茂宸集團
MASON GROUP

Mason Group Holdings Limited
茂宸集團控股有限公司

(Formerly known as Mason Financial Holdings Limited 民信金控有限公司)
(Incorporated in Hong Kong with limited liability)
(Stock Code: 273)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Mason Group Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2017 (the "**Period**") as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Unaudited	
		Six months ended 30 June	
		2017	2016
	Note	***HK$'000***	*HK$'000*
Revenue	2	**1,260,483**	(32,724)
Other income		**5,860**	2,660
Changes in inventories		**45,758**	–
Consumables used and merchandise sold		**(975,318)**	–
Employee benefit expenses		**(101,950)**	(15,883)
Amortisation of intangible assets		**(11,212)**	(6,005)
Depreciation of property, plant and equipment		**(7,763)**	(1,801)
Gain (Loss) on disposal of property, plant and equipment, net		**266**	(1)
Gain arising from changes in shareholding in associates		**–**	3,158
Net fair value loss on investments held for trading		**(48,727)**	(711,171)
Reversal of provision for allowance for doubtful debts		**900**	–
Impairment loss on available-for-sale financial assets		**–**	(84,521)

	Note	Unaudited Six months ended 30 June **2017** ***HK$'000***	 2016 *HK$'000*
Other operating expenses		**(128,163)**	(45,035)
Finance costs		**(11,471)**	(8,370)
Share of results of associates		**952**	(40,494)
Profit (Loss) before taxation		**29,615**	(940,187)
Income tax expense	*4*	**(20,713)**	–
Profit (Loss) for the period		**8,902**	(940,187)
Other comprehensive income (loss):			
Items that have been reclassified or may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign subsidiaries		**1,456**	–
Share of other comprehensive loss of associates		**–**	(434)
Total other comprehensive income (loss) for the period		**1,456**	(434)
Total comprehensive income (loss) for the period		**10,358**	(940,621)
Profit (Loss) for the period attributable to:			
Equity holders of the Company		**(25,156)**	(626,256)
Non-controlling interests		**34,058**	(313,931)
Profit (Loss) for the period		**8,902**	(940,187)
Total comprehensive income (loss) attributable to:			
Equity holders of the Company		**(24,355)**	(628,227)
Non-controlling interests		**34,713**	(312,394)
Total comprehensive income (loss) for the period		**10,358**	(940,621)
			(adjusted)
Loss per share			
Basic and diluted	*5*	**HK(0.06) cents**	HK(3.69) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	**Unaudited 30 June 2017 *HK$'000***	Audited 31 December 2016 *HK$'000*
Non-current assets			
Property, plant and equipment		**38,536**	36,241
Intangible assets	*7*	**763,288**	773,306
Goodwill		**477,094**	475,398
Interests in associates	*8*	**215,168**	–
Interests in joint ventures		**32,380**	–
Non-current deposits paid and prepayments		**9,676**	7,051
Available-for-sale financial assets	*9*	**677,148**	665,461
Loan receivables	*11*	**248,122**	–
Deferred tax assets		**306**	306
		2,461,718	1,957,763
Current assets			
Inventories		**272,967**	220,101
Financial assets at fair value through profit or loss	*10*	**443,328**	499,093
Loans receivables	*11*	**775,126**	910,510
Trade and other receivables	*12*	**1,037,223**	781,032
Pledged bank deposits		**53,179**	22,359
Bank balances and cash		**2,593,906**	651,419
		5,175,729	3,084,514

	Note	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
Current liabilities			
Trade and other payables	*13*	**661,804**	1,006,361
Interest-bearing borrowings		**349,305**	300,000
Tax payables		**21,798**	5,632
		1,032,907	1,311,993
Net current assets		**4,142,822**	1,772,521
Total assets less current liabilities		**6,604,540**	3,730,284
Non-current liabilities			
Interest-bearing borrowings		**20,000**	20,000
Deferred tax liabilities		**155,585**	157,206
		175,585	177,206
NET ASSETS		**6,428,955**	3,553,078
Capital and reserves			
Share capital		**6,142,962**	3,277,443
Reserves		**(45,357)**	(21,002)
Equity attributable to equity holders of the Company		**6,097,605**	3,256,441
Non-controlling interests		**331,350**	296,637
TOTAL EQUITY		**6,428,955**	3,553,078

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2017 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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

The unaudited interim condensed consolidated financial statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2016 and therefore, do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016. The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss, which are measured at fair value.

The accounting policies applied in preparing these unaudited interim condensed consolidated financial statements are consistent with those applied in preparing the Group's annual consolidated financial statements for the year ended 31 December 2016 except for the adoption of the new/revised Hong Kong Financial Reporting Standards ("**HKFRSs**") that are relevant to the Group and effective from the current period, which are *Amendments to HKAS 7: Disclosure Initiative, Amendments to HKAS 12: Recognition of Deferred Tax Assets for Unrealised Loss, and Annual Improvements Project — 2014–2016 Cycle — HKFRS12: Clarification of the Scope*. The adoptions of the above new/revised HKFRSs that are relevant to the Group and effective during the current period have no material impact on the results of the Group.

Hong Kong Companies Ordinance (Cap. 622)

The financial information relating to the year ended 31 December 2016 included in this result announcement as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on the consolidated financial statements for the year ended 31 December 2016. The auditor's report was (i) unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying its report; and (iii) did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. REVENUE

Revenue recognised from the principal activities of the Group during the Period including trading of investments, provision of financing services, provision of financial brokerage and related services, provision of medical consultation and laboratory services, franchising of mother-infant-children products and investment holding is as follows:

	Unaudited Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Brokerage commission income from:		
– securities dealing	**8,632**	6,735
– underwriting and placing commission income	**198**	6,776
Commission income and supporting services income from concessionaire sales of mother-infant-children products	**35,883**	–
Financial advisory fee income	**1,390**	–
Margin facility handling fee income and loan guarantee fee income	**1,501**	–
Medical consultation and laboratory services income	**69,364**	–
Retail sales of mother-infant-children products	**1,062,721**	–
Rental income from sub-lease of premises	**423**	–
Gain (Loss) from sale of financial assets at fair value through profit or loss, net*	**1,256**	(74,765)
Dividend income from investments at fair value through profit or loss	**–**	12,523
Interest income from:		
– margin financing	**27,314**	12,939
– financial assets at fair value through profit or loss	**–**	982
– loans receivables form third parties	**47,550**	2,086
– loan receivable from a non-controlling shareholder of a subsidiary *(note 11(c))*	**4,251**	–
	1,260,483	(32,724)

* Represented the proceeds from the sale of financial assets at fair value through profit or loss of HK$8,294,000 (2016: HK$281,607,000) less relevant costs and carrying amount of the financial assets sold of HK$7,038,000 (2016: HK$356,372,000).

3. SEGMENT INFORMATION

The chief executive officer 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 chief operating decision makers consider trading of investments, provision of financing services, provision of financial brokerage and related services, provision of medical and laboratory services, franchisor of mother-infant-children 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 of mother-infant-children products	:	Franchising retail stores operating and managing mother-infant-children products
Investment holding	:	Holding investments for dividend and investment income and capital appreciation

(a) Segment revenue and results

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

For the six months ended 30 June 2017 (unaudited)

	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 of mother-infant-children products *HK$'000*	Investment holding *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Segment revenue	**1,256**	**48,521**	**38,064**	**69,364**	**1,103,278**	**–**	**–**	**1,260,483**
(Loss) Profit for the period before following items:	**(47,612)**	**43,542**	**(4,790)**	**20,762**	**81,167**	**(7,232)**	**(45,969)**	**39,868**
(Loss) Gain on disposal of property, plant and equipment, net	**–**	**–**	**(36)**	**302**	**–**	**–**	**–**	**266**
Finance costs	**–**	**(3,836)**	**(1,791)**	**–**	**(1,812)**	**(4,032)**	**–**	**(11,471)**
Share of results of associates	**–**	**–**	**–**	**–**	**–**	**952**	**–**	**952**
(Loss) Profit before taxation	**(47,612)**	**39,706**	**(6,617)**	**21,064**	**79,355**	**(10,312)**	**(45,969)**	**29,615**
Income tax credit (expense)	**–**	**–**	**1,347**	**(3,451)**	**(18,609)**	**–**	**–**	**(20,713)**
Segment results	**(47,612)**	**39,706**	**(5,270)**	**17,613**	**60,746**	**(10,312)**	**(45,969)**	**8,902**

For the six months ended 30 June 2016 (unaudited)

	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 of mother–infant–children products *HK$'000*	Investment holding *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Segment revenue	(61,409)	2,086	26,450	–	–	149	–	(32,724)
(Loss) Profit for the period before following items:	(772,923)	1,201	(3,973)	–	–	(25,447)	(8,817)	(809,959)
Loss on disposal of property, plant and equipment	–	–	(1)	–	–	–	–	(1)
Gain arising from changes in shareholding in associates	–	–	–	–	–	3,158	–	3,158
Impairment loss on available-for-sale financial assets	(84,521)	–	–	–	–	–	–	(84,521)
Finance costs	(6,006)	–	(1,868)	–	–	(496)	–	(8,370)
Share of results of associates	–	–	–	–	–	(40,494)	–	(40,494)
(Loss) Profit before taxation	(863,450)	1,201	(5,842)	–	–	(63,279)	(8,817)	(940,187)
Income tax expense	–	–	–	–	–	–	–	–
Segment results	(863,450)	1,201	(5,842)	–	–	(63,279)	(8,817)	(940,187)

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

Revenue and expenses are allocated to the reporting segments with reference to revenue 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.

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.

(b) Segment assets and liabilities

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

As at 30 June 2017 (unaudited)

	Trading of investments	Provision of financing services	Provision of financial brokerage and related services	Provision of medical and laboratory services	Franchisor of mother-infant-children products	Investment holding	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets before following items:	444,353	863,219	869,858	258,552	1,404,133	2,119,573	5,959,688
Interests in associates	–	–	–	–	–	215,168	215,168
Interests in joint ventures	–	–	–	–	–	32,380	32,380
Goodwill	–	–	26,587	183,296	267,211	–	477,094
Segment assets	444,353	863,219	896,445	441,848	1,671,344	2,367,121	6,684,330
Unallocated assets							953,117
Total assets							7,637,447
Liabilities							
Segment liabilities	–	(23)	(137,212)	(49,668)	(835,180)	(185,632)	(1,207,715)
Unallocated liabilities							(777)
Total liabilities							(1,208,492)

As at 31 December 2016 (audited)

	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 of mother-infant-children products *HK$'000*	Investment holding *HK$'000*	Total *HK$'000*
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 tangible assets, intangible assets, goodwill, interests in associates/joint ventures, available-for-sale financial assets, deferred tax assets, financial assets at fair value through profit or loss, inventories, loans receivables, 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, interest-bearing borrowings, 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.

4. TAXATION

	Note	Unaudited Six months ended 30 June **2017** ***HK$'000***	 2016 *HK$'000*
Current tax			
Hong Kong Profits Tax	*(a)*	**3,451**	–
Mainland China Enterprise Income Tax	*(b)*	**18,883**	–
		22,334	–
Deferred tax			
Reversal of taxable temporary differences		**(1,621)**	–
		20,713	–

Notes:

(a) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profit arising from Hong Kong for the Period. Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the six months ended 30 June 2016.

(b) Mainland China Enterprise Income Tax

The Group's operations in the People's Republic of China (the "**PRC**") are subject to enterprise income tax of the PRC at 25% (2016: N/A).

5. 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 Period as follows:

	Unaudited Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Loss for the period attributable to equity holders of the Company	**(25,156)**	(626,256)

	2017	2016
	No. of shares	*No. of shares*
	'000	*'000*
		(adjusted)
Issued ordinary shares at the beginning of the reporting period	**20,365,865**	16,971,564
Effect of shares issued under rights issue and bonus issue during the period	**19,160,800**	–
Weighted average number of ordinary shares for basic loss per share	**39,526,665**	16,971,564

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

The basic and diluted loss per share for both periods have been adjusted as a result of rights issue and bonus issue completed in February 2017.

6. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (2016: Nil).

7. 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 (audited)	–	–	–	–	–	–
Addition – 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 (audited)	640,811	21,774	145	78,987	31,589	773,306
Reconciliation of carrying amount — period ended 30 June 2017						
At the beginning of the reporting period (audited)	640,811	21,774	145	78,987	31,589	773,306
Addition	–	–	–	–	274	274
Amortisation	–	–	(7)	(9,259)	(1,946)	(11,212)
Exchange realignment	–	–	4	–	916	920
At the end of the reporting period (unaudited)	**640,811**	**21,774**	**142**	**69,728**	**30,833**	**763,288**
At 31 December 2016 (audited)						
Cost	640,811	21,774	145	94,042	32,586	789,358
Accumulated amortisation and impairment losses	–	–	–	(15,055)	(997)	(16,052)
	640,811	21,774	145	78,987	31,589	773,306
At 30 June 2017 (unaudited)						
Cost	640,811	21,774	149	94,042	33,805	790,581
Accumulated amortisation and impairment losses	–	–	(7)	(24,314)	(2,972)	(27,293)
	640,811	**21,774**	**142**	**69,728**	**30,833**	**763,288**

8. INTERESTS IN ASSOCIATES

	Unaudited 30 June 2017 *HK$'000*	Audited 31 December 2016 *HK$'000*
Unlisted shares		
Share of net assets	**215,168**	–

In March 2017, the Group acquired 100% equity interests in Active Compass Limited and Victor Mind International Limited, which in turn holds 5.4% and 37.5% equity interests in DiagCor Technology Limited ("**DiagCor**") at considerations of HK$187,500,000 and HK$26,716,000 respectively. Upon completion of the acquisitions, DiagCor and its subsidiaries (collectively referred to as "**DiagCor Group**") have become associates of the Group. The principal activities of DiagCor Group are trading of laboratory products and provision of laboratory testing related business.

The associates operated principally in Hong Kong and were accounted for using equity method in the unaudited interim condensed consolidated financial statements since the completion of acquisition.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Note	**Unaudited 30 June 2017** *HK$'000*	Audited 31 December 2016 *HK$'000*
Unlisted investments, at cost			
Equity securities	*(a)*	**630,525**	630,525
Debt instrument	*(b)*	**74,926**	74,926
Private funds	*(c)*	**22,622**	10,935
	(d)	**728,073**	716,386
Impairment losses	*(a)*	**(50,925)**	(50,925)
		677,148	665,461

Notes:

(a) The unlisted equity securities 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. In light of 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.

(b) The unlisted debt instrument with carrying amount of HK$74,926,000 represented a loan granted to a third party with principal amount of HK$75,000,000. 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 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 than USD1,500 (equivalent to HK$12,000). In the opinion of the management, the financial assets are not with fixed or determinable payments and have been classified as available-for-sale financial assets.

(c) As at 30 June 2017, unlisted private funds included fund contributions of US$2,900,000 (equivalent to HK$22,584,000) (31 December 2016: US$1,400,000 (equivalent to HK$10,897,000)) to Agate-JT Healthcare Fund L.P. ("Agate Fund"). In December 2016, 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 20% of total capital of Agate Fund. In February 2017, the Group paid the fund contribution of US$1,500,000 (equivalent to HK$11,687,000) to Agate Fund, which represented 7.5% of total contribution commitment. As at 30 June 2017, the Group's fund contributions represented 14.5% (31 December 2016: 7%) of total contribution commitment. The fund is established for achieving capital appreciation through making equity investments in and dispositions of, mainly Israeli and Israeli-related healthcare technologies companies. Agate Fund is not treated as an associate of the Group because the Group did not have the right to exercise significant influence over the fund.

(d) The management is of the opinion that as the variability in the range of reasonable fair value estimates for these 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.

* *English name for identification purpose only*

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30 June 2017 ***HK$'000***	Audited 31 December 2016 *HK$'000*
Investments held for trading		
Equity securities – listed in Hong Kong	**443,328**	499,093

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

11. LOANS RECEIVABLES

Loans granted to borrowers are repayable according to repayment schedules.

	Note	**Unaudited 30 June 2017** ***HK$'000***	Audited 31 December 2016 *HK$'000*
Loans receivables from third parties			
– Term loans	*(a)*	**755,940**	910,510
– Instalment loans	*(b)*	**105,361**	–
		861,301	910,510
Loan to a non-controlling shareholder of a subsidiary	*(c)*	**161,947**	–
	(d)	**1,023,248**	910,510
Less: Balances due within one year included in current assets		**(775,126)**	(910,510)
Non-current portion		**248,122**	–

Notes:

(a) As at 30 June 2017, term loans receivables (i) are all collateralised by securities of companies listed on the Stock Exchange and secured by corporate/personal guarantee provided by equity holders of the borrowers (31 December 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$64,098,000 are secured by personal guarantee and HK$8,328,000 are unsecured); (ii) carry fixed interest rates and have effective interest rates ranging from around 8.5% to 12% per annum (31 December 2016: 8.5% to 22% per annum); and (iii) included an aggregate amount of HK$641,108,000 and HK$114,832,000 (31 December 2016: HK$910,510,000 and HK$Nil), which are within the respective maturity dates and past due for less than three months. The loan past due for less than three months were subsequently fully settled.

(b) Included in instalment loans receivables was a property mortgage loan of HK$102,961,000 which was acquired by the Group through the acquisition of 100% equity interests in Glorious Supreme Investments Management Limited in April 2017. The property mortgage loan (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.

(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 30 June 2017, the loan receivable and related interest receivable amounted to HK$157,696,000 and HK$4,251,000 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$1,023,248,000 (31 December 2016: HK$910,510,000) and thus no allowance for doubtful debts was considered necessary.

12. TRADE AND OTHER RECEIVABLES

	Note	**Unaudited 30 June 2017 HK$'000**	Audited 31 December 2016 HK$'000
Trade receivables from:			
– third parties		**115,385**	56,336
– former subsidiaries of non-controlling shareholders of a subsidiary		**109,177**	105,931
	(b)&(c)	**224,562**	162,267
Accounts receivables from third parties arising from provision of securities and commodities brokerage services:			
– custodian clients	*(a)*	**28,980**	14,977
– margin clients	*(a)*	**640,296**	569,255
– clearing houses and brokers	*(a)*	**3,023**	2,462
		896,861	748,961
Allowance for doubtful debts	*(d)*	**(99,617)**	(100,517)
	(c)	**797,244**	648,444
Deposits and prepayments		**144,564**	31,293
Other receivables		**68,287**	90,098
Due from companies owned by/beneficial owner of non-controlling shareholders of a subsidiary		**27,128**	11,197
		239,979	132,588
		1,037,223	781,032

Notes:

(a) 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 custodian clients are due within settlement date commonly adopted by the relevant market convention, which is usually within a few days from the trade date.

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$2,411,521,000 (31 December 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.

(b) Settlement terms of trade receivables

The Group generally offers to trade debtors a credit period from 1 day to 90 days from the invoice date. The trade receivables from former subsidiaries of non-controlling shareholders of a subsidiary have no fixed repayment term.

(c) Ageing analysis

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

	Unaudited 30 June 2017 *HK$'000*	Audited 31 December 2016 *HK$'000*
Neither past due nor impaired	**795,924**	646,692
Less than 1 month past due	**782**	766
1 month to 3 months past due	**402**	140
3 months to 6 months past due	**136**	846
	1,320	1,752
	797,244	648,444

Accounts receivables at the end of reporting period 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 the end of reporting period.

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:

	Unaudited 30 June 2017 *HK$'000*	Audited 31 December 2016 *HK$'000*
Less than 1 month	**86,107**	28,631
1 month to 3 months	**20,944**	13,918
3 months to 6 months	**37,234**	38,021
6 months to 12 months	**80,277**	81,697
	224,562	162,267

(d) Allowance for doubtful debts

Movements in the provision for allowances are as follows:

	Unaudited 30 June 2017 *HK$'000*	Audited 31 December 2016 *HK$'000*
At the beginning of the reporting period	**100,517**	–
Addition – acquisition of subsidiaries	**–**	2,162
Increase in allowances	**–**	98,355
Reversal of allowances	**(900)**	–
At the end of the reporting period	**99,617**	100,517

13. TRADE AND OTHER PAYABLES

	Note	**Unaudited 30 June 2017** *HK$'000*	Audited 31 December 2016 *HK$'000*
Trade and bills payables to third parties	*(b)*	**324,142**	110,319
Accounts payables arising from provision of securities and commodities brokerage services:			
– custodian clients	*(a)*	**475,934**	488,556
– margin clients	*(a)*	**88,076**	359,976
– clearing houses and brokers	*(a)*	**5,690**	4,941
		893,842	963,792
Less: cash held on behalf of clients	*(c)*	**(539,257)**	(835,266)
		354,585	128,526
Other payables		**100,126**	466,767
Deposits received and receipts in advance		**115,336**	53,166
Due to companies owned by non-controlling shareholders of a subsidiary		**91,757**	357,902
		307,219	877,835
		661,804	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:

	Unaudited 30 June 2017 *HK$'000*	Audited 31 December 2016 *HK$'000*
Less than 1 month	**262,555**	2,989
1 month to 3 months	**51,049**	22,368
3 months to 6 months	**10,538**	62,604
6 months to 12 months	**–**	22,358
	324,142	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.

14. EVENTS AFTER THE REPORTING PERIOD

(a) In June 2017, the Group entered into a cornerstone investment agreement with a third party company incorporated in the Cayman Islands, pursuant to which the Group agreed to subscribe for 29,600,000 ordinary shares of a company upon completion of listing its shares on the Growth Enterprise Market of the Stock Exchange. The company (the "**Listco**") completed the listing of its shares in July 2017 and the Group subscribed for 29,600,000 ordinary shares of the Listco at the subscription price of HK$2.00 each at an aggregate consideration of HK$59,200,000. Upon completion of the subscription, the Group held 4% equity interests in the Listco. The principal activities of the Listco and its subsidiaries are accounts receivables financing and other related solutions.

(b) On 4 July 2017, GL Food Holdings Pte. Ltd ("**Mason Food**") a wholly-owned subsidiary of the Group and Wattle Health Australia Limited ("**Wattle Health**"), a public company limited by shares incorporated in Australia and admitted to the official list of the Australian Securities Exchange, eight individuals and one family trust (collectively referred to as the "**Vendors**") and Blend and Pack Pty Ltd (the "**Target Company**") entered into an agreement, pursuant to which Mason Food and Wattle Health agreed to acquire 75% and 5% of the issued capital of the Target Company from the Vendors at the consideration of AUD75,000,000 (equivalent to HK$450,000,000) and AUD5,000,000 (equivalent to HK$30,000,000) respectively. The Target Company is one of the eight Australian infant formula manufacturers accredited by Certification and Accreditation Administration of the PRC to produce infant formula (baby, follow-on and toddler formula) for export to the markets in the PRC and is one of the major independent infant formula manufacturers in Australia. The acquisition is not yet completed at the date of this announcement.

(c) In August 2017, a subsidiary of the Group entered into two loan agreements with DiagCor and a former subsidiary of DiagCor (the "**Lenders**"), pursuant to which the Lenders granted unsecured loans of HK$20,000,000 and HK$30,000,000 respectively to the Group, for a period of 6 months from the date of drawdown with interest rate of 3.5% per annum. The loans were drawdown in August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

During the Period, the Group reported a positive turnover of approximately HK$1,260 million compared with a negative turnover of approximately HK$33 million for the corresponding period in 2016. The increase in turnover was mainly attributable to the revenue generated from the businesses acquired in the last quarter of 2016 which were engaged in medical consultation and laboratory services and mother-infant-child consumer businesses in the PRC. The Group reported a profit for the Period of approximately HK$9 million (2016: loss of approximately HK$940 million) and a loss of approximately HK$25 million attributable to equity holders of the Company for the Period (2016: approximately HK$626 million) representing a decrease of 96%, which was primarily due to a lower net fair value loss on investments held for trading of approximately HK$49 million for the Period (2016: approximately HK$711 million).

The amount of loss per share for this Period was approximately HK0.06 cents (2016: loss per share approximately HK3.69 cents (adjusted)).

MARKET REVIEW

In the first half of 2017, the global economy expanded moderately. The US economy grew, leading to a positive overall market sentiment. In response, the US Federal Reserve began tightening its monetary policy and interest rates were raised 0.25% in March and June, respectively. The European market experienced a cyclical boost and was dominated by a number of political events, such as the presidential elections in France.

As a reaction to the gradual economic recovery, the major global stock indices recorded increases during the Period. The Hang Seng Index had risen 17.11% at the end of June 2017 compared to the close of 2016. The average daily turnover at the Hong Kong stock market was HK$76.0 billion, an increase of 13% compared to the same period of 2016, reflecting stronger investor confidence and positive market sentiment. The introduction of the Bond Connect scheme has brought another upside to Hong Kong's financial market, providing global investors with opportunities to tap into the world's third largest bond market – after the US and Japan. The scheme has consolidated the position of Hong Kong as a major foreign investment source of mainland China and the increasingly dynamic financial market in Hong Kong has created business opportunities for securities brokerages and margin financing businesses.

Hong Kong continued to lead the global IPO market. In the first half of 2017, Hong Kong recorded 72 IPOs, almost double the 40 IPOs recorded over the same period last year. However, total fundraising increased by only 23% to HK$53.6 billion from HK$43.6 billion in the first half of 2016, due to the dominance of small to medium sized IPOs.

The removal of excessive capacity in industrial sectors and the upgrading of consumption-driven economic growth are still the principal tasks of the Chinese government. China's economy expanded at a faster-than-expected 6.9% year-on-year in the first six months of 2017. China's average per capita disposable income grew 8.8% year-on-year to RMB12,932, or 7.3% after deducting inflation – exceeding the Gross Domestic Product ("**GDP**") growth.

With the improvement in citizen's livelihood, China's healthcare market is experiencing an accelerating expansion and has tremendous growth potential. 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 expenditure will account for 6.5% to 7% of GDP by the year of 2020. The data released by the National Bureau of Statistics showed that new births in China in 2016 rose by 1.31 million after the government introduced a two-child policy. Hence, the mother-infant-child healthcare market is expected to continue to rise.

During the Period, the residential property market in Hong Kong continued to flourish. The volume of transactions in the residential property market more than doubled from about 3,300 transactions in January 2017 to about 7,000 transactions in April 2017. The competition for mortgage business in the banking sector became increasingly fierce. Taking into consideration the potential heightened risk of overheating in the property market, the Hong Kong Monetary Authority issued a set of Guidelines in May 2017 to banks in a new round of prudential measures for mortgage loans. The risk-weight floor was raised from 15% to 25% for new residential mortgage loans and the applicable Loan-to-Value ratio ("**LTV**") cap was lowered by 10 percentage points for mortgage loans extended to borrowers with one or more pre-existing mortgages.

This range of new regulatory measures is expected to result in an increase in the demand for mortgage loans from finance companies, as finance companies are not within the regulatory jurisdiction of the Hong Kong Monetary Authority. It was reported that the proportion of home loans being offered by finance companies jumped to 20% of the total loans offered in March 2017, an increase from 16.38% in February 2017 and 15.17% in January 2017. To a great extent, this reflects a surging demand for higher LTV financing offered by finance companies versus lower LTV financing offered by banks. Furthermore, according to another report, nearly 18% of mortgage loans for new flats due to be delivered in 2018 came from finance companies, compared to 16.4% for 2017 completion and 11.6% for 2016 completion. 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

2017 is a pilot year for the Group since its transformation which started in the fourth quarter of 2016. It is a year during which, the Group is embracing new challenges and is moving forward towards its vision of becoming the "Health and Wealth Solution Partner" for its customers through its "Enterprise + Finance" parallel strategy. To accelerate this process, the Group completed a rights issue in February 2017, raising net proceeds of approximately HK$2.87 billion with an oversubscription of approximately 77.1%. The successful result not only increased the Group's net asset value and strengthened its capital base, but also demonstrated the shareholders' steadfast trust in the Group's new development strategies. Demonstrating initial success of the strategy, the Group achieved a turnaround in its revenue and a significant decrease in net loss for the Period.

To reflect a more appropriate corporate and business identity aligning with its positioning as a "Health and Wealth Solution Partner", in July 2017, the Group changed its name from "Mason Financial Holdings Limited 民信金控有限公司" to "Mason Group Holdings Limited 茂宸集團控股有限公司" and adopted a new corporate logo. The new name does not only demonstrate the Group's broader vision to expand into both the healthcare and financial services sectors, but also benefits its future business development.

Financial Services Business

Financial brokerage and related services

On the finance front, in the Period, the Group continued to expand its securities and futures brokerage business as well as securities margin financing services, leverage and acquisition financing, corporate finance and asset management. The synergy of its business lines provided customers with professional, diversified and integrated financial services, and enhanced the Group's market competitiveness. During the Period, a revenue of HK$38 million (2016: HK$26 million) was generated from the provision of financial brokerage and related services, representing an increase of approximately 46% due to an increase in interest income from margin financing.

To enhance the brokerage services quality and efficiency, the Group upgraded its IT system, including front end, back end and the internet trading platform for securities and futures trading, as well as its internal control system in order to strengthen risk management supporting business growth. The corporate finance segment provided institutional clients with financial advisory and financing arrangement services. Several equity financing projects, including underwriting and placement were completed in the Period.

During the Period, the Group continued to provide its customers with professional and integrated financial services solutions. It heightened efforts to explore new customers through the provision of new products and an expansion of its professional investment teams. It has always been the Group's objective to optimize its investment portfolio and achieve better investment returns for its clients by providing investments in equities, bonds, funds, derivative instruments and other financial products, and money lending services.

Financing Services (mortgage and loans business)

During the Period, there was continued growth in the financing services business, including leveraged and acquisition finance activities and mortgage loan securitization business in Hong Kong. During the Period, the financing business generated stable income for the Group. The total revenue earned from the provision of the financing services was HK$49 million (2016: HK$2 million).

The Group adopts a conservative strategy towards its mortgage and loans business, including sufficient collateral and guarantees. During the Period, the Group started to create its asset-backed fixed-income product which will fuel the Group's asset management business and financial brokerage business by capitalizing on its mortgage business. Looking forward, the Group plans to expand its property mortgage business from residential properties to include commercial and industrial properties in Hong Kong, which will provide a comprehensive portfolio for the Group's mortgage loan securitization business.

Trading of Investments

Securities trading remains one of the Group's principal activities. The Hang Seng Index increased by 17% in the first half of 2017, the largest increase of the index since 2009 and ranking it second in the Asia Pacific region. Along with the uptrend in the stock market, the Group's trading of investments reported a positive revenue of HK$1 million (2016: negative revenue of HK$61 million). The Group will continue to look for good investment opportunities in the stock market based on its professional evaluation and judgement.

Mother-infant-child and Healthcare Business

On the enterprise front, the acquisition of a group of leading IVF service providers in 2016 marked the beginning of the Group's entry into the mother-infant-child business. This year, the Group is accelerating the development of such business. The Group successfully acquired a 55% stake in 珠海市愛嬰島商貿連鎖有限公司 ("**Aiyingdao**"), a mother-infant-child products retailer last year and a 42.9% stake in DiagCor Technology Limited ("**DiagCor Technology**"), which is engaged in the provision of molecular diagnostic services in the Period. These two transactions marked the expansion of the Group's mother-infant-child business, geared towards building an all-round mother-infant-child ecosystem and an overall business position to capitalize on the potential within this industry in Greater China. In terms of revenue generated from this segment, the IVF Group and Aiyingdao contributed HK$69 million and HK$1,103 million, respectively to the Group's overall revenue during the Period. As the Group holds a 42.9% interest in Diagcor Technology, its results are included in the share of associates' profit/loss segment.

In early July 2017, immediately after the Period, the Group announced the joint acquisition with Wattle Health Australia Limited ("**Wattle Health**"), of an 80% stake in Blend and Pack Pty Ltd ("**Blend and Pack**"), a leading infant formula and nutritional products manufacturer based in Australia, for a total consideration of approximately HK$480 million. The investment in Blend and Pack and the strategic alliance with Wattle Health marked the Group's establishment of a vertically integrated supply and distribution value chain for exporting Australian high quality and premium infant formula products to the fast growing Chinese market. Together with the investment in Aiyingdao, the Group could enhance its overall value by taking advantage of the synergistic effects of its companies in the mother-infant-child ecosystem and by capitalizing on the complementary direct investment opportunities in the mother-infant-child sector.

MATERIAL ACQUISITIONS AND DISPOSALS

On 31 March 2017, the Group completed its acquisition of a 42.9% interest in Diagcor Technology and its subsidiaries which are engaged in the laboratory testing related business.

On 3 April 2017, Mason Capital Investments Ltd. (the "**Purchaser**"), an indirect non-wholly owned subsidiary of the Company and Supreme Global Asset-Backed Fixed Income Fund SPC (the "**Vendor**") entered into a sale and purchase agreement (the "**SP Agreement**"). Pursuant to the SP Agreement, the Vendor agreed to sell to the Purchaser its 100% interest in Glorious Supreme Investments Management Limited. The consideration for the acquisition was HK$110 million. The completion of such acquisition took place on the same date, immediately after the signing of the SP Agreement.

On 4 July 2017, GL Food Holdings Pte. Ltd ("**Mason Food**"), the Company, Wattle Health, Blend and Pack and the Vendors (comprising eight individuals and a family trust, who together beneficially own 100% of Blend and Pack) entered into an agreement in relation to the acquisition of 75% and 5% of the issued capital of Blend and Pack by Mason Food and Wattle Health, respectively. Blend and Pack is one of eight 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 and Pack, calculated on a cash-free and debt-free basis, is AUD80 million (subject to adjustments), payable by the purchasers in cash pro-rata to their respective proportion. The acquisition was not completed as at the date of this announcement.

PROSPECTS

Looking ahead, Hong Kong's financial market is awash with both uncertainties and opportunities. Hong Kong has long served as the bridge between China and other parts of the world, conveying trade and investment flows both ways. In recent years, the economic connection between mainland China and Hong Kong has become stronger. Northbound bond trading commenced in July 2017 while southbound trading is slated to start at a later date. Together they will allow overseas investors from Hong Kong and other regions to invest in the China interbank bond market through mutual access arrangements in respect of trading, custody and settlement. Hong Kong remains as a major overseas center for mainland people to allocate their wealth through channels such as the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

Meanwhile, China's healthcare and medical sector is expected to grow rapidly, on the back of an aging population and the two-child policy, coupled with the rising health awareness and the increase in the domestic per capita disposable income. Another factor driving growth is the surging medical expenditure by Chinese citizens. The total medical expenditure will increase to RMB4.7 trillion in 2017, representing 6.1% of China's GDP, according to China's Pharmaceutical Industry and Investment Analysis (2014–2019) issued by Zhongshang Industry Institute.

To achieve its goal, the Group will continue to pursue its "Enterprise + Finance" dual-engine growth strategy in order to become the preferred "Health and Wealth Solution Partner" for its target customer groups. On the strength of its abundant capital, differentiated development strategy, experienced management with global insight and outstanding servicing team, the Group will execute strategic plans for more mergers and acquisitions in both the enterprise and financial sectors, reinforcing a balanced and complementary development in both segments.

In the financial sector, the Group will strive to offer its clients a wider array of products in order to continue to boost its customer base, as well as to further diversify its businesses. To achieve this, the Group will expand the existing business in securities, brokerage and margin financing, and set its sight on business opportunities in other financial sectors such as insurance and fund management, embracing the vast opportunities in Hong Kong's financial market. At the same time, the Group will continue to assess potential acquisition targets, acquiring targets which are beneficial to the development of the Group and those which will create synergistic value with the Group's other business sectors. One of its aims is to acquire financial institutions in the US, Europe, and Asia, in order to build a financial platform with world-wide asset allocation capabilities.

In the enterprise sector, the Group will continue to be engaged in the high-end, high-quality health care and mother-infant-child care related business. The success of its previous acquisitions suggests that the Group's enterprise business development is on the right track, while the newly acquired companies are expected to be one of the key revenue drivers in future. In the face of the rising demand in medical and mother-infant-child products in mainland China and the enormous potential within the industry, the Group will actively expand its business along the value chain of medical services and the mother-infant-child industry.

In addition, the Group intends to grow its international business, strengthen its position in developing markets and expand on a global scale. The Group's recent strategic alliance with Wattle Health has been a milestone in the Group's development in the enterprise sector. The Group endeavors to deliver high quality products and services to the mother-infant-child industry chain and to build up industry-specific private equity, thereby creating a synergistic mechanism where the financial, healthcare and medical sector can complement and benefit each other.

2017 marks just the beginning of the Group's transformation. By continuing to pursue its "Enterprise + Finance" dual-engine growth strategy, the Group is confident and is on the right track to become the "Health and Wealth Solution Partner" for its clients on a global basis.

Thanks to the Group's experienced management team, sound development strategies and strong networks of clients and partners, the Group's business is set for rapid growth.

FINANCIAL REVIEW

Liquidity and Capital Resources

During the Period, the Group entered into several loan agreements with third-party lenders and banks. At the end of the Period, the Group had outstanding secured bank loans, secured loan and unsecured loans amounted to HK$62 million, HK$195 million and HK$92 million, respectively (31 December 2016: Nil), carrying interests at rates ranging from 5% to 24% per annum for tenures ranging from 3 to 12 months. 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 are interest-bearing at 5% per annum payable annually in arrears and will mature in 2021.

In November 2016, the Company issued two unsecured fixed coupon notes with principal amounts of HK$100 million and HK$200 million to two third-party investors. Both notes carried interest of 8% per annum which were paid with the principals on the maturity date in February 2017.

As at 30 June 2017, the Group's total equity amounted to approximately HK$6,429 million (including non-controlling interests of approximately HK$331 million), an increase of 81% as compared to approximately HK$3,553 million as at 31 December 2016. The Group had net current assets of approximately HK$4,143 million including bank balances and cash of approximately HK$2,594 million as compared to approximately HK$1,773 million including bank balances and cash of approximately HK$651 million as at 31 December 2016. As at 30 June 2017, the Group had borrowings of HK$369 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 5 times (31 December 2016: 2 times).

Treasury Policies

Having considered the Group's current cash and cash equivalents, bank and other borrowings and banking facilities, the management believes that the Group's financial resources are sufficient for its day-to-day operations. The Group did not use financial instruments for financial hedging purposes during the Period. The Group's business transactions, assets and liabilities are principally denominated in Renminbi and Hong Kong dollars. Fluctuations in Renminbi 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, utilize hedging tools, if available, to manage its foreign currency exposure.

Guarantees

As of 30 June 2017, the Group has executed guarantees in favour of banks and financial institutions, in respect of facilities granted to certain subsidiaries, amounting to HK$316 million (31 December 2016: HK$Nil). Of these facilities, a total of HK$211 million (31 December 2016: HK$Nil) has been utilized.

Further, as at 30 June 2017, the Group has issued a financial guarantee in respect of a loan granted to a third party individual with the principal amount of RMB61 million (equivalent to HK$69 million) (31 December 2016: HK$Nil) for a loan guarantee fee income of HK$970,000 (2016: HK$Nil) recognised in the profit or loss.

PLEDGE OF ASSETS

As at 30 June 2017, the Group's financial assets at fair value through profit or loss of HK$406 million, bank deposits of HK$53 million, inventories of HK$59 million, and the Group's 55.02% interests in Jubilant Link Limited and its subsidiaries ("**Jubilant Group**") with carrying amounts of HK$208 million (being the Group's share of the carrying amount of net asset value of Jubilant Group) were pledged to certain banks and a subsidiary of a bank to secure loan facilities amounting to HK$238 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$222 million was utilized as at the end of the Period (31 December 2016: HK$Nil).

SIGNIFICANT INVESTMENTS

The Group remains cautious about the trading performance of its portfolio of securities. With volatile global financial markets during the Period, the Group made no new stock investments. However, the trading of securities remains the principal business of the Group, as such the Group may invest in global and local stocks conservatively to preserve the value of its portfolio. The Group will also leverage on the Group's healthcare and consumer eco-system to identify securities investment opportunities with an aim to not just benefiting the Group as a result of stock performance but also creating synergetic value by the investee companies.

A net fair value loss recognized for the Group's financial asset at fair value through profit or loss amounted to approximately HK$49 million during the Period. The Group held a few listed investments as set out below:

List of stocks in terms of market value as at 30 June 2017

Name of stock listed on the Stock Exchange of Hong Kong	Stock Code	Brief description of the business	Number of shares held as at 30 June 2017	Proportion of shares held as at 30 June 2017	Investment cost as at 30 June 2017 *HK$'000*	Market value as at 30 June 2017 *HK$'000*	Percentage to total assets value of the Group as at 30 June 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	37,696	0.49%
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	113,053	1.48%
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	292,579	3.84%

List of 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%
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 period ended 30 June 2017

Name of stock listed on The Stock Exchange of Hong Kong	Stock Code	Realized gains/ (losses) for the six months ended 30 June 2017 *HK$'000*	Unrealized gains/(losses) for the six months ended 30 June 2017 *HK$'000*	Dividend received for the six months ended 30 June 2017 *HK$'000*
Kong Sun Holdings Limited	295	–	3,056	–
Hengtou Securities Co., Ltd. — H shares	1476	–	(68,639)	–
China Huarong Asset Management Co., Ltd.	2799	1,256	–	–
Harbin Bank Co., Ltd. — H shares	6138	–	16,856	–

Significant stocks gains/(losses) for the period ended 30 June 2016

Name of stock listed on the Stock Exchange of Hong Kong	Stock Code	Realized gains/ (losses) for the six months ended 30 June 2016 *HK$'000*	Unrealized gains/ (losses) for the six months ended 30 June 2016 *HK$'000*	Dividend received for the six months ended 30 June 2016 *HK$'000*
HengTen Networks Group Ltd.	136	(7,728)	(306,353)	–
Evergrande Health Industry Group Ltd.	708	(20,864)	(57,112)	–
Carnival Group International Holdings Ltd.	996	(12,592)	–	–
China Smarter Energy Group Holdings Ltd.	1004	(7,073)	–	–
C C Land Holdings Ltd.	1224	(15,793)	(36,115)	6,380
Hengtou Securities Co., Ltd. — H shares	1476	—	(133,241)	–
Harbin Bank Co., Ltd. — H shares	6138	—	(52,977)	–

EMPLOYEES

As at 30 June 2017, the Group employed 1,013 (31 December 2016: 106) employees, excluding directors of the Company (the "**Directors**"). The increase in the number of employees was due to the acquisition of the mother-infant-child products retailer. The Group endeavors to maintain its employees' remuneration in line with the market trend and to remain competitive. Employees' remuneration is determined in accordance with the Group's remuneration and bonus policies based on their performance. The Group also provides comprehensive benefit packages and career development opportunities for its employees, including retirement benefits, medical benefits and internal and external training programmes, tailored in accordance with individual needs.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (2016: Nil).

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high standards of corporate governance and integrity, and to ensuring transparent and adequate levels of disclosure.

Throughout the Period, the Company has complied with all of the code provisions as set out in the Corporate Governance Code (the "**CG Code**"), save for the deviations from code provisions A.2.1 and A.6.7, details of which are explained below.

Code Provision A.2.1

Code provision A.2.1 states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As stated in the Company's 2016 Annual Report, from 8 September 2016, Mr. Tong Tang, Joseph ("**Mr. Tong**") and Mr. Ko Po Ming ("**Mr. Ko**") were appointed as Joint Chairman of the Company and at the same time, Mr. Ko was also appointed as the chief executive officer. The Board recognizes that this constitutes a deviation from the code provision A.2.1 however, the Board is of the view that the current leadership structure facilitates the execution of the business strategies, decision-making and maximizes the effectiveness of the Group's operations. The Board believes that the vesting of the chairman's power to two persons on a joint basis and the presence of three independent non-executive Directors provide adequate independence to the Board.

Furthermore, as the Group is in a transformation phase following the completion of a series of transactions, the Board believes that the Company will benefit from the joint leadership of both Mr. Tong and Mr. Ko drawing on their combined expertise and experience. Mr. Tong and Mr. Ko, each has over 30 years extensive experience in the finance industry and the Board is of the view that Mr. Tong provides the strategic direction of the Group at the macro level while Mr. Ko manages the daily operation of the Group and provides strategic direction to the Group from the business and operational perspective. There is clear understanding and expectation by the Board and within the Group on the roles and responsibilities of Mr. Tong and Mr. Ko. At the management level, the members of the management team report to Mr. Ko on the operational front. At the Board level, the other Board members accept the joint leadership of Mr. Tong and Mr. Ko and the other non-executive Directors may hold informal meetings with Mr. Tong in his capacity as a non-executive Joint Chairman to facilitate effective communication and contribution to the Board. Hence, the Board considers that the roles and responsibilities of Mr. Tong and Mr. Ko are clearly defined.

Code Provision A.6.7

Code provision A.6.7 states that the independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. During the Period, Mr. Tian Ren Can did not attend the annual general meeting of the Company held on 22 May 2017 while Mr. Yuen Kwok On (who resigned with effect from 3 July 2017) did not attend the general meeting of the Company held on 26 June 2017. However, the other two independent non-executive Directors were in attendance at these two general meetings of the Company.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements for the Period. Such unaudited interim financial information has also been reviewed by the Company's auditor, Mazars CPA Limited, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. All of the Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code throughout the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website at http://www.masonhk.com or http://www.irasia.com/listco/hk/mason and the website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk. The 2017 interim report of the Company will be despatched to the shareholders of the Company who have selected to have a printed copy and will be available on the above websites before the end of September 2017.

APPRECIATION

The Board would like to take this opportunity to thank Mr. Man Wai Chuen, Mr. Lam Yiu Kin and Mr. Yuen Kwok On for their valuable contributions to the Company during their respective terms of directorship with the Company. The Board would also like to extend a warm welcome to Ms. Fu Yau Ching, Shirley, Ms. Kan Lai Kuen, Alice and Mr. Chen Wai Chung, Edmund on joining the Board.

The Board would like to express its sincere gratitude to its business partners, employees, and shareholders for their continuous support.

By order of the Board
Mason Group Holdings Limited
Ko Po Ming
Joint Chairman and Chief Executive Officer

Hong Kong, 29 August 2017

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

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

Non-executive Directors:
Mr. Tong Tang, Joseph *(Joint Chairman)*
Ms. Hui Mei Mei, Carol

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