<u>-</u>	<u>-</u>	<u>4,074,269</u>

(b) Segment income and results

The following is an analysis of the Group's income 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>
Year ended 31 December 2019									
(Unaudited)									
Segment income	<u>(136,080)</u>	<u>96,366</u>	<u>365,193</u>	<u>-</u>	<u>1,257,441</u>	<u>60,122</u>	<u>8,930</u>	<u>-</u>	<u>1,651,972</u>
(Loss)/profit for the year before following items:	(163,862)	(72,235)	(80,777)	(24,064)	10,807	(19,682)	13,049	(125,373)	(462,137)
(Loss)/gain on disposal of property, plant and equipment	-	-	(373)	-	-	(28)	-	142	(259)
Loss on disposal of property, plant and equipment	-	-	(1,203)	-	-	-	-	-	(1,203)
Impairment loss on right-of-use assets	-	-	(89)	-	-	-	-	-	(89)
Impairment loss on goodwill	-	-	(128,313)	-	-	(295,767)	-	-	(424,080)
Impairment loss on interests in associates	-	-	-	(164,188)	(325,428)	-	-	-	(489,616)
Impairment loss on intangible assets	-	-	(16,201)	-	-	(104,706)	-	-	(120,907)
Finance costs	-	(56,856)	(22,002)	-	(5,544)	(792)	(8,912)	52,151	(41,955)
Share of results of associates	-	-	-	17,991	15,925	-	-	-	33,916
(Loss)/profit from operation	<u>(163,862)</u>	<u>(129,091)</u>	<u>(248,958)</u>	<u>(170,261)</u>	<u>(304,240)</u>	<u>(420,975)</u>	<u>4,137</u>	<u>(73,080)</u>	<u>(1,506,330)</u>
Gain on deemed disposal of interests in subsidiaries	-	-	-	-	302,923	-	-	-	302,923
(Loss)/profit before taxation	<u>(163,862)</u>	<u>(129,091)</u>	<u>(248,958)</u>	<u>(170,261)</u>	<u>(1,317)</u>	<u>(420,975)</u>	<u>4,137</u>	<u>(73,080)</u>	<u>(1,203,407)</u>
Income tax credit/(expense)	-	-	6,867	-	(15,618)	37,481	-	-	28,730
Segment results	<u><u>(163,862)</u></u>	<u><u>(129,091)</u></u>	<u><u>(242,091)</u></u>	<u><u>(170,261)</u></u>	<u><u>(16,935)</u></u>	<u><u>(383,494)</u></u>	<u><u>4,137</u></u>	<u><u>(73,080)</u></u>	<u><u>(1,174,677)</u></u>

	Trading of securities investments	Provision of financing services	Provision of wealth and asset management, financial brokerage and related services	Provision of medical consultation and laboratory services	Franchisor and retail of mother-infant-child products	Manufacture of infant formula and nutritional products	Investment holding	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2018									
(Audited)									
Segment income	<u>(49,590)</u>	<u>130,683</u>	<u>253,026</u>	<u>65,348</u>	<u>3,016,007</u>	<u>91,520</u>	<u>-</u>	<u>-</u>	<u>3,506,994</u>
(Loss)/profit for the year before following items:	(71,799)	7,507	(6,108)	(11,359)	192,916	(28,628)	(29,026)	(2,542)	50,961
Loss on disposal of property, plant and equipment	-	-	(47)	-	(472)	(98)	-	-	(617)
Impairment loss on goodwill	-	-	(10,000)	-	-	-	-	-	(10,000)
Finance costs	2,016	(1,442)	(8,776)	-	(14,310)	(36)	(1,000)	-	(23,548)
Share of results of associates	-	-	-	24,708	-	-	-	-	24,708
(Loss)/profit from operation	<u>(69,783)</u>	<u>6,065</u>	<u>(24,931)</u>	<u>13,349</u>	<u>178,134</u>	<u>(28,762)</u>	<u>(30,026)</u>	<u>(2,542)</u>	<u>41,504</u>
Gain on disposal of interests in a subsidiary	-	-	22,288	-	-	-	-	-	22,288
Gain on deemed disposal of interests in subsidiaries	-	-	-	131,352	-	-	-	-	131,352
(Loss)/profit from operation	<u>(69,783)</u>	<u>6,065</u>	<u>(2,643)</u>	<u>144,701</u>	<u>178,134</u>	<u>(28,762)</u>	<u>(30,026)</u>	<u>(2,542)</u>	<u>195,144</u>
Gain on measurement of contingent consideration payables	-	-	-	-	11,866	-	-	-	11,866
(Loss)/profit before taxation	<u>(69,783)</u>	<u>6,065</u>	<u>(2,643)</u>	<u>144,701</u>	<u>190,000</u>	<u>(28,762)</u>	<u>(30,026)</u>	<u>(2,542)</u>	<u>207,010</u>
Income tax credit/(expense)	<u>11,000</u>	<u>-</u>	<u>6,937</u>	<u>(3,854)</u>	<u>(53,401)</u>	<u>8,320</u>	<u>-</u>	<u>-</u>	<u>(30,998)</u>
Segment results	<u><u>(58,783)</u></u>	<u><u>6,065</u></u>	<u><u>4,294</u></u>	<u><u>140,847</u></u>	<u><u>136,599</u></u>	<u><u>(20,442)</u></u>	<u><u>(30,026)</u></u>	<u><u>(2,542)</u></u>	<u><u>176,012</u></u>

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

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

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

(c) **Segment assets and liabilities**

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

	Trading of securities investments <i>HK\$'000</i>	Provision of financing services <i>HK\$'000</i>	Provision of wealth and asset management, financial brokerage and related services <i>HK\$'000</i>	Provision of medical consultation and laboratory services <i>HK\$'000</i>	Franchisor and retail of mother-infant-child products <i>HK\$'000</i>	Manufacture of infant formula and nutritional products <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2019								
(Unaudited)								
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	-	-	-	727,291	325,603	-	-	1,052,894
Goodwill	-	-	79,737	-	-	-	-	79,737
	<u>154,087</u>	<u>700,973</u>	<u>3,336,096</u>	<u>880,160</u>	<u>605,827</u>	<u>95,042</u>	<u>1,525,481</u>	<u>7,297,666</u>
Segment assets								7,297,666
Unallocated assets								<u>493,463</u>
Total assets								<u><u>7,791,129</u></u>
Liabilities								
Segment liabilities	(404)	(500)	(2,020,981)	(152,822)	(8,018)	(42,365)	(231,616)	(2,456,706)
Unallocated liabilities								<u>(64,741)</u>
Total liabilities								<u><u>(2,521,447)</u></u>

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

	Trading of securities investments <i>HK\$'000</i>	Provision of financing services <i>HK\$'000</i>	Provision of wealth and asset management, financial brokerage and related services <i>HK\$'000</i>	Provision of medical consultation and laboratory services <i>HK\$'000</i>	Franchisor and retail of mother-infant-child products <i>HK\$'000</i>	Manufacture of infant formula and nutritional products <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2018								
(Audited)								
Assets before following items:	519,230	1,124,522	4,697,921	173,041	1,445,701	232,220	1,249,792	9,442,427
Interests in associates	-	-	-	833,489	-	-	-	833,489
Goodwill	-	-	206,844	-	271,252	298,199	-	776,295
Segment assets	519,230	1,124,522	4,904,765	1,006,530	1,716,953	530,419	1,249,792	11,052,211
Unallocated assets								324,343
Total assets								<u>11,376,554</u>
Liabilities								
Segment liabilities	(425)	(42,295)	(3,272,589)	(157,744)	(949,864)	(90,020)	(28,694)	(4,541,631)
Unallocated liabilities								<u>(33,291)</u>
Total liabilities								<u>(4,574,922)</u>

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

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

(d) Geographical information

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

	Trading of securities investments <i>HK\$'000</i>	Provision of financing services <i>HK\$'000</i>	Provision of wealth and asset management, financial brokerage and related services <i>HK\$'000</i>	Provision of medical consultation and laboratory services <i>HK\$'000</i>	Franchisor and retail of mother-infant-child products <i>HK\$'000</i>	Manufacture of infant formula and nutritional products <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2019 (Unaudited)								
Primary geographic markets								
Hong Kong	(136,080)	96,366	288,609	-	-	-	8,930	257,825
PRC	-	-	-	-	1,257,441	-	-	1,257,441
Australia	-	-	-	-	-	60,122	-	60,122
Europe	-	-	76,584	-	-	-	-	76,584
Total	<u>(136,080)</u>	<u>96,366</u>	<u>365,193</u>	<u>-</u>	<u>1,257,441</u>	<u>60,122</u>	<u>8,930</u>	<u>1,651,972</u>
For the year ended 31 December 2018 (Audited)								
Primary geographic markets								
Hong Kong	(49,590)	130,683	201,512	65,348	-	-	-	347,953
PRC	-	-	-	-	3,016,007	-	-	3,016,007
Australia	-	-	-	-	-	91,520	-	91,520
Europe	-	-	51,514	-	-	-	-	51,514
Total	<u>(49,590)</u>	<u>130,683</u>	<u>253,026</u>	<u>65,348</u>	<u>3,016,007</u>	<u>91,520</u>	<u>-</u>	<u>3,506,994</u>

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

	Specified non-current assets	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Hong Kong	951,464	1,067,508
PRC	325,603	785,872
Australia	64,560	485,131
Europe	354,165	450,485
	<u>1,695,792</u>	<u>2,788,996</u>

(e) **Disaggregation of revenue**

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

	Provision of financing services <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>	Total <i>HK\$'000</i>
For the year ended						
31 December 2019						
(Unaudited)						
Major products/service lines						
Wealth and asset management	-	214,127	-	-	-	214,127
Financial brokerage and related services	-	36,561	-	-	-	36,561
Financing services	6,569	-	-	-	-	6,569
Medical and laboratory services	-	-	-	-	-	-
Mother-infant-child products	-	-	-	1,257,441	-	1,257,441
Infant formula and nutritional products	-	-	-	-	60,122	60,122
Total	<u>6,569</u>	<u>250,688</u>	<u>-</u>	<u>1,257,441</u>	<u>60,122</u>	<u>1,574,820</u>
Time of revenue recognition						
At a point in time	4,198	227,111	-	1,243,247	60,122	1,534,678
Transferred over time	2,371	23,577	-	14,194	-	40,142
Total	<u>6,569</u>	<u>250,688</u>	<u>-</u>	<u>1,257,441</u>	<u>60,122</u>	<u>1,574,820</u>

	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>	Total <i>HK\$'000</i>
As at 31 December 2018				
(Audited)				
Major products/service lines				
Medical consultation and laboratory services	65,348	–	–	65,348
Mother-infant-child products	–	3,016,007	–	3,016,007
Infant formula and nutritional products	–	–	91,520	91,520
Total	65,348	3,016,007	91,520	3,172,875
Timing of revenue recognition				
At a point in time	65,348	3,010,421	91,520	3,167,289
Transferred over time	–	5,586	–	5,586
Total	65,348	3,016,007	91,520	3,172,875

(f) Other segment information

	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>
Year ended 31 December 2019									
(Unaudited)									
Additions of specified non-current assets*	–	–	30,176	40,000	641,897	15,145	–	38,161	765,379
Amortisation of intangible assets	–	–	(25,306)	–	(3,442)	(25,166)	–	–	(53,914)
Depreciation of property, plant and equipment	–	–	(13,042)	–	(4,579)	(2,532)	–	(7,572)	(27,725)
Depreciation of right-of-use assets	–	–	(1,254)	–	(12,417)	(3,428)	–	(17,195)	(34,294)
Interest income included in operating income and other income	259	89,871	80,298	–	102	28	11,769	7,314	189,641
Impairment loss on financial assets for ECLs	3	(142,356)	(21,956)	–	(933)	(203)	(67)	(27)	(165,539)
Net fair value gain on financial instruments	(10,224)	–	–	(21,149)	(2,857)	–	2,355	–	(31,875)

	Trading of securities investments	Provision of financing services	Provision of wealth and asset management, financial brokerage and related services	Provision of medical consultation and laboratory services	Franchisor and retail of mother-infant-child products	Manufacture of infant formula and nutritional products	Investment holding	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2018									
(Audited)									
Additions of specified non-current assets*	-	-	641,257	1,246	18,156	3,389	-	24,060	688,108
Amortisation of intangible assets	-	-	(21,455)	-	(6,089)	(26,491)	-	-	(54,035)
Depreciation of property, plant and equipment	-	-	(12,301)	(427)	(9,235)	(2,673)	-	(4,793)	(29,429)
Interest income included in operating income and other income	3	-	12,961	-	353	156	2,126	4,329	19,928
Impairment loss on financial assets for ECLs	32	1,352	(21,670)	-	(2,456)	-	7	45	(22,690)
Net fair value gain on financial instruments	8,490	-	-	(1,744)	2,276	-	-	-	9,022

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

(g) Information about major customers

During the years ended 31 December 2019 and 2018, no operating income from a single customer of the Group accounted for over 10% of total revenue of the Group.

7. (LOSS)/PROFIT BEFORE TAXATION

This is stated after charging:

	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Audited)
Finance costs		
Interests on bank and other borrowings	36,351	23,548
Interests on lease liabilities	5,604	-
Total interest expense	41,955	23,548
Other items		
Auditor's remuneration (including other audit fee, primarily in respect of audits of financial statements of subsidiaries)	10,101	7,948
Operating lease payments on premises	-	72,546
Staff costs (excluding directors' emoluments)		
Salaries, discretionary bonus, allowances and benefits in kind	279,875	322,040
Contributions to defined contribution retirement schemes	13,436	3,522

8. TAXATION

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

Mainland China Enterprise Income Tax rate of the Company's subsidiaries operating in the PRC during the year was 25% (2018: 25%) on its taxable profits.

Australian Income Tax rate of the Company's subsidiary operating in Australia during the year was 30% (2018: 30%) on its taxable profits.

Liechtenstein Corporate Income Tax rate of the Company's subsidiary operating in Liechtenstein during the year was 12.5% (2018: 12.5%) on its taxable profits.

The major components of the income tax expense for the year are as follows:

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Current tax		
Hong Kong Profits Tax		
Current year provision	189	4,489
(Over)/under provision in prior year	(357)	86
Mainland China Enterprise Income Tax		
Current year provision	8,485	53,998
Australian Income Tax		
Current year provision	3,245	–
Over provision in prior year	–	(18)
Liechtenstein Corporate Income Tax		
Current year provision	14	735
Withholding tax	7,436	–
	19,012	59,290
Deferred tax		
Reversal of taxable temporary differences	(47,742)	(28,292)
Tax (credit)/expense for the year	(28,730)	30,998

9. DIVIDEND

(a) Dividends payable to equity shareholders of the company attributable to the year

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Final dividend proposed after the end of the reporting period (2018: 0.067 HK cents per share)	<u>–</u>	<u>29,859</u>

(b) Dividends payable to equity shareholders of the company attributable to the previous financial year, approved and paid during the year

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Final dividend in respect of the previous financial year, approved and paid during the year, of 0.067 HK cents per share (2018: Nil)	<u>29,859</u>	<u>–</u>

10. (LOSS)/EARNINGS PER SHARE

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

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
(Loss)/earnings		
(Loss)/profit for the year attributable to equity holders of the Company	<u>(1,168,195)</u>	<u>90,184</u>
	2019 <i>No. of shares</i> '000	2018 <i>No. of shares</i> '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u>44,516,520</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.

11. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Trade receivables	<i>(a)&(c)</i>	9,759	187,747
Accounts receivable from clients arising from provision of wealth and asset management services	<i>(b)</i>	12,464	10,200
Accounts receivable from third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	<i>(b)</i>	15,482	17,843
— margin clients	<i>(b)</i>	153,983	619,141
— clearing houses and brokers	<i>(b)</i>	17,330	102,238
		209,018	937,169
Expected credit loss		(36,799)	(22,228)
		172,219	914,941
Deposits and prepayments		101,475	260,805
Other receivables		14,254	118,029
Amounts due from related parties		333,763	58,372
		449,492	437,206
		621,711	1,352,147
Less: Balances due within one year included in current assets		(390,656)	(1,344,277)
Non-current portion		231,055	7,870

Notes:

(a) Settlement terms of trade receivables

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

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

Loans to margin clients as at the end of the reporting period were secured by the customers' securities to the Group as collateral with discounted market value of approximately HK\$374,640,000 (2018: HK\$961,295,000).

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

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

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Less than 1 month	830	73,895
1 month to 3 months	5,533	65,735
3 months to 6 months	3,396	28,657
6 months to 12 months	–	19,460
	9,759	187,747

12. TRADE AND OTHER PAYABLES

	<i>Notes</i>	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Trade and bill payables to third parties	(a)	4,908	327,941
Accounts payable to clients arising from provision of wealth and asset management services	(a)	1,559,505	2,699,778
Accounts payable to third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	(b)	549,568	449,843
— margin clients	(b)	165,151	1,053,009
— clearing house and brokers	(b)	2,220	1,293
		2,281,352	4,531,864
Less: Cash held on behalf of clients	(c)	(696,123)	(1,512,317)
		1,585,229	3,019,547
Other payables		66,015	254,277
Deposits received		7,961	7
Amounts due to related parties		111	6,023
		74,087	260,307
		1,659,316	3,279,854

(a) Ageing analysis of trade and bill payables

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

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Less than 1 month	2,724	113,650
1 month to 3 months	2,177	186,820
3 months to 6 months	7	21,215
6 months to 12 months	—	3,877
Over 12 months	—	2,379
	4,908	327,941

(b) Settlement terms of accounts payable

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

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

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

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

- (c) The Group maintains segregated accounts with banks and authorised institutions to hold cash on behalf of clients arising from its normal course of business in provision for brokerage services.

13. SHARE CAPITAL

	Number of ordinary shares	Share capital in issue HK\$'000
Issued and fully paid ordinary shares:		
At 1 January 2018, 31 December 2018 and 1 January 2019	44,618,345,557	6,142,962
Cancelled during the year	<u>(243,280,000)</u>	<u>–</u>
At 31 December 2019	<u>44,375,065,557</u>	<u>6,142,962</u>

During the year, the Company repurchased 253,460,000 shares on The Stock Exchange of Hong Kong Limited for a total consideration of HK\$31,702,000, at the price per share between HK\$0.086 to HK\$0.132. 53,140,000 and 190,140,000 of the shares bought back have been cancelled on 8 July 2019 and 8 August 2019, respectively. The remaining 10,180,000 of shares bought back as of 31 December 2019 have been subsequently cancelled on 23 March 2020.

14. DEEMED DISPOSAL OF SUBSIDIARIES WITH LOSS OF CONTROL

(a) For the year ended 31 December 2019

Deemed disposal of AYD

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

	<i>HK\$'000</i> (Unaudited)
Consideration	
Deemed consideration	635,106
Add: consideration received	10,024
	<hr/>
	645,130
Add: Transfer from other reserves	66,702
Less: Net assets and liabilities derecognised	
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	<hr/> <hr/>
	302,923

(b) For the year ended 31 December 2018

Deemed disposal of The Women's Clinic Group ("WCG")

The Group has loss of control in WCG on 8 June 2018, the equity interest in WCG decreased from 55.02% to 46.71%. WCG ceased as subsidiaries of the Group and was accounted as an associate since then. In calculating the deemed consideration upon the deemed disposal on 8 June 2018, the Group has engaged Avista Valuation Advisory Limited, an independent valuer to perform valuation on WCG Group. The fair value as at 8 June 2018 was HK\$1,260,000,000. The following summarised the deemed consideration and the carrying amount of the assets and liabilities to be derecognised from the consolidated statement of financial position of the Group as at the date of deemed disposal:

	<i>HK\$'000</i>
	(Audited)
Consideration	
Deemed consideration	588,546
Less: consideration paid for shares subscription	(160,000)
	<u>428,546</u>
Less: Net assets and liabilities derecognised	
Property, plant and equipment	2,267
Intangible assets	201,900
Deferred tax assets	425
Goodwill	183,296
Trade and other receivables	9,648
Bank balances and cash	97,839
Trade and other payables	(12,507)
Tax payables	(4,691)
Deferred tax liabilities	(33,374)
Non-controlling interests	(147,609)
	<u>297,194</u>
Net assets derecognised	<u>297,194</u>
Gain on deemed disposal	<u>131,352</u>
Net cash flow on deemed disposal of subsidiaries	
Consideration paid	(160,000)
Cash and cash equivalents disposed of	(97,839)
	<u>(257,839)</u>
Net outflow of cash and cash equivalents	<u>(257,839)</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.

RESULTS

During the Year, the Group recorded a turnover of approximately HK\$2,686.85 million (2018: HK\$4,074.27 million) and operating income of approximately HK\$1,651.97 million (2018: HK\$3,506.99 million). The decrease in turnover and operating income for the Year was mainly due to (1) AYD Group Limited (“**AYD**”) and its subsidiaries (collectively, “**AYD Group**”) changed from a subsidiary to an associate of the Group due to the disposal of part of share interest in AYD Group in June 2019, the financial statements of AYD Group have not been consolidated to the Group’s results for the Year since July 2019; and (2) The Women’s Clinic Group Limited (“**WCG**”) (formerly known as Reproductive Healthcare Group Limited) and its subsidiaries (collectively, “**WCG Group**”) changed from a subsidiary to an associate of the Group in June 2018, therefore, the financial statements of WCG Group have not been consolidated to the Group’s results since June 2018.

During the Year, loss attributable to equity holders of the Company was approximately HK\$1,168.20 million (2018: profit attributable to equity holders HK\$90.18 million), and basic and diluted loss per share were HK2.62 cents (2018: profit per share of HK0.20 cents). The loss for the Year was mainly due to the following factors:

- (1) investment loss of approximately HK\$144.18 million in a fund which mainly invested in a portfolio of securities listed on the Stock Exchange of Hong Kong;
- (2) the significant increase in operating expenses and staff cost resulted from a series of investments acquisitions in recent years and such increase outweighed the revenue contributed by these investments;
- (3) the failure to achieve the expected synergies from the acquisitions. Due to fierce market competition, the outbreak of social movement, and the overall economic slowdown in Hong Kong, significantly impacted the performance of the investments;
- (4) in consideration of various factors including market prospects and actual performance of the investments, the management took a more conservative approach on the business forecasts. As a result, a one-off impairment loss on goodwill, intangible assets, and interests in associates amounted to HK\$1,034.60 million was recognised; and
- (5) in light of the deterioration of business environment, as a prudent measure, the management performed a comprehensive review and assessment on all outstanding loans. Hence a one-off credit loss of HK\$165.54 million was recognised in accordance with relevant accounting standards.

MARKET AND BUSINESS REVIEW

The Group's various business segments were mainly derived from acquisitions in recent years, and the Group's strategy of striving to create synergies by integrating and merging business segments encountered unprecedented challenges this year. During the Year, all business segments recorded negative growth in revenue and profit. The social movement in Hong Kong and the global economic slowdown under the trade protectionism worldwide have exacerbated the operating difficulties of the Group's subsidiaries and associates.

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 and continuing uncertainties over international trade, 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 Year was approximately HK\$365.19 million (2018: HK\$253.03 million) and the loss was approximately HK\$242.09 million (2018: profit of HK\$4.29 million). The increase in operating income for the Year was mainly due to the full year results of the Liechtenstein-based private bank, Mason Privatbank Liechtenstein AG (“MPL”) (formerly known as Raiffeisen Privatbank Liechtenstein AG) and Harris Fraser Group Limited and its subsidiaries (“HFG”). The loss of the financial services business segment for the Year was mainly due to (1) the management of the Group conducted review over the operation and performance of, and adopted conservative assessment on the valuation of each subsidiary under the financial services business segment during the Year, a total of approximately HK\$128.31 million one-off impairment loss on goodwill and approximately HK\$16.20 million one-off impairment loss on intangible assets were recognised on Mason Securities Limited, MPL and HFG; (2) the management restructured securities margin financing business and as a prudent measure, recognised an impairment loss of HK\$17.03 million for expected credit loss strictly in accordance with relevant accounting standards; (3) the management terminated the asset management business in South Korea and Taiwan to further reduce future operating costs and concentrate resources to develop the Group's advantageous regions and businesses.

Provision of financing services

During the Year, the Group's provision of financing services, including leveraged and acquisition finance activities and mortgage loan securitisation business in Hong Kong, contributed a total operating income of approximately HK\$96.37 million (2018: HK\$130.68 million).

In view of the deterioration of the business environment in the credit market, the management conducted a comprehensive review and evaluation on all outstanding loans. In addition to accelerating the recovery of current outstanding loans, the Group suspended all credit loans without collaterals and guarantees, enhanced collaterals to all existing loans and conservatively recognised impairment loss for expected credit loss strictly in accordance with relevant accounting standards. The loss of this business segment was approximately HK\$129.09 million (2018: profit of HK\$6.07 million), mainly due to the recognition of approximately HK\$142.36 million of one-off impairment loss based on the abovementioned strict principle on loan receivables.

In consideration of recent market volatility, the management has effectively managed to downsize its loan portfolio going forward. The total size of the Group's loan portfolio of mortgage and loan business was approximately HK\$687.08 million as at 31 December 2019 (2018: HK\$784.07 million). The management has committed to further improving the quality of our loan portfolio by strengthening the collateral and guarantees from the borrowers.

Trading of securities investments

The listed securities held by the Group are mainly listed on the Hong Kong and U.S. stock market. The turbulent economic environment in 2019 has exacerbated the turmoil in the Hong Kong stock market. During the Year, the Group's trading of securities investments recorded a loss of approximately HK\$163.86 million (2018: loss of HK\$58.78 million), largely due to the loss of approximately HK\$144.18 million in the listed securities portfolio of a proprietary fund invested by the Group.

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. In April 2019, the Group invested in Hong Kong-based premium medical service provider, Mason Supreme Healthcare Group Limited (“**Mason Supreme**”).

During the Year, the results of the Group's healthcare business are entirely contributed by our associated companies, WCG Group, Pangenja Inc and its subsidiaries (“**Pangenja**”) and Mason Supreme. The loss attributable to the healthcare business segment was approximately HK\$170.26 million during the Year (2018: profit of HK\$140.85 million). The shift of profits in Year 2018 into losses in Year 2019 was a result of a decline in income and profit due to increasing market competition, the social movement in Hong Kong, as well as the slowdown of global economy. Since the Group's associates in healthcare segment have not generated the synergies as expected, in addition to the unprecedented challenges encountered during the Year, the management made a prudent assessment on each primary market investment held by the Group by using more conservative forecasts and valuation methods, recognising a one-off impairment loss of approximately HK\$164.19 million of the Group's associates in this healthcare segment.

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

This business segment mainly includes AYD Group Limited 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.

The Group disposed the 0.71% equity stake in AYD (“**AYD Disposal**”) for a consideration of approximately HK\$10.00 million to AYD’s management on 28 June 2019. With effect from the AYD Disposal, the issued capital of AYD held by the Group decreased to 46.2%, and the right to appoint the majority of the board of AYD was revoked, in which case, AYD ceased to be a subsidiary of the Group and became an associate of the Group. Further details with respect to AYD Disposal are set out in the announcement and the circular of the Company dated 22 May 2019 and 12 June 2019 respectively. During the Year, this business segment contributed an operating income of approximately HK\$1,257.44 million (2018: HK\$3,016.01 million) and a loss of approximately HK\$16.94 million (2018: HK\$136.60 million). The decrease in revenue and profit was a result of the deconsolidation of AYD’s financial statements from the Group’s results for the year after AYD Disposal.

During the Year, the Group entered into an agreement to dispose of its entire equity stake in B&P for a total consideration of US\$55.00 million (“**B&P Disposal**”), as a result, the financial information of B&P was presented as discontinued operations in the 2019 interim report, and all of the assets and liabilities of B&P are classified as assets and liabilities were presented as held for sale in the consolidated statement of the financial position of the Group. As at 31 December 2019, the transaction is considered no longer probable to be completed and therefore the B&P operation is reclassified as continuing operations in accordance with relevant accounting standards. Details in relation to the B&P Disposal can be referred to the “Material Disposals of Subsidiaries” section.

Given the sluggish global economic outlook in the midst of rising global trade barriers, the stagnant relationship between China and Australia, coupled with policies tightened by the Chinese government on the import of infant formula products, the Group’s mother-infant-child consumer products segment, including manufacturing and sales sectors, experienced tremendous pressure, a substantial relief of which will remain unforeseeable in the near future. Consequently, the management adopted the conservative approach in assessing our investments in the mother-infant-child consumer product business, and recognised a total of HK\$725.90 million of impairment loss in this business in accordance with the relevant accounting principles, which caused a significant decrease in the profit for the year for our mother-infant-child consumer product business.

Investment holding

The investment holding business segment mainly holds the investments for dividend and investment income and capital appreciation purpose. As at 31 December 2019, the segment assets of this segment was approximately HK\$1,525.48 million (2018: HK\$1,249.79 million). During the Year, segment income of approximately HK\$8.93 million (2018: Nil) and segment profit of approximately HK\$4.14 million (2018: loss of HK\$30.03 million) were recorded.

FINANCIAL REVIEW

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2019, the net current assets of the Group amounted to approximately HK\$1,927.83 million (2018: approximately HK\$2,594.68 million), which included bank deposits and cash of approximately HK\$2,360.44 million (2018: HK\$2,813.52 million). The current ratio, expressed as current assets over current liabilities, was approximately 1.92 (2018: approximately 1.62).

As at 31 December 2019, the Group does not have any bank borrowings (2018: a secured bank loan of HK\$262.65 million was secured by pledged deposits of approximately HK\$63.98 million together with shares of a subsidiary of the Company and corporate guarantee, of which, HK\$111.22 million carried an interest from 5.22% to 7% per annum, while the remaining \$151.43 million carried an interest calculated at 3 months ICE LIBOR plus 1.50% to 2.50%). As at 31 December 2019, the Group did not have any unutilised bank loan facilities (2018: HK\$108.63 million).

As at 31 December 2019, the Group has other borrowings of approximately HK\$295.725 million, among which, HK\$194.73 million is denominated in United States dollar and is an unsecured bond, which carries an interest at 12 months ICE LIBOR plus 4.5% per annum. Furthermore, there are two outstanding unsecured bonds with principal amounts of approximately HK\$10.00 million each, which were issued in 2014 to two third party investors with an interest of 5% per annum, and is payable annually in arrears. All three bonds will become due in 2021.

As for the total of bank loans and other borrowings as at 31 December 2019, approximately HK\$81 million must be repaid within one year or on demand, while the remaining balance must be repayable from one year to five years. No bank loans or borrowings are repayable after five years.

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

The Group's total debt to equity ratio, calculated as total loans and borrowings, repurchase agreements and the issued preferred shares of approximately HK\$701.23 million (2018: HK\$951.48 million) divided by shareholder's equity of the Group of approximately HK\$5,269.68 million (2018: HK\$6,801.63 million) was approximately 0.13 as at 31 December 2019 (2018: 0.14).

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

TREASURY POLICIES

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

PROSPECTS

Looking ahead, the series of internal and external events experienced by the Group in 2019 will still have a continuous impact on its operations in 2020. Social movements in Hong Kong, and the fluctuations in global geopolitics, macroeconomic and stock market, especially the economic slowdown under the trade protectionism, will intensify our challenges. The quantitative easing monetary policies and expansionary fiscal policies introduced by countries around the world in response to the outbreak of Coronavirus Disease 2019 (COVID-19) and the economic slowdown will have a positive stimulating effect on the economy and will also make the market more volatile. In face of the difficulties and uncertainties, the Group has more confidence than ever to overcome the difficulties with solidarity and determination. Upholding the core idea of returning to common sense and the essence of business, as well as focusing on broadening sources of income and reducing expenditure, the Group will decisively adopt a series of measures to reduce staff cost and increase efficiency, strictly control risks, recoup funds, and focus on advantageous businesses. We will also strive to eliminate the accumulated impact of negative factors and proactively adapt to the changes in the external environment. In doing so, the Group will forge ahead.

Firstly, in addition to continuous implementation of the fruitful internal restructuring to eliminate internal and external interference, the Group will further reduce staff cost and increase efficiency, establish a sound risk management system and employee performance appraisal system, and optimise internal governance and organisational structure in 2020. Under the leadership of the board of directors, the management will also actively recruit professionals, and prudently improve the Company's operation and management by taking the past lessons.

Secondly, the Group will continue to integrate and classify the existing business segments, focus on improving operating efficiency, and set clear target requirements for operating indicators such as the return on equity of the investees. In 2020, the Group will also actively promote the win-win cooperation between its subsidiaries, associates and industry leaders, as well as the connection with the capital market, to release corporate value, further enhance the balance sheet stability and improve the asset structure.

Thirdly, the Group will formulate more stringent and conservative investment standards and pay close attention to quality investment opportunities that are undervalued in the primary and secondary markets. The Group will make investment decisions under strict investment discipline, and ensure the transparency and quality of various investments by exiting properly and in a timely manner, to continuously increase net asset per share attributable to shareholders, and to lower the substantial discounts in current net assets per share to share price, so as to realise the return and development of shareholder value.

Finally, by further recouping funds through asset restructuring and disposal of non-core businesses and non-dominant assets, the Group will optimise capital allocation, consolidate its core business with advantages and strengthen the Group's overall ability to control risks and withstand various fluctuations, so as to generate attractive returns for the shareholders.

CAPITAL COMMITMENTS

As at 31 December 2019, the Group had a total capital commitment of approximately HK\$67.28 million (2018: HK\$25.14 million), contracted for but not provided for in the financial statements in respect of the subscription of funds.

CONTINGENT LIABILITIES

As at 31 December 2019, except as disclosed in the paragraph below, the Group does not provide any guarantees to any other parties (31 December 2018: a facilities of HK\$428.21 million granted to certain subsidiaries, of these HK\$319.58 million has been utilised).

As stated in the announcement dated 22 May 2019, the Group had 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 until AYD has been successfully listed. As at 31 December 2019, the maximum aggregate amount of the guarantees was RMB13.50 million (approximately HK\$15.04 million). As at 31 December 2019, the aggregate utilised amount of the Guarantees was approximately RMB13.50 million (approximately HK\$15.04 million). After the deconsolidation of AYD, a guarantee fee will be charged at 1.5% per annum of the drawdown amount.

PLEDGE OF ASSETS

As at 31 December 2019, the Group does not have any pledged assets (31 December 2018: bank deposits of approximately HK\$94.26 million and the shares of a subsidiary to certain banks to secure loan facilities amounting to approximately HK\$268.80 million and bill payables amounting to approximately HK\$72.35 million. Loan facilities and bill payables amounting to approximately HK\$208.37 million and bill payables amounting to approximately HK\$52.55 million were utilised).

MATERIAL DISPOSALS OF SUBSIDIARIES

On 28 June 2019, the Group completed its disposal of 0.71% of the issued capital of AYD Group Limited (“**AYD**”) to Sino Ease Ventures Limited for a total consideration of HK\$10,024,001.10 and is holding 46.2% of the issued capital of AYD via Pioneer Leap Investments Limited, a wholly-owned subsidiary of the Group. After the completion of the disposal, the Group has the right to appoint two out of seven directors of the board of AYD. As the Group holds less than 50% of the issued capital of AYD and will no longer have the right to appoint the majority of the board of AYD, AYD has ceased to be a subsidiary of the Group. Further details are set out in the announcement and the circular of the Company dated 22 May 2019 and 12 June 2019 respectively.

On 8 February 2019, the Group’s indirect non-wholly owned subsidiary, GL Food Holdings Pte. Ltd. (“**GL Food**”), entered into an agreement with Wattle Health Australia Investments Pty Ltd (“**WHAI**”) to sell the 46% of interest in B&P to WHAI, and grant put and call options over 29% of the issued shares to WHAI. On 8 May 2019, GL Food entered into an agreement (which amends and reinstates an earlier agreement) with WHAI to sell 75% of the issued shares of B&P, representing GL Food’s entire interest in B&P to WHAI for a total consideration of US\$55.00 million. On 14 November 2019, the Company, Mason Dairy Holdings Limited (“**MDHL**”), the Group’s indirect wholly owned subsidiary and the sole shareholder of GL Food, WHAI and Wattle Health Australia Limited entered into an agreement, pursuant to which MDHL agreed to sell entire issued shares of GL Food to WHAI for a total consideration of US\$55.00 million. This transaction had been terminated on 9 March 2020 and detail could be referred to the paragraph headed “EVENTS AFTER THE YEAR”.

Other than the above, the Group made no substantial acquisition, or other material disposal, of subsidiaries and associated companies during the Year.

USE OF PROCEEDS

Reference is made to the announcement, the circular and the prospectus issued by the Company on 22 September 2016, 28 October 2016, 13 December 2016, 13 January 2017, 7 February 2017 and 8 September 2017 respectively, the annual report 2017, the interim report 2017 and annual report 2016, 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**”). The Company (i) allotted and issued 22,124,799,450 ordinary shares to the qualifying shareholders on the register as at 12 January 2017 at a subscription price of HK\$0.13 per share for a total consideration, before expenses, of approximately HK\$2,876.00 million and (ii) allotted and issued 4,056,213,232 new shares (the “**Bonus Shares**”) of the Company to qualifying shareholders, on the basis of one Bonus Share for every ten shares held by the qualifying shareholders at the date for determining their entitlements (the “**Bonus Issue**”). Both the Rights Issue and Bonus Issue were completed in February 2017 and the net proceeds from the Rights Issue was approximately HK\$2,840.00 million (the “**Net Proceeds**”). Following completion, the Company changed the original intended use of proceeds. Further details of the change are set out in the announcement of the Company dated 8 September 2017. As at 31 December 2019,

the Group had unused proceeds of approximately HK\$12.981 million towards IT upgrade of financial services and the table below sets out the use of the Net Proceeds:

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

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2019, the Group employed a total of 235 employees around the globe (as at 31 December 2018: 1,245) of whom 219 are full-time employees and 16 are part-time employees. The decrease of the number of employees is mainly due to the cessation of AYD Group as the subsidiaries of the Group. The remuneration policy and package of the Group's employees are structured in accordance to market terms and statutory requirements where appropriate. In addition, the Group also provides other staff benefits such as medical insurance and mandatory provident fund.

EVENTS AFTER THE YEAR

On 9 March 2020, the disposal of B&P (the "**B&P Disposal**") was formally terminated as WHAL was not able to raise necessary funding to settle the total consideration of US\$55,000,000 on or before the sunset date of 29 February 2020. Further details of the B&P Disposal are set out in the announcements of the Company dated 8 February 2019, 22 February 2019, 12 April 2019, 8 May 2019, 12 June 2019, 20 June 2019, 31 July 2019, 1 September 2019, 1 October 2019, 14 November 2019, 31 December 2019, 11 January 2020 and 9 March 2020.

Since the beginning of 2020, the outbreak of COVID-19 has spread throughout the world and has impacted the global economic and business environment. Up to the date of this announcement, COVID-19 has not resulted in material impact to the Group. Pending the development and spread of COVID-19 subsequent to the date of this announcement, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will continue to monitor the development of COVID-19 and react actively to its impact on the financial position and operating results of the Group.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "**AGM**") is scheduled to be held on Monday, 1 June 2020. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 26 May 2020 to Friday, 29 May 2020 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a shareholder of the Company to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 25 May 2020.

RISK MANAGEMENT

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

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: HK0.067 cent).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, the Company repurchased a total of 253,460,000 shares (the “**Repurchased shares**”) of the Company on the Stock Exchange. 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.

Details of the Repurchased Shares are as follows:

Month	Number of shares repurchased	Price paid per share		Aggregate consideration paid (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
June 2019	46,920,000	0.121	0.091	5,455,689
July 2019	196,360,000	0.132	0.115	25,144,287
August 2019	1,960,000	0.101	0.098	195,907
September 2019	7,220,000	0.121	0.100	819,571
October 2019	1,000,000	0.086	0.086	86,315
	<u>253,460,000</u>			<u>31,701,769</u>

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

AUDIT COMMITTEE

The audit committee of the Company, comprising Mr. Wu Xu'An as chairman as well as Mr. Tian Ren Can and Mr. Wang Cong as members, has reviewed the unaudited final results for the year ended 31 December 2019.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed as the progress of the relevant audit work in the PRC has been adversely affected by the restrictions imposed on both travel and resumption of work due to the COVID-19 coronavirus outbreak. The unaudited annual results contained herein have not been agreed with the Company's auditors as required under Rule 13.49(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants. The unaudited annual results contained herein have been reviewed by the audit committee and the Board.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process. The Company expects the auditing process will be completed on or before 9 April 2020.

CORPORATE GOVERNANCE

During the year ended 31 December 2019, the Company has complied with all the code provisions of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on Stock Exchange ("**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 year ended 31 December 2019, 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 maximises the effectiveness of the Group's operations.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own Model Code for Securities Transactions by Directors (the “**Own Code**”), which is on terms no less exacting than those set out in the Model Code for Securities Transactions by directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Listing Rules.

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 year ended 31 December 2019.

DATE OF BOARD MEETING

The Board announces that a meeting of the Board will be held on Thursday, 9 April 2020 for the purpose of, among other matters, approving the audit final results of the Group for the year ended 31 December 2019 and its publication.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.masonhk.com). The annual report of the Company for the year ended 31 December 2019 will be despatched to the Company’s shareholders and available on the above websites in due course.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Mason Group Holdings Limited
茂宸集團控股有限公司
Cao Lu
Executive Director

Hong Kong, 30 March 2020

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

Executive Directors:

Ms. Lui Choi Yiu, Angela

Ms. Fu Yau Ching Shirley

Mr. Cao Lu

Non-executive Director:

Ms. Hui Mei Mei, Carol

Independent Non-executive Directors:

Mr. Tian Ren Can

Mr. Wang Cong

Mr. Wu Xu’An