茂宸集團
MASON GROUP

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 2017

The board (the "Board") of directors (the "Directors") of Mason Group Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017 (the "Year"), together with comparative figures for the year ended 31 December 2016, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Turnover	*2*	**3,721,726**	454,032
Operating income	*3*	**2,900,438**	66,501
Other income		**23,588**	4,314
Consumables used and merchandise sold		**(2,275,275)**	(9,706)
Employee benefits expenses		**(248,034)**	(65,837)
Amortisation of intangible assets		**(29,184)**	(14,850)
Depreciation of property, plant and equipment		**(16,791)**	(3,955)
Gain on disposal/(write off) of property, plant and equipment		**1**	(5,232)
Provision for allowance for doubtful debts, net		**(4,297)**	(98,355)
Gain on disposal of interests in subsidiaries		**–**	357,006
Gain arising from changes in shareholding in associates		**–**	3,233
Net fair value gain/(loss) on financial assets held for trading		**75,900**	(689,657)
Impairment loss on available-for-sale financial assets		**(5,538)**	(125,916)
Impairment loss on goodwill and intangible assets		**–**	(68,695)
Other operating expenses		**(177,824)**	(103,904)
Finance costs	*5*	**(31,703)**	(13,838)
Share of results of associate		**6,019**	(23,945)
Profit/(loss) from operation		**217,300**	(792,836)
Loss on measurement of contingent consideration payable	*16*	**(129,899)**	–
Profit/(loss) before taxation	*5*	**87,401**	(792,836)
Income tax (expenses)/credit	*6*	**(60,931)**	2,340
Profit/(loss) for the year		**26,470**	(790,496)

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign subsidiaries		**3,850**	–
Derecognition of available-for-sale financial assets revaluation reserve upon disposal of subsidiaries		**–**	(9,587)
Derecognition of foreign currency translation reserve upon disposal of subsidiaries		**–**	(2,788)
Derecognition of capital reserve upon disposal of subsidiaries		**–**	(10,075)
Share of other comprehensive income of associates		**–**	9,906
Other comprehensive income for the year		**3,850**	(12,544)
Total comprehensive income for the year		**30,320**	(803,040)
Profit/(loss) attributable to:			
Equity holders of the Company		**(53,160)**	(472,022)
Non-controlling interests		**79,630**	(318,474)
Profit/(loss) for the year		**26,470**	(790,496)
Total comprehensive income attributable to:			
Equity holders of the Company		**(51,197)**	(490,756)
Non-controlling interests		**81,517**	(312,284)
Total comprehensive income for the year		**30,320**	(803,040)
			(restated)
Loss per share			
Basic and diluted	*8*	**HK0.13 cents**	HK2.33 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
Non-current assets			
Property, plant and equipment		**60,414**	36,241
Intangible assets	*9*	**977,591**	773,306
Goodwill	*10*	**816,798**	475,398
Interest in an associate		**220,235**	–
Available-for-sale financial assets	*11*	**614,189**	665,461
Loan receivables	*13*	**642,362**	–
Other non-current deposits paid and prepayments		**11,031**	7,051
Deferred tax assets		**1,409**	306
Financial assets at fair value through profit or loss	*12*	**199,342**	–
		3,543,371	1,957,763
Current assets			
Inventories		**292,546**	220,101
Financial assets at fair value through profit or loss	*12*	**164,930**	499,093
Available-for-sale financial assets	*11*	**74,926**	–
Loan receivables	*13*	**848,606**	910,510
Trade and other receivables	*14*	**1,051,512**	781,032
Tax recoverable		**81**	–
Pledged bank deposits		**58,364**	22,359
Bank balances and cash		**1,759,412**	651,419
		4,250,377	3,084,514
Current liabilities			
Trade and other payables	*15*	**555,962**	1,006,361
Interest-bearing borrowings		**300,016**	300,000
Amount due to an associate		**20,000**	–
Finance lease liabilities		**399**	–
Tax payables		**42,330**	5,632
Contingent consideration payable	*16*	**112,272**	–
		1,030,979	1,311,993
Net current assets		**3,219,398**	1,772,521
Total assets less current liabilities		**6,762,769**	3,730,284

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Non-current liabilities			
Interest-bearing borrowings		**20,000**	20,000
Deferred tax liabilities		**231,226**	157,206
Contingent consideration payable	*16*	**17,627**	–
Finance lease liabilities		**795**	–
Long-term liabilities		**278**	–
		269,926	177,206
NET ASSETS		**6,492,843**	3,553,078
Capital and reserves			
Share capital		**6,142,962**	3,277,443
Reserves		**(72,199)**	(21,002)
Equity attributable to equity holders of the Company		**6,070,763**	3,256,441
Non-controlling interests		**422,080**	296,637
TOTAL EQUITY		**6,492,843**	3,553,078

1. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

2. TURNOVER

Turnover from operation represents the aggregative of gross sales proceeds from disposal of trading of investments, provision of financing services, provision of financial brokerage and related services, provision of medical and laboratory services, franchisor and retail of mother-infant-child products, and manufacture of infant formula and nutritional products.

3. OPERATING INCOME

Operating income recognised from the principal activities of the Group during the year including trading of investments, provision of financing services, provision of 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:

	2017	2016
	HK$'000	*HK$'000*
Brokerage commission income from:		
— securities dealing	**21,281**	18,485
— underwriting and placing commission income	**3,784**	7,608
Commission income and supporting service income from concessionaire sales of mother-infant-child products	**90,978**	–
Financial advisory fee income	**4,187**	100
Margin facility and loan facility handling fee income	**1,884**	4,760
Medical consultation and laboratory services income	**143,227**	23,651
Franchisor and retail sales of mother-infant-child products	**2,419,885**	–
Rental income from sub-lease of premises	**914**	–
Gain/(loss) from the sale of financial assets at fair value through profit or loss, net*	**14,424**	(74,535)
Dividend income from financial assets at fair value through profit or loss	**17**	31,874
Interest income from:		
— margin financing	**49,181**	33,014
— financial assets at fair value through profit or loss	**–**	982
— loan receivables from third parties	**107,111**	20,562
— loan receivables from a non-controlling shareholder of a subsidiary	**10,611**	–
Manufacture and sale of infant formula and nutritional products	**32,954**	–
	2,900,438	66,501

* Represented the proceeds from the sale of financial assets at fair value through profit or loss of HK$835,712,000 (2016: HK$312,996,000) less relevant costs and carrying value of the financial assets sold of HK$821,288,000 (2016: HK$387,531,000).

4. 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 investments, provision of financing services, provision of financial brokerage and related services, provision of medical 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 investments	:	Purchase and sale of securities
Provision of financing services	:	Provision of loan financing services
Provision of financial brokerage and related services	:	Dealing in securities, provision of securities, commodities and bullion brokerage services and financial advisory services
Provision of medical 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 and manufacture and sale of infant milk formula products, 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 investments	Provision of financing services	Provision of financial brokerage and related services	Provision of medical 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 2017									
Segment turnover	835,729	119,076	78,963	143,227	2,511,777	32,954	–	–	3,721,726

	Trading of investments	Provision of financing services	Provision of financial brokerage and related services	Provision of medical and laboratory services	Franchisor and retail of mother-infant-child products	Investment holding	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2016								
Segment turnover	345,703	23,362	61,167	23,651	–	149	–	454,032

(b) Segment income and results

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

	Trading of investments *HK$'000*	Provision of financing services *HK$'000*	Provision of financial brokerage and related services *HK$'000*	Provision of medical and laboratory services *HK$'000*	Franchisor and retail of mother-infant-child products *HK$'000*	Manufacture of infant formula and nutritional products *HK$'000*	Investment holding *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Year ended 31 December 2017									
Segment income	**14,441**	**119,076**	**78,963**	**143,227**	**2,511,777**	**32,954**	**–**	**–**	**2,900,438**
Profit/(loss) for the year before following items:	15,051	10,473	(16,791)	42,755	185,792	371	7,624	3,246	248,521
Gain/(loss) on disposal/(write off) of property, plant and equipment	–	–	64	302	(365)	–	–	–	1
Impairment loss on available-for-sale financial assets	–	–	–	–	–	–	(5,538)	–	(5,538)
Finance costs	–	(4,438)	(2,359)	–	(15,579)	(28)	(9,299)	–	(31,703)
Share of results of associate	–	–	–	6,019	–	–	–	–	6,019
Profit/(loss) from operation	15,051	6,035	(19,086)	49,076	169,848	343	(7,213)	3,246	217,300
Loss on measurement of contingent consideration payable	–	–	–	–	(129,899)	–	–	–	(129,899)
Profit/(loss) before taxation	15,051	6,035	(19,086)	49,076	39,949	343	(7,213)	3,246	87,401
Income tax (expenses)/credit	(11,000)	(500)	2,694	(6,712)	(45,303)	(110)	–	–	(60,931)
Segment results	**4,051**	**5,535**	**(16,392)**	**42,364**	**(5,354)**	**233**	**(7,213)**	**3,246**	**26,470**

	Trading of investments HK$'000	Provision of financing services HK$'000	Provision of financial brokerage and related services HK$'000	Provision of medical and laboratory services HK$'000	Franchisor and retail of mother-infant-child products HK$'000	Investment holding HK$'000	Unallocated HK$'000	Total HK$'000
Year ended 31 December 2016								
Segment income	(41,828)	23,362	61,167	23,651	–	149	–	66,501
(Loss)/profit for the year before following items:	(731,834)	11,938	(145,285)	6,513	–	(53,376)	(3,405)	(915,449)
Write off of property, plant and equipment	–	–	(5,232)	–	–	–	–	(5,232)
Gain on disposal of interests in subsidiaries	–	–	–	–	–	357,006	–	357,006
Gain arising from changes in shareholding in associates	–	–	–	–	–	3,233	–	3,233
Impairment loss on available-for-sale financial assets	–	–	–	–	–	(125,916)	–	(125,916)
Impairment loss on goodwill and intangible assets	–	–	(68,695)	–	–	–	–	(68,695)
Finance costs	–	(2,214)	(2,426)	–	–	(9,198)	–	(13,838)
Share of results of associates	–	–	–	–	–	(23,945)	–	(23,945)
(Loss)/profit before taxation	(731,834)	9,724	(221,638)	6,513	–	147,804	(3,405)	(792,836)
Income tax (expenses)/credit	–	10	2,758	(428)	–	–	–	2,340
Segment results	(731,834)	9,734	(218,880)	6,085	–	147,804	(3,405)	(790,496)

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. Segment results represent the results achieved by each segment without allocation of central administration costs including directors' emoluments. 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 investments *HK$'000*	Provision of financing services *HK$'000*	Provision of financial brokerage and related services *HK$'000*	Provision of medical and laboratory services *HK$'000*	Franchisor and retail of mother-infant-child products *HK$'000*	Manufacture of infant formula and nutritional products *HK$'000*	Investment holding *HK$'000*	Total *HK$'000*
At 31 December 2017								
Assets before following items:	**791,547**	**1,383,369**	**807,418**	**268,548**	**1,257,673**	**224,628**	**1,132,002**	**5,865,185**
Interest in an associate	**–**	**–**	**–**	**220,235**	**–**	**–**	**–**	**220,235**
Goodwill	**–**	**–**	**26,587**	**183,296**	**267,276**	**339,639**	**–**	**816,798**
Segment assets	**791,547**	**1,383,369**	**834,005**	**672,079**	**1,524,949**	**564,267**	**1,132,002**	**6,902,218**
Unallocated assets								**891,530**
Total assets								**7,793,748**
Liabilities								
Segment liabilities	**(11,119)**	**(50,638)**	**(118,250)**	**(46,576)**	**(906,956)**	**(105,785)**	**(30,127)**	**(1,269,451)**
Unallocated liabilities								**(31,454)**
Total liabilities								**(1,300,905)**

	Trading of investments *HK$'000*	Provision of financing services *HK$'000*	Provision of financial brokerage and related services *HK$'000*	Provision of medical and laboratory services *HK$'000*	Franchisor and retail of mother-infant-child products *HK$'000*	Investment holding *HK$'000*	Total *HK$'000*
At 31 December 2016							
Assets before following items:	482,225	900,861	664,813	235,546	1,026,875	959,828	4,270,148
Goodwill	–	–	26,587	183,296	265,515	–	475,398
Segment assets	482,225	900,861	691,400	418,842	1,292,390	959,828	4,745,546
Unallocated assets							296,731
Total assets							5,042,277
Liabilities							
Segment liabilities	–	(302,314)	(41,220)	(44,277)	(1,067,646)	(28,192)	(1,483,649)
Unallocated liabilities							(5,550)
Total liabilities							(1,489,199)

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

- Segment assets include mainly all property, plant and equipment, intangible assets, goodwill, interest in an associate, available-for-sale financial assets, deferred tax assets, financial assets at fair value through profit or loss, inventories, loans receivables, other non-current deposits paid and prepayment, trade and other receivables, pledged bank deposits, 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 include trade and other payables, amount due to an associate, interest-bearing borrowings, finance lease liabilities, tax payables, deferred tax liabilities and contingent consideration payable. 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) Other segment information

	Trading of investments	**Provision of financing services**	**Provision of financial brokerage and related services**	**Provision of medical 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 2017									
Additions of specified non-current assets*	**–**	**–**	**17,903**	**83**	**10,217**	**582,903**	**–**	**3,165**	**614,271**
Amortisation of intangible assets	**–**	**–**	**(16,886)**	**–**	**(5,436)**	**(6,862)**	**–**	**–**	**(29,184)**
Depreciation of property, plant and equipment	**–**	**–**	**(4,662)**	**(807)**	**(9,241)**	**(755)**	**–**	**(1,326)**	**(16,791)**
Interest income included in operating income and other income	**3**	**–**	**1,105**	**1**	**–**	**3**	**4,256**	**9,994**	**15,362**
Provision for allowance for doubtful debts, net	**–**	**–**	**(4,169)**	**(128)**	**–**	**–**	**–**	**–**	**(4,297)**
Net fair value gain on financial assets held for trading	**75,900**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**75,900**

	Trading of investments	Provision of financing services	Provision of financial brokerage and related services	Provision of medical 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 2016									
Additions of specified non-current assets*	–	–	211,660	388,573	774,710	–	–	868	1,375,811
Amortisation of intangible assets	–	–	(14,850)	–	–	–	–	–	(14,850)
Depreciation of property, plant and equipment	–	–	(2,796)	(512)	–	–	–	(647)	(3,955)
Interest income included in operating income and other income	835	20,562	34,478	–	–	–	251	1	56,127
Provision for allowance for doubtful debts, net	–	–	(98,354)	(1)	–	–	–	–	(98,355)
Net fair value loss on financial assets held for trading	(689,657)	–	–	–	–	–	–	–	(689,657)

* Including additions of property, plant and equipment, intangible assets and goodwill directly or through acquisition of subsidiaries.

(e) Geographical information

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

	Operating income from external customers		**Specified non-current assets**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**355,707**	66,501	**1,219,163**	516,969
PRC	**2,511,777**	–	**326,463**	775,027
Australia	**32,954**	–	**540,443**	–
	2,900,438	66,501	**2,086,069**	1,291,996

(f) Information about major customers

During the years ended 31 December 2017 and 2016, no operating income from a single customer of the Group accounted for over 10% of total operating income of the Group.

5. PROFIT/(LOSS) BEFORE TAXATION

This is stated after charging:

	2017	2016
	HK$'000	*HK$'000*
Finance costs		
Interest on bank and other borrowings	**31,703**	13,838
Other items		
Staff costs (excluding directors' emoluments)		
Salaries, allowances and benefits in kind	**198,443**	53,908
Contributions to defined contribution retirement schemes	**2,254**	1,485
	200,697	55,393
Auditor's remuneration (including other audit fee, primarily in respect of audits of financial statements of subsidiaries)	**4,300**	2,910
Write off of intangible assets	**–**	3
Operating lease payments on equipment	**147**	19
Operating lease payments on premises	**63,427**	20,489

6. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% (2016: 16.5%) on the Group's estimated assessable profit arising from Hong Kong during the year.

Mainland China Enterprise Income Tax rate of the Company's subsidiaries operating in the PRC during the year was 25% (2016: 25%) on its taxable profits.

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

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

	2017	2016
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
Current year provision	**7,404**	610
Over provision in prior year	**–**	(30)
	7,404	580
Mainland China Enterprise Income Tax		
Current year provision	**45,851**	–
Australian Income Tax		
Current year provision	**1,939**	–
	55,194	580
Deferred taxation		
Reversal of deductible/(taxable) temporary differences, net	**5,737**	(2,920)
Tax expenses/(credit) for the year	**60,931**	(2,340)

7. DIVIDEND

The directors of the Company do not recommend the payment of dividend for both years.

8. LOSS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic loss per share	**(53,160)**	(472,022)

	2017	2016
	No. of shares	*No. of shares*
	'000	*'000*
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**42,385,091**	20,243,791

The number of ordinary shares for the purposes of calculating basic loss per share has been retrospectively adjusted for the rights issue and bonus issue as if the shares had been in issue throughout both years.

The diluted loss per share are the same as basic loss per share as there are no dilutive potential shares for the years ended 31 December 2017 and 2016. The denominator used are the same for both basic and diluted loss per share.

9. INTANGIBLE ASSETS

	Brand names HK$'000	Licenses and trading rights HK$'000	Trademarks HK$'000	Customer and franchisee relationships HK$'000	Computer software and systems HK$'000	Total HK$'000
Reconciliation of carrying amount — year ended 31 December 2016						
At the beginning of the reporting period	–	–	–	–	–	–
Additions — acquisition of subsidiaries	640,811	21,774	145	94,042	32,596	789,368
Write off	–	–	–	–	(3)	(3)
Amortisation	–	–	–	(13,846)	(1,004)	(14,850)
Impairment loss	–	–	–	(1,209)	–	(1,209)
At the end of the reporting period	640,811	21,774	145	78,987	31,589	773,306
Reconciliation of carrying amount — year ended 31 December 2017						
At the beginning of the reporting period	**640,811**	**21,774**	**145**	**78,987**	**31,589**	**773,306**
Additions	**–**	**–**	**–**	**–**	**4,701**	**4,701**
Additions — acquisition of subsidiaries	**92,076**	**117,088**	**–**	**18,575**	**–**	**227,739**
Amortisation	**(2,273)**	**(4,130)**	**(15)**	**(18,977)**	**(3,789)**	**(29,184)**
Exchange relignment	**(475)**	**(614)**	**9**	**(95)**	**2,204**	**1,029**
At the end of the reporting period	**730,139**	**134,118**	**139**	**78,490**	**34,705**	**977,591**
At 1 January 2017						
Cost	640,811	21,774	145	94,042	32,593	789,365
Accumulated amortisation and impairment losses	–	–	–	(15,055)	(1,004)	(16,059)
	640,811	21,774	145	78,987	31,589	773,306
At 31 December 2017						
Cost	**732,429**	**138,279**	**155**	**112,525**	**39,619**	**1,023,007**
Accumulated amortisation and impairment losses	**(2,290)**	**(4,161)**	**(16)**	**(34,035)**	**(4,914)**	**(45,416)**
	730,139	**134,118**	**139**	**78,490**	**34,705**	**977,591**

10. GOODWILL

The amounts of goodwill capitalised by the Group and recognised in the consolidated statement of financial position arising from the acquisition of subsidiaries are as follows:

	2017 *HK$'000*	2016 *HK$'000*
Cost		
At 1 January	**542,884**	–
Acquired through business combinations	**341,400**	542,884
At 31 December	**884,284**	542,884
Accumulated impairment losses		
At 1 January	**(67,486)**	–
Impairment losses recognised during the year	**–**	(67,486)
At 31 December	**(67,486)**	(67,486)
Net carrying amount		
At 31 December	**816,798**	475,398

Goodwill arose because the consideration paid for the acquisitions effectively included amounts in relation to the benefit of revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Note	2017 *HK$'000*	2016 *HK$'000*
Unlisted investments, at cost			
Equity securities	*(a)*	**630,525**	630,525
Debt instrument	*(b)*	**74,926**	74,926
Private funds	*(c)*	**40,127**	10,935
	(d)	**745,578**	716,386
Impairment losses	*(e)*	**(56,463)**	(50,925)
		689,115	665,461
Less: Balances in current portion	*(b)*	**(74,926)**	–
Non-current portion		**614,189**	665,461

Notes:

(a) As at 31 December 2017 and 2016, the unlisted investment of HK$630,525,000 represented 15% equity interests in 申港證券股份有限公司 (Shengang Securities Company Limited*, "Shengang"), a company incorporated in the PRC with limited liability. Shengang is principally engaged in securities related business with full licences approved by the China Securities Regulatory Commission in the PRC. Due to the adverse change of foreign currency in which the investment is denominated, an impairment loss of HK$50,925,000 has been recognised in profit or loss during the year ended 31 December 2016.

* *English name for identification purpose only*

(b) In October 2016, the Group acquired a subsidiary, Hong Kong Mortgage Solutions Limited ("HKMS"), which has available-for-sale financial assets with carrying amount of HK$74,926,000. In April 2016, HKMS entered into a junior facility agreement with a third-party, pursuant to which HKMS agrees to grant a loan with the principal amount of HK$75 million. The borrower applies all money borrowed under the facility towards origination and funding of mortgage loans, purchase of mortgage insurance and payment of related fees and expenses. The borrower intends to securitise (subject to the prior written consent of the Group) or the private sales of the asset-back collateral pool, in each case repay all loans under the agreement. The loan facility was drawdown in October 2016, which is unsecured and repayable 18 months from the first day from the loan being made. The aggregate interest on the loan should be an amount equal to any amounts held by the borrower after paying off the senior loan lenders and any expenses less USD1,500 (equivalent to HK$12,000). The drawdown loan is subsequently repaid in January 2018.

(c) Included in the private funds was fund contribution to Agate-JT Healthcare Fund L.P. ("Agate Fund"). In December 2016, Mason Capital Strategic Holdings Limited ("MCS"), a wholly-owned subsidiary of the Group, entered into a subscription agreement with Agate Fund to subscribe limited partnership interest at a total contribution commitment of US$20,000,000 (equivalent to HK$156,000,000), which represented 32% of total capital of Agate Fund. As at 31 December 2017, MCS has paid US$5,136,452 (equivalent to HK$40,082,000 (2016: US$1,400,000 (equivalent to HK$10,897,000)) as the paid-up capital of Agate Fund, which represented 26% and 32% of total contribution commitment and contributed capital respectively. The fund is established for achieving capital appreciation through making equity investments in and dispositions of, mainly Israeli and Israeli-related healthcare technologies companies. During the year, an impairment loss of HK$5,538,000 (2016: Nil) was recognised.

(d) The management is of the opinion that as the variability in the range of reasonable fair value estimates for the unlisted investments is significant and the probability of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, these investments are stated at cost less any impairment loss.

(e) Movements in the provision for impairment losses are as follows:

	2017	2016
	HK$'000	*HK$'000*
At the beginning of the reporting period	**50,925**	–
Impairment loss recognised	**5,538**	125,916
Derecognition upon disposal of subsidiaries	**–**	(74,991)
At the end of the reporting period	**56,463**	50,925

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Analysis of financial assets at fair value through profit or loss:

	2017	2016
	HK$'000	*HK$'000*
Investments held for trading		
Equity securities — listed in Hong Kong	**361,633**	499,093
Equity securities — listed overseas	**2,639**	–
	364,272	499,093
Less: Balances in current portion	**(164,930)**	(499,093)
Non-current portion	**199,342**	–

The fair values of listed equity securities are based on quoted market prices in active markets.

13. LOANS RECEIVABLES

Loans granted to borrowers are repayable according to repayment schedules.

	Notes	2017 HK$'000	2016 HK$'000
Loans receivables from third parties			
— Term loans	*(a)*	**1,119,704**	910,510
— Instalment loans	*(b)*	**202,956**	–
		1,322,660	910,510
Loan to a non-controlling shareholder of a subsidiary	*(c)*	**168,308**	–
	(d)	**1,490,968**	910,510
Less: Balances due within one year included in current assets		**(848,606)**	(910,510)
Non-current portion		**642,362**	–

Notes:

(a) As at 31 December 2017, term loans receivables (i) HK$761,270,000 (2016: HK$838,084,000) are collateralised by securities of companies listed on the Stock Exchange and secured by corporate/personal guarantee provided by equity holders of the borrowers, HK$137,973,000 (2016: Nil) and HK$8,286,000 (2016: Nil) are collateralized by securities of companies listed on the Stock Exchange and the borrower's asset respectively, Nil (2016: HK$64,098,000) are secured by personal guarantee and HK$212,175,000 (2016: HK$8,328,000) are unsecured; (ii) carry fixed interest rates and have effective interest rates ranging from around 5% to 12% per annum (2016: 8.5% to 22% per annum); and (iii) HK$1,119,704,000 (2016: HK$910,510,000) are within the respective maturity dates.

(b) Included in instalment loans receivables as at 31 December 2017 of HK$93,764,000 which (i) is collaterised by a property situated in Hong Kong; (ii) carries interest rate of 4.13% above the Hong Kong Dollar prime rate quoted by a credit trustworthy bank in Hong Kong per annum; and (iii) is within the respective maturity dates.

    The remaining instalment loans receivables as at 31 December 2017 were property mortgage loans (i) are all collaterised by properties situated in Hong Kong; (ii) carries variable interest rate ranged from 6.5% to 8.5% per annum; and (iii) is within the respective maturity dates.

(c) In December 2016, the Group entered into an investment agreement with two third parties to acquire 55% equity interests of Shining Time Limited ("Shining Time") and its subsidiaries (collectively referred to as "Shining Time Group") at an aggregate consideration of RMB409,200,000 (equivalent to approximately HK$458,304,000). The acquisition of Shining Time Group was completed in December 2016. Pursuant to the investment agreement, the Group granted a loan of RMB140,800,000 (equivalent to approximately HK$157,696,000) to one of the vendors, a non-controlling shareholder of a subsidiary, upon the completion of the acquisition in December 2016, which has a maturity period of 36 months and carries interest at a rate of 8% per annum. The loan facility has been drawdown by the non-controlling shareholder of a subsidiary in February 2017. As at 31 December 2017, the loan receivable and related interest receivable amounted to HK$157,696,000 and HK$10,612,000 respectively.

(d) The management assessed the collectability of loans receivables at the end of the reporting period individually with reference to borrowers' past settlement history and current creditworthiness. Loans receivables that were neither past due nor impaired related to several borrowers for whom there was no history of default. Loans receivables that were past due but not impaired as management is of the opinion that there has not been a significant change in credit quality of the borrower or the party who provided guarantees and fair value of the collaterals obtained in respect of these loans.

In the opinion of the management, there was no indication of deterioration in the collectability of the loans receivables of HK$1,490,968,000 (2016: HK$910,510,000) at 31 December 2017 and thus no allowance for doubtful debts was considered necessary.

14. TRADE AND OTHER RECEIVABLES

	Note	**2017**	2016
		HK$'000	*HK$'000*
Trade receivables	*(a)*	**160,231**	56,336
Accounts receivables from third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	*(b)*	**19,520**	14,977
— margin clients	*(b)*	**520,718**	569,255
— clearing houses and brokers	*(b)*	**181,801**	2,462
		882,270	643,030
Allowance for doubtful debts	*(d)*	**(104,814)**	(100,517)
	(c)	**777,456**	542,513
Deposits and prepayments		**148,050**	31,293
Other receivables		**110,086**	196,029
Due from related companies/parties		**15,920**	11,197
		274,056	238,519
		1,051,512	781,032

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 receivables

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

Accounts receivables arising from the ordinary course of business of brokering 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 undiscounted market value of approximately HK$1,363,452,000 (2016: HK$1,679,677,000).

The Group determines the allowance for impaired debts based on the evaluation of collectability and ageing analysis of accounts receivables 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 receivables in order to minimise the credit risk. Overdue balances are regularly monitored by management.

(c) Ageing analysis

The ageing analysis of the trade and accounts receivables by overdue date that are neither individually nor collectively considered to be impaired is as follows:

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**775,908**	546,761
Less than 1 month past due	**1,274**	766
1 month to 3 months past due	**170**	140
3 months to 6 months past due	**104**	846
	1,548	1,752
	777,456	542,513

Trade and accounts receivables as at 31 December 2017 related to a number of customers and clients that have a good track record with the Group and were not impaired. Based on past experience, the management is of the opinion that no provision for allowance for doubtful debts was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable as at 31 December 2017.

No ageing analysis by trade/invoice date has been disclosed in respect of accounts receivables arising from the ordinary course of brokerage business as, in the opinion of the management, it does not give additional value in view of the business's nature.

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

	2017	2016
	HK$'000	*HK$'000*
Less than 1 month	**49,575**	28,631
1 month to 3 months	**102,488**	13,918
3 month to 6 months	**1,064**	1,776
6 months to 12 months	**7,104**	12,011
	160,231	56,336

(d) Allowance for doubtful debts

Movements in the provision for allowances are as follows:

	2017	2016
	HK$'000	*HK$'000*
At the beginning of the reporting period	**100,517**	–
Addition — acquisition of subsidiaries	**–**	2,162
Increase in allowance	**4,897**	98,355
Reversal of allowance	**(600)**	–
At the end of the reporting period	**104,814**	100,517

Included in the allowance for doubtful debts are specific accounts receivables from several margin clients with a balance of HK$104,538,000 (2016: HK$98,355,000). The individually impaired accounts receivables relating to margin clients that were default in payments.

15. TRADE AND OTHER PAYABLES

		2017	2016
	Note	***HK$'000***	*HK$'000*
Trade and bills payables to third parties	*(b)*	**339,360**	110,319
Accounts payables to third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	*(a)*	**357,417**	488,556
— margin clients	*(a)*	**101,947**	359,976
— clearing houses and brokers	*(a)*	**-**	4,941
		798,724	963,792
Less: cash held on behalf of clients	*(c)*	**(443,395)**	(835,266)
		355,329	128,526
Other payables		**126,896**	466,767
Deposits received and receipts in advance		**73,729**	53,166
Due to related companies		**8**	357,902
		200,633	877,835
		555,962	1,006,361

Notes:

(a) Settlement terms of accounts payables

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

Accounts payables arising from the ordinary course of business brokering 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 payables arising from the ordinary course of brokerage business, as in the opinion of the management, it does not give additional value in view of the business's nature.

(b) Ageing analysis of trade payables

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

	2017	2016
	HK$'000	*HK$'000*
Less than 1 month	**3,657**	2,989
1 month to 3 months	**24,118**	22,368
3 months to 6 months	**289,565**	62,604
6 month to 12 months	**22,020**	22,358
	339,360	110,319

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

16. CONTINGENT CONSIDERATION PAYABLE

	2017	2016
	HK$'000	*HK$'000*
Contingent consideration payable	**129,899**	–
Less: Balances in current portion	**(112,272)**	–
Non-current portion	**17,627**	–

In December 2016, the Group entered into an investment agreement with two third parties to acquire 55% equity interests of Shining Time Group at an aggregate consideration of RMB409,200,000 (equivalent to approximately HK$458,304,000).

According to the investment agreement, if the results attributable to the equity holders of Shining Time Group for the years ended 31 December 2016, 2017 and 2018 have been less or more than RMB62,000,000 (equivalent to approximately HK$69,440,000), RMB85,000,000 (equivalent to approximately HK$95,200,000) and RMB120,000,000 (equivalent to approximately HK$134,400,000) by 5% respectively, the number of the consideration shares is required to be adjusted. In any event, if the transfer of the consideration shares to the vendors leads to the shareholding percentage of the Group in Shining Time falls below 50%, the Group has the option to pay cash in lieu of the consideration shares.

Profit guarantee is a contingent consideration that will be realised if the acquired businesses achieve their respective base year profit target, calculated on certain predetermined basis, during the designated period of time.

The Group recognises the fair value of those contingent consideration for acquisitions, as of their respective acquisition dates as part of the consideration transferred in exchange for the acquired business. The fair value measurement require, among other things, significant estimation of post-acquisition performance of the acquired businesses and significant judgement on time value of money.

The management has estimated that contingent consideration of HK$112,272,000 will be payable in 2018 and HK$17,627,000 will be payable in 2019.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Annual Results

During the Year, the Group reported a turnover of approximately of HK$3,722 million and an operating income of approximately HK$2,900 million compared with a turnover of approximately HK$454 million and an operating income of approximately HK$67 million in 2016. The Group reported a profit for the Year of approximately HK$26 million (a loss for 2016: HK$790 million) and a loss attributable to equity holders of the Company of HK$53 million in 2017 (2016: HK$472 million) representing a decrease of approximately 88.8%.

The increase in operating income and the significant decrease of loss were mainly attributable to the new streams of income generated from the distribution, franchising and retailing of mother-infant-child products, the provision of medical consultation and laboratory services, the provisions of margin and loan financing, the provision of securities and futures brokerage services and the provision of financial advisory services, and the decrease in the net fair value loss on financial assets held for trading. During the Year, a loss on measurement of contingent consideration payable of approximately HK$130 million was recorded by the Group's mother-infant-child consumer franchising and retailing business, namely Aiyingdao Zhuhai Business Chain Limited ("Aiyingdao"), which also contributed to the loss attributable to equity holders of the Company.

The amount of loss per share for the Year was approximately HK0.13 cents (2016: approximately HK2.33 cents (restated to take into consideration the completion of the rights issue and bonus issue in February 2017)).

Market Review

The growth momentum of the global economy strengthened during 2017. This was mainly driven by the increase in investment and trade boosted by the increase in business confidence. Positive employment figures were evidenced. There was broad base growth witnessed across both developed and emerging countries. As economic slack continues to diminish, central banks of developed economies have reversed their quantitative easing policies. The US Federal Reserve raised interest rates by 0.25% three times in 2017, and in November 2017, the Bank of England raised interest rates by 0.25% to 0.5% for the first time in a decade.

Amid strong growth of the global economy, corporations in general also reported strong earnings results. Under this favorable environment, major global stock markets reached record highs in 2017. The Hang Seng Index rose 36% throughout the year and surpassed the 30,000 mark in November 2017 for the first time in 10 years, reflecting strong investor confidence and positive market sentiment. In addition, active trading via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect from Mainland China was an important driving force behind the rise in the Hong Kong stock market last year. The introduction of the Bond Connect scheme in July 2017 was another landmark development for Hong Kong's financial market, giving global investors the opportunity to tap into the Chinese domestic bond market, the world's third largest bond market following the United States and Japan. The scheme consolidated Hong Kong's position as a major offshore market of foreign investment for China, while the increasingly dynamic financial market in Hong Kong created business opportunities for securities brokerages and margin financing businesses.

With the improvement in citizens' living standards, China's healthcare market expanded at an accelerating pace and demonstrated tremendous growth. According to the "Health China 2020 Strategic Research Report" issued by the National Health and Family Planning Commission, it is expected that the proportion of health care related expenditure will account for 6.5% to 7% of GDP by 2020. An average of more than 18 million births a year, the increase in family disposable income and the greater emphasis on children's well-being will continue to act as catalysts for the mother-infant-child healthcare market to flourish. According to the market research published by Frost & Sullivan in November 2015 regarding China's mother-infant-child industry, the sales volume of China's mother-infant-child industry is expected to enjoy a 2-digit growth rate and reach RMB552 billion by 2019.

Currently, the infertility rate in China ranges from 12.5% to 15%. It has become more common for couples in China to take the initiative to seek medical or in vitro fertilization ("IVF") specialists assistance for infertility issues. According to the figures published by the Council on Human Reproductive Technology, total IVF cases in Hong Kong has grown 16.3% since 2009 and reached 5,136 cases in 2016, indicating significant growth in demands for assisted reproductive services.

During the Year, the property market in Hong Kong continued to rise. In 2017, according to the Land Registry, property transactions in Hong Kong rose 14.8% to 83,815 units. In particular, the sale of residential units jumped 32.3% to HK$566.3 billion, with the number of transactions increasing 12.6% to 61,591 units. The competition among banks in the mortgage business became increasingly fierce. With the heightened risk of potential overheating in the property market, in May 2017 the Hong Kong Monetary Authority issued a set of guidelines stipulating a new round of cooling measures on mortgage loans. The risk-weight floor was raised from 15% to 25% for new residential mortgage loans and the applicable loan-to-value ratio cap was lowered by 10 percentage points for mortgage loans extended to borrowers with one or more pre-existing mortgages.

Measures to curb bank lending resulted in an increase in demand for mortgage loans from finance companies, instead of the conventional commercial banks. According to Centaline Property Agency's report, nearly 18% of mortgage loans for new flats due to be delivered in 2018 will come from finance companies, compared to 16.4% for 2017 and 11.6% for 2016. The trend of potential buyers seeking loans from finance companies is expected to continue to gather momentum, as buyers actively seek financing alternatives to support their property purchases.

Business Review

In July 2017, the Group re-branded its corporate identity by changing the Company's name from "Mason Financial Holdings Limited" to "Mason Group Holdings Limited 茂宸集團控股有限公司" to better align the Group's corporate and business identity with its vision to becoming a trusted health and wealth partner. Adhering to its "Enterprise + Finance" growth strategy, the Group expanded its financial service business, healthcare business, mother-infant-child business and dairy products manufacturing business during the Year. Carrying out the "Health and Wealth" strategy, the Group focused on integrating its premium medical and healthcare platform during the first half of 2017. By mid-September, the Group has successfully established its mother-infant-child ecosystem. The Group also deployed significant resources into developing its financial platform, kick-starting several new initiatives as well as announcing several key acquisitions, laying a strong foundation for the development of a global health and wealth ecosystem.

The Group believes this strategy will enable the broadening of its product range so as to create a health and wealth ecosystem that can satisfy the needs of its clients from cradle-to-cradle, be it infant formulas or diapers, or wealth and legacy planning for the next generation. The Group's healthcare, mother-infant-child and dairy manufacturing businesses provide steady resources of capital and client base, which subsequently support the development of the Group's financial services business. The strategy helped the Group to achieve an initial success by significantly reducing its net loss during the Year.

To address the wealth arm of the "Health and Wealth" strategy, a 3-stage financial services development plan was put together in 2017, with the first stage being the establishment of a strong sales and distribution network; second stage being the strengthening the Group's product development capabilities; and the third stage being the creation of a comprehensive financial ecosystem. A majority of the first stage targets have been achieved in 2017. The Group will continue to focus on the strengthening of its product development capability in 2018 to create a financial ecosystem.

Through the acquisition of the Harris Fraser Group Limited ("HFG Group") (subject to regulator's approval), a Hong Kong wealth management company with long history, and Raiffeisen Privatbank Liechtenstein AG (subject to regulator's approval), a Liechtenstein-based private bank, the Group intends to provide a wider range of financial services, including asset management, corporate and trust services, investment savings plans, tax planning services, life and general insurance and MPF advisory services to a substantial and diversified client base including corporations, financial institutions and individuals in Hong Kong and throughout Asia reaching Greater China, South Korea and Japan with tailor-made, niche products and intimate services.

The Group's efforts in the healthcare sector have also begun to prosper. Strategically formulating a premium medical and healthcare ecosystem during the first half of 2017, the Group is bridging the gap between its mother-infant-child consumer platform and healthcare platform to create a "one-stop-shop" mother-infant-child products and services line through providing RNA/DNA analytics, genetic diagnostic services, assisted reproductive services, other high-end medical services, as well as mother-infant-child food, apparels and other mother care and childcare products to the clients within the ecosystem. During the Year, it re-structured and re-branded its molecular diagnostic operations to create a more premium brand image, reflecting the quality of the services provided. The Group's assisted reproductive business has also been growing steadily, serving and caring for families producing outstanding results.

Following the successful acquisition of Blend and Pack Pty Ltd ("Blend & Pack") in September 2017, the Group made considerable progress in integrating its dairy manufacturing business with the Group's existing mother-infant-child retail chain, offering a comprehensive mother-infant-child product line, while vertically consolidating the supply chain within the Group's consumer platform, thus creating a self-sustainable mother-infant-child ecosystem that exports dairy and nutritional products from Australia to Asia, with a focus on China.

The Group's businesses can be categorized under 3 major business segments including financial services business, healthcare business, and mother-infant-child consumer retail business.

Financial Services Business

The Group's financial services business consists of financial brokerage business and related services, financing services, trading of investment securities, and asset and wealth management services. The total turnover and operating income contributed by this business segment amounted to approximately HK$1,034 million and HK$212 million, respectively during the Year (2016: HK$430 million and HK$43 million, respectively), accounting for approximately 27.8% and 7.3% of the Group's total turnover and operating income respectively. The total loss contributed by this business segment amounted to approximately HK$6.8 million during the Year (2016: HK$941 million), representing 99% decrease of loss compared to last year.

Financial Brokerage Business and related services (Securities and Futures Brokerage Business, Corporate Finance Services and related services)

During the Year, the Group continued to expand its presence in the financial services sector, developing a diversified financial platform with a differentiated range of financial products. Its securities and futures brokerage business, securities margin financing, leveraged and acquisition financing, corporate finance advisory services, and other related financial services generated an operating income of approximately HK$79 million in 2017 (2016: HK$61 million), representing an increase of approximately 29.5% year-on-year or 2.7% the Group's total operating income. This business segment reported a loss for the Year of approximately HK$16.4 million (2016: HK$219 million).

With an aim to enhance the quality and efficiency of its brokerage services, the Group made a number of technology upgrades, including its IT and online trading systems, as well as its internal control system and risk management system, leading to enhanced business growth and reduced business risks. The securities brokerage business generated a trading volume of approximately HK$13.2 billion in 2017 (2016: HK$9.99 billion), representing a growth of approximately 32%.

During the Year, the Group continued to develop its financial services platform through successful acquisitions and investments, enabling it to meet growing demands for comprehensive wealth management services by not only strengthening its sales and distribution network, but also product development capabilities. The Group has always sought to optimize its investment portfolio and achieve better investment returns for its clients by investing in equities, bonds, funds, derivative instruments and other financial products, as well as providing money lending services. The corporate finance segment offers diversified financial advisory and financing arrangement services to help institutional clients achieve their financial goals.

Financing Services (mortgage and loans business)

During the Year, the Group's financing services business, including its leveraged and acquisition finance activities and mortgage loan securitization business in Hong Kong, continued to grow and has already generated a stable income. The total size of its loan portfolio of mortgage and loan business reached approximately HK$1,491 million in 2017 (2016: HK$911 million), while the total operating income and profit derived from the provision of the financing services was approximately HK$119 million and HK$5.5 million respectively (2016: HK$23 million and HK$9.7 million respectively).

The Group adopts a conservative strategy towards its mortgage and loans business, ensuring that it maintains sufficient collateral and guarantees. In respect of the mortgage loan securitization business, the asset-backed fixed income product was consolidated into the securitization portfolio during the Year. In view of the expected escalation in interest rates, the Group may capitalize on this business in the near term.

Trading of Investments Securities

Trading in securities remains one of the Group's principal activities. In 2017, the Hang Seng Index experienced the largest surge since 2009, with an increase of 36%, resulting in 45 of 50 HSI constituents recording a positive return. Along with the uptrend in the stock market, the Group's trading of investments recorded an operating income of approximately HK$14 million (2016: negative income of HK$42 million) and profit of approximately HK$4 million (2016: loss of HK$732 million). The market value of the Group's 15 investments securities as of 31 December 2017 was recorded at approximately HK$364 million. The Group will continue to look for promising investment opportunities in the stock market based on its evaluation methods and professional judgement.

Asset and Wealth Management Related Services

Around the middle half of 2017, the Group undertook active enhancement of its wealth management and asset management platform, particularly, to enlarge and improve its resources of people, technology and infrastructure so as to strengthen its distribution network and product development capabilities. The platform will be further enhanced in anticipation of the acquisition of the new business of the Group e.g. the HFG Group and Raiffeisen Privatebank Liechtenstein AG (details of which are set out below under the paragraphs headed "Material Acquisitions and Disposals") which, upon completion, is expected to create a significantly larger and wider customer base as well as the supporting sales and distribution network for the wealth management platform. In addition, a hedge fund structure was set up and the Group's first fund, a multi-strategy fund was introduced to the market for subscription in November 2017 targeting financial institutions and professional investors to broaden the Group's product development capabilities.

Healthcare Business (Medical and laboratory services)

The Group has made multiple investments in the businesses relating to mother-infant-child healthcare, to develop its healthcare platform. The healthcare business generated an operating income of approximately HK$143 million (2016: HK$24 million), accounting for approximately 4.9% of the Group's total operating income. Its healthcare business generated a profit of approximately HK$42 million in 2017 (2016: HK$6 million). The increase was as a result of the completion of the acquisitions of two renowned and profitable specialist medical services and biotechnology companies, Pangenia Holdings Limited ("Pangenia") (formerly known as "DiagCor Technology Limited"), which runs Hong Kong's largest gene laboratory, and Reproductive HealthCare Limited ("RHC"). The acquisition of RHC was completed at the end of 2016, hence the operating income of only the last quarter of 2016 was consolidated, as compared to a full consolidation of results for 2017.

RHC is a recognized IVF service provider with 2 IVF clinics and 2 laboratories supported by 8 specialists RHC serviced 988 out of 5,136 IVF cases, with market share of 19% in 2016. External factors such as the implementation of the "two-child policy", strong demand for egg-freezing services, and deteriorating reproductive capabilities, coupled with Hong Kong's strategic location and high standards of medical services have created good market potential for IVF services in Hong Kong. RHC generated an operating income of approximately

HK$143 million (2016: HK$24 million) and a profit of HK$36 million (2016: HK$6 million) for the Year. It contributed a profit of approximately HK$17.8 million to the equity holders of the Company after deducting the share of non-controlling interest for the Year.

In March 2017, the Group completed the acquisition of 42.9% interest in Pangenia, which employs more than 80 bio-scientists. Pangenia has serviced approximately 45,900 lab tests since the acquisition. The Group's share of the profit of this associate company (for the period from completion to end of the Year) was approximately HK$6 million.

Both acquisitions offered the Group with competitive edges to capture market opportunities in the prime medical service industry with focus on the mother-infant-child demographics. The Group intends to consolidate Hong Kong's segmented premium medical and healthcare industry and strengthen its market share in IVF in Hong Kong through the promotion of medical tourism and online specialist medical services by cooperating with travel agencies.

Mother-infant-child Consumer Retail Business

The Group's mother-infant-child consumer retail business consists of franchising and retailing of mother-infant-child products, and manufacturing of infant formula and nutritional products. Through the acquisition of Aiyingdao and Blend & Pack, the Group has established an ecosystem that integrates upstream and downstream distribution and sales of mother-infant-child products. The total operating income contributed by this business segment amounted to approximately HK$2,545 million, accounting for approximately 87.7% of the Group's total operating income. During the Year, the mother-infant-child consumer retail business recorded a loss of approximately HK$5.1 million. Excluding the loss on measurement of contingent consideration payable of approximately HK$130 million recorded for the Year, the mother-infant-child consumer retail business would have generated a profit of approximately HK$124.8 million to the Group.

Franchisor and Retail of mother-infant-child products

The acquisition of Aiyingdao at the end of 2016 was the Group's first important step towards establishing a mother-infant-child consumer ecosystem. The Group's mother-infant-child franchisor and retail business generated an income of approximately HK$2,512 million during the Year, representing approximately 86.6% of the Group's total operating income. The sales of Aiyingdao's self-owned brands and exclusive brands accounted for approximately HK$458 million out of its total operating income for the Year. The Group's mother-infant-child franchisor and retail business generated a loss of approximately HK$5 million. During the Year, a loss on measurement of contingent consideration payable of approximately HK$130 million was recorded by this business segment, namely Aiyingdao. Excluding this payable, this business segment would have generated a profit of approximately HK$125 million to the Group for the Year.

Established in 1998, Aiyingdao is a major mother-infant-child products franchiser in South China, and has approximately 1,056 franchised and direct-sale stores and 1,953 partnership stores in its sales network catering for approximately 8.5 million members. Aiyingdao closely cooperates with various renowned mother-infant-child products suppliers and has become one of the top distributors for such suppliers over the years. The sales of established (i.e. opened before January 2015) stores have grown by 13% and reached RMB2.87 million during the

Year. It is expected that Aiyingdao will directly benefit from the continued growth of China's childcare market in the coming years, bringing stable profits that will support the Group's development.

Manufacture of infant formula and nutritional products

The Group completed the acquisition of Blend & Pack, a well-established Australian infant formula manufacturer in September 2017, to strengthen the Group's strategy of creating a mother-infant-child ecosystem in Asia. The Group aims to build a vertically integrated supply and distribution value chain that exports Australian high quality dairy and nutritional products to the Chinese market, by combining manufacturing, logistics, distribution, and retail operations all under one single platform. The Group's dairy products business generated an operating income of approximately HK$33 million and a profit of approximately HK$0.2 million from the period from the completion of the acquisition in September 2017 to the end of the Year. Blend & Pack produced 5.42 million cans of milk powder during the period of 1 July 2016 and 30 June 2017. Blend & Pack is one of Australia's infant formula manufacturers that hold an accreditation provided by the Certification and Accreditation Administration of the People's Republic of China (CNCA). Such accreditation allows for the production of infant formula for the purpose of exporting to the Chinese market. The Group expects Blend & Pack to generate great level of synergies through being a major producer and distributor of high quality dairy and nutritional products, capitalizing and leveraging on the sharp growth of China's infant formula market arising from the "two-child policy" and other growth factors.

PROSPECTS

2017 was an active year for Hong Kong's stock market, setting several new records in terms of market capitalization, number of new listings and trading volumes. The Group expects such momentum to continue. In February 2018, the Stock Exchange released a consultation paper on a listing regime for companies from emerging and innovative sectors, setting proposals to allow the listing of a broader range of companies on the main board of the Stock Exchange. The Group expects that the proposed amendments to the listing rules will attract a number of eligible innovative companies with weighted voting rights structure and a large number of bio-tech companies to be listed in Hong Kong. However, the Group remains cautiously optimistic about the global market environment due to the potential uptrend of US Treasury yields. In addition, upon the approval of "southbound trading" of the Bond Connect scheme, the Group expects the bond market to enjoy added benefits through the mutual access arrangement in respect of trading, custody and settlement. Meanwhile, China will continue to be a major source of capital as a result of the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, which will drive the Hong Kong stock market forward.

During the 19th CPC National Congress, the Chinese central government emphasized the importance of implementing the "Healthy China" initiative, which will likely result in an increasing effort by the government to improve the country's national health policy and to enhance its healthcare services for citizens. The state will also work to ensure that the newly implemented "two-child policy" seamlessly integrates with relevant economic and social policies. According to government statistics, a total of 17.23 million children were born in China in 2017, and the government predicts that the full effect of the policy will emerge in 2018, leading to a stable growth in birth rates. The Group foresees these new initiatives and rules to have positive impacts on its healthcare/medical sector, and its mother-infant-child consumer platform.

To seize opportunities and respond to possible challenges that may arise, the Group will continue to promote its "Enterprise + Finance" strategy in the coming year. The Group is planning to broaden its channel of financing to improve its capital and debt structure, as well as to fine tune its business model so that both business streams complements each other. Meanwhile, the Group will continue to enhance its medical and mother-infant-child segments through organic growth and further acquisitions.

In terms of the financial sector, the Group will respond to the increasing demand for diversified and cross-border wealth management services from high net worth and sophisticated investors by enriching its variety of financial solutions while looking for potential acquisition targets in different regions that will benefit the development of the Group and create synergistic value. These potential acquisition targets include asset management firms, wealth management firms, investment banks and securities houses, which can enable the Group to consummate its financial ecosystem, offering custody, deposit and financial products of various types to customers. Upon successful acquisition of Raiffeisen Privatbank Liechtenstein AG, the Group will utilize Raiffeisen Privatbank Liechtenstein AG's deposit and custody capabilities to enhance the Group's customer loyalty, while strengthening its distribution channels for various financial products. The Group's goal is to establish a multinational financial platform with world-wide asset allocation capabilities that is capable of serving high net worth individuals globally.

The Group believes the aforementioned strategies will allow for organic growth and provide the Group with steady capital inflow and solid client base arising from healthcare and mother-infant-child consumer sectors, which will subsequently support the rapid development of the Group's financial services business.

The Group expects its healthcare and mother-infant-child consumer sectors to be a major contributor of revenue in the future. Riding on its cutting-edge RNA & DNA analytical technologies, as well as its well-advanced assisted reproduction technology, the Group will continue to serve and care for the Hong Kong market while exploring China and overseas opportunities arising from the growing affluence and size of the middle class population and China's "two-child policy". In light of the rising demands for medical and mother-infant-child products in the mainland China, the Group will strengthen its products offered through Blend & Pack by bringing more Australian made mother-infant-child products and services to China, while looking for suitable expansion and acquisition opportunities in both the healthcare and mother-infant-child industries

Furthermore, the Group intends to grow internationally. The Group will assess potential acquisition targets that are tied to China's "One Belt One Road" initiative in the financial, healthcare and medical sectors. The Group endeavors to establish an ecosystem where the financial, healthcare and mother-infant-child consumer sectors can complement and benefit each other.

The Group witnessed much progress with its "Enterprise + Finance" strategy in 2017. Looking ahead, the Group will continue to stride ahead with this strategy while maintaining high standards of corporate governance so as to become an all-rounded "Health and Wealth Solutions Partner" for its clients globally and to provide solid results for the Group's shareholders.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 31 December 2017, the Group's total equity amounted to approximately HK$6,493 million (including non-controlling interests of approximately HK$422 million), representing an increase of 83% when compared with approximately HK$3,553 million as at 31 December 2016. The Group had net current assets of approximately HK$3,219 million, including bank balances and cash of approximately HK$1,759 million as at 31 December 2017, compared with approximately HK$1,773 million, including bank balances and cash of approximately HK$651 million as at 31 December 2016. As at 31 December 2017, the Group had borrowings of HK$321 million (31 December 2016: HK$320 million) and therefore maintained a zero net gearing ratio (31 December 2016: zero) as computed on the basis of net borrowings to total equity, and with a current ratio of four times (31 December 2016: two times).

During the Year, the Group entered into 28 (2016: Nil) loan agreements with third-party lenders and banks. As at 31 December 2017, the Group had outstanding secured bank loans, unsecured bank loans and unsecured loans amounting to HK$85 million, HK$36 million and HK$179 million respectively (31 December 2016: Nil). Bank and other borrowings of HK$189 million and HK$111 million were denominated in RMB and Hong Kong Dollars respectively, in which HK$251 million were at fixed interest rate and the rest balances were either at variable rates or non-interest bearing with a range from 0% to 18% per annum. All bank and other borrowings are repayable in 2018. Furthermore, there were two outstanding unsecured bonds with principal amounts of HK$10 million each, which were issued in 2014 to two third-party investors. The bonds interest rates were both 5% per annum payable annually in arrears and will mature in 2021.

During the Year, a subsidiary of the Group entered into an loan agreement with Pangenia, pursuant to which Pangenia Holdings Limited granted unsecured loan of HK$20,000,000 to the Group, for a period of 6 months from date of drawdown with interest rate of 3.5% per annum. The loan was drawdown in September 2017 and subsequently settled in March 2018.

In November 2016, the Company issued two unsecured fixed coupon notes due 2017 with principal amounts of HK$100 million and HK$200 million to two third-party investors. Both notes carried interest of 8% per annum. These bonds were redeemed in February 2017 upon their maturity.

During the Year, the Company issued 22,124,799,450 shares at the subscription price of HK$0.13 pursuant to rights issue ("Rights Issue") and 4,056,213,232 new shares pursuant to a bonus issue ("Bonus Issue"), which raised the equity capital in sum of HK$2,840 million. Completion of the Rights Issue and Bonus Issue took place in February 2017.

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 Renminbi, Hong Kong dollars and Australian dollars. Fluctuations in the Renminbi and, to a lesser extent, the Australian dollars 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 stipulates managing foreign currency exposure only when the potential financial impact is material to the Group. The Group will continue to monitor its foreign exchange position and, if necessary, utilize hedging tools, if available, to manage its foreign currency exposure.

Guarantees

As at 31 December 2017, the Group has provided guarantees in favour of banks and financial institutions, in respect of facilities granted to certain subsidiaries, amounting to HK$109 million (31 December 2016: Nil). Of these facilities, a total of HK$85 million (31 December 2016: Nil) has been utilized.

As at 31 December 2017, the Group provided a guarantee in respect of a loan granted to a third party individual with the principal amount of RMB51 million (equivalent to HK$57 million) (31 December 2016: Nil) for a loan guarantee fee income of HK$1.3 million (2016: Nil) recognised in the profit or loss.

CONTINGENT LIABILITIES

At the end of the reporting period, the Group has issued a financial guarantee in respect of a loan granted to a third party individual with principal amount of RMB51 million (equivalent to HK$57 million) (2016: Nil) to a third party. The management does not consider it is probable that a claim will be made against the Group under this guarantee. The maximum liability of the Group at the end of the reporting period under this guarantee of RMB53 million (equivalent to HK$59 million) (2016: Nil), representing the outstanding amount of the loan and interest payable to the third party as at the end of the reporting period.

PLEDGE OF ASSETS

As at 31 December 2017, the Group's bank deposits, inventories and trade receivables of HK$58 million, HK$51 million and HK$51 million respectively were pledged to certain banks to secure loan facilities amounting to HK$97 million and bills payables (31 December 2016: Bank deposits of HK$23 million was pledged to a bank for bills payables). Loan facilities amounting to HK$85 million were utilized as at the end of the Year (31 December 2016: Nil).

SIGNIFICANT INVESTMENTS

The Group remains cautious about the trading performance of its portfolio of securities. With volatile global financial markets during the Year, the Group made stock investments to capture trading profits. The Group will also leverage the Group's healthcare and consumer eco-system to identify securities investment opportunities with the aim of not just benefiting the Group as a result of its stock performance but also creating synergetic value by the investee companies. A net fair value gain recognized for the Group's financial asset at fair value through profit or loss amounted to approximately HK$75.9 million during the Year. The Group held a few listed investments as set out below:

List of significant stocks in terms of market value as at 31 December 2017

Name of stock listed on Stock Exchange/ oversea stock exchange	Stock Code	Brief description of the business	Number of shares held as at 31 December 2017	Proportion of shares held as at 31 December 2017	Investment cost as at 31 December 2017 *HK$'000*	Market value as at 31 December 2017 *HK$'000*	Percentage to total assets value of the Group as at 31 December 2017
Kong Sun Holdings Limited	295	Investment in and operation of photovoltaic power plants, properties investment, manufacturing and sale of life-like plants.	101,880,213	0.68%	122,684	31,583	0.41%
Hengtou Securities Co., Limited — H Shares	1476	Provision of financial products & services to corporations, financial institutions, government entities & individuals, through brokerage & wealth management, investment management, proprietary trading & investment banking business.	40,376,000	8.96%	161,996	117,898	1.51%
Q Technology (Group) Company Limited	1478	Engagement in the design, research, development, manufacture and sales of camera modules.	382,000	0.03%	4,642	4,202	0.05%

Name of stock listed on Stock Exchange/ oversea stock exchange	Stock Code	Brief description of the business	Number of shares held as at 31 December 2017	Proportion of shares held as at 31 December 2017	Investment cost as at 31 December 2017 *HK$'000*	Market value as at 31 December 2017 *HK$'000*	Percentage to total assets value of the Group as at 31 December 2017
Sheng Ye Capital Limited	8469	Provision of factoring services, including the provision of financing services (secured by accounts receivable) to factoring customers and the accounts receivable management services.	28,600,000	3.86%	57,797	199,342	2.56%
Wattle Health Australia Limied	WHA (Australian Stock Exchange)	Provision of developing, sourcing and marketing high quality Australian made consumer food products	236,429	0.16%	827	2,639	0.03%

List of significant stocks in terms of market value as at 31 December 2016

Name of stock listed on The Stock Exchange of Hong Kong	Stock Code	Brief description of the business	Number of shares held as at 31 December 2016	Proportion of shares held as at 31 December 2016	Investment cost as at 31 December 2016 *HK$'000*	Market value as at 31 December 2016 *HK$'000*	Percentage to total assets value of the Group as at 31 December 2016
Kong Sun Holdings Limited	295	Investment in and operation of photovoltaic power plants, properties investment, manufacturing and sale of life-like plants.	101,880,213	0.68%	122,684	34,639	0.69%
Hengtou Securities Co., Limited — H Shares	1476	Provision of financial products & services to corporations, financial institutions, government entities & individuals, through brokerage & wealth management, investment management, proprietary trading & investment banking business.	40,376,000	8.96%	161,996	181,692	3.60%

Name of stock listed on The Stock Exchange of Hong Kong	Stock Code	Brief description of the business	Number of shares held as at 31 December 2016	Proportion of shares held as at 31 December 2016	Investment cost as at 31 December 2016 *HK$'000*	Market value as at 31 December 2016 *HK$'000*	Percentage to total assets value of the Group as at 31 December 2016
China Huarong Asset Management Co., Ltd.	2799	Provision of financial asset management in China, including distressed asset management, financial services and asset management and investment.	2,523,000	0.01%	7,875	7,039	0.14%
Harbin Bank Co., Limited — H Shares	6138	Provision of deposit services, loan services and payment and settlement services, as well as other approved business.	120,403,000	3.98%	385,568	275,723	5.47%

Significant stocks gains/(losses) for the year ended 31 December 2017

Name of stock listed on The Stock Exchange of Hong Kong	Stock Code	Realised gains/ (losses) for the year ended 31 December 2017 *HK$'000*	Unrealised gains/ (losses) for the year ended 31 December 2017 *HK$'000*	Dividend received for the year ended 31 December 2017 *HK$'000*
Kong Sun Holdings Limited	295	–	(3,056)	–
Hengtou Securities Co., Limited — H shares	1476	–	(63,794)	–
China Huarong Asset Management Co., Ltd.	2799	1,256	–	–
Harbin Bank Co., Ltd.	6138	11,007	–	–
Sheng Ye Capital Limited	8469	–	141,545	–

Significant stocks gains/(losses) for the year ended 31 December 2016

Name of stock listed on The Stock Exchange of Hong Kong	Stock Code	Realised gains/ (losses) for the year ended 31 December 2016 *HK$'000*	Unrealised gains/ (losses) for the year ended 31 December 2016 *HK$'000*	Dividend received for the year ended 31 December 2016 *HK$'000*
HengTen Networks Group Limited	136	(7,728)	–	–
Kong Sun Holdings Limited	295	–	(30,564)	–
Evergrande Health Industry Group Limited	708	(20,864)	–	–
Carnival Group International Holdings Limited	996	(12,592)	–	–
China Smarter Energy Group Holdings Limited	1004	(7,073)	–	–
C C Land Holdings Limited	1224	(15,793)	–	6,380
Hengtou Securities Co., Limited – H Shares	1476	–	(109,683)	4,230
China Huarong Asset Management Co., Limited	2799	230	(844)	–
Harbin Bank Co., Limited	6138	–	(6,909)	13,559

MATERIAL ACQUISITIONS AND DISPOSALS

On 31 March 2017, the Group completed its acquisition of a 42.9% interest in Pangenia and its subsidiaries ("Pangenia Group"). The principal activities of Pangenia Group are trading of laboratory products and provision of laboratory testing related business. The consideration for the acquisition was HK$214 million. The acquisition will allow the Group to further capture growth opportunities in the life sciences and premium medical service industry in Hong Kong and create synergy with the IVF services.

On 4 July 2017, GL Food Holdings Pte. Ltd ("Mason Food"), the Company, Wattle Health Australia Limited ("Wattle Health"), Blend & Pack and the vendors (comprising eight individuals and a family trust, who together beneficially own 100% of Blend & Pack) entered into an agreement in relation to the acquisition of 75% and 5% of the issued capital of Blend & Pack by Mason Food and Wattle Health, respectively. Blend & Pack is one of Australian infant formula manufacturers accredited by Certification and Accreditation Administration of the People's Republic of China ("CNCA") to produce infant formula (baby, follow-on and toddler formula) for export to the Chinese market and is one of the major independent infant formula manufacturers in Australia. The aggregate consideration for the acquisition of 80% of the issued capital of Blend & Pack was AUD81,896,676, payable by the purchasers in cash pro-rata to their respective proportion. The consideration is subject to further adjustment due to disputed items in the completion accounts and has not been confirmed at the date of this announcement. Completion of the acquisition took place on 27 September 2017.

On 7 September 2017, Mason Strategic Investment Company Limited purchased sale shares in the HFG Group and Harris Fraser (Hong Kong) Limited for a consideration of HK$116,500,000, which totalled the entire issued share capital of both entities. With the acquisition, the HFG Group's competitive advantages in wealth management services will strengthen the Group's wealth management business. It is expected that the acquisition will benefit the overall development of the Group. Through the HFG Group's independent financial advisor ("IFA") network, the Group will be able to rapidly expand its wealth management customer base. The acquisition has not completed as at the date of this announcement.

On 18 October 2017, Mason Strategic Investment Company Limited entered into a agreement in relation to the acquisition of Raiffeisen Privatebank Liechtenstein AG for a consideration of CHF58,600,000 (subject to adjustments). Through the acquisition, the Group intends to leverage on the target company as the Group's platform as its core financial practice which will supplement the existing financial segments of the Company and enable further cross-selling and create synergies amongst the Group's different line of businesses. The Group will utilise this platform to further develop its wealth management business by offering a wide range of Asian financial products to European clients and providing high-quality European private banking services for high-net-worth clients in Asia Pacific. The acquisition has not completed as at the date of this announcement.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2017, the Group employed a total of 1,139 employees around the globe (as at 31 December 2016: 106). The significant increase in the number of employee was primarily attributable to the acquisition of Zhuhai Aiyingdao Business Chain Limited completed in December 2016. 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.

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company, comprising Mr. Chen Wai Chun, Edmund as chairman as well as Ms. Kan Lai Kuen, Alice and Mr. Tian Ren Can as members, has reviewed the final results for the year ended 31 December 2017.

CORPORATE GOVERNANCE

For the year ended 31 December 2017, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("CG Code") except for deviation from code provisions A.2.1 of the CG Code.

Under the CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual. Mr. Ko Po Ming ("Mr. Ko") is the chairman of the Company and has also carried out the responsibility of chief executive officer which constitutes a deviation from the code provision A.2.1. Mr. Ko possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The daily operation and management of the Company is monitored by the executive directors as well as the senior management. The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company's strategies. The current leadership structure facilitates the execution of the business strategies, decision-making and maximizes the effectiveness of the Group's operations. The Board recognizes that this constitutes a deviation from the 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 ("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 2017.

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 2017 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
茂宸集團控股有限公司
Ko Po Ming
Chairman and Chief Executive Officer

Hong Kong, 22 March 2018

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

Executive Directors:
Mr. Ko Po Ming *(Chairman and Chief Executive Officer)*
Mr. Chang Tat Joel
Ms. Lui Choi Yiu, Angela
Ms. Fu Yau Ching Shirley

Non-executive Director:
Ms. Hui Mei Mei, Carol

Independent Non-executive Directors:
Mr. Tian Ren Can
Ms. Kan Lai Kuen, Alice
Mr. Chen Wai Chung Edmund