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Mason Financial Holdings Limited
民信金控有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 273)

FINAL RESULTS FOR THE YEAR ENDED
31 DECEMBER 2016

RESULTS

The Board of Directors (the “**Board**”) of Mason Financial Holdings Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2016 (the “**Year**”) together with the comparative figures for the year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
CONTINUING OPERATIONS			
Revenue	2 & 3	66,501	166,517
Other income		4,314	3,605
Employee benefits expenses		(65,837)	(15,524)
Amortisation of intangible assets		(14,850)	–
Depreciation of property, plant and equipment		(3,955)	(440)
Write off of/Loss on disposal of property, plant and equipment		(5,232)	(1,659)
Provision for allowance for doubtful debts, net		(98,355)	(26,725)
Gain on disposal of interests in subsidiaries		357,006	156,926
Gain on disposal of interests in an associate		–	323,767
Gain (Loss) arising from changes in shareholding in associates		3,233	(163,534)
Loss on disposal of available-for-sale financial assets, net		–	(4,210)
Net fair value loss on financial assets held for trading		(689,657)	(91,386)

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Impairment loss on available-for-sale financial assets	9(e)	(125,916)	–
Impairment loss on goodwill and intangible assets		(68,695)	–
Other operating expenses		(113,610)	(35,020)
Finance costs	4	(13,838)	(2,782)
Share of results of associates		(23,945)	(136,140)
Share of results of a joint venture		<u>–</u>	<u>68,929</u>
(Loss) Profit before taxation	4	(792,836)	242,324
Income tax credit (expense)	5	<u>2,340</u>	<u>(263)</u>
(Loss) Profit for the year from continuing operations		<u>(790,496)</u>	<u>242,061</u>
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations		<u>–</u>	<u>(673)</u>
(Loss) Profit for the year		<u>(790,496)</u>	<u>241,388</u>
Other comprehensive (loss) income:			
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
Net fair value gain on available-for-sale financial assets		–	533,444
Derecognition of available-for-sale financial assets revaluation reserve upon disposal of available-for-sale financial assets		–	(155,241)
Derecognition of available-for-sale financial assets revaluation reserve upon disposal of subsidiaries		(9,587)	(397,500)
Derecognition of available-for-sale financial assets revaluation reserve upon disposal of an associate		–	4,595
Derecognition of foreign currency translation reserve upon disposal of subsidiaries		(2,788)	8,716
Derecognition of capital reserve upon disposal of subsidiaries		(10,075)	–
Share of other comprehensive income (loss) of associates		9,906	(3,173)
Share of other comprehensive income of a joint venture		<u>–</u>	<u>5,401</u>
Other comprehensive loss for the year		<u>(12,544)</u>	<u>(3,758)</u>
Total comprehensive (loss) income for the year		<u>(803,040)</u>	<u>237,630</u>

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(Loss) Profit attributable to:			
Equity holders of the Company			
– Continuing operations		(472,022)	357,821
– Discontinued operations		<u>–</u>	<u>(673)</u>
		(472,022)	357,148
Non-controlling interests			
– Continuing operations		<u>(318,474)</u>	<u>(115,760)</u>
(Loss) Profit for the year		<u>(790,496)</u>	<u>241,388</u>
Total comprehensive (loss) income attributable to:			
Equity holders of the Company			
– Continuing operations		(490,756)	354,063
– Discontinued operations		<u>–</u>	<u>(673)</u>
		(490,756)	353,390
Non-controlling interests			
– Continuing operations		<u>(312,284)</u>	<u>(115,760)</u>
Total comprehensive (loss) income for the year		<u>(803,040)</u>	<u>237,630</u>
			<i>(adjusted)</i>
(Loss) Earnings per share			
Basic and diluted			
– Continuing operations	7	<u>HK(2.65) cents</u>	<u>HK2.18 cents</u>
– Discontinued operations		<u>–</u>	<u>HK(0.01) cents</u>
– Continuing and discontinued operations		<u>HK(2.65) cents</u>	<u>HK2.17 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		36,241	1,869
Intangible assets	8	773,306	–
Goodwill		475,398	–
Interests in associates		–	485,872
Available-for-sale financial assets	9	665,461	90,000
Other non-current deposits paid and prepayments		7,051	–
Deposits paid for acquisition of subsidiaries		–	223,556
Deposit paid for acquisition of available-for-sale financial assets		–	63,472
Deferred tax assets		306	–
		1,957,763	864,769
Current assets			
Inventories		220,101	–
Financial assets at fair value through profit or loss	10	499,093	2,898,407
Loans receivables	11	910,510	155,968
Trade and other receivables	12	781,032	45,038
Pledged bank deposits		22,359	–
Bank balances and cash		651,419	444,684
		3,084,514	3,544,097
Current liabilities			
Trade and other payables	13	1,006,361	36,718
Interest-bearing borrowings	14	300,000	296,143
Tax payables		5,632	781
		1,311,993	333,642
Net current assets		1,772,521	3,210,455
Total assets less current liabilities		3,730,284	4,075,224
Non-current liabilities			
Interest-bearing borrowings	14	20,000	20,000
Deferred tax liabilities		157,206	–
		177,206	20,000
NET ASSETS		3,553,078	4,055,224
Capital and reserves			
Share capital		3,277,443	2,550,372
Reserves		(21,002)	476,092
Equity attributable to equity holders of the Company		3,256,441	3,026,464
Non-controlling interests		296,637	1,028,760
TOTAL EQUITY		3,553,078	4,055,224

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2015 consolidated financial statements except for the adoption of the new/revised HKFRSs effective from the current year that are relevant to the Group which are the Amendments to HKAS 1: *Disclosure Initiative*, Amendments to HKASs 16 and 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*, Amendments to HKAS 27 (2011): *Equity Method in Separate Financial Statements*, Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011): *Investment Entities – Applying the Consolidation Exception*, Amendments to HKFRS 11: *Accounting for Acquisitions of Interests in Joint Operations*, and *Annual Improvements Project – 2012-2014 Cycle*. The adoption of the aforesaid new/revised HKFRSs that are relevant to the Group and effective from the current year did not have any significant impact on the consolidated financial statements.

2. REVENUE

Revenue 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 and investment holding is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Continuing operations		
Brokerage commission income from:		
– securities dealing	18,485	–
– underwriting and placing commission income	7,608	–
Financial advisory fee income	100	–
Margin facility and loan facility handling fee income	4,760	–
Medical consultation and laboratory services income	23,651	–
(Loss) Gain from the sale of financial assets at fair value through profit or loss, net*	(74,535)	133,393
Dividend income from financial assets at fair value through profit or loss	31,874	15,604
Interest income from:		
– margin financing	33,014	–
– financial assets at fair value through profit or loss	982	1,247
– loans receivables	<u>20,562</u>	<u>16,273</u>
	66,501	166,517
Discontinued operations		
Rental income	<u>–</u>	<u>193</u>
	<u>66,501</u>	<u>166,710</u>

* Represented the proceeds from the sale of financial assets at fair value through profit or loss of HK\$312,996,000 (2015: HK\$1,567,789,000) less relevant costs and carrying value of the financial assets sold of HK\$387,531,000 (2015: HK\$1,434,396,000).

3. SEGMENT INFORMATION

The directors have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments based on the Group's internal reporting in respect of these segments. The directors 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:

Continuing operations

Trading of investments	:	Purchase and sale of securities
Provision of financing services	:	Provision of loan financing services
Provision of financing 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

Discontinued operations

Property investment	:	Holding properties for rental and capital appreciation
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(a) Segment revenue and results

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

Year ended 31 December 2016

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

Year ended 31 December 2015

	Continuing operations							Discontinued operations		
	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	Sub-total HK\$'000	Property investment HK\$'000	Total HK\$'000
Segment revenue	<u>150,244</u>	<u>16,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,517</u>	<u>193</u>	<u>166,710</u>
Profit (Loss) for the year before following items:	27,540	(5,937)	-	-	-	14,229	(34,805)	1,027	(663)	364
Loss on disposal of property, plant and equipment	-	-	-	-	-	-	(1,659)	(1,659)	-	(1,659)
Gain on disposal of interests in subsidiaries	-	-	-	-	-	156,926	-	156,926	37	156,963
Gain on disposal of interests in an associate	-	-	-	-	-	323,767	-	323,767	-	323,767
Loss arising from changes in shareholding in associates	-	-	-	-	-	(163,534)	-	(163,534)	-	(163,534)
Loss on disposal of available-for-sale financial assets, net	-	-	-	-	-	(4,210)	-	(4,210)	-	(4,210)
Finance costs	(1,782)	-	-	-	-	(1,000)	-	(2,782)	(47)	(2,829)
Share of results of associates	-	-	-	-	-	(136,140)	-	(136,140)	-	(136,140)
Share of results of a joint venture	-	-	-	-	-	68,929	-	68,929	-	68,929
Profit (Loss) before taxation	25,758	(5,937)	-	-	-	258,967	(36,464)	242,324	(673)	241,651
Income tax expense	-	-	-	-	-	(263)	-	(263)	-	(263)
Segment results	<u>25,758</u>	<u>(5,937)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,704</u>	<u>(36,464)</u>	<u>242,061</u>	<u>(673)</u>	<u>241,388</u>

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

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.

The accounting policies of the operating segments are the same as the Group's accounting policies in the consolidated financial statements. 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.

	Trading of investments <i>HK\$'000</i>	Provision of financing services <i>HK\$'000</i>	Provision of financial brokerage and related services <i>HK\$'000</i>	Provision of medical and laboratory services <i>HK\$'000</i>	Franchisor of mother-infant- children products <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
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							<u>5,042,277</u>
Liabilities							
Segment liabilities	-	(302,314)	(41,220)	(44,277)	(1,067,646)	(28,192)	(1,483,649)
Unallocated liabilities							(5,550)
Total liabilities							<u>(1,489,199)</u>
At 31 December 2015							
Assets							
Segment assets	3,003,703	156,836	-	-	-	533,737	3,694,276
Interests in associates	-	-	-	-	-	485,872	485,872
Unallocated assets							228,718
Total assets							<u>4,408,866</u>
Liabilities							
Segment liabilities	(330,273)	(532)	-	-	-	(22,787)	(353,592)
Unallocated liabilities							(50)
Total liabilities							<u>(353,642)</u>

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, 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.

(c) Other segment information

	Continuing operations							Discontinued operations		
	Trading of investments <i>HK\$'000</i>	Provision of financing services <i>HK\$'000</i>	Provision of financial brokerage and related services <i>HK\$'000</i>	Provision of medical and laboratory services <i>HK\$'000</i>	Franchisor of mother-infant-children products <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2016										
Additions of specified non-current assets*	-	-	211,660	388,573	774,710	-	868	1,375,811	-	1,375,811
Amortisation of intangible assets	-	-	(14,850)	-	-	-	-	(14,850)	-	(14,850)
Depreciation of property, plant and equipment	-	-	(2,796)	(512)	-	-	(647)	(3,955)	-	(3,955)
Interest income included in revenue and other income	835	20,562	34,478	-	-	251	1	56,127	-	56,127
Provision for allowance for doubtful debts, net	-	-	(98,354)	(1)	-	-	-	(98,355)	-	(98,355)
Net fair value loss on financial assets held for trading	<u>(689,657)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(689,657)</u>	<u>-</u>	<u>(689,657)</u>

	Continuing operations							Discontinued operations		
	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	Sub-total HK\$'000	Property investment HK\$'000	Total HK\$'000
Year ended 31 December 2015										
Additions of specified non-current assets*	-	570	-	-	-	2,050	782	3,402	53,796	57,198
Depreciation of property, plant and equipment	-	(55)	-	-	-	(200)	(156)	(411)	(29)	(440)
Interest income included in revenue and other income	1,249	16,273	-	-	-	1,355	-	18,877	-	18,877
Provision for allowance for doubtful debts, net	-	(26,725)	-	-	-	-	-	(26,725)	-	(26,725)
Net fair value loss on financial assets held for trading	(91,386)	-	-	-	-	-	-	(91,386)	-	(91,386)

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

(d) Geographical information

The following table provides an analysis of the Group's revenue 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"):

	Revenue from external customers		Specified non-current assets	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Continuing operations				
Hong Kong	66,501	166,517	516,969	487,741
People's Republic of China ("PRC")	-	-	775,027	-
	<u>66,501</u>	<u>166,517</u>	<u>1,291,996</u>	<u>487,741</u>
Discontinued operations				
Hong Kong	-	193	-	-
Total	<u>66,501</u>	<u>166,710</u>	<u>1,291,996</u>	<u>487,741</u>

(e) **Information about major customers**

During the year, no revenue from a single customer of the Group accounted for over 10% of total revenue of the Group. During the year ended 31 December 2015, included in the revenue arising from provision of financing services and property investment segments of HK\$16,466,000 were revenue arose from interest income from customers A, B, C and D of HK\$2,110,000, HK\$1,926,000, HK\$1,732,000 and HK\$1,095,000 respectively, which contributed individually 10% or more of revenue.

4. (LOSS) PROFIT BEFORE TAXATION

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
This is stated after charging:		
Finance costs		
Interest on bank and other borrowings	<u>13,838</u>	<u>2,782</u>
Other items		
Staff costs (excluding directors' emoluments)		
Salaries, allowances and benefits in kind	53,908	7,782
Severance payments	–	3,826
Contributions to defined contribution retirement schemes	<u>1,485</u>	<u>224</u>
	<u>55,393</u>	<u>11,832</u>
Auditor's remuneration		
– Remuneration in respect of interim review and audit of consolidated financial statements	2,398	1,508
– Other audit fee, primarily in respect of audits of financial statements of subsidiaries	1,878	–
Write off of intangible assets	3	–
Operating lease payments on equipment	19	72
Operating lease payments on premises	<u>20,489</u>	<u>10,081</u>

5. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% (2015: 16.5%) on the Group's estimated assessable profit arising from Hong Kong during the year.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong Profits Tax		
Current year provision	610	263
Over provision in prior year	<u>(30)</u>	<u>–</u>
	580	263
Deferred taxation		
Reversal of taxable temporary differences, net	<u>(2,920)</u>	<u>–</u>
Tax (credit) expense for the year	<u>(2,340)</u>	<u>263</u>

6. DIVIDEND

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

7. (LOSS) EARNINGS PER SHARE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(Loss) Profit attributable to equity holders of the Company		
Continuing operations	(472,022)	357,821
Discontinued operations	<u>–</u>	<u>(673)</u>
	<u>(472,022)</u>	<u>357,148</u>
	2016 <i>No. of shares</i> <i>'000</i>	2015 <i>No. of shares</i> <i>'000</i> <i>(adjusted)</i>
Issued ordinary shares at the beginning of the reporting period	16,971,564	15,590,815
Effect of shares issued during the year	<u>816,116</u>	<u>851,147</u>
Weighted average number of ordinary shares for basic (loss) earnings per share	<u>17,787,680</u>	<u>16,441,962</u>

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

The basic and diluted (loss) earnings per share for current and prior reporting periods have been adjusted as a result of rights issue and bonus issue effected in February 2017.

8. INTANGIBLE ASSETS

	Brand names <i>HK\$'000</i>	Licenses and trading rights <i>HK\$'000</i>	Trademarks <i>HK\$'000</i>	Customer and franchisee relationships <i>HK\$'000</i>	Computer software and systems <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	<u>640,811</u>	<u>21,774</u>	<u>145</u>	<u>78,987</u>	<u>31,589</u>	<u>773,306</u>
At 1 January 2016						
Cost	–	–	–	–	–	–
Accumulated amortisation	–	–	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2016						
Cost	640,811	21,774	145	94,042	32,586	789,358
Accumulated amortisation and impairment losses	–	–	–	(15,055)	(997)	(16,052)
	<u>640,811</u>	<u>21,774</u>	<u>145</u>	<u>78,987</u>	<u>31,589</u>	<u>773,306</u>

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Unlisted investments, at cost			
Equity securities	<i>(a)</i>	630,525	90,000
Debt instrument	<i>(b)</i>	74,926	–
Private funds	<i>(c)</i>	10,935	–
	<i>(d)</i>	716,386	90,000
Impairment losses	<i>(e)</i>	(50,925)	–
		665,461	90,000

Notes:

- (a) As at 31 December 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. 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.

As at 31 December 2015, unlisted investments of HK\$90,000,000 represented 4.27% equity interests in Joint Global Limited (“**Joint Global**”), a company incorporated in the Republic of the Marshall Islands with limited liability. The principal activity of Joint Global is investment holding. The investment has generated substantial losses in 2016 and the directors are of the opinion that the probability to recover fully the investment would be remote. An impairment loss of HK\$74,991,000 has been recognised in profit or loss during the year ended 31 December 2016. The Group has disposed of its investment in Joint Global upon the disposal of subsidiaries.

* *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 than USD1,500 (equivalent to HK\$12,000). In the opinion of the directors, the financial assets are not with fixed or determinable payments and have been classified as available-for-sale financial assets.

- (c) Included in the private fund was fund contribution of US\$1,400,000 (equivalent to HK\$10,897,000) to Agate-JT Healthcare Fund L.P. (“**Agate Fund**”). In December 2016, Mason Capital Strategic Holdings Limited (“**Mason Capital Strategic**”), 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 20% of total capital of Agate Fund. At the end of the reporting period, Mason Capital Strategic has paid US\$1,400,000 (equivalent to HK\$10,897,000) as the paid-up capital of Agate Fund, which represented 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 because the Group did not have the right to exercise significant influence over Agate Fund.
- (d) The directors are 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 loss are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At the beginning of the reporting period	–	14,751
Impairment loss recognised	125,916	–
Derecognition upon disposal of subsidiaries	(74,991)	(1,520)
Reversal of provision for impairment loss upon redemption of unlisted investment	–	(13,231)
	<u>–</u>	<u>(13,231)</u>
At the end of the reporting period	<u>50,925</u>	<u>–</u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Investments held for trading		
Equity securities – listed in Hong Kong	499,093	2,866,198
Bonds – listed overseas	–	32,209
	<u>–</u>	<u>32,209</u>
	<u>499,093</u>	<u>2,898,407</u>

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

11. LOANS RECEIVABLES

Loans granted to borrowers are repayable according to repayment schedules.

	<i>Note</i>	2016 HK\$'000	2015 <i>HK\$'000</i>
Short term loans receivables			
From third parties	(a)	910,510	30,000
From an associate	(b)	<u>–</u>	<u>125,968</u>
		<u>910,510</u>	<u>155,968</u>

Notes:

- (a) At the end of the reporting period, loans receivables (i) include an aggregate amount of HK\$838,084,000 and HK\$64,098,000 (2015: HK\$Nil and HK\$Nil), which is collateralised by securities of companies listed on the Stock Exchange and secured by corporate/personal guarantee provided by equity holders of the borrowers and secured by personal guarantee respectively and the remaining balances are unsecured; (ii) carry variable and fixed interest rates and have effective interest rates ranging from around 8.5% to 22% per annum (2015: from around 5% to 24% per annum); (iii) are within the respective maturity dates.

The aggregate fair values of the collateralised securities of companies listed on the Stock Exchange are HK\$868,352,000 (2015: HK\$Nil) and are readily convertible into cash as at the end of the reporting period.

The directors assessed the collectability of loans receivables at the end of the reporting period individually with reference to borrowers' past settlement history and current creditworthiness. No loans receivables were determined to be impaired as a result of the assessment for both years. In the opinion of the directors, there was no indication of deterioration in the collectability of the loans receivables of HK\$910,510,000 (2015: HK\$155,968,000) and thus no allowance for doubtful debts was considered necessary.

No loans receivables were past due but not impaired as at 31 December 2016 and 2015. Loans receivables that were neither past due nor impaired related to several borrowers for whom there was no history of default.

- (b) As at 31 December 2015, the loan receivable due from an associate was unsecured, interest-bearing at fixed rate of 1% per month and repayable within two months from drawdown date. The amount was fully settled in January 2016.

12. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables from	(a)		
– third parties		56,336	–
– former subsidiaries of non-controlling interests of a subsidiary		<u>105,931</u>	<u>–</u>
		162,267	–
Accounts receivables from third parties arising from provision of securities and commodities brokerage services:			
– custodian clients	(b)	14,977	–
– margin clients	(b)	569,255	–
– clearing houses and brokers	(b)	<u>2,462</u>	<u>–</u>
		<u>748,961</u>	<u>–</u>
Allowance for doubtful debts	(d)	<u>(100,517)</u>	<u>–</u>
	(c)	<u>648,444</u>	<u>–</u>
Deposits and prepayments		31,293	4,893
Other receivables	(e)	90,098	15,145
Due from related companies/party	(f)	11,197	–
Promissory notes		<u>–</u>	<u>25,000</u>
		<u>132,588</u>	<u>45,038</u>
		<u><u>781,032</u></u>	<u><u>45,038</u></u>

Notes:

(a) Settlement terms of trade receivables

The Group 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 interests of subsidiaries have no fixed repayment term.

(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\$1,679,677,000 (2015: HK\$Nil).

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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Neither past due nor impaired	<u>646,692</u>	—
Less than 1 month past due	766	—
1 month to 3 months past due	140	—
3 months to 6 months past due	<u>846</u>	—
	<u>1,752</u>	—
	<u>648,444</u>	—

Accounts receivables as at 31 December 2016 (2015: N/A) 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 directors are 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 2016 (2015: N/A).

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 directors, 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Less than 1 month	28,631	–
1 month to 3 months	13,918	–
3 months to 6 months	38,021	–
6 months to 12 months	81,697	–
	<u>162,267</u>	<u>–</u>

(d) Allowance for doubtful debts

Movements in the provision for allowances are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At the beginning of the reporting period	–	–
Addition – acquisition of subsidiaries	2,162	–
Increase in allowance	98,355	–
At the end of the reporting period	<u>100,517</u>	<u>–</u>

Included in the allowance for doubtful debts are specific accounts receivables from several margin clients with a balance of HK\$98,355,000 (2015: HK\$Nil). The individually impaired accounts receivables relating to margin clients that were default in payments.

- (e) Included in other receivables were input value-added tax of HK\$38,036,000 (2015: HK\$Nil), dividend receivables of HK\$21,039,000 (2015: HK\$Nil) from former subsidiaries of non-controlling interests of the Group's subsidiary and current accounts with franchisees of HK\$12,296,000 (2015: HK\$Nil) as at the end of the reporting period.
- (f) The amounts due from companies owned by non-controlling interests of a subsidiary of HK\$655,000 and a beneficial owner of non-controlling interests of a subsidiary of HK\$10,542,000 are unsecured, interest-free and have no fixed repayment term. The carrying value of the amounts due approximate their fair value.

13. TRADE AND OTHER PAYABLES

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade and bills payables to third parties	<i>(b)</i>	110,319	–
Accounts payables to third parties arising from provision of securities and commodities brokerage services:			
– custodian clients	<i>(a)</i>	488,556	–
– margin clients	<i>(a)</i>	359,976	–
– clearing houses and brokers	<i>(a)</i>	4,941	–
		963,792	–
Less: cash held on behalf of clients	<i>(c)</i>	(835,266)	–
		128,526	–
Other payables	<i>(d)</i>	466,767	3,269
Deposits received and receipts in advance		53,166	117
Due to security brokers		–	33,332
Due to related companies	<i>(e)</i>	357,902	–
		877,835	36,718
		1,006,361	36,718

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 directors, 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Less than 1 month	2,989	–
1 month to 3 months	22,368	–
3 months to 6 months	62,604	–
6 months to 12 months	<u>22,358</u>	<u>–</u>
	<u>110,319</u>	<u>–</u>

- (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.
- (d) Included in other payables was part of the cash consideration of HK\$391,296,000 payable for the acquisition of the Shining Time Holdings Limited and its subsidiaries (“**Shining Time Group**”), current accounts maintained with franchisees, salaries and bonus payables and professional advisory fee payables.
- (e) The amounts due to companies owned by non-controlling interests of a subsidiary are unsecured, interest-free and have no fixed repayment term. The carrying value of the amounts due approximate their fair value.

14. INTEREST-BEARING BORROWINGS

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest-bearing borrowings			
– Unsecured fixed coupon notes	<i>(a)</i>	300,000	–
– Unsecured bonds	<i>(b)</i>	20,000	20,000
– Secured bank loans	<i>(c)</i>	<u>–</u>	<u>296,143</u>
		320,000	316,143
Less: Balance repayable within one year or on demand		<u>(300,000)</u>	<u>(296,143)</u>
Non-current portion		<u>20,000</u>	<u>20,000</u>

Notes:

- (a) In November 2016, the Group issued two unsecured fixed coupon notes of HK\$100,000,000 and HK\$200,000,000 respectively. The notes carry fixed interest rate of 8% per annum payable annually in arrears and mature within 1 year.
- (b) At the end of the reporting period, there are two outstanding unsecured bonds with the principal amount of HK\$10,000,000 each issued in 2014 to two third-party investors separately. The bonds are interest-bearing at 5% per annum payable annually in arrears and repayable in 2021.
- (c) As at 31 December 2015, the bank loan which carried interest rates of 1.5% to 3.25% above the bank's cost of funds for relevant currency per annum was secured by the Group's financial assets at fair value through profit or loss and bank balance of HK\$1,646,138,000 and HK\$50,000 respectively and repayable within one to three months from the date of drawdown. The loan facilities granted to the Group amounted to HK\$500,000,000, of which HK\$296,143,000 was utilised as at 31 December 2015. The bank loan was fully repaid during the year ended 31 December 2016.

15. EVENTS AFTER REPORTING PERIOD

The Group had the following events after the end of the reporting period:

a) **Right issue and bonus issue**

In October 2016, the Group proposed to i) issue 22,124,799,450 shares (“**Right Shares**”) of the Company to the qualifying shareholders, on the basis of six Right Shares for every five shares held by qualifying shareholders at the date for determining their entitlements to participate, at subscription price of HK\$0.13 per share (the “**Right Issue**”); and ii) issue 4,056,213,232 new shares (“**Bonus Shares**”) of the Company to certain qualifying shareholders, on the basis of one Bonus Share for every ten shares held by the qualifying shareholders at the date for determining their entitlements (the “**Bonus Issue**”). Upon completion of the Right Issue and the Bonus Issue, the number of issued shares of the Company increased from 18,437,332,875 shares to 44,618,345,557 shares. The Right Issue and the Bonus Issue were approved in the shareholders' general meeting held on 30 December 2016 and completed in February 2017.

b) **Acquisition of molecular diagnostics business**

In December 2016, the Group entered into two sale and purchase agreements with two third parties, pursuant to which the Group has agreed to acquire 100% issued share capital of two companies at considerations of HK\$187,500,000 and HK\$26,716,000 respectively. The principal activities of these companies are holding investments in companies, which operating laboratory testing related business. At the date of authorisation of the consolidated financial statements, the acquisition is not completed.

c) Bank and other loans raised

In December 2016, a subsidiary of the Group entered into a facility agreement with a third-party lender, pursuant to which the lender granted a term loan facility of HK\$160,000,000 for a period of 6 months from the date of drawdown and carrying interest of 6.3% per annum. The loan is secured by 11,004 shares (representing 55.02% equity interests) in Jubilant Link Limited and the Group's financial assets at fair value through profit or loss with carrying amount of HK\$172,673,000 as at 31 December 2016 and corporate guarantee issued by the Group. Both the facility agreement and the share charge deeds were executed in February 2017 and the loan was drawdown in February 2017 to provide for additional working capital of the Group.

In January 2017, a subsidiary of the Group entered into a loan agreement with two third-party lenders, pursuant to which the lenders granted an unsecured term loan of HK\$81,000,000 for a period of 6 months from the date of drawdown and carrying interest rate of 5% per annum. The loan was drawdown in January 2017.

In March 2017, a subsidiary of the Group entered into facility agreement with a bank, pursuant to which the bank granted a term loan facility of RMB40,000,000 (equivalent to approximately HK\$44,800,000) for a period of 6 months from the date of drawdown and carrying interest of 6.3% per annum. The facility is secured by the subsidiary's bank balances maintained with the bank. The loan were drawdown in March 2017 to provide for additional working capital of the Group to finance the operations of Shining Time Group.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

The Board does not recommend the payment of a dividend for the Year (2015: nil).

RESULTS

For the financial year ended 31 December 2016, the Group recorded a total revenue of approximately HK\$67 million (2015: HK\$167 million). The decrease in revenue was mainly due to net loss from the sale of investments at fair value through profit or loss of HK\$75 million for the Year. Loss attributable to equity holders of the Company was approximately HK\$472 million (2015: profit attributable to equity holders HK\$357 million). The loss was largely due to the net fair value loss on investments held for trading, impairment loss on the Group's goodwill arising from its investments and the provision for doubtful debts from the margin clients.

MARKET REVIEW

In 2016, the world economies witnessed several headwinds, including the "Brexit" vote, the US presidential election, and the US Federal Reserve's rate hike. All of these incidents and heightened concerns on increased uncertainties in the global economy have destabilized the financial markets, impacting the financial services industry as a whole.

The local stock market underwent a correction at the start of the year, reflecting an increased global financial volatility upon the bleaker global outlook and an intensified divergence in monetary policy stances among major central banks. During the second and the third quarters of 2016, the local stock market was largely buoyant alongside with the removal of overhangs and rallies in major overseas markets. At the end of 2016, the Hang Seng Index closed at 22,001 index points, an increase of 0.4% compared to the close of 2015, while the average daily turnover of the Hong Kong stock market was greatly reduced by 36.6% to HK\$66.9 billion. Fueling the market was the official commencement in December 2016 of the Shenzhen-Hong Kong Stock Connect, which has allowed individual investors in Hong Kong to directly buy stocks listed in Shenzhen and vice versa. With Renminbi depreciated by nearly 7% against US dollar in 2016, the expectation of US interest rate hikes on the rise and looming concerns over a weakened Chinese economy. Chinese investors, including mutual funds and major insurers, have been steadily weighting their offshore portfolio, particularly into Hong Kong.

Looking at the primary market, although the number of newly listed companies in Hong Kong dropped by 8.7% from 138 in 2015 to 126 in 2016, causing an intensified competition in the corporate finance market, the overall trend of the Hong Kong stock market has signaled a gradual recovery from the market meltdown in mid-2015. The gradual market recovery created an array of opportunities for securities brokerage and margin financing businesses.

China's healthcare and medical sector continued to grow exponentially in 2016. Increasing health consciousness in China especially in the tier-one cities including Beijing, Shanghai and Guangzhou, boosted the demand in healthcare and medical services. The de-regulation of the one-child system and the implementation of two-child policy create growth opportunities in the health care services and child care sectors. In August 2016, the Political Bureau of the Communist Party of China Central Committee reviewed and approved the "Healthy China 2030" plan, which focuses on promoting healthy lifestyles, strengthening health services, improving preventative medicine and developing health-related industries.

The Group believes that mother-infant-children care has the greatest growth prospect within the medical and healthcare sector, especially with the introduction of the two-child policy in China. In 2016, the number of newborn babies in China hit a record high since 2000, reaching approximately 17.86 million. Also, there was an increasing demand for quality in-vitro fertilization (IVF) treatment from Mainland China.

As for the property mortgage market, demand was curbed by a series of regulatory measures. Land Registry data revealed that mortgage loan applications for completed and not-yet-completed flats dropped by 13.0% and 38.5%, respectively. This could be attributed to the lingering impact of the tightening measures for property mortgage loans implemented by the Hong Kong Monetary Authority in 2015, which imposed a lower loan-to-value (LTV) ratio and a lower debt-servicing ratio (DSR) on borrowers. In addition, in November 2016, the Hong Kong government raised the property stamp duty for non first-time buyers of residential properties to 15 per cent, the impact of which may be felt well into 2017, due to the lagged effect of regulations on the economy.

BUSINESS REVIEW

2016 was a pivotal year for the Group. It was a year when the Group embraced its new leadership, executed new strategies and adopted a new identity.

During the Year, the Company formed a new management team and strengthened its financial position through the participation of a new strategic investor, which laid the foundation for the acceleration of the Group's transformation. In April, Mr. Tong Tang, Joseph was formally appointed as the Chairman of the Company and became the single largest shareholder of the Company in May. In September, Mr. Ko Po Ming, the former CEO of CMBC International Holdings Limited, and Mr. Chang Tat Joel, the co-founder of AID Partners, joined the Company as the CEO and COO, respectively to lead the Company's transformation into an international financial conglomerate. Moreover, the Company was privileged to have Mr. Hui Wing Mau, the founder of Shimao Group, participate as a strategic investor of the Company in September. Mr. Hui subscribed for new shares of the Company representing approximately 16.7% of the issued share capital of the Company as at that time thereof, for approximately HK\$737 million and became the Company's second largest shareholder.

Under the leadership of the new management team, the Group formulated a clear and differentiated growth strategy to develop its finance (“**Finance**”) segment and its enterprise (“**Enterprise**”) segment in parallel and explore the potential synergies within. Upholding the “Enterprise + Finance” strategy, and following the roadmap towards becoming a health and wealth solution partner of our clients, the Group achieved rapid expansion by way of acquisitions through which an integrated financial platform and an all-round mother-infant-children ecosystem are gradually coming to shape as planned.

More recently in February 2017, the Group completed its rights issue exercise raising approximately HK\$2.84 billion with an oversubscription rate of approximately 77.1%, unleashing its capability for accelerating the “Enterprise + Finance” Strategy. The rights issue was firmly supported by the Company’s major shareholders and core management team. The successful result not only strengthened the Company’s equity base and enhanced its financial strength, but also demonstrated the shareholders’ steadfast trust in the Company’s new development strategies. After rights issue exercise, the net assets of the Company is approximately HK\$6.39 billion based on the net assets as at 31 December 2016.

FINANCIAL REVIEW

Revenue

The Group’s consolidated revenue for the Year was approximately HK\$67 million (2015: HK\$167 million) representing a decrease of approximately 59.9% as compared to last year. The decrease in revenue was mainly due to the net loss from the sale of investments at fair value through profit or loss of approximately HK\$75 million for the Year.

Financial Services Business

Trading of investments

Trading of investments recorded a negative revenue of HK\$42 million (2015: revenue of HK\$150 million). The significant drop in revenue was mainly due to the realised loss of investment in securities.

Provision of financial brokerage and related services

From February 2016, following the completion of the acquisition of GuocoCapital Limited, GuocoCapital Futures Limited and GuocoCapital Bullion Limited (together, the “**Guoco Group**”), which are companies holding SFC licenses Types No. 1, 2, 4, and 6 for dealings in regulated activities, the Group became engaged in the provision of securities brokerage, commodities brokerage, securities margin financing, corporate finance advisory, bullion trading and private equity services.

In June, the Group further enhanced its financial services platform through the acquisition of an asset management and wealth management company, Enerchine Investment Management Limited which holds SFC licenses Types No. 4 and 9 regulated activities. Through the acquisition, a team of experienced professionals specialized in asset management and wealth management, came on board to spearhead the Group’s business in these areas.

The revenue generated from the provision of financial brokerage and related services after the acquisitions till 31 December 2016, was approximately HK\$61 million (2015: HK\$Nil). As at 31 December 2016, allowance for doubtful debts amounted to HK\$98 million (2015: HK\$Nil) was provided for several margin clients due to a significant drop in the market values of these margin clients' stock portfolio which resulted either from the significant drop in their share prices or trading suspension, during the Year. Due to the allowance for doubtful debts and the decrease in the total brokerage income of its existing customers, which impacted the valuation of the business, an impairment loss of HK\$68 million was made as at 31 December 2016.

In addition, the commencement of operations of the Group's joint-stock subsidiary, Shengang Securities in Shanghai on 18 October 2016 marked the entry of the Group into the China market. Being the first Sino-Hong Kong joint-stock securities company established under the supplemental framework of Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), Shengang Securities provided a channel for the Group's future investment flows both domestically and globally. It also complemented the Group's asset management and wealth management businesses, enabling it to offer mainland investors a wide array of quality financial products from overseas. This investment was classified as available-for-sale financial assets. During the Year, an impairment loss of HK\$51 million (2015: HK\$Nil) was recognized in profit and loss due to the depreciation of Renminbi ("**RMB**") as at 31 December 2016.

Provision of financing services (mortgage and loans business)

During the third quarter of 2016, the business for Mason Resources Finance Limited ("**MRF**"), a wholly-owned subsidiary of the Company which is engaged in leveraged and acquisition finance activities, picked up significantly and its major loan transactions were as follows:

On 27 October 2016, MRF entered into a facility agreement with an independent third party borrower (the "**First Borrower**"), pursuant to which it agreed to provide a term loan in the amount up to HK\$350 million to the First Borrower (the "**First Loan**") at an initial interest of 7% per annum on top of the prime rate quoted by HSBC and thereafter at 5% per annum on top of the prime rate quoted by HSBC upon the execution of a deed and a corporate guarantee from its sole ultimate beneficial owner. Besides the deed and corporate guarantee, the facility was also secured by way of a legal charge over certain listed assets of the First Borrower's in favour of the MRF. The facility was for a term of 12 months, subject to extension. The facility was drawn down on 27 October 2016.

On 4 November 2016, MRF entered into a facility agreement with a borrower (an independent third party), pursuant to which it agreed to provide a term loan in the amount up to HK\$280 million to the borrower at a rate of 7% per annum on top of the prime rate quoted by HSBC, for a term of 12 months, subject to extension. The facility was secured by way of legal charge over certain listed assets of the borrower's in favour of MRF. The facility was drawn down on 7 November 2016.

On 30 December 2016, MRF entered into a facility agreement with another borrower (whose holding company has certain indirect shareholding in the First Borrower), pursuant to which it agreed to provide a term loan in the amount up to US\$8.25 million to the borrower at a rate of 1.5% per month for a term of 2 months. The facility was secured by a personal guarantee provided by the ultimate beneficial owner of the borrower in favour of the MRF. Due to the association with the First Borrower, the provision of the loan was subject to aggregation with the First Loan under the Listing Rules. The facility was drawn down on 30 December 2016.

The total interest income earned from the provision of the loan facilities for the year ended 31 December 2016 was HK\$21 million (2015: HK\$15 million).

Moreover, the acquisition of Hong Kong Mortgage Solutions Limited (“**HKMS**”) on 7 October 2016 enabled the Group to participate in the mortgage loan and securitization business in Hong Kong. HKMS is principally engaged in the provision of first legal-charge mortgage loans on residential properties in Hong Kong, targeting customers who will use their properties for owner-occupied purpose. It has become a platform for the future expansion of the Group’s lending and financing businesses. As at 31 December 2016, an investment by HKMS in a mortgage loan portfolio was classified as available-for-sale financial assets.

Mother-infant-children and Healthcare Business

To capitalize on the growing demands for products and services in the mother-infant-children demographic in Greater China and reproductive healthcare services in the local market, the Group built its enterprise segment in the fourth quarter of 2016, focusing primarily on the mother-infant-children and medical sectors. On the back of its extensive network in China and experience in capital markets, the Group actively expanded its investments along the value chain through M&As, thus building an all-round mother-infant-children ecosystem and an overall business position. It also set up a medical and biotech investment platform, which will provide high-end, high quality medical services to clients and medical institutions in the greater China area.

On 1 November 2016, the Group completed its acquisition of a 55.02% stake in a group of leading private assisted reproductive service providers in Hong Kong focusing on the provision of IVF services (the “**IVF Group**”). The IVF Group has a team of professional medical specialists and embryologists and is one of Hong Kong’s largest private medical group practices providing infertility treatment, prenatal diagnostics, urology, obstetrics and gynecology services. This investment marked the Group’s entry into Hong Kong’s premium medical services sector and its first move towards building its Enterprise Sector. The revenue generated by the premium medical services group for the year ended 31 December 2016 was HK\$24 million (2015: HK\$ nil).

The Group also decided to make an entry into the downstream end of the mother-infant-children industry chain by acquiring a 55% stake in Aiyingdao Zhuhai Business Chain Limited (“**Aiyingdao**”), a regional mother-and-baby retail chain in China for a investment of RMB409 million and a loan of RMB141 million on 31 December 2016. Aiyingdao is a leading mother-and-baby product franchisor in Southern China with a current regional network of over 1,000 corporate and franchise retail stores and over 4 million members. No revenue has yet been generated from this business for the year ended 31 December 2016 since it was acquired on the last day of the financial year.

Furthermore, after year end, the Group also acquired a group of companies which are engaged in the provision of molecular diagnostic services. The group is a global leader in flow-through hybridization technology, offering a range of products, solutions and services related to RND and DNA analysis.

With the complementary ecosystem in this sector, the Company believes that the reproductive healthcare business, the retail business and the genetic testing business (which was acquired after year-end), will create immense synergies.

Liquidity and Capital Resources

As at 31 December 2016, the Group had no secured bank loans (2015: approximately HK\$296 million carrying interest rates of 1.5% to 3.25% above the bank’s cost of funds for relevant currency per annum and containing a repayment on demand clause, which is repayable within one year according to the repayment schedule of the loan facility and denominated in Hong Kong dollars and US dollars).

As most of the Group’s transactions and bank balances were denominated in Hong Kong dollars, RMB and US dollars, the Group has continued to closely track and manage its exposure to fluctuations in these foreign exchange rates to minimise the foreign exchange risks. The Group did not have any financial instruments used for hedging purpose during the year.

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

At the end of the Year, there were two outstanding unsecured bonds with principal amount 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 repayable in 2021. During the Year, the Company issued 3,072,880,000 new shares at a subscription price of HK\$0.24 per new share raising equity capital in the sum of HK\$737 million.

As at 31 December 2016, the Group's total equity amounted to approximately HK\$3,553 million (including non-controlling interests of approximately HK\$297 million), a decrease of 12.4% as compared with approximately HK\$4,055 million as at 31 December 2015. The Group had net current assets of approximately HK\$1,773 million including bank balances and cash of approximately HK\$674 million as compared to approximately HK\$3,210 million including bank balances and cash of approximately HK\$445 million as at 31 December 2015. As at 31 December 2016, the Group had no bank loan outstanding (31 December 2015: approximately HK\$296 million). As at 31 December 2016, the Group therefore maintained a nil gearing ratio (2015: nil) as computed on the basis of net borrowings to total equity and with a current ratio of 2 times (2015: 11 times).

PLEDGE OF ASSETS

As at 31 December 2016, bank deposits of RMB20 million (equivalent to HK\$23 million) were pledged to a bank for bills payables (2015: financial assets at fair value through profit or loss and bank balances of approximately HK\$2,898 million were pledged to certain financial institutions and securities brokers to secure certain margin facilities and loan facilities amounted to approximately HK\$329 million and HK\$500 million respectively granted to the Group of which approximately HK\$296 million was utilised at the end of the Year).

CAPITAL EXPENDITURE COMMITMENTS

As at 31 December 2016, the Group had capital expenditure commitments contracted but not provided for of approximately HK\$148 million (2015: HK\$ nil).

MATERIAL ACQUISITIONS AND DISPOSALS

On 21 September 2015, the Group entered into an agreement with a group of co-Promoters (consisting of 13 investors) to form a joint-stock company in Shanghai (namely, Shengang Securities Company Limited), which will be principally engaged in securities related business in the People's Republic of China ("PRC"). The Group's shareholding interest in Shengang Securities Company Limited was 15% and it paid a capital contribution of RMB525 million. On 10 October 2016, the China Securities Regulatory Commission ("CSRC") formally granted a license to the joint-stock company and it officially commenced business in (Shanghai) Pilot Free Trade Zone in China. The license granted by the CSRC allows Shengang Securities Company Limited to engage in securities broking, securities underwriting and sponsoring, securities trading and securities asset management related businesses in the PRC.

On 25 November 2015, the Group entered into an agreement to acquire the entire issued share capital of GuocoCapital Limited, GuocoCapital Futures Limited and GuocoCapital Bullion Limited (which were subsequently renamed as Mason Securities Limited, Mason Futures Limited and Mason Bullion Limited, respectively), which are companies engaged in the provision of securities brokerage, commodities brokerage, margin financing, corporate finance advisory and other regulated activities in Hong Kong under the Securities and Futures Ordinance (Cap. 571 of laws of Hong Kong) ("SFO"), for a consideration of approximately HK\$415 million. The acquisition was completed on 16 February 2016.

On 15 February 2016, the Group completed the acquisition of Thomas Securities Company Limited, a company engaged in securities dealing. Following the acquisition, the Group provides securities and commodities dealing, securities advising and corporate finance services in Hong Kong under the SFO.

On 30 March 2016, the Group entered into a sale and purchase agreement for the disposal of its subsidiaries, Mind Stone Investments Ltd and Co-Lead Holdings Limited, for a total consideration of HK\$1,200 million. The disposals were approved by the Company's shareholders at a general meeting held on 11 July 2016 and completion of the disposals took place on 25 July 2016. Following the completion of the disposals, Mind Stone Investments Ltd and Co-Lead Holdings Limited ceased to be subsidiaries of the Group.

On 30 September 2016, the Group entered into several agreements to acquire 55.02% equity interest in a group of leading private assisted reproductive service providers in Hong Kong focusing on the provision of IVF services, for a total cash consideration of approximately HK\$283 million. Following completion of the acquisition on 1 November 2016, the IVF Group owned 100% equity interest in Reproductive HealthCare Limited, 100% equity interest in Victory "Art" Laboratory Limited and 60% equity interest in Leader Enterprise Limited.

On 6 October 2016, the Group entered into certain agreements for the acquisition of an interest in Hong Kong Mortgage Solutions Limited ("HKMS"), a company which is engaged in the origination of mortgage loans and securitization business in Hong Kong. Completion took place on 7 October 2016 and the Group became interested in 47% of the issued share capital of HKMS and an aggregate of 51% of the voting rights of HKMS through an arrangement with one of the other shareholders of HKMS. The Group has paid HK\$26.6 million and intends to invest an additional HK\$48.4 million into HKMS.

On 4 November 2016, the Group entered into an agreement for the disposal of its remaining 55% equity interest in Willie Link Limited for a cash consideration of HK\$200 million. Willie Link Limited was principally engaged in investment holding of approximately 20% equity interest in Freewill Holdings Limited and its subsidiaries, collectively, the "**Freewill Group**". Freewill Group also holds certain equity interests in the natural resources sector in the PRC. The disposal was completed on 28 December 2016.

On 30 December 2016, the Group entered into an investment agreement with Golden Metro Investments Limited, Cosmicfield Investments Limited, Shining Time Holdings Limited and the members of the management team (which comprised Mr. Yip Shing Fung, Mr. Ye Fadian, Mr. Ye Fachao, Mr. Lin Han and Ms. Gao Qin), pursuant to which the Group shall make an investment in the amount of RMB409 million and loan of RMB141 million (aggregate equivalent to approximately HK\$616 million). After a restructuring and upon completion of the investment on 31 December 2016, the Group indirectly holds 55% equity interest in Shining Time Holdings Limited, which in turn indirectly wholly owns 珠海市愛嬰島商貿連鎖有限公司 ("**Aiyingdao Zhuhai Business Chain Limited**"), which is the franchisor of a leading mother-infant-children products business in Southern China with a regional network of over 800 corporate and franchise retail stores operating under the "愛嬰島" brand name, mainly in Guangdong, Jiangsu and Zhejiang provinces.

On 30 December 2016, the Group entered into share purchase agreements to acquire Victoria Fortress Investments Limited and Ruby Success Limited, for a total cash consideration of approximately HK\$214 million. Upon completion of the acquisition, the Group holds approximately 48.3% equity interest in DiagCor Technology Limited (and approximately 42.9% equity interest upon completion of the restructuring of the issued share capital of DiagCor Technology Limited). DiagCor Technology Limited holds subsidiaries which are engaged in the laboratory testing related business. DiagCor is a global leader in flow-through hybridization technology, offering a range of products, solutions and services related to RND and DNA analysis. The acquisition of DiagCor Technology Limited and its subsidiaries will represent the Group's foray into the advanced molecular diagnostic services sector to serve the growing "mother-infant-children" clientele in China. The acquisition was not completed at the date of the announcement.

PROSPECTS

Despite the uncertainties in the financial market, the Company expect Hong Kong's role as a "super-connector" between China and the world will be further strengthened. With the increasing two-way openness of mainland's financial industry and internationalization of the RMB, Hong Kong will become a major overseas center for mainland people to allocate their wealth through channels such as the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, thereby bringing flourishing opportunities to the financial industry.

In the meantime, China's healthcare and medical sector is expected to grow substantially, driven by a few factors, including increase in average medical expenditure, aging population, rise in consciousness of environmental conditions and the implementation of the two child policy. In 2015, this sector accounted for 6% of China's GDP, and the percentage is expected to grow to 10% by 2025. According to Chinese government statistics, newborns in China are expected to increase by 1-2 million per year, signaling an upcoming surge in demand for mother-infant-children healthcare related services and products.

Realizing our vision to become a trusted health and wealth solution partner to the Group's valuable clientele while adhering to our "Enterprise + Finance" growth strategy, the Company will continue to explore and strengthen synergistic relationships amongst the listed platform, the financial services sector, and the enterprise sector. On the strength of its sizable capital base, as well as extensive capital market and investment management experience, the Group plans to execute an aggressive M&A strategy in both Financial and Enterprise Segment in order to achieve fast and strong growth.

For the Finance sector, the Company plans to establish a financial platform with world-wide asset allocation capabilities through acquiring corporations and forming business ventures in the US, Europe, and Asia, to bridge the gap between the Chinese and the global financial markets in the long term. In pursuance of its growth strategy, the Company will continue to expand its existing financial services business, including securities brokerage, securities margin financing, leverage and acquisition financing and money lending, and also plans to further develop its business into the provision of asset and wealth management to compliment the securities and fund management business, and direct investment business.

In addition, the Group is currently in discussions with other financial institutions to source a wide range of mutual funds and other investment products for its clients. Moreover, the Group plans to set up different forms of private equity funds for its clients. The private equity funds will initially focus on the theme of investing in asset-backed fixed income products and target high net worth individuals and companies that qualify as professional investors under the SFO.

For its Enterprise sector, the Company will focus on the provision of services and products in connection to the mother-infant-children demographic, in particular, the higher-end of the segment in the greater China area. The segment is expected to benefit from the fast-growing in vitro fertilization (IVF), noninvasive prenatal testing (NIPT), Cancer Screening, Precision Medicine and IVD service sectors in China. The Company will actively expand the business along the value chain of medical services and the mother-infant-children industry, so as to capitalize on the enormous potential within the industry in Greater China and to equip Mason Financial to become the “Top Pick in mother-infant-children industry”.

In addition, through its dual-expansion strategy, the Company will be able to create synergies between these two sectors through its extensive network of financial institutions and quality high net worth client base in China. It has identified several synergistic business opportunities among medical and healthcare companies on the platform. The Company intends to bring tailored products and services to the mother-infant-children industry chain and demographics and to establish industry-specific private equity, in order to build a synergistic mechanism where the financial and medical sector can complement and empower each other. The mechanism will promote cooperation among investees and provide funding for further acquisitions and expansion.

On the strength of its abundant capital, differentiated development strategy, experienced management with global insight and outstanding servicing team, the Group is confident of its future prospects and is committed to building itself into a leading global financial conglomerate with a global asset allocation capability.

EMPLOYEES

As at 31 December 2016, the Group employed 106 (2015: 14) employees excluding directors. 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.

SIGNIFICANT INVESTMENTS

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\$	Market value as at 31 December 2016 HK\$	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%	122,684,153	34,639,272	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%	161,996,112	181,692,000	3.60%
China Huarong Asset Management Co., Limited	2799	Provide financial asset management in China, include distressed asset management, financial services and asset management and investment.	2,523,000	0.01%	7,874,631	7,039,170	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%	385,567,831	275,722,870	5.47%

List of stocks in terms of market value as at 31 December 2015

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 2015	Proportion of shares held as at 31 December 2015	Investment cost as at 31 December 2015 HK\$	Market value as at 31 December 2015 HK\$	Percentage to total assets value of the Group as at 31 December 2015
HengTen Networks Group Limited		136	Investment and trading of securities, provision of finance, property investment and manufacturing and sales of accessories for photographic products.	1,326,384,000	1.80%	1,220,931,889	769,302,720	17.44%
G-Resources Group Limited		1051	Exploration and mining, sale of gold and silver products.	955,407,521	3.60%	143,885,329	175,794,984	3.99%
C C Land Holdings Limited		1224	Property development and investment; and treasury investments.	116,285,274	4.49%	168,676,026	281,410,363	6.38%
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	8.9556%	161,996,112	282,632,000	6.41%
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%	385,567,831	291,375,260	6.61%

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\$	Unrealised gains/(losses for the year ended 31 December 2016 HK\$	Dividend received for the year ended 31 December 2016 HK\$
HengTen Networks Group Limited		136	(7,727,500)	–	–
Kong Sun Holdings Limited		295	–	(30,564,064)	–
Evergrande Health Industry Group Limited		708	(20,864,193)	–	–
Carnival Group International Holdings Limited		996	(12,591,659)	–	–
China Smarter Energy Group Holdings Limited		1004	(7,072,974)	–	–
C C Land Holdings Limited		1224	(15,792,833)	–	6,379,895
Hengtou Securities Co., Limited – H Shares		1476	–	(109,683,260)	4,230,281
China Huarong Asset Management Co., Limited		2799	229,805	(844,140)	–
Harbin Bank Co., Limited		6138	–	(6,909,130)	13,558,633

Significant stocks gains/(losses) for the year ended 31 December 2015

Name of stock listed on The Stock Exchange of Hong Kong		Stock Code	Realised gains/(losses for the year ended 31 December 2015 HK\$	Unrealised gains/(losses for the year ended 31 December 2015 HK\$	Dividend received for the year ended 31 December 2015 HK\$
HengTen Networks Group Limited		136	–	(451,629,169)	–
China Soft Power Technology Holdings Limited		139	36,128,014	–	–
Freeman Financial Corporation Limited		279	25,300,849	–	–
China Innovative Finance Group Limited		412	(59,415,943)	–	–
Evergrande Health Industry Group Limited		708	–	77,249,578	–
NetMind Financial Holdings Limited		985	72,077,707	–	–
China Smarter Energy Group Holdings Limited		1004	44,817,175	–	–
C C Land Holdings Limited		1224	–	112,734,337	161,849
Hengtou Securities Co., Limited – H Shares		1476	–	(102,935,831)	–
Harbin Bank Co., Limited		6138	–	129,379,148	13,739,924

The stock market in 2017 may continue to be extremely volatile and uncertain, with higher-than-usual risks and a binary set of outcomes that will have dramatically contrasting results.

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

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

AUDIT COMMITTEE'S REVIEW OF RESULTS

The Audit Committee of the Company has reviewed and discussed with the auditor and the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated financial results of the Group for the Year.

SCOPE OF WORK OF AUDITOR

The figures as set out the preliminary announcement in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 have been agreed by the Group's auditor, Mazars CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Certified Public Accountants and consequently, no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

ENVIRONMENTAL AND SOCIAL PERFORMANCE

The nature of the Group's financial business has low carbon emission impact. The Group promotes environmental protection and encourages its employees to recycle. It promotes the idea of "green office" practices such as double-sided printing and copying, promoting the use of recycled paper for printing.

During the Year, to the best knowledge of the Directors, the Group complied with all applicable laws and regulations that has a significant impact on the business and operations of the Group.

Throughout the Year, the Group has continued to maintain good relationships with its employees, customers, suppliers, service providers and investors generally.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance and integrity, and to ensuring transparent and adequate levels of disclosure. No corporate governance committee has been established and the Board is responsible for performing the corporate governance duties set out in the Corporate Governance Code (the "CG Code") under Appendix 14 of the Listing Rules. The Board will continue to review and recommend such steps as appropriate in a timely manner in order to comply with the requirements of the CG Code. Throughout the year ended 31 December 2016, the Company complied with all of the code provisions set out in the CG Code, save for the deviations from code provisions A.2.1 and A.6.7 as explained below:

Code provision A.2.1 states that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. From 1 January to 25 April 2016, there was a deviation from this code provision in that Mr. Zhang Yongdong held both positions. From 26 April to 7 September 2016, the Company did not have a chief executive officer following Mr. Zhang's resignation. From 8 September to 31 December 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 states that the independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. However, during the Year, two of the independent non-executive directors, Mr. Yuen Kwok On and Mr. Tian Ren Can, did not attend any of the general meetings held by the Company due to their other business commitments. Mr. Lam Yiu Kin, an independent non-executive director, however attended all the general meetings of the Company held during the Year to represent the non-executive directors in developing a balanced understanding of the views of the shareholders at those general meetings.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the Company's website at <http://www.irasia.com/listedco/hk/mason> and the website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk>. The 2016 annual report of the Company will be despatched to the shareholders of the Company who have selected to have a printed copy and available on the above websites in due course.

APPRECIATION

I would like to take this opportunity to thank Mr. Zhang Yongdong, Ms. Cheung Ka Yee, Mr. Cheung Wing Ping, Mr. Xia Xiaoning and Mr. Antonio Maria Santos, for their contributions to the Board during their respective terms of office and extend a warm welcome to Mr. Tong Tang, Joseph, Mr. Tian Ren Can and Ms. Hui Mei Mei, Carol for joining the Board.

On behalf of the Board, I would like to express our sincere gratitude to our business partners, employees, and shareholders for their continuous support to the Group.

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

Hong Kong, 30 March 2017

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

Executive Directors:

Mr. Ko Po Ming (*Joint Chairman & Chief Executive Officer*)

Mr. Chang Tat Joel

Ms. Lui Choi Yiu, Angela

Mr. Man Wai Chuen

Non-executive Directors:

Mr. Tong Tang, Joseph (*Joint Chairman*)

Ms. Hui Mei Mei, Carol

Independent Non-executive Directors:

Mr. Lam Yiu Kin

Mr. Yuen Kwok On

Mr. Tian Ren Can