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## MASON GROUP HOLDINGS LIMITED

### 茂宸集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 273)

## ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Director(s)**”) of Mason Group Holdings Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Year**”), together with comparative figures for the year ended 31 December 2021, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) as below.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>Turnover</b>	3	<b>4,444,101</b>	<b>4,012,509</b>
Operating income	4	51,925	604,426
Other income	5	39,122	10,984
Exchange (loss)/gain, net		(537)	3,720
Cost of inventories recognised as expenses	7	(63,379)	(172,056)
Commission and brokerage expenses		(99,884)	(194,818)
Employee benefits expenses		(59,460)	(72,740)
Depreciation of property, plant and equipment		(4,878)	(11,212)
Depreciation of right-of-use assets		(12,872)	(14,562)
Amortisation of intangible assets		(7,586)	(10,460)
Loss on disposal/written-off of property, plant and equipment		(13)	(10,022)
Impairment loss on property, plant and equipment		(19,885)	(77,520)
Reversal/(provision) of impairment loss on financial assets for expected credit loss		19,612	(205,524)
Write-off of amount due from shareholders		(468)	–
Write-off of trade and other receivables		(941)	–
Loss on disposal of interests in a subsidiary	14	–	(4,644)
Net fair value loss on financial instruments		(54,670)	(210,435)
Impairment loss on goodwill		(38,454)	–
Impairment loss on intangible assets		(15,474)	(7,820)
Impairment loss on interests in associates		(152,094)	(194,508)
Other operating expenses		(46,582)	(118,771)
Finance costs	7	(1,363)	(5,811)
Share of results of associates		12,056	(44,621)

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss before taxation</b>	7	<b>(455,825)</b>	(736,394)
Income tax credit/(expense)	8	<b>35,211</b>	(2)
<b>Loss for the year</b>		<b><u>(420,614)</u></b>	<b><u>(736,396)</u></b>
<b>Other comprehensive income:</b>			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign subsidiaries		<b>(9,484)</b>	(9,347)
Share of other comprehensive income of an associate		<b>(17,884)</b>	1,672
<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		<b>4,382</b>	2,286
Changes in fair value of equity instruments at fair value through other comprehensive income		<b><u>(100,967)</u></b>	<b><u>(83,908)</u></b>
<b>Other comprehensive income for the year</b>		<b><u>(123,953)</u></b>	<b><u>(89,297)</u></b>
<b>Total comprehensive income for the year</b>		<b><u>(544,567)</u></b>	<b><u>(825,693)</u></b>
<b>Loss attributable to:</b>			
Equity holders of the Company		<b>(414,972)</b>	(733,623)
Non-controlling interests		<b><u>(5,642)</u></b>	<b><u>(2,773)</u></b>
Loss for the year		<b><u>(420,614)</u></b>	<b><u>(736,396)</u></b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		<b>(538,555)</b>	(822,373)
Non-controlling interests		<b><u>(6,012)</u></b>	<b><u>(3,320)</u></b>
<b>Total comprehensive income for the year</b>		<b><u>(544,567)</u></b>	<b><u>(825,693)</u></b>
<b>Loss per share</b>			
Basic and diluted	10	<b><u>HK(0.94) cent</u></b>	<b><u>HK(1.65) cent</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		182,270	204,170
Right-of-use assets		13,683	14,201
Goodwill		18,476	56,930
Intangible assets		58,125	82,015
Interests in associates		157,477	315,399
Financial assets at fair value through profit or loss		29,289	138,208
Financial assets at fair value through other comprehensive income		842,008	942,975
Loan receivables		106,875	–
Other receivables	<i>11</i>	9,639	10,028
Deferred tax assets		22,862	3,684
		<u>1,440,704</u>	<u>1,767,610</u>
<b>Current assets</b>			
Inventories		8,197	8,962
Financial assets at fair value through profit or loss		615,264	788,745
Derivative financial instruments		38,385	22,295
Loan receivables		73,307	173,174
Trade and other receivables	<i>11</i>	289,700	308,511
Net defined benefit assets		1,884	–
Fixed bank deposits		1,107,902	551,457
Bank balances and cash		642,477	1,185,994
		<u>2,777,116</u>	<u>3,039,138</u>

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>201,525</b>	270,729
Contract liabilities		<b>18,400</b>	18,357
Interest-bearing borrowings		<b>76,030</b>	–
Lease liabilities		<b>4,056</b>	12,288
Net defined benefit obligations		–	2,345
Tax payables		<b>10,650</b>	10,302
		<u><b>310,661</b></u>	<u>314,021</u>
<b>Net current assets</b>		<u><b>2,466,455</b></u>	<u>2,725,117</u>
<b>Total assets less current liabilities</b>		<u><b>3,907,159</b></u>	<u>4,492,727</u>
<b>Non-current liabilities</b>			
Lease liabilities		<b>9,546</b>	3,649
Long-term liabilities	<i>12</i>	<b>17,735</b>	47,967
Deferred tax liabilities		<b>10,269</b>	26,935
		<u><b>37,550</b></u>	<u>78,551</u>
<b>NET ASSETS</b>		<u><b>3,869,609</b></u>	<u>4,414,176</u>
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>6,142,962</b>	6,142,962
Reserves		<b>(2,316,730)</b>	(1,778,175)
Equity attributable to equity holders of the Company		<b>3,826,232</b>	4,364,787
Non-controlling interests		<b>43,377</b>	49,389
<b>TOTAL EQUITY</b>		<u><b>3,869,609</b></u>	<u>4,414,176</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2022*

## 1. GENERAL

Mason Group Holdings Limited (the “**Company**”) is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office and the principal place of business of the Company is Unit 2101, 21/F., Office Tower, Convention Plaza, No. 1 Harbour Road, Wan Chai, Hong Kong.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

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

### (b) Basis of measurement

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

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2022 in due course.

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

## 3. TURNOVER

Turnover from operations represents the aggregation of gross sales proceeds from trading of securities investments, provision of financing services, provision of wealth and asset management, financial brokerage and related services, manufacture of infant formula and nutritional products, and investment holding.

#### 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, manufacture of infant formula and nutritional products and investment holding is as follows:

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Brokerage commission income from:		
— securities dealing	<b>7,248</b>	36,421
— insurance	<b>104,965</b>	218,490
— underwriting and placing commission income	<b>21</b>	25
Commission income from providing advisory, account and custody management	<b>26,122</b>	31,436
Margin facility and loan facility handling fee income	<b>3,360</b>	3,041
Dividend income from financial assets at FVTPL	<b>13,532</b>	42,312
Interest income from:		
— margin financing	<b>5,338</b>	12,245
— loan receivables from third parties	<b>26,855</b>	35,743
Manufacture of infant formula and nutritional products	<b>72,711</b>	182,873
	<b>260,152</b>	562,586
(Loss)/gain from the sale of financial assets at FVTPL, net*	<b>(208,227)</b>	41,840
	<b>51,925</b>	604,426

\* Represented the proceeds from the sale of financial assets at fair value through profit or loss (“**FVTPL**”) of HK\$4,183,948,000 (2021: HK\$3,449,923,000) less relevant costs and carrying value of the financial assets sold of HK\$4,392,175,000 (2021: HK\$3,408,083,000).

## 5. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income from financial institutions	25,924	5,924
Government subsidies	1,765	199
Rental income	2,223	2,968
Recovery of loan receivables written-off	5,481	–
Others	3,729	1,893
	<u>39,122</u>	<u>10,984</u>

## 6. SEGMENT INFORMATION

The directors of the Company have 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 directors of the Company consider trading of securities investments, provision of financing services, provision of wealth and asset management, financial brokerage and related services, provision of medical consultation and laboratory services, franchisor and retail of mother-infant-child products, manufacture of infant formula and nutritional products and investment holding are the Group's major operating segments. Segment results represent the profit earned or loss incurred by each segment.

Operating segments of the Group comprise the following:

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

(a) Segment turnover

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

	Trading of securities investments	Provision of financing services	Provision of wealth and asset management, financial brokerage and related services	Provision of medical consultation and laboratory services	Franchisor and retail of mother-infant-child products	Manufacture of infant formula and nutritional products	Investment holding	Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For the year ended 31 December 2022									
Segment turnover									
From contracts with customers within the scope of HKFRS 15 (Note 6(e))	-	-	139,940	-	-	72,711	1,777	-	214,428
From other source	4,197,480	17,336	14,857	-	-	-	-	-	4,229,673
	<u>4,197,480</u>	<u>17,336</u>	<u>154,797</u>	<u>-</u>	<u>-</u>	<u>72,711</u>	<u>1,777</u>	<u>-</u>	<u>4,444,101</u>
For the year ended 31 December 2021									
Segment turnover									
From contracts with customers within the scope of HKFRS 15 (Note 6(e))	-	-	316,446	-	-	182,873	51	-	499,370
From other source	3,465,150	24,957	23,032	-	-	-	-	-	3,513,139
	<u>3,465,150</u>	<u>24,957</u>	<u>339,478</u>	<u>-</u>	<u>-</u>	<u>182,873</u>	<u>51</u>	<u>-</u>	<u>4,012,509</u>



**(b) Segment operating income and results**

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

	Trading of securities investments	Provision of financing services	Provision of wealth and asset management, financial brokerage and related services	Provision of medical consultation and laboratory services	Franchisor and retail of mother-infant-child products	Manufacture of infant formula and nutritional products	Investment holding	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 December 2022									
Segment operating income	(194,696)	17,336	154,797	-	-	72,711	1,777	-	51,925
(Loss)/profit for the year before following items:	(257,135)	35,208	12,314	(171)	(561)	(11,392)	17,784	(36,645)	(240,598)
Loss on disposal/written-off of property, plant and equipment	-	-	-	-	-	-	-	(13)	(13)
Impairment loss on property, plant and equipment	-	-	(19,885)	-	-	-	-	-	(19,885)
Impairment loss on goodwill	-	-	(38,454)	-	-	-	-	-	(38,454)
Impairment loss on intangible assets	-	-	(98)	-	-	(15,376)	-	-	(15,474)
Impairment loss on interests in associates	-	-	-	(16,108)	(135,986)	-	-	-	(152,094)
Finance costs	(21,284)	(8,728)	(369)	-	-	(252)	-	29,270	(1,363)
Share of results of associates	-	-	-	15,074	(3,018)	-	-	-	12,056
(Loss)/profit before taxation	(278,419)	26,480	(46,492)	(1,205)	(139,565)	(27,020)	17,784	(7,388)	(455,825)
Income tax credit/(expense)	31,544	-	(2,512)	-	-	6,179	-	-	35,211
<b>Segment results</b>	<b>(246,875)</b>	<b>26,480</b>	<b>(49,004)</b>	<b>(1,205)</b>	<b>(139,565)</b>	<b>(20,841)</b>	<b>17,784</b>	<b>(7,388)</b>	<b>(420,614)</b>

	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>
<b>For the year ended 31 December 2021</b>									
<b>Segment operating income</b>	<u>57,067</u>	<u>24,957</u>	<u>339,478</u>	<u>-</u>	<u>-</u>	<u>182,873</u>	<u>51</u>	<u>-</u>	<u>604,426</u>
(Loss)/profit for the year before following items:	(71,623)	5,269	(10,015)	(595)	(189,008)	(15,723)	(91,858)	(17,895)	(391,448)
Gain/(loss) on disposal/written-off of property, plant and equipment	-	-	1	-	-	(41)	(9,994)	12	(10,022)
Impairment loss on property, plant and equipment	-	-	(77,520)	-	-	-	-	-	(77,520)
Impairment loss on intangible assets	-	-	-	-	-	(7,820)	-	-	(7,820)
Impairment loss on interests in associates	-	-	-	(17,201)	(177,307)	-	-	-	(194,508)
Finance costs	(22,405)	(10,206)	(3,870)	-	-	(331)	499	30,502	(5,811)
Share of results of associates	<u>-</u>	<u>-</u>	<u>-</u>	<u>(743)</u>	<u>(43,878)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,621)</u>
	(94,028)	(4,937)	(91,404)	(18,539)	(410,193)	(23,915)	(101,353)	12,619	(731,750)
Loss on disposal of interests in a subsidiary	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,644)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,644)</u>
(Loss)/profit before taxation	(94,028)	(4,937)	(91,404)	(23,183)	(410,193)	(23,915)	(101,353)	12,619	(736,394)
Income tax credit/(expense)	<u>558</u>	<u>-</u>	<u>(695)</u>	<u>-</u>	<u>(1,407)</u>	<u>1,542</u>	<u>-</u>	<u>-</u>	<u>(2)</u>
<b>Segment results</b>	<u>(93,470)</u>	<u>(4,937)</u>	<u>(92,099)</u>	<u>(23,183)</u>	<u>(411,600)</u>	<u>(22,373)</u>	<u>(101,353)</u>	<u>12,619</u>	<u>(736,396)</u>

Segment operating income reported above represents income generated from external customers. There was no inter-segment operating 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	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	Total
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
<b>As at 31 December 2022</b>								
Assets before following items:	753,315	217,592	1,018,276	250	659	21,003	1,556,110	3,567,205
Interests in associates	-	-	-	87,140	70,337	-	-	157,477
Goodwill	-	-	18,476	-	-	-	-	18,476
	<u>753,315</u>	<u>217,592</u>	<u>1,036,752</u>	<u>87,390</u>	<u>70,996</u>	<u>21,003</u>	<u>1,556,110</u>	<u>3,743,158</u>
Segment assets								
Unallocated assets								474,662
								<u>4,217,820</u>
<b>Liabilities</b>								
Segment liabilities	(5,334)	(500)	(283,090)	-	(9,746)	(12,763)	(6,720)	(318,153)
Unallocated liabilities								(30,058)
								<u>(348,211)</u>
Total liabilities								<u>(348,211)</u>

	Trading of securities investments <i>HK\$'000</i>	Provision of financing services <i>HK\$'000</i>	Provision of wealth and asset management, financial brokerage and related services <i>HK\$'000</i>	Provision of medical consultation and laboratory services <i>HK\$'000</i>	Franchisor and retail of mother-infant-child products <i>HK\$'000</i>	Manufacture of infant formula and nutritional products <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31 December 2021</b>								
<b>Assets before following items:</b>	1,052,731	207,053	1,326,482	-	401	57,522	1,495,063	4,139,252
Interests in associates	-	-	-	88,174	227,225	-	-	315,399
Goodwill	-	-	56,930	-	-	-	-	56,930
	<u>1,052,731</u>	<u>207,053</u>	<u>1,383,412</u>	<u>88,174</u>	<u>227,626</u>	<u>57,522</u>	<u>1,495,063</u>	<u>4,511,581</u>
Segment assets	1,052,731	207,053	1,383,412	88,174	227,626	57,522	1,495,063	4,511,581
Unallocated assets								<u>295,167</u>
Total assets								<u><u>4,806,748</u></u>
<b>Liabilities</b>								
Segment liabilities	(18,538)	(500)	(298,720)	-	(9,746)	(27,109)	(5,740)	(360,353)
Unallocated liabilities								<u>(32,219)</u>
Total liabilities								<u><u>(392,572)</u></u>

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

- Segment assets mainly include all property, plant and equipment, right-of-use assets, goodwill, intangible assets, interests in associates, financial assets at FVTPL, financial assets at fair value through other comprehensive income (“FVOCI”), loan receivables, trade and other receivables, deferred tax assets, inventories, derivative financial instruments, net defined benefit assets, fixed bank deposits and bank balances and cash. All assets are allocated to operating segments other than unallocated head office and corporate assets as these assets are managed on a group basis.
- Segment liabilities mainly include trade and other payables, contract liabilities, interest-bearing borrowings, lease liabilities, net defined benefit obligations, tax payables and deferred tax 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) **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	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	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 December 2022								
Primary geographic markets								
Hong Kong	(190,054)	17,336	143,369	-	-	-	1,777	(27,572)
PRC	(4,642)	-	-	-	-	-	-	(4,642)
Australia	-	-	-	-	-	72,711	-	72,711
Europe	-	-	11,428	-	-	-	-	11,428
Total	<u>(194,696)</u>	<u>17,336</u>	<u>154,797</u>	<u>-</u>	<u>-</u>	<u>72,711</u>	<u>1,777</u>	<u>51,925</u>
For the year ended 31 December 2021								
Primary geographic markets								
Hong Kong	59,074	24,957	309,479	-	-	-	51	393,561
PRC	(2,007)	-	-	-	-	-	-	(2,007)
Australia	-	-	-	-	-	182,873	-	182,873
Europe	-	-	29,999	-	-	-	-	29,999
Total	<u>57,067</u>	<u>24,957</u>	<u>339,478</u>	<u>-</u>	<u>-</u>	<u>182,873</u>	<u>51</u>	<u>604,426</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	
	2022 HK\$'000	2021 HK\$'000
Hong Kong	179,449	219,019
PRC	70,337	227,225
Australia	11,290	35,144
Europe	168,955	191,327
Total	<u>430,031</u>	<u>672,715</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 HK\$'000	Manufacture of infant formula and nutritional products HK\$'000	Investment holding HK\$'000	Total HK\$'000
<b>For the year ended 31 December 2022</b>				
<b>Major products/service lines</b>				
Wealth and asset management	129,441	–	–	129,441
Financial brokerage and related services	10,499	–	–	10,499
Infant formula and nutritional products	–	72,711	–	72,711
Management services	–	–	1,777	1,777
Total	<u>139,940</u>	<u>72,711</u>	<u>1,777</u>	<u>214,428</u>
<b>Time of revenue recognition</b>				
At a point in time	129,156	72,711	1,777	203,644
Transferred over time	10,784	–	–	10,784
Total	<u>139,940</u>	<u>72,711</u>	<u>1,777</u>	<u>214,428</u>

	<b>Provision of wealth and asset management, financial brokerage and related services</b> <i>HK\$'000</i>	<b>Manufacture of infant formula and nutritional products</b> <i>HK\$'000</i>	<b>Investment holding</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>For the year ended 31 December 2021</b>				
<b>Major products/service lines</b>				
Wealth and asset management	291,622	–	–	291,622
Financial brokerage and related services	24,824	–	–	24,824
Infant formula and nutritional products	–	182,873	–	182,873
Management services	–	–	51	51
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>316,446</u>	<u>182,873</u>	<u>51</u>	<u>499,370</u>
<b>Time of revenue recognition</b>				
At a point in time	304,223	182,873	51	487,147
Transferred over time	12,223	–	–	12,223
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>316,446</u>	<u>182,873</u>	<u>51</u>	<u>499,370</u>

**(f) Other segment information**

	Trading of securities investments <i>HKS'000</i>	Provision of financing services <i>HKS'000</i>	Provision of wealth and asset management, 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>
<b>For the year ended 31 December 2022</b>									
Additions of specified non-current assets*	-	-	3,521	-	-	1,646	-	13,484	18,651
Depreciation of property, plant and equipment	-	-	(2,069)	-	-	(1,585)	-	(1,224)	(4,878)
Depreciation of right-of-use assets	-	-	(430)	-	-	(1,562)	-	(10,880)	(12,872)
Amortisation of intangible assets	-	-	(2,364)	-	-	(5,222)	-	-	(7,586)
Interest income included in operating income and other income	3,952	17,336	19,194	-	-	-	12,918	4,717	58,117
Reversal/(provision) of impairment loss on financial assets for expected credit losses ("ECLs")	6	20,485	(987)	-	-	86	27	(5)	19,612
Write-off of amount due from shareholders	-	-	(468)	-	-	-	-	-	(468)
Write-off of trade and other receivables	-	-	-	-	-	(941)	-	-	(941)
Net fair value loss on financial instruments	(51,781)	-	-	-	-	-	(2,889)	-	(54,670)
<b>For the year ended 31 December 2021</b>									
Additions of specified non-current assets*	-	-	620	-	-	71	-	-	691
Depreciation of property, plant and equipment	-	-	(7,800)	-	-	(1,641)	(787)	(984)	(11,212)
Depreciation of right-of-use assets	-	-	(432)	-	-	(2,606)	-	(11,524)	(14,562)
Amortisation of intangible assets	-	-	(2,866)	-	-	(7,594)	-	-	(10,460)
Interest income included in operating income and other income	651	24,957	25,644	-	-	2	1,326	1,332	53,912
(Provision)/reversal of impairment loss on financial assets for ECLs	(13)	(16,526)	(417)	-	(188,570)	(51)	2	51	(205,524)
Net fair value loss on financial instruments	(120,998)	-	-	-	-	-	(89,437)	-	(210,435)

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



- (g) Operating income from customers for the year over 10% of the Group's total operating income less (loss)/gain from the sale of financial assets at FVTPL, net is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A – attributable to manufacture of infant formula and nutritional products	62,468	161,860
Customer B – attributable to provision of wealth and asset management, financial brokerage and related services	<u>73,042</u>	<u>137,087</u>

## 7. LOSS BEFORE TAXATION

This is stated after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Finance costs</b>		
Interest on bank and other borrowings	474	4,030
Interest on lease liabilities	<u>889</u>	<u>1,781</u>
	<u>1,363</u>	<u>5,811</u>
<b>Other items</b>		
Carrying amount of inventories sold	63,244	170,927
Write-down of inventories	<u>135</u>	<u>1,129</u>
Cost of inventories recognised as expenses	<u>63,379</u>	<u>172,056</u>
Auditor's remuneration (including other audit fee, primarily in respect of audits of financial statements of subsidiaries)	4,643	3,644
Rent, rates and building management expenses	3,038	2,932
Management fees	2,276	21,685
Information services expenses	13,628	18,643
Utilities and office expenses	7,185	4,517
Legal and professional fees	13,052	24,821
(Reversal)/provision of legal and professional fees for liquidation	(15,113)	33,933
Staff costs (excluding directors' emoluments)		
Salaries, discretionary bonus, allowances and benefits in kind	46,268	59,242
Contributions to defined contribution retirement schemes	<u>2,536</u>	<u>2,842</u>

## 8. TAXATION

Hong Kong Profits Tax is calculated at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong, except for the first HK\$2,000,000 of qualified entity's assessable profit is calculated at 8.25%, which is in accordance with the two-tiered profits tax rates regime with effect from the year of assessment 2018/19.

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

Liechtenstein Corporate Income Tax rate of the Company's subsidiary operating in Liechtenstein during the year was 12.5% (2021: 12.5%) on its taxable profits.

Mainland China Enterprise Income Tax rate of the Company's subsidiaries operating in the PRC during the year ended 31 December 2022 was 25% (2021: 25%) on its taxable profits.

PRC withholding income tax of 10% shall be levied on the dividends declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated or operated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong Profits Tax		
Current year provision	306	279
Under provision in prior year	50	—
Mainland China Enterprise Income Tax		
Current year provision	—	—
Australian Income Tax		
Current year provision	—	—
Liechtenstein Corporate Income Tax		
Current year provision	15	15
Withholding tax	—	1,407
	<u>371</u>	<u>1,701</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(35,582)</u>	<u>(1,699)</u>
Income tax (credit)/expense for the year	<u><u>(35,211)</u></u>	<u><u>2</u></u>

## 9. DIVIDEND

No dividend was paid or proposed for the years ended 31 December 2022 and 2021, nor has any dividend been proposed since the end of reporting period.

## 10. LOSS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year attributable to equity holders of the Company	<u>(414,972)</u>	<u>(733,623)</u>
	2022 <i>No. of shares</i> <i>'000</i>	2021 <i>No. of shares</i> <i>'000</i>
<b>Number of shares</b> Weighted average number of ordinary shares for the purpose of basic loss per share	<u>44,364,886</u>	<u>44,364,886</u>

## 11. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Trade receivables</b>	<i>(a) &amp; (c)</i>	<b>508</b>	10,016
Accounts receivable from clients arising from provision of wealth and asset management services	<i>(b)</i>	<b>24,061</b>	17,474
Accounts receivable from third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	<i>(b)</i>	<b>67,957</b>	19,843
— margin clients	<i>(b)</i>	<b>164,039</b>	191,473
— clearing houses and brokers	<i>(b)</i>	<b>4,701</b>	24,837
Expected credit loss	<i>(c)</i>	<u>261,266</u> <u>(25,011)</u>	263,643 (24,135)
		<u>236,255</u>	<u>239,508</u>
Deposits and prepayments		<b>17,322</b>	24,945
Other debtors	<i>(d)</i>	<b>5,468</b>	12,171
Amounts due from related parties	<i>(e)</i>	<b>231,850</b>	233,471
Expected credit loss	<i>(d) &amp; (e)</i>	<u>254,640</u> <u>(191,556)</u>	270,587 (191,556)
		<u>63,084</u>	<u>79,031</u>
Total trade and other receivables, net of ECL provision		<b>299,339</b>	318,539
Less: Balances due within one year included in current assets		<u>(289,700)</u>	<u>(308,511)</u>
Non-current portion		<u>9,639</u>	<u>10,028</u>

Notes:

**(a) Settlement terms of trade receivables**

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

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

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

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

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

Loans to margin clients as at the end of the reporting period were secured by the customers' securities to the Group as collateral with discounted market value of approximately HK\$276,964,000 (2021: HK\$425,833,000).

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

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

(c) **Ageing analysis and impairment**

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than 1 month	<b>508</b>	3,595
1 month to 3 months	–	5,946
3 months to 6 months	–	475
	<u>508</u>	<u>10,016</u>

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

Movements in the expected credit loss are as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At the beginning of the reporting period	<b>24,135</b>	37,057
Allowance/(reversal) for expected credit loss	<b>876</b>	(12,922)
At the end of the reporting period	<u><b>25,011</b></u>	<u>24,135</u>

For trade receivables, impairment analysis is performed at each reporting date using the simplified approach to measure ECLs. As at 31 December 2022, the gross carrying amount and loss allowance of trade receivables is HK\$508,000 (2021: HK\$10,016,000) and HK\$3,000 (2021: HK\$88,000) respectively.

For accounts receivable, impairment analysis is performed at each reporting date using general approach to measure ECLs.

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

Set out below is the information about the credit risk exposure on the Group's accounts receivable as at 31 December 2022 and 2021:

	Stage 1 Gross amount <i>HK\$'000</i>	Stage 1 Allowance for ECLs <i>HK\$'000</i>	Stage 2 Gross amount <i>HK\$'000</i>	Stage 2 Allowance for ECLs <i>HK\$'000</i>	Stage 3 Gross amount <i>HK\$'000</i>	Stage 3 Allowance for ECLs <i>HK\$'000</i>	Total Gross amount <i>HK\$'000</i>	Total Allowance for ECLs <i>HK\$'000</i>
<b>Balance as at 1 January 2022</b>	<u>229,834</u>	<u>(253)</u>	<u>2</u>	<u>(2)</u>	<u>23,791</u>	<u>(23,792)</u>	<u>253,627</u>	<u>(24,047)</u>
New financial assets originated during the year	235,994	–	–	–	1,308	–	237,302	–
Derecognised, including repayment, during the year	(229,834)	253	(2)	2	(335)	338	(230,171)	593
Charged during the year	<u>–</u>	<u>(246)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,308)</u>	<u>–</u>	<u>(1,554)</u>
<b>Balance as at 31 December 2022</b>	<u><b>235,994</b></u>	<u><b>(246)</b></u>	<u><b>–</b></u>	<u><b>–</b></u>	<u><b>24,764</b></u>	<u><b>(24,762)</b></u>	<u><b>260,758</b></u>	<u><b>(25,008)</b></u>
	Stage 1 Gross amount <i>HK\$'000</i>	Stage 1 Allowance for ECLs <i>HK\$'000</i>	Stage 2 Gross amount <i>HK\$'000</i>	Stage 2 Allowance for ECLs <i>HK\$'000</i>	Stage 3 Gross amount <i>HK\$'000</i>	Stage 3 Allowance for ECLs <i>HK\$'000</i>	Total Gross amount <i>HK\$'000</i>	Total Allowance for ECLs <i>HK\$'000</i>
<b>Balance as at 1 January 2021</b>	<u>189,258</u>	<u>(385)</u>	<u>31,694</u>	<u>(86)</u>	<u>36,561</u>	<u>(36,548)</u>	<u>257,513</u>	<u>(37,019)</u>
New financial assets originated during the year	229,834	–	2	–	335	–	230,171	–
Derecognised, including repayment, during the year	(189,258)	385	(31,694)	86	(13,105)	13,091	(234,057)	13,562
Charged during the year	<u>–</u>	<u>(253)</u>	<u>–</u>	<u>(2)</u>	<u>–</u>	<u>(335)</u>	<u>–</u>	<u>(590)</u>
<b>Balance as at 31 December 2021</b>	<u><b>229,834</b></u>	<u><b>(253)</b></u>	<u><b>2</b></u>	<u><b>(2)</b></u>	<u><b>23,791</b></u>	<u><b>(23,792)</b></u>	<u><b>253,627</b></u>	<u><b>(24,047)</b></u>

**(d) Other debtors**

For other debtors, impairment analysis is performed at each reporting date using general approach and based on 12-months ECLs.

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

Included in amounts due from related parties were amounts due from beneficial owners of respective non-controlling interests of subsidiaries of HK\$40,266,000 (2021: HK\$40,266,000) and other receivables from an associate of HK\$120,474,000 (2021: HK\$120,474,000), which are unsecured, interest-free and repayable within one year, and dividend receivable from an associate of HK\$71,082,000 (2021: HK\$71,082,000) which is unsecured, interest-free and repayable in five years from the date of dividend declaration. The carrying value of the amounts due approximate their fair value. The ECLs are based on the 12-month ECLs. No increase in loss allowance for amounts due from related parties during the year (2021: increased by HK\$188,788,000).

**12. TRADE AND OTHER PAYABLES**

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables to third parties	(a)	<b>3,910</b>	11,028
Accounts payable to clients arising from provision of wealth and asset management services	(b)	<b>107,874</b>	169,132
Accounts payable to third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	(b)	<b>411,740</b>	577,104
— margin clients	(b)	<b>38,445</b>	73,403
— clearing house and brokers	(b)	<b>26,400</b>	4,176
		<b>588,369</b>	834,843
Less: Cash held on behalf of clients	(c)	<b>(430,257)</b>	(613,084)
		<b>158,112</b>	221,759
Other payables	(d)	<b>59,950</b>	92,466
Deposits received		<b>931</b>	4,183
Amounts due to related parties	(e)	<b>267</b>	288
		<b>61,148</b>	96,937
Total trade and other payables		<b>219,260</b>	318,696
Less: Balances due within one year included in current liabilities		<b>(201,525)</b>	(270,729)
Non-current portion		<b>17,735</b>	47,967

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

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than 1 month	<b>1,703</b>	6,858
1 month to 3 months	<b>1,951</b>	4,100
3 months to 6 months	<b>256</b>	70
	<b>3,910</b>	11,028

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.

**(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.

- (c)** The Group maintains segregated accounts with banks and authorised institutions to hold cash on behalf of clients arising from its normal course of business in provision for brokerage services. At 31 December 2022, client money maintained in segregated accounts not otherwise dealt with in the consolidated financial statements amounted to HK\$430,257,000 (2021: HK\$613,084,000).
- (d)** As at 31 December 2022 and 2021, included in other payables are salaries and bonus payables, professional advisory fee payables and bond interest payable and included in non-current other payables is provision of voluntary liquidation cost for one of the subsidiaries.
- (e)** As at 31 December 2022 and 2021, the amounts due to the directors of a subsidiary are unsecured, interest-free and have no fixed repayment term. The carrying value of the amounts due approximate their fair value.



### 13. SHARE CAPITAL

*Number of shares* *HK\$'000*

#### Issued and fully paid shares:

At 1 January 2021, At 31 December 2021,  
1 January 2022 and 31 December 2022

44,364,885,557	6,142,962
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### 14. DISPOSAL OF INTERESTS IN 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 ceased to be an indirect non-wholly owned subsidiary of the Company and the Group ceased to have any interests in the MRT.

The following summarises consideration received and the carrying amount of the assets and liabilities at the date of disposal:

*HK\$'000*

Net assets disposed of:

Interest in an associate

422,141

Non-controlling interests

(149,497)

272,644

Loss on disposal of interests in a subsidiary

(4,644)

Total consideration satisfied by cash

268,000

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

As a Hong Kong based company, the Company principally provides comprehensive financial services in Mainland China, Japan, South Korea and Europe, with businesses covering private banking, wealth and asset management, securities and futures brokerage, securities margin financing, corporate finance advisory services, investment in securities trading and money lending. As an investment holding company, in addition to directly investing in the healthcare sector and mother-infant-child consumer products sector, the Group also takes trading of securities as a principal business and invests conservatively in local and global stocks.

### RESULTS

During the year ended 31 December 2022 (the “Year”), the Group recorded a turnover of approximately HK\$4,444.10 million (2021: HK\$4,012.51 million) and operating income of approximately HK\$51.93 million (2021: HK\$604.43 million). The increase in the turnover was primarily due to the increased gross sales proceeds from trading of securities investments, while the decrease in operating income was due to the loss incurred from the sales of trading of securities investments, together with the decrease of operating income generated from wealth and asset management, financial brokerage and related services and manufacture of infant formula and nutritional products.

During the Year, loss attributable to equity holders of the Company was approximately HK\$414.97 million (2021: loss attributable to equity holders of HK\$733.62 million), and basic and diluted loss per share were 0.94 Hong Kong cents (2021: loss per share of 1.65 Hong Kong cents). The decrease in loss for the Year was mainly due to (i) the adoption of stringent cost control measures, operating costs decreased from approximately HK\$191.51 million of the same period last year to approximately HK\$106.04 million; (ii) the reduction of the impairment loss on interests in associates due to improvement of operating results of certain associate investments, from approximately HK\$194.51 million of the same period last year to approximately HK\$152.09 million; and (iii) an absence of impairment loss on amount due from related parties amounted to HK\$188.79 million recognised in the same period of last year.

### MARKET AND BUSINESS REVIEW

Throughout 2022, the COVID-19 pandemic continued and the Russo-Ukrainian War has been intensifying, while the energy crisis in Europe was imminent. The United States continued to raise interest rates to curb inflation, the rate hike has induced a series of aftereffects, triggering a crisis of currency depreciation in various countries, and the plunging of the exchange rate of renminbi (“RMB”), while the Sino-U.S. relations are increasingly competitive and confrontational. In addition to facing the above-mentioned numerous external difficulties, Hong Kong also has many internal difficulties. In the tide of migration, talents have continuously emigrated over the past two years. Under the lock-down and pandemic prevention policies, there has been a lack of southbound and foreign business travelers as stimulus to consumption. During the Year, the number of visitors to Hong Kong was only approximately

600,000, being less than 1% of the pre-pandemic level of almost 65 million visitors in 2018. The above-mentioned unfavorable factors inevitably pose severe challenges to the Group's core businesses, the Group's financial services – provision of wealth and asset management, financial brokerage and related services, and securities investment business – bear the brunt in particular.

With the intensification of inflation in the United States, the Federal Reserve sped up interest rate hikes, with a cumulative increase of 4.3% for the whole year of 2022. The property market in Hong Kong was weakened thereafter, and the performance of Hong Kong stocks was even more disappointing. Such drop within the year has put Hong Kong as one the top three of the world's worst-performing stock markets, with all figures showing unsatisfactory performance: the Hang Seng Index dropped by approximately 50% from a high to a low since 2021. According to the data of the Stock Exchange, the daily average trading amount of Hong Kong stocks fell to HK\$92.9 billion in September, representing a decrease of nearly 28% compared with January; Hang Seng Index dropped below 15,000, hitting a 13-year low.

In 2022, the number of enterprises applying for IPO in Hong Kong stock market decreased continually, with only a total of 89 companies have successfully listed on the Hong Kong Stock Exchange throughout the Year. In the past three years, from 2019 to 2021, the number of Hong Kong IPO enterprises was 161, 146 and 97 respectively. The number of enterprises applying for IPO in the Hong Kong stock market in 2022 has reached a record low level since 2014, and has fallen by more than 50% compared to the peak of new stock listings in 2018. For the whole year of 2022, the total funds raised in the IPO market of Hong Kong stock market was only approximately HK\$104.57 billion, a sharp decline of nearly 70% year-on-year, and it has also hit a record low level since 2013. In view of the above-mentioned difficult operating environment, the Group faced up to the difficulties, demonstrated its resilience by reducing operating costs, and prepared for further development of its financial services and investment opportunities through effective group restructuring.

### **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 Year was approximately HK\$154.80 million, representing a decrease of approximately 54.4% as compared with approximately HK\$339.48 million for the same period of last year. The loss was approximately HK\$49.00 million, representing a decrease of approximately 46.8% as compared with approximately HK\$92.10 million for the same period of last year. The decrease in operating income and the decrease in loss was primarily due to the shrinking of the average daily turnover of securities on HKEx for the Year, the contraction of the IPO financing market, the prolonged social distancing and travel restriction measures during the COVID-19 outbreak as well as ever-increasing competition among financial institutions in the market.

## Voluntary Liquidation of Mason Privatbank Liechtenstein AG (“MPL”)

The voluntary liquidation of MPL commenced in March 2021 and is still in progress as at the date of this announcement. During the Year, one of the liquidators, Walpart Trust Registered, resigned as liquidators and Seeger, Frick & Partners was appointed as liquidators, together with PricewaterhouseCoopers GmbH.

### Financial Services — Provision of financing services

During the Year, the Group’s provision of financing service is conducted through Mason Resources Finance Limited (“MRFL”), a wholly-owned subsidiary of the Company, and is licensed to conduct money lending activities under the Money Lenders Ordinance. MRFL primarily engages in offering secured loans to businesses in Hong Kong, contributed a total operating income of approximately HK\$17.34 million (2021: HK\$24.96 million) and net gain of approximately HK\$26.48 million (2021: net loss of HK\$4.94 million). The improvement in the profitability of the segment was primarily due to the reversal of expected credit loss of approximately HK\$20.49 million.

The decrease in operating income attributable to this segment was aligned with a more conservative credit strategy imposed by the Group since late 2019. After comprehensive and diligent evaluation, the overall loan portfolio was reduced, with effective actions taken to accelerate the recovery of outstanding loans. With the implementation of these efforts, credit ratios and collaterals quality in the overall loan portfolio have notably improved. With the Group’s focus geared towards a more granular risk appetite, its active portfolio management actions involved all credit proposals being subject to robust credit risk assessments. Regular credit monitoring and the credit mitigation through enhancement of collaterals are also part of the controlling tools in the Group’s credit risk management life cycle. For the Year, the total size of the Group’s loan portfolio of money lending business was approximately HK\$335.27 million (2021: HK\$351.27 million), with credit impairment of approximately HK\$192.86 million (2021: HK\$213.34 million). In view of the current economic and market conditions, the Group have not granted any new loan during the Year. Details of the loan portfolio are as follows:

	<b>Project D</b>	<b>Project E</b>	<b>Project O</b>
Date of signing loan agreement with client	30 June 2017	1 September 2017	4 November 2016
Maturity date	3 July 2020	4 September 2020	6 November 2025 (extended on 15 November 2022)

	<b>Project D</b>	<b>Project E</b>	<b>Project O</b>
Outstanding principal as at 31 December 2022	Approx. HK\$112.21 million	Approx. HK\$104.18 million	Approx. HK\$118.88 million
Outstanding loan interest as at 31 December 2022	Approx. HK\$41.93 million	Approx. HK\$36.96 million	Approx. HK\$2.25 million
Interest rate	10% per annum	10% per annum	12.125% or 7.125% per annum on top of the Prime Rate quoted by HSBC (whichever is higher) for loan principal above HK\$80 million;  11.125% or 6.125% per annum on top of the Prime Rate quoted by HSBC (whichever is higher) for loan principal equal to or lower than HK\$80 million
Collateral (if any) and its fair value as at 31 December 2022	Personal guarantee, listed/unlisted securities, approx. HK\$35.28 million	Personal guarantee, listed securities, approx. HK\$20.05 million	Corporate/personal guarantee, listed/unlisted securities, properties, approx. HK\$258.29 million
Reversal of impairment losses recognised during the Year	Approx. HK\$(11.51) million	Approx. HK\$(7.00) million	Approx. HK\$(1.97) million
Accumulated impairment losses recognised as at 31 December 2022	Approx. HK\$93.07 million	Approx. HK\$93.73 million	Approx. HK\$6.06 million

At 31 December 2022, the loan made to the largest borrower and the three largest borrowers accounted for 66.4% and 100% of the Group's loan portfolio (on a net of impairment allowance basis).

The Company assesses the impairment loss on financial assets for expected credit loss in accordance with the Hong Kong Financial Reporting Standard 9 *Financial Instruments*.

For the Year, a reversal of impairment loss on loan receivables of HK\$20.49 million (2021: a net impairment loss of HK\$16.53 million) was recognised with the balance of the impairment allowance decreased by 9.6% or decreased from HK\$213.34 million to HK\$192.86 million at 31 December 2022.

For “Project O”, the Company entered into an extension agreement with the debtor during the Year, which details were duly set out in its related announcement dated 15 November 2022.

In order to recover the loans from “Project D” and “Project E”, the Board has engaged in continuous negotiations to press for loan repayment, provisions of further collaterals and guarantees and etc. so as to reduce credit risks, yet despite certain partial repayments (with top-up collaterals/guarantees) have resulted, full repayment of these loans have still failed upon maturity. With further negotiations fruitless, the Board had no other option but to engage external legal counsels to institute legal proceedings with the view to fully recover these loans. As of the date of this announcement, no final judgments have been received so as to fully recover the loans from “Project D” and “Project E” and the Board will continue to follow up with external legal counsels with the view to fully recover these loans.

Before granting loans to potential borrowers, the Group performs credit assessment process to assess the potential borrowers’ credit quality individually and defines the credit limits granted to the borrowers. The credit assessment process encompasses detailed assessment on the credit history and financial background of the potential borrowers, as well as the value and nature of the collaterals to be pledged. The credit limits of loans successfully granted to the borrowers are reviewed by the management regularly as part of the ongoing loan monitoring process. Risk management is an integral part of the success of the money lending business. The Group has clear credit policies, guidelines, controls and procedures in place which cover every aspect of the operation from information verification, credit assessment, loan approval, loan monitoring to collection. The operation has clear authorisation and approval hierarchy and is led and managed by a team of qualified and experienced personnel. The management team is able to deliver expedite credit approval process to customers without compromising the commercial benefits of lending decisions made.

The following depicts the typical operational procedures for processing a loan application:

1. Verification: documents and information provided by the loan applicant will be verified by the delegated loan officer and where appropriate, legal and credit search on the loan applicant will be conducted.

2. **Assessment:** credit assessment on the loan applicant will be performed by the delegated loan officer and reviewed by the supervising officer, by making reference to the financial background and credit history of the applicant, and value of the collateral provided (if any), where appropriate, the credit assessment on the applicant will be further reviewed by the responsible director.
3. **Approval:** if the loan application is approved, the delegated loan officer will arrange preparation and signing of the loan documentations and the supervising officer will ensure their proper execution, including drawdown of the loan proceeds by the applicant.
4. **Monitoring:** there will be continuous monitoring on loan repayments from individual borrower by the loan officer and regular review if there are material changes of the borrower's repayment ability by the supervising officer, where appropriate, impairment allowance on individual loan will be made if there is deterioration of credit quality of the loan with approval from the responsible director.
5. **Collection:** will make calls and send reminders to individual borrower for overdue loan repayment and when there is a default of loan repayment, will take appropriate enforcement action, including legal action, to recover the loan.

The Group has a system in place to closely monitor the recoverability of its loan portfolio, its credit monitoring measures include regular collateral reviews against market information and regular communication with the borrowers of their financial position, through which the Group will be able to keep updated with the latest credit profile and risk associated with each individual borrower and could take appropriate actions for recovery of a loan at the earliest time. If circumstances require, the Group will commence legal actions against the borrowers for recovery of the overdue loans and taking possession of the collaterals pledged.

The Group performs impairment assessment, on each reporting date, on loan receivables under the expected credit losses (“ECL”) model. The measurement of ECL is a function of the probability of default, the loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default (i.e. the magnitude of the loss after accounting for value of the collateral if there is a default). The assessment of probability of default and loss given default is based on historical data and forward-looking information, the amount of ECL is updated to reflect the changes in credit risk on loan receivables since initial recognition. In assessing ECL, the loan receivables have been assessed with reference to the borrowers' creditworthiness and credit history, including their financial positions, previous records of default in payment, value of collaterals pledged and prevailing market conditions.

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

The listed securities held by the Group, for the purpose of proprietary investment, are mainly listed on the Australian, Mainland China, Hong Kong, and United States stock markets. The Group focused its investment, including but not limited to securities trading and funds investment, in specialised sectors, with investments conducted with a cautious attitude and under strict discipline. During the Year, with the Hang Seng Index was plunging sharply from approximately 24,000 points in January 2022 to approximately 14,800 points in October 2022, although the index rebounded to approximately 19,700 points in December 2022, the Group's proprietary trading of securities still recorded a loss of approximately HK\$246.88 million (2021: loss of HK\$93.47 million).

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

The Group's healthcare business comprises of the provision of genetic diagnostic and counselling services, and health check services. During the Year, the results of the Group's healthcare business are entirely contributed by associated companies of the Group, Pangenia Inc and its subsidiaries (“**Pangenia**”).

Since the outbreak of COVID-19 in 2021, 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 healthcare services. Nevertheless, Pangenia's laboratory was accredited by The Hong Kong Laboratory Accreditation Scheme during the Year. Due to the increasing demand for Reverse transcription polymerase chain reaction (RT-PCR) for COVID-19, the loss from the segment during the Year, has reduced significantly from HK\$23.18 million in the same period last year to HK\$1.21 million and the impairment losses of HK\$16.11 million resulted from the uncertainty of the business prospect of Pangenia as Hong Kong have announced to drop all COVID-19 measures, including RT-PCR in 2023.

## **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 Year, this business segment contributed an operating income of approximately HK\$72.71 million (2021: HK\$182.87 million) and a loss of approximately HK\$160.41 million (2021: loss of HK\$433.97 million). The loss was due to an impairment loss on interests in associates of HK\$135.99 million (2021: HK\$177.31 million) resulted from deterioration of the business prospect of AYD Group and the impairment loss on intangible assets of approximately HK\$15.38 million resulted from the unsatisfactory operating results of B&P in the Year.



## **Investment holding**

The investment holding business segment mainly holds the investments in private equity and funds, for earning dividend and investment income and capital appreciation purpose. As at 31 December 2022, the segment assets of this segment was approximately HK\$1,556.11 million (2021: HK\$1,495.06 million), of which HK\$842.01 million (2021: HK\$942.98 million) represents investment in a private equity, and HK\$13.13 million (2021: HK\$16.24 million) represents investments in funds. During the Year, segment income of approximately HK\$1.78 million (2021: HK\$0.05 million) and segment gain of approximately HK\$17.78 million (2021: loss of HK\$101.35 million) generated from fund investments were recorded.

## **FINANCIAL REVIEW**

### **Liquidity and financial resources**

As at 31 December 2022, the Group's total assets amounted to approximately HK\$4,217.82 million (31 December 2021: HK\$4,806.75 million), among which 41.5% (2021: 36.2%) was bank deposits and cash of approximately HK\$1,750.38 million (31 December 2021: HK\$1,737.45 million). The bank deposits and cash comprised fixed deposits of approximately HK\$1,107.90 million (31 December 2021: HK\$551.46 million) in aggregate.

As at 31 December 2022, the net current assets of the Group amounted to approximately HK\$2,466.46 million (2021: approximately HK\$2,725.12 million), which included bank deposits and cash of approximately HK\$1,750.38 million (2021: approximately HK\$1,737.45 million). The current ratio, expressed as current assets over current liabilities, was approximately 8.94 (2021: approximately 9.68). The gearing ratio of the Group as at 31 December 2022 (defined as total interest-bearing borrowings over the total equity) was 2.0% (31 December 2021: nil).

As at 31 December 2022, the Group have a secured bank loan of approximately CHF9 million (equivalent to approximately HK\$76.03 million) secured by mortgage of the two bank buildings owned by MPL in favour of the Bank Frick & Co AG, of which, carried an interest of 3.5% per annum (2021: the Group did not have any interest-bearing borrowings).

As at 31 December 2022 and 2021, 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 44,364,885,557 shares.

As at 31 December 2022, the Group's total equity amounted to approximately HK\$3,869.61 million (2021: HK\$4,414.18 million), taking into account of non-controlling interest of approximately HK\$43.38 million (31 December 2021: HK\$49.39 million).

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**

The Directors are of the view that the general outlook of the industry and the business environment in which the Group operates will remain challenging. Although the economy of Hong Kong is showing signs of gradual recovery with the relaxation of COVID-19 restrictions, the rapid increase in interest rates as induced by the US Fed and the Russo-Ukrainian conflict have also dampened the global economy may continue to affect the industry as well as the operation of the Group. In light of the uncertain business environment, the Group will continue to adopt prudent financial management and cost control. Furthermore, the Group considers it is an opportunity to expand its competitive financial strength to establish a stronger presence in the Hong Kong financial industry by increasing new market share within the securities margin financing business as well as expanding opportunities in Southbound Trading and Northbound Trading in the year 2023. Meanwhile, the Group will continue to explore suitable business and investment opportunities to drive its business growth.

### **CAPITAL COMMITMENTS**

As at 31 December 2022, the Group had a total capital commitment of approximately HK\$56.64 million (2021: HK\$56.65 million), contracted for but not provided for in the financial statements.

### **CONTINGENT LIABILITIES**

The Group previously entered into agreements to provide certain parent guarantees for bank loan facilities granted to AYD Group for its working capital requirements. As at 31 December 2022, the maximum aggregate amount of the guarantees was RMB13.50 million (approximately HK\$15.11 million) (2021: RMB13.50 million, approximately HK\$16.52 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 31st December, 2022, carrying values of property, plant and equipment of approximately CHF20.00 million (equivalent to HK\$168.96 million) were pledged for banking facilities granted to MPL, for the purpose of maintaining necessary operational liquidity level of MPL during its liquidation process.

## MATERIAL ACQUISITIONS AND/OR DISPOSALS

The Group did not undertake any material acquisitions or disposals during the Year.

## SIGNIFICANT INVESTMENTS

The Group remains cautious about the trading performance of its portfolio of securities. With volatile global financial markets during the Year, the Group proactively grasp investment opportunities and made stock investments to capture trading profits. A net fair value loss recognised for the Group's trading of securities investments amounted to approximately HK\$52.29 million (2021: loss of HK\$119.90 million) during the Year. The Group held a listed investments with market value over HK\$50.00 million as at 31 December 2022 as set out below:

### List of significant stocks in terms of market value as at 31 December 2022

Name of stock listed on Stock Exchange/ overseas stock exchange	Brief Stock code	Brief description of the business	Number of shares held as at 31 December 2022	Proportion of shares held as at 31 December 2022	Investment cost as at 31 December 2022 <i>HK\$'000</i>	Market value as at 31 December 2022 <i>HK\$'000</i>	Percentage to total assets value of the Group as at 31 December 2022
Tencent Holdings Limited	700	Provision of value-added services, FinTech and business services and online advertising services	202,000	0.002%	99,447	67,468	1.60%

## Significant stock gain/(loss) for the year ended 31 December 2022

Name of stock listed on Stock Exchange/overseas stock exchange	Stock code	Brief description of the business	Realised gains/(losses) for the year ended 31 December 2022 <i>HK\$'000</i>	Unrealised gains/(losses) for the year ended 31 December 2022 <i>HK\$'000</i>	Dividend received for the year ended 31 December 2022 <i>HK\$'000</i>
Tencent Holdings Limited	700	Provision of value-added services, FinTech and business services and online advertising services	(17,172)	(9,256)	356

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, as at 31 December 2022, the Group did not have any immediate plan for material investments or acquisition of material capital assets.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group employed 75 employees globally (31 December 2021: 121), including 71 full-time and 4 part-time employees. The decrease in the number of employees was mainly due to company restructuring. Staff costs of the Group were approximately HK\$59.46 million for the year ended 31 December 2022 (2021: HK\$72.74 million). The remuneration policy and package of the Group's employees are structured in accordance to market terms and statutory requirements where appropriate. The Group also provides other staff benefits such as discretionary bonus, medical insurance and mandatory provident fund.

## EVENT AFTER THE YEAR

No important event that affects the Group has taken place since 31 December 2022 and up to the date of this announcement.

## 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.

## **CLOSURE OF REGISTER OF MEMBERS**

The annual general meeting of the Company (the “AGM”) is scheduled to be held on Friday, 2 June 2023. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 30 May 2023 to Friday, 2 June 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a shareholder of the Company to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 29 May 2023.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the Year (2021: Nil).

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Year.

## **AUDIT COMMITTEE**

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

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

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s draft consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

## **CORPORATE GOVERNANCE**

During the Year, the Company has complied with all the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of Listing Rules.

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

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

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

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

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

Hong Kong, 28 March 2023

*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