茂宸集團
MASON GROUP

MASON GROUP HOLDINGS LIMITED
茂 宸 集 團 控 股 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 273)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board (the "**Board**") of directors (the "**Directors**") of Mason Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**" or "**Mason**") is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2018 (the "**Period**") as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Unaudited	
		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
Turnover	*2*	**1,841,323**	1,267,521
Operating income	*3*	**1,820,756**	1,260,483
Other income		**10,972**	5,860
Consumables used and merchandise sold		**(1,426,169)**	(929,560)
Employee benefit expenses		**(145,186)**	(101,950)
Amortisation of intangible assets		**(26,529)**	(11,212)
Depreciation of property, plant and equipment		**(11,062)**	(7,763)
(Loss)/gain on disposal of property, plant and equipment, net		**(118)**	266
Reversal of impairment loss on financial assets for expected credit loss		**787**	–

		Unaudited	
		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
Gain on deemed disposal of interest in subsidiaries	*16*	**140,145**	–
Net fair value loss on investments held for trading		**(10,414)**	(48,727)
Impairment loss on goodwill		**(10,000)**	–
Other operating expenses		**(159,122)**	(127,263)
Finance costs		**(9,155)**	(11,471)
Share of results of associates		**9,242**	952
Reversal of contingent consideration payable		**11,867**	–
Profit before taxation		**196,014**	29,615
Income tax expense	*5*	**(23,836)**	(20,713)
Profit for the period		**172,178**	8,902

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Unaudited Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign subsidiaries		**(28,126)**	1,456
Other comprehensive income for the period		**(28,126)**	1,456
Total comprehensive income for the period		**144,052**	10,358
Profit/(loss) for the period attributable to:			
Equity holders of the Company		**135,431**	(25,156)
Non-controlling interests		**36,747**	34,058
Profit for the period		**172,178**	8,902
Total comprehensive income attributable to:			
Equity holders of the Company		**111,513**	(24,355)
Non-controlling interests		**32,539**	34,713
Total comprehensive income for the period		**144,052**	10,358
Earning/(loss) per share			
Basic and diluted	*6*	**HK0.3 cents**	HK(0.06) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Non-current assets			
Property, plant and equipment		**324,600**	60,414
Intangible assets		**857,782**	977,591
Goodwill		**852,459**	816,798
Interest in associates	*8*	**818,023**	220,235
Available-for-sale financial assets	*9*	**–**	614,189
Loan receivables	*13*	**1,039,334**	642,362
Other non-current deposits paid and prepayments		**8,300**	11,031
Deferred tax assets		**1,597**	1,409
Financial assets at fair value through profit or loss	*10*	**240,223**	199,342
Financial assets at fair value through other comprehensive income	*11*	**715,811**	–
Financial assets at amortised cost	*12*	**145,915**	–
Fixed bank deposits		**458,007**	–
		5,462,051	3,543,371
Current assets			
Inventories		**312,070**	292,546
Financial assets at fair value through profit or loss	*10*	**322,445**	164,930
Available-for-sale financial assets	*9*	**–**	74,926
Loan receivables	*13*	**1,541,439**	848,606
Trade and other receivables	*14*	**1,249,332**	1,051,512
Tax recoverable		**166**	81
Pledged bank deposits		**70,618**	58,364
Bank balances and cash		**2,081,252**	1,759,412
		5,577,322	4,250,377
Current liabilities			
Financial liabilities at fair value through profit or loss		**1,826**	–
Trade and other payables	*15*	**2,948,224**	555,962
Interest-bearing borrowings		**824,204**	300,016
Amount due to an associate		**20,000**	20,000
Finance lease liabilities		**343**	399
Tax payables		**30,349**	42,330
Contingent consideration payable		**–**	112,272
		3,824,946	1,030,979
Net current assets		**1,752,376**	3,219,398
Total assets less current liabilities		**7,214,427**	6,762,769

	Unaudited 30 June 2018 *HK$'000*	Audited 31 December 2017 *HK$'000*
Non-current liabilities		
Interest-bearing borrowings	**20,000**	20,000
Deferred tax liabilities	**211,154**	231,226
Contingent consideration payable	**5,761**	17,627
Finance lease liabilities	**499**	795
Long-term liabilities	**244**	278
	237,658	269,926
NET ASSETS	**6,976,769**	6,492,843
Capital and reserves		
Share capital	**6,142,962**	6,142,962
Reserves	**239,058**	(72,199)
Equity attributable to equity holders of the Company	**6,382,020**	6,070,763
Non-controlling interests	**594,749**	422,080
TOTAL EQUITY	**6,976,769**	6,492,843

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

These unaudited condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2017, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018. This is the first set of the Group's financial statements in which HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" have been adopted. The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new expected credit losses rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the statement of financial position on 1 January 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in accumulated profits and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39 "Financial Instruments: Recognition and Measurement". The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of accumulated profits at the date of initial application (that is, 1 January 2018). As a result, the financial information presented for 2017 has not been restated.

The preparation of these unaudited condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements.

These unaudited condensed consolidated interim financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated. These unaudited condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes 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 2017 annual financial statements. These unaudited condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2017 consolidated financial statements.

These condensed consolidated interim financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

2. TURNOVER

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

3. OPERATING INCOME

Operating income recognised from the principal activities of the Group during the Period including trading of investments, provision of financing services, provision of wealth and asset management, financial brokerage and related services, provision of medical and laboratory services, franchisor and retail of mother-infant-child products, manufacture of infant formula and nutritional products and investment holding is as follows:

	Unaudited Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Brokerage commission income from:		
— securities dealing	**23,869**	8,632
— underwriting and placing commission income	**122**	198
Commission income and supporting services income from concessionaire sales of mother-infant-child products	**64,496**	35,883
Commission income from providing advisory, account and custody management	**15,894**	–
Financial advisory fee income	**1,644**	1,390
Margin facility and loan facility handling fee income	**4,401**	1,501
Medical and laboratory services income	**61,121**	69,364
Franchisor and retail sales of mother-infant-child products	**1,488,163**	1,062,721
Rental income from sub-lease of premises	**371**	423
Gain from sale of financial assets at fair value through profit or loss, net*	**4,218**	1,256
Loss from sale of financial assets	**(4,743)**	–
Dividend income from investments at fair value through profit or loss	**1,216**	–
Interest income from:		
— margin financing	**22,438**	27,314
— loans receivables from third parties	**72,612**	47,550
— loan receivable from a non-controlling shareholder of a subsidiary *(Note 13(c))*	**6,255**	4,251
Manufacture of infant formula and nutritional products	**58,679**	–
	1,820,756	1,260,483

* Represented the proceeds from the sale of financial assets at fair value through profit or loss of HK$24,785,000 (2017: HK$8,294,000) less relevant costs and carrying amount of the financial assets sold of HK$20,567,000 (2017: HK$7,038,000).

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

Operating segments of the Group comprise the following:

Trading of investments	:	Purchase and sale of securities
Provision of financing services	:	Provision of loan financing services
Provision of wealth and asset management, financial brokerage and related services	:	Provision of wealth and asset management services, dealing in securities, provision of securities, commodities and bullion brokerage services and financial advisory services
Franchisor and retail of mother-infant-child products	:	Managing franchisee and operating retail stores of mother-infant-child products
Manufacture of infant formula and nutritional products	:	Developing, manufacturing and trading of infant milk formula products, and supplement and organic nutritional products
Provision of medical and laboratory services	:	Provision of medical and laboratory services relating to assisted reproductive technology
Investment holding	:	Holding investments for dividend and investment income and capital appreciation

(a) Segment turnover

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

	Trading of investments	Provision of financing services	Provision of wealth and asset management, financial brokerage and related services	Provision of medical and laboratory services	Franchisor and retail of mother-infant-child products	Manufacture of infant formula and nutritional products	Investment holding	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 June 2018 (unaudited)									
Segment turnover	**24,785**	**71,878**	**71,830**	**61,121**	**1,553,030**	**58,679**	**–**	**–**	**1,841,323**

	Trading of investments	Provision of financing services	Provision of wealth and asset management, financial brokerage and related services	Provision of medical and laboratory services	Franchisor and retail of mother-infant-child products	Investment holding	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 June 2017 (unaudited)								
Segment turnover	8,294	52,772	38,064	69,364	1,099,027	–	–	1,267,521

(b) Segment income and results

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

	Trading of investments *HK$'000*	Provision of financing services *HK$'000*	Provision of wealth and asset management, financial brokerage and related services *HK$'000*	Provision of medical and laboratory services *HK$'000*	Franchisor and retail of mother-infant-child products *HK$'000*	Manufacture of infant formula and nutritional products *HK$'000*	Investment holding *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
For the six months ended 30 June 2018 (unaudited)									
Segment income	**4,218**	**71,878**	**71,830**	**61,121**	**1,553,030**	**58,679**	**–**	**–**	**1,820,756**
(Loss)/profit for the period before following items:	(13,989)	58,019	7,453	10,696	95,573	(9,998)	(18,678)	(75,043)	54,033
Loss on disposal of property, plant and equipment, net	–	–	(20)	–	–	(98)	–	–	(118)
Impairment loss on goodwill	–	–	(10,000)	–	–	–	–	–	(10,000)
Finance costs	(4)	(2,963)	(1,201)	–	(4,427)	(17)	(543)	–	(9,155)
Share of results of associates	–	–	–	9,242	–	–	–	–	9,242
Profit/(loss) from operation	(13,993)	55,056	(3,768)	19,938	91,146	(10,113)	(19,221)	(75,043)	44,002
Gain on deemed disposal of interest in subsidiaries	–	–	–	140,145	–	–	–	–	140,145
Reversal of contingent consideration payable	–	–	–	–	11,867	–	–	–	11,867
(Loss)/profit before taxation	(13,993)	55,056	(3,768)	160,083	103,013	(10,113)	(19,221)	(75,043)	196,014
Income tax expense	–	–	117	(2,991)	(23,888)	2,926	–	–	(23,836)
Segment results	(13,993)	55,056	(3,651)	157,092	79,125	(7,187)	(19,221)	(75,043)	172,178

	Trading of investments *HK$'000*	Provision of financing services *HK$'000*	Provision of wealth and asset management, financial brokerage and related services *HK$'000*	Provision of medical and laboratory services *HK$'000*	Franchisor and retail of mother-infant-child products *HK$'000*	Investment holding *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
For the six months ended 30 June 2017 (unaudited)								
Segment income	1,256	52,772	38,064	69,364	1,099,027	–	–	1,260,483
(Loss)/profit for the period before following items:	(47,612)	47,790	(4,790)	20,762	76,919	(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)	43,954	(6,617)	22,016	75,107	(11,264)	(45,969)	29,615
Income tax expense	–	–	1,347	(3,451)	(18,609)	–	–	(20,713)
Segment results	(47,612)	43,954	(5,270)	18,565	56,498	(11,264)	(45,969)	8,902

(c) Segment assets and liabilities

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

	Trading of investments	**Provision of financing services**	**Provision of wealth and asset management, financial brokerage and related services**	**Provision of medical and laboratory services**	**Franchisor and retail of mother-infant-child products**	**Manufacture of infant formula and nutritional products**	**Investment holding**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
As at 30 June 2018 (unaudited)								
Assets								
Before following items:	**563,325**	**1,314,286**	**4,413,604**	**–**	**1,325,304**	**252,181**	**1,029,058**	**8,897,758**
Interest in associates	**–**	**–**	**–**	**818,023**	**–**	**–**	**–**	**818,023**
Goodwill	**–**	**–**	**245,544**	**–**	**267,276**	**339,639**	**–**	**852,459**
Segment assets	**563,325**	**1,314,286**	**4,659,148**	**818,023**	**1,592,580**	**591,820**	**1,029,058**	**10,568,240**
Unallocated assets								**471,133**
Total assets								**11,039,373**
Liabilities								
Segment liabilities	**(10,529)**	**(192,249)**	**(2,923,028)**	**(33,314)**	**(788,636)**	**(85,908)**	**(25,514)**	**(4,059,178)**
Unallocated liabilities								**(3,426)**
Total liabilities								**(4,062,604)**

	Trading of investments	Provision of financing services	Provision of wealth and asset management, financial brokerage and related services	Provision of medical and laboratory services	Franchisor and retail of mother-infant-child products	Manufacture of infant formula and nutritional products	Investment holding	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2017 (audited)								
Assets before following items:	791,547	1,383,369	807,418	268,548	1,257,673	224,628	1,132,002	5,865,185
Interest in an associate	–	–	–	220,235	–	–	–	220,235
Goodwill	–	–	26,587	183,296	267,276	339,639	–	816,798
Segment assets	791,547	1,383,369	834,005	672,079	1,524,949	564,267	1,132,002	6,902,218
Unallocated assets								891,530
Total assets								7,793,748
Liabilities								
Segment liabilities	(11,119)	(50,638)	(118,250)	(46,576)	(906,956)	(105,785)	(30,127)	(1,269,451)
Unallocated liabilities								(31,454)
Total liabilities								(1,300,905)

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, deferred tax assets, loan receivables, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortised cost, inventories, trade and other receivables, fixed and pledged bank deposits, and bank balances and cash. All assets are allocated to operating segments other than unallocated head office and corporate assets as these assets are managed on a group basis.

- Segment liabilities include trade and other payables, interest-bearing borrowings, tax payables, deferred tax liabilities and financial liabilities at fair value through profit or loss. All liabilities are allocated to operating segments other than unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

5. TAXATION

	Unaudited	
	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**3,028**	3,451
Mainland China Enterprise Income Tax	**24,163**	18,883
Australian Income Tax	**1,170**	–
Liechtenstein Corporate Income Tax	**323**	–
	28,684	22,334
Deferred tax		
Reversal of taxable temporary differences	**(4,848)**	(1,621)
	23,836	20,713

Notes:

(a) Hong Kong Profits Tax

Hong Kong Profits Tax was provided at the rate of 16.5% (2017: 16.5%) on the Group's estimated assessable profit arising from Hong Kong during the Period.

(b) Mainland China Enterprise Income Tax

The Group's operations in the People's Republic of China (the "PRC") was subject to enterprise income tax of the PRC at 25% (2017: 25%).

(c) Australian Income Tax

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

(d) Liechtenstein Corporate Income Tax

Liechtenstein corporate income tax was levied at the rate of 12.5% on the taxable profits of Group's subsidiary operating in Liechtenstein.

6. EARNING/(LOSS) PER SHARE

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

	Unaudited Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Profit/(loss) for the Period attributable to equity holders of the Company	**135,431**	(25,156)

	2018	2017
	No. of shares	No. of shares
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earning/(loss) per share	**44,618,346**	40,114,822

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

The basic and diluted loss per share for prior period was adjusted as a result of rights issue and bonus issue completed in February 2017.

7. INTERIM DIVIDEND

The board of the directors does not recommend the payment of an interim dividend for both periods.

8. INTEREST IN ASSOCIATES

As at 30 June 2018, interest in associates comprise of HK$225,959,000 (31 December 2017: HK$220,235,000) representing 42.87% equity interest in Pangenia Holdings Limited (formerly known as DiagCor Technology Limited, "Pangenia"), a company incorporated in the British Virgin Islands with limited liability and HK$592,064,000 (31 December 2017: Nil) representing 46.71% equity interest in Reproductive Healthcare Group Limited (formerly known as Jubilant Link Limited, "Reproductive Healthcare"), a company incorporated in the British Virgin Islands with limited liability.

In March 2017, Pangenia and its subsidiaries (together "Pangenia Group") were acquired by the Group. The Pangenia Group is principally engaged in the trading of laboratory consumables and equipment and laboratory testing related business.

In May 2018, the Group's subsidiary, Reproductive Healthcare entered into a transaction with the vendors in relation to the acquisition of the entire issued share capital of the target company at the consideration of HK$435,005,000, which was settled as to HK$210,000,000 in cash and as to HK$225,005,000 by the allotment and issue of Reproductive Healthcare's shares to the vendors. Meanwhile, the Group subscribed 50,000,000 shares in Reproductive Healthcare at a consideration of HK$160,000,000. Upon completion of the transaction on 8 June 2018, the Group's interest in Reproductive Healthcare decreased from 55.02% to 46.71%, Reproductive Healthcare and its subsidiaries (together "RHG") became an associate of the Group. RHG is principally engaged in the provision of medical consultation services and reproductive technology services.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Notes	**Unaudited 30 June 2018 *HK$'000***	Audited 31 December 2017 *HK$'000*
Unlisted investments, at cost			
Equity securities	*(a)*	–	630,525
Debt instrument	*(b)*	–	74,926
Private funds	*(c)*	–	40,127
		–	745,578
Impairment losses		–	(56,463)
		–	689,115
Less: Balances in current portion		–	(74,926)
		–	614,189

Notes:

(a) As at 31 December 2017, 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. On 8 March 2018, Shengang Securities Company Limited issued 815,000,000 shares to existing 9 shareholders. The total issued share capital of Shengang Securities Company Limited increased from RMB3,500,000,000 to RMB4,315,000,000. After issue of new shares, the investment in Shengang securities held by the Group was diluted from 15% to 12.17%.

Investment in Shengang securities is an equity instruments. From 1 January 2018, the Group made an irrevocable election (on an instrument-by-instrument basis) to designate this investment at fair value through other comprehensive income as stated in Note 11. This option is only applying to instruments that are i) not held for trading; ii) contractual cash flow that not for solely payments of the principal amount and interest and iii) not derivatives.

(b) In October 2016, the Group acquired a subsidiary, Hong Kong Mortgage Solutions Limited ("HKMS"), which has an 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, Hong Kong Capital Finance Corporation MBS 1 Limited, pursuant to which HKMS agrees to grant a loan with the principle amount of HK$75,000,000. The loan was fully repaid in January 2018.

(c) Included in the private funds was fund contribution to Agate-JT Healthcare Fund L.P. ("Agate Fund"). As at 31 December 2017, Mason Capital Strategic Holdings Limited, a wholly-owned subsidiary of the Company, has paid US$5,136,000 (equivalent to HK$40,082,000) as the paid-up capital of Agate Fund, which represented 26% and 32% of total contribution commitment and contributed capital respectively. The fund is established for achieving capital appreciation through making equity investments in and dispositions of, mainly Israeli and Israeli-related healthcare technologies companies. During the year ended 31 December 2017, an impairment loss of HK$5,538,000 was recognised. Under HKFRS 9, the investment is reclassified as financial asset at fair value through profit or loss (Note 10) as at 30 June 2018.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	**Unaudited 30 June 2018** *HK$'000*	Audited 31 December 2017 *HK$'000*
Investments held for trading			
Equity securities — listed in Hong Kong	*(a)*	**507,859**	361,633
Equity securities — listed overseas	*(a)*	**16,217**	2,639
Equity securities — listed in PRC	*(a)*	**2,635**	–
Unlisted equity securities	*9(c)*	**34,589**	–
Forward exchange contracts	*(b)*	**1,368**	–
		562,668	364,272
Less: Balances in current portion		**(322,445)**	(164,930)
Non-current portion		**240,223**	199,342

Notes:

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

(b) The fair value of forward exchange contracts is determined using forward exchange rate at the reporting date.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Note	**Unaudited 30 June 2018** *HK$'000*	Audited 31 December 2017 *HK$'000*
Unlisted equity securities	*9(a)*	**715,811**	–

12. FINANCIAL ASSETS AT AMORTISED COST

	Unaudited 30 June 2018 *HK$'000*	Audited 31 December 2017 *HK$'000*
European bonds	**145,915**	–

13. LOANS RECEIVABLES

Loans granted to borrowers are repayable according to repayment schedules.

	Notes	**Unaudited 30 June 2018** *HK$'000*	Audited 31 December 2017 *HK$'000*
Loans receivables from third parties			
— Term loans	*(a)*	**2,226,718**	1,119,704
— Instalment loans	*(b)*	**185,346**	202,956
		2,412,064	1,322,660
Loan to a non-controlling shareholder of a subsidiary	*(c)*	**174,563**	168,308
	(d)	**2,586,627**	1,490,968
Expected credit loss		**(5,854)**	–
		2,580,773	1,490,968
Less: Balances due within one year included in current assets		**(1,541,439)**	(848,606)
Non-current portion		**1,039,334**	642,362

Notes:

(a) As at 30 June 2018, term loans receivables (i) HK$691,897,000 (31 December 2017: HK$761,270,000) are secured by corporate/personal guarantee provided by equity holders of the borrowers and collateralised by unlisted securities or listed securities and/or properties; (ii) HK$137,997,000 (31 December 2017: HK$137,973,000) and HK$8,286,000 (31 December 2017: HK$8,286,000) are collateralised by listed securities and the borrower's assets respectively; (iii) HK$138,708,000 (equivalent to CHF17,504,000) (31 December 2017: Nil) are collateralised by properties located overseas or pledged deposits; (iv) HK$1,028,196,000 (equivalent to CHF129,753,000) (31 December 2017: Nil) are collateralised by securities and bonds; and (v) HK$221,634,000 (31 December 2017: HK$212,175,000) are unsecured. The term loans receivables (i) carry fixed interest rates ranging from around 1% to 16.8% per annum (2017: 5% to 12% per annum) and (ii) all (31 December 2017: all) are within the respective maturity dates.

(b) Included in instalment loans receivables as at 30 June 2018 of HK$84,097,000 (31 December 2017: HK$93,764,000) which (i) is collaterised by a property situated in Hong Kong; (ii) carries interest rate of 4.13% above the Hong Kong Dollar prime rate quoted by a credit trustworthy bank in Hong Kong per annum; and (iii) is within the respective maturity dates.

The remaining instalment loans receivables as at 30 June 2018 were property mortgage loans which (i) are all collaterised by properties situated in Hong Kong; (ii) carry variable interest rate ranged from 6.5% to 8.5% per annum and (iii) are within the respective maturity dates.

(c) Loan to a non-controlling shareholder of a subsidiary is the loan and related interest receivable to one of the vendors in acquisition of AYD Group Limited (formerly known as "Shining Time Holdings Limited") ("AYD"), Cosmicfield Investments Limited ("Cosmicfield"). Pursuant to an investment agreement dated 30 December 2016, the loan of RMB140,800,000 (equivalent to HK$157,696,000) carries interest at a rate of 8% per annum for a term of 36 months expiring on 27 February 2020; and is secured by 1,892 shares of US$1 each, representing 18.92% of the issued share capital of AYD held by Cosmicfield.

(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$2,586,627,000 (31 December 2017: HK$1,490,968,000) and thus no allowance for doubtful debts was considered necessary.

14. TRADE AND OTHER RECEIVABLES

	Notes	**Unaudited 30 June 2018 *HK$'000***	Audited 31 December 2017 *HK$'000*
Trade receivables	*(a)*	**220,602**	160,231
Accounts receivables from third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	*(b)*	**36,893**	19,520
— margin clients	*(b)*	**609,777**	520,718
— clearing houses and brokers	*(b)*	**43,916**	181,801
		911,188	882,270
Allowance for doubtful debts	*(d)*	**(104,273)**	(104,814)
	(c)	**806,915**	777,456
Deposits and prepayments		**203,227**	148,050
Other receivables	*(e)*	**174,520**	110,086
Due from related companies/parties	*(f)*	**64,670**	15,920
		442,417	274,056
		1,249,332	1,051,512

Notes:

(a) Settlement terms of trade receivables

The Group's sales are on cash basis except for the sales of merchandise to certain customers and the franchisees. The credit terms offered to these customers are generally in credit limit and open credit period, accordingly the trade receivables that are not individually nor collectively impaired are considered not overdue.

(b) Settlement terms of accounts receivables

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

The credit facility limits to margin clients are determined by the discounted market value of the collateral securities accepted by the Group.

The majority of the loans to margin clients which are secured by the underlying pledged securities are interest bearing. The Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio.

Any excess in the lending ratio will trigger a margin call which the customers have to make up the shortfall.

Loans to margin clients as at the end of the reporting period were secured by the customers' securities to the Group as collateral with undiscounted market value of approximately HK$1,616,979,000 (31 December 2017: HK$1,363,452,000).

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

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

(c) Ageing analysis

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

	Unaudited 30 June 2018 ***HK$'000***	Audited 31 December 2017 *HK$'000*
Neither past due nor impaired	**806,915**	775,908
Less than 1 month past due	**–**	1,274
1 month to 3 months past due	**–**	170
3 months to 6 months past due	**–**	104
	–	1,548
	806,915	777,456

Trade and accounts receivables at the end of the 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 the 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 2018 *HK$'000*	Audited 31 December 2017 *HK$'000*
Less than 1 month	**105,617**	49,575
1 month to 3 months	**67,050**	102,488
3 months to 6 months	**39,051**	1,064
6 months to 12 months	**8,884**	7,104
	220,602	160,231

(d) Allowance for doubtful debts

Movements in the provision for allowances are as follows:

	Unaudited 30 June 2018 *HK$'000*	Audited 31 December 2017 *HK$'000*
At the beginning of the reporting period	**104,814**	100,517
Increase in allowance	**–**	4,897
Reversal of allowance	**(685)**	(600)
Expected credit loss	**144**	–
At the end of the reporting period	**104,273**	104,814

Included in the allowance for doubtful debts are specific allowance for accounts receivables from several margin clients with a balance of HK$103,853,000 (31 December 2017: HK$104,538,000). 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$18,006,000 (31 December 2017: HK$15,075,000) and amount due from a number of franchisees related to the setup cost of respective franchise stores of HK$60,860,000 (31 December 2017: HK$67,555,000) as at the end of the reporting period.

(f) The amounts due from beneficial owners of respective non-controlling interests of subsidiaries of HK$64,625,000 (31 December 2017: HK$15,920,000) and a director (who was also the vendor) of a subsidiary acquired during the period of HK$46,000 (31 December 2017: nil) are unsecured, interest-free and have no fixed repayment term. The carrying value of the amounts due approximate their fair value.

15. TRADE AND OTHER PAYABLES

	Notes	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Trade and bills payables to third parties	*(b)*	**324,569**	339,360
Accounts payables to clients arising from provision of wealth and asset management services	*(a)*	**2,291,494**	–
Accounts payables to third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	*(a)*	**506,694**	357,417
— margin clients	*(a)*	**262,780**	101,947
		3,385,537	798,724
Less: cash held on behalf of clients	*(c)*	**(743,634)**	(443,395)
		2,641,903	355,329
Other payables	*(d)*	**255,319**	126,896
Deposits received and receipts in advance		**7,490**	73,729
Contract liabilities		**42,845**	–
Due to companies owned by non-controlling shareholder of a subsidiary	*(e)*	**667**	8
		306,321	200,633
		2,948,224	555,962

(a) Settlement terms of accounts payables

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

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

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

No ageing analysis has been disclosed in respect of accounts payables arising from the ordinary course of brokerage and wealth and assets management services 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 2018 *HK$'000*	Audited 31 December 2017 *HK$'000*
Less than 1 month	**140,083**	3,657
1 month to 3 months	**143,948**	24,118
3 months to 6 months	**28,288**	289,565
6 months to 12 months	**12,250**	22,020
	324,569	339,360

(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) As at 30 June 2018, included in other payables was 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.

16. DEEMED DISPOSAL OF SUBSIDIARIES WITH LOSS OF CONTROL

Deemed disposal of Reproductive Healthcare Group Limited and its subsidiaries ("RHG")

As disclosed in Note 8, the Group has loss of control in RHG on 8 June 2018, the equity interest in RHG decreased from 55.02% to 46.71%. RHG ceased as subsidiaries of the Company and is accounted for as an associate since then. The following summarised the deemed consideration and the carrying amount of the assets and liabilities to be derecognised from the consolidated statement of financial position of the Group as at the date of deemed disposal:

	Total
	HK$'000
Consideration	
Deemed consideration	595,980
Less: consideration paid for shares subscription	(160,000)
	435,980
Less: Net assets and liabilities derecognised	
Property, plant and equipment	2,248
Intangible assets	201,900
Deferred tax assets	498
Goodwill	183,296
Trade and other receivables	8,559
Bank balances and cash	95,090
Trade and other payables	(13,173)
Tax payables	(3,961)
Deferred tax liabilities	(33,314)
Non-controlling interests	(145,308)
Net assets derecognised	295,835
Gain on deemed disposal	140,145

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

During the Period, the Group's turnover rose by 45.27% year-on-year to approximately HK$1,841.32 million (2017: HK$1,267.52 million). Its operating income grew by 44.45% to approximately HK$1,820.76 million (2017: HK$1,260.48 million) and net profit for the Period surged by 1,834.61% to approximately HK$172.18 million (2017: HK$8.90 million). Profit attributable to equity holders of the Group amounted to approximately HK$135.43 million in 2018, compared to a loss of approximately HK$25.16 million for the same period last year. Basic and diluted earnings per share were HK0.3 cents (2017: loss of HK0.06 cents).

MARKET REVIEW

The global economy maintained robust growth in the first half of 2018, albeit at a moderated momentum, mainly due to changing expectations in the monetary policies in major advanced economies and escalating trade frictions, in particular between the US and its trading partners, compounded by intensifying geopolitical tensions. Global borrowing costs have been on the rise since early 2018, with the US Federal Reserve foreseeing more interest rate hikes this year, exerting pressure on the global economic environment. Despite these long-term factors, the Group is positive about the medium- to long-term global economic outlook. The International Monetary Fund ("**IMF**") anticipates gradually tightening but still favorable global financial conditions, with domestic demand growth in advanced economies continuing at a strong pace, even though trade clashes are affecting a small proportion of global trade. The IMF's outlook for emerging and developing Asia remains positive, with expected healthy growth rate at 6.5% in 2018–2019.

In China, the economy has acclimatized to its "new normal" environment, and progressed at a slower but stable GDP growth rate of 6.8%, with modest rebound in export growth and higher domestic demand. Chinese regulators have implemented significant measures to curb shadow banking and crack down on peer-to-peer lending. The Shanghai Composite Index recorded a 14% slump in the first half of 2018, reflecting the unease the country has been facing towards the mounting US-Sino trade dispute. Meanwhile, demands for healthcare services have been constantly on the rise. According to the data from the National Bureau of Statistics of China, growth in per capita expenditure on healthcare and medical services increased to 11% year-on-year in 2017, accounting for 7.9% of total average spending. Within the medical industry in China, the market for assisted reproduction reached RMB14 billion in 2017, and is estimated to amount to RMB16 billion in 2018, as two million married couples in the country face infertility every year.

Sustaining the upturn in 2017, the Hong Kong economy remained vibrant at the beginning of 2018, with GDP growing by 4.7% in the first quarter of 2018. Credit growth, in terms of the year-on-year increase in loans for use in Hong Kong (including trade finance), rose by 15.1% at the end of the first quarter of 2018, as the demand for loans was strong amidst a buoyant economy. Business sentiment in the financing sector was particularly optimistic. However, the stock market experienced volatility during the first half of the year, with the Hang Seng Index surging to an all-time high of 33,154 in January 2018, then pared most of the gains in the subsequent months, partly due to the uncertainties in external trading in reaction to the exacerbating US-Sino trade conflict. Stock market turbulence aside, the vigor of the economy has produced an environment favorable to the Group's operations.

BUSINESS REVIEW

The Group achieved encouraging results in the first half of 2018 by implementing its overarching "**Health + Wealth**" strategy, delivering substantial growth in its financial as well as healthcare business segments, in addition to the satisfactory performance of the mother-infant-child product franchising and retailing division. Efforts have been made to implement its financial segment business strategy, which included a widening of its distribution network, service capabilities and product ranges through organic growth and strategic acquisitions. The Group has made progress in achieving its ultimate goal of building a sophisticated global financial platform to bridge the east and the west through the acquisition of European private bank, Raiffeisen Privatbank Liechtenstein AG ("**RPL**") and Hong Kong wealth management company, Harris Fraser Group Limited and its subsidiaries ("**HFG**"). At the same time, the Group's healthcare ecosystem has been strengthened with the establishment of one of the largest In Vitro Fertilization ("**IVF**") and biotechnology platforms in Hong Kong, which aims at capitalizing on the growing market in assisted reproduction services in Asia. Its healthcare service competencies have grown to comprise prenatal and postnatal services, and mother-infant-child retailing. With the completion of the acquisitions, the Group has been concentrating on the integration of these new entities with internal resources, laying the groundwork for further development.

Financial Services Business

The Group's financial services business division comprises financial brokerage business and related services, asset and wealth management services, private banking services, financing services, and trading of investment securities. The division generated an operating income of approximately HK$147.93 million during the Period (2017: HK$92.09 million), representing an increase of 60.64% compared to the same period of 2017, a profit of approximately HK$37.41 million during the Period (2017: loss of HK$8.93 million).

Wealth and Asset Management

The Group witnessed steady progress in its asset and wealth management operation during the Period, marked by the completion of the acquisitions of RPL, a Liechtenstein-based private bank, in March 2018 and HFG, a Hong Kong wealth management company, in May 2018. The integration of RPL and HFG contributed a total operating income of approximately HK$34.75 million and total profit of approximately HK$10.06 million to the Group during the Period.

These two acquisitions broaden the Group's global reach and customer base, and enhanced its service offerings and distribution network. Focus has been on a series of integration efforts and rebranding exercises, including the IT system upgrades of RPL to facilitate mobile capability as well as the formulation of strategies to facilitate cross-selling services. The two acquired entities have added new services capabilities to the Group's financial platform — RPL has added deposit taking services, custody service, and trust function capabilities, while HFG has added investment advisory services, as well as a network of 70 independent financial advisers ("**IFAs**"), enabling the sales and distribution of a diverse range of products to clients in Asia and Europe, thus strengthening the competitiveness of the Group's financial platform.

RPL is a private bank based in Liechtenstein. Founded in 1998, it provides comprehensive wealth management services, including asset support and monitoring, asset management, inheritance and succession planning, and portfolio analysis. RPL will greatly complement the Group's existing financial segments, facilitate further cross selling and synergies across the Group's different lines of business. It will also offer a full suite of Asian financial products to European clients and provide European private banking services to high net worth clients in the Asia Pacific. RPL's asset under management ("**AUM**") amounted to CHF1.01 billion as at the end of June 2018, with operating income for the second quarter of 2018 (after completion of acquisition at 28 March 2018 to 30 June 2018) reaching approximately HK$22.81 million.

Established in 1990, HFG is a renowned wealth management company serving over 13,000 high-net-worth and affluent clients across the Asia Pacific. Its services include asset management, corporate and trust services, investment savings plans, tax planning, life and general insurance, and MPF advisory services. With offices in Hong Kong, and distribution business partners in Taipei, Beijing, Singapore, Sydney, and Tokyo, it has an extensive network of IFAs. With the addition of HFG, the Group has expanded financial services capabilities, including the provision of a wider range of quality financial products and the enhancement of its investment and financial advisory services. As at 30 June 2018, HFG's asset under advisory ("**AUA**") and AUM aggregated to about US$135 million, and its operating income for the three months ended 30 June 2018 was approximately HK$11.94 million.

In early 2018, the Group debuted its first multi-strategy fund to target financial institutions and professional investors. Additional equity and fixed income products are in the pipeline for launch in the third quarter of 2018. The Group strives to increase product offerings to attract further AUM.

Investment banking services — securities and futures brokerage and related services (securities margin financing, leveraged and acquisition financing, corporate finance services and related services)

During the Period, the Group's securities and futures brokerage business, securities margin financing, corporate finance advisory services, and other related financial services together generated an operating income of approximately HK$37.08 million during the Period (2017: HK$38.06 million), showing a decrease of approximately 2.57% compared with the corresponding period and operating loss of approximately HK$3.71 million, excluding the impairment loss on goodwill amounted to HK$10 million during the Period (2017: loss of HK$5.27 million), which further improve from the same period of 2017.

During the Period, the Group entered into the margin facility agreement with a third party, pursuant to which the Group agreed to grant a 6 months term loan amount of HK$406 million. As at the end of July, the principal amount has yet to become due but there were deviations in relation to certain terms in the finance documents and the Group issued a reservation of rights letter and several relevant notices to this margin client and its guarantor. As at the date of this announcement, the total outstanding amount of this loan was approximately HK$357.73 million, including the principal and interest. The management has taken their view that considering the collateral and loan recoverability, the management considered no impairment is required as at 30 June 2018.

For the purpose of minimizing business risks, the Group further strengthened its internal control and risk management systems during the Period. Investments were made in internal IT and infrastructure development to boost operating efficiencies. Continual system upgrades have also been implemented on trading platforms and back end system to enhance customer satisfaction, improve system efficiency, and reinforce security and protection for clients.

The Group strived to enhance its financial services platform, broaden its product range, improve product development capabilities, and expand the professional sales teams during the Period. Its corporate finance service provides customer-oriented total capital markets solutions including cross-border mergers and acquisitions, as well as privatization and Hong Kong listing preparation.

Financing Services (mortgage and loans business)

During the Period, the Group's financing services business, including leveraged and acquisition finance activities and mortgage loan securitization business in Hong Kong sustained its growth momentum and contributed steady income, generating a total operating income of approximately HK$71.88 million (2017: HK$52.77 million), which represented an increase of 36.21% and profit of approximately HK$55.06 million during the Period (2017: HK$43.95 million), which demonstrated an increase of 25.28%.

During the Period, the Group launched an asset-backed fixed income product as a part of the mortgage loan securitization business and expanded its business to distribution to institutional clients in Northeast Asia. The distribution of portfolio by securitization helps the Group to broaden its financial services business by capitalizing on its existing mortgage loan business.

As at 30 June 2018, the Group's financing services business provided several loan financing products, which include secured loans, unsecured loans, bridging loans, and guarantee service. In its loan business, the Group maintains a prudent approach by carefully assessing the credit worthiness of the borrower and maintaining sufficient collateral and guarantees.

Trading of Investment Securities

Trading in securities continued to be one of the Group's principal activities. The Hong Kong Hang Seng Index experienced much turbulence in the first half of 2018, reaching an all-time high of 33,154 points in January but losing ground at the end of June 2018 and dropping to 28,955 points as a result of concerns over the heightening US-Sino trade strains. Influenced by the instability in the stock market, the Group's trading of investments recorded operating income of approximately HK$4.22 million (2017: HK$1.26 million) and loss for the Period of approximately HK$13.99 million (2017: HK$47.61 million). The market value of the Group's 5 investments securities as of 30 June 2018 amounted to approximately HK$327.56 million.

Healthcare Business

The Group's healthcare business, encompassing the provision of IVF services and genetic diagnostic and advisory services, contributed an operating income of approximately HK$61.12 million in 2018 during the Period (2017: HK$69.36 million) to the Group. The decrease of 11.88% is due to the reason that RHG ceased to be a subsidiary subsequent to 8 June 2018 and its operating income was no longer included in the Group's operating income since then. The profit for the Period was approximately HK$157.09 million (2017: HK$18.57 million), which represented an increase of 745.93%. Such increase includes a gain on deemed disposal of interests in RHG totaling HK$140.14 million.

The Group achieved a new milestone in May 2018 with the establishment of RHG, one of Hong Kong's largest IVF and biotechnology platforms, through the merger of its subsidiary Reproductive Healthcare with The Women's Clinic. The merger brought together 14 prominent doctors and specialists and 2 pioneers in the field of assisted reproduction. The consolidation of resources will allow RHG to provide a more comprehensive range of IVF medical services including intra-uterine insemination, IVF/test tube baby, frozen-thawed embryo transfer, and egg freezing services. Subsequent to the merger of The Women's Clinic on 8 June 2018, RHG has become an associate company of the Group. RHG generated an operating income of approximately HK$74.49 million (2017: HK$69.36 million) and a profit of approximately HK$20.77 million (2017: HK$17.62 million) during the Period. The profit attributed by RHG to the Group during the Period was approximately HK$11.23 million and a gain on deemed disposal of subsidiaries of HK$140.14 million was recorded during the Period upon RHG becoming an associate.

Established in 1991, The Women's Clinic was founded by Dr. Leong Ka Hong, Milton, the medical practitioner who successfully completed the first IVF case in Hong Kong. The clinic promotes a comprehensive concept of education and development, in addition to providing diagnosis and treatment. Its IVF center is currently managed by seven doctors and five embryo specialists. Its amalgamation into our Mason medical platform will help to further promote the development of the IVF industry in this region.

The merger was an important landmark in realizing the Group's vision to consolidate the premium medical services market in Hong Kong. As a strategic move to tap into the China IVF market, a leading technology-enabled medical and healthcare solutions platform, WeDoctor Holdings Limited, has been introduced as a strategic investor in RHG. Together with the previously acquired Pangenia Holdings Limited and its subsidiaries ("**Pangenia**"), a genetic diagnostic and advisory service provider, the Group has a total of 3 clinics, 4 laboratories, more than 100 specialists and professionals. The reported share of profits of associate company, Pangenia for the Period was approximately of HK$5.72 million (2017: HK$0.95 million).

Mother-infant-child Consumer Retail Business

The foundation of the healthcare mother-infant-child ecosystem was laid in 2017 with the acquisitions of AYD, a major mother-infant-child products retailer in China, and Blend and Pack Pty. Ltd. ("**Blend & Pack**"), an established Australian infant formula manufacturer. The Group has formed an integrated ecosystem of upstream and downstream distribution and sales channels of mother-infant-child and nutritional products. The Group's mother-infant-child consumer retail business division generated an operating income of approximately HK$1,611.71 million during the Period (2017: HK$1,099.03 million), representing an increase of 46.65% and profit of approximately HK$71.94 million during the Period (2017: HK$56.50 million), representing an increase of 27.33%.

Franchising and Retailing of Mother-Infant-Child Products

As at 30 June 2018, AYD had a regional network of 1,148 self-operated and franchise retail stores, and 5,929 partner stores. AYD has formulated an expansion strategy that will further expand its presence in the fast growing cities across Southeast China. The growth in the number of franchise stores in Southern and Eastern China has proven AYD as one of the leaders in offering credible and safe baby and mother care products. Leveraging its 20-year history and comparative advantages, AYD has successfully increased its brand awareness and our market share of the mother-infant-baby market in China. The coverage of AYD's partner stores in the Central, Northern, Southwestern, and Northwestern China has further consolidated AYD's strategic expansion throughout China. During the Period, the provision of franchising and retailing of mother-infant-child products attributed to AYD recorded approximately HK$1,553.03 million (2017: HK$1,099.03 million) in operating income, marking a 41.31% increase. Profit for the Period was approximately HK$79.13 million (2017: HK$56.50 million), representing approximately 40.05% increase.

Taking into account the historical financial performance and current performance of AYD, the Group chose to incentivise the management of AYD to make continuous commitment and support for the growth and development of AYD by transferring bonus shares to the management of AYD according to the investment agreement between the Group, other AYD shareholders (including Cosmicfield Investments Limited ("**Cosmicfield**") and Golden Metro Investments Limited ("**Golden Metro**") and AYD management team dated 30 December 2016.

At the end of June 2018, the Group entered into a supplementary agreement to the investment agreement which stipulated that the Group shall pay RMB5 million to Cosmicfield if AYD's 2018 attributable profit exceeds RMB120 million, while Cosmicfield and Golden Metro shall, on a joint and several basis, pay RMB5 million to the Group if AYD's 2018 attributable profit is less than RMB120 million. It was further stipulated that several of AYD's management team members and one of the current AYD shareholders will subscribe for a total of 417 new shares in AYD at a total amount of RMB50 million by 31 August 2018. After the transfer of bonus shares and subscription of the new shares, the Group's shareholding in AYD will be decreased to 45.03% and AYD will remain as the subsidiary of the Group.

Manufacture of infant formula and nutritional products

The Group acquired an Australian infant formula manufacturer, Blend & Pack in 2017. Blend & Pack is certified by the Certification and Accreditation Administration of the People's Republic of China ("**CNCA**") to produce infant formula products for exporting to China. The synergistic effect will thus be demonstrated between the Group's dairy and nutritional product manufacturer and its mother-infant-child products distribution and sales platform. The Group's dairy products business segment generated operating income totaling HK$58.68 million (2017: Nil) and earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") of HK$5.17 million (2017: Nil) during the Period, with 3.24 million cans of milk powder produced and 2.92 million cans sold.

PROSPECTS

Financial Services Business

The Chinese government's two major initiatives, the development of the Greater Bay Area and the Belt and Road Initiative, have both unleashed vast opportunities for Hong Kong to leverage its strengths in financial services, professional services, and international ties. The mutual cooperation in the Greater Bay Area will benefit Hong Kong as a center for fund raising, offshore RMB business, and asset management. As such, the Greater Bay Area presents a conceivable market for the Group to continue expanding its financial businesses.

With the integration of RPL and HFG into its financial platform as well as the organic synthesis of new products and services, the Group intends to broaden its product range, increase service offerings, widen its client base, as well as expand its wealth management capabilities to achieve growth in its AUM. The Group is also seeking acquisition targets in the Asia Pacific region, including investment managers and asset management companies in Korea, Taiwan, and Singapore as part of its growth strategy.

Healthcare Business

One of the Group's major achievements during the Period was via amalgamation, establishment of one of Hong Kong's largest and Asia's leading IVF and biotechnology platforms in answer to the rising demand for assisted reproductive services in Greater China and Asia. The Group continues to look for other investment opportunities in Asia to be incorporated into its healthcare platform and to open up new horizons.

Given the population size of approximately 68 million in the Greater Bay Area and the expected rise in demands for medical services in this area, the Group intends to formulate its corporate development strategies in line with relevant government policies and to better serve health management organizations ("**HMO**") in the region. The Group is also planning to set up a research center for assisted reproductive and genetic testing technology in the Hong Kong. Through the integration of its healthcare and financial services, the Group seeks to expand its services to the Greater Bay Area so as to enable the population there to benefit from Hong Kong's quality healthcare and financial services.

Mother-infant-child Business

The implementation of China's two child policy has given impetus to the growth the mother-infant-child products market. The solid performance and growth potential of the Group's mother-infant-child products chain, AYD, will help the Group to capture the opportunities in this market.

Going forward, the Group will continue to adhere to its "**Health + Wealth**" growth strategy to expand its business on a global scale. With the international expansion of the Group's financial platform, the extension of the Group's reach into the Greater Bay Area through the healthcare platform, in addition to deepen focus in assisted reproductive and genetic testing technology, the Group is committed to forging ahead and delivering value to the Group's shareholders.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 30 June 2018, the Group's total equity amounted to approximately HK$6,977 million (including non-controlling interests of approximately HK$595 million), representing an increase of 7% from approximately HK$6,493 million as at 31 December 2017. As at 30 June 2018, the Group had net current assets of approximately HK$1,752 million (including bank balances and cash of approximately HK$2,081 million), compared to approximately HK$3,219 million including bank balances and cash of approximately HK$1,759 million as at 31 December 2017. As at 30 June 2018, the Group had borrowings of HK$844 million (31 December 2017: HK$320 million) and therefore maintained a 12% gearing ratio (31 December 2017: 5%) as computed on the basis of borrowings to total equity and with a current ratio of 1.5 times (31 December 2017: 4.1 times).

During the Period, the Group entered into certain loan agreements with third-party lenders and banks. At the end of the Period, the Group had outstanding secured bank loans of approximately HK$283 million (31 December 2017: HK$121 million) and unsecured loans of approximately HK$541 million (31 December 2017: HK$179 million). As at 30 June 2018, bank and other borrowings of HK$199 million, HK$101 million, HK$373 million and HK$151 million were denominated in RMB, Hong Kong Dollars, Swiss Franc and United States Dollars respectively (31 December 2017: HK$189 million and HK$111 million were denominated in RMB and Hong Kong Dollars respectively). Out of these bank and other borrowings, HK$240 million (31 December 2017: HK$251 million) were at fixed interest rate and the rest balances were either at variable rates or non-interest bearing with a range from 0% to 18% per annum (31 December 2017: 0% to 18% per annum). All bank and other borrowings are repayable in 2018. Furthermore, there were two outstanding unsecured bonds with principal amounts of HK$10 million each, which were issued in 2014 to two third-party investors. The bonds interest rates were both 5% per annum payable annually in arrears and will mature in 2021.

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 Australia dollars, Swiss France, RMB and Hong Kong dollars. Fluctuations in foreign currency may have an impact on the Group's results and net asset value as the Group's consolidated financial statements are presented in Hong Kong dollars. The Group's treasury policy is to manage its foreign currency exposure only when its potential financial impact is material to the Group. The Group will continue to monitor its foreign exchange position and, if necessary, utilize hedging tools, if available, to manage its foreign currency exposure.

Guarantees

As at 30 June 2018, the Group has provided guarantees in favour of banks and financial institutions, in respect of facilities granted to certain subsidiaries, amounting to HK$355 million (31 December 2017: HK$109 million). Of these facilities, a total of HK$283 million (31 December 2017: HK$85 million) has been drawdown.

Further, as at 30 June 2018, the Group has issued a financial guarantee in respect of a loan granted to a third party individual with the principal amount of RMB51 million (equivalent to HK$57 million) (31 December 2017: RMB51 million (equivalent to HK$57 million)) for a loan guarantee fee income of HK$191,000 (2017: HK$970,000) recognized in the profit or loss.

CONTINGENT LIABILITIES

During the Period, the Group has issued a financial guarantee in respect of a loan granted to a third party individual with principal amount of RMB51 million (equivalent to HK$57 million) (31 December 2017: RMB51 million (equivalent to HK$57 million)) to a third party. The management does not consider it is probable that a claim will be made against the Group under this guarantee. The maximum liability of the Group at the end of the reporting period under this guarantee of RMB53 million (equivalent to HK$63 million) (31 December 2017: RMB53 million (equivalent to HK$59 million), representing the outstanding amount of the loan and interest payable to the third party as at the end of the reporting period.

PLEDGE OF ASSETS

As at 30 June 2018, the Group's bank deposits, inventories and trade receivables of HK$71 million, HK$60 million and HK$60 million respectively were pledged to certain banks to secure loan facilities amounting to HK$304 million and bills payables (31 December 2017: bank deposits, inventories and trade receivables of HK$58 million, HK$51 million and HK$51 million respectively were pledged to certain banks to secure loan facilities amounting to HK$97 million and bills payables). Loan facilities amounting to HK$271 million were utilized as at the end of the reporting period (31 December 2017: HK$85 million).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (2017: 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 significant 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$10 million during the Period (2017: HK$49 million). The Group held a few listed investments as set out below:

List of significant stocks in terms of market value as at 30 June 2018

Name of stock listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange")/ overseas stock exchange	Stock Code	Brief description of the business	Number of shares held as at 30 June 2018	Proportion of shares held as at 30 June 2018	Investment cost as at 30 June 2018 *HK$'000*	Market value as at 30 June 2018 *HK$'000*	Percentage to total assets value of the Group as at 30 June 2018
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	18,237	0.17%
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.	38,205,000	8.47%	153,286	100,861	0.91%

Name of stock listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange")/ overseas stock exchange	Stock Code	Brief description of the business	Number of shares held as at 30 June 2018	Proportion of shares held as at 30 June 2018	Investment cost as at 30 June 2018 *HK$'000*	Market value as at 30 June 2018 *HK$'000*	Percentage to total assets value of the Group as at 30 June 2018
Sheng Ye Capital Limited	8469	Provision of factoring services, including the provision of financing services (secured by accounts receivable) to factoring customers and the accounts receivable management services.	28,600,000	3.86%	57,797	205,634	1.86%
Wattle Health Australia Limited	WHA (Australian Stock Exchange)	Provision of developing, sourcing and marketing high quality Australian made consumer food products	416,429	0.21%	2,635	2,832	0.03%

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

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

Name of stock listed on Stock Exchange/ overseas stock exchange	Stock Code	Brief description of the business	Number of shares held as at 31 December 2017	Proportion of shares held as at 31 December 2017	Investment cost as at 31 December 2017	Market value as at 31 December 2017	Percentage to total assets value of the Group as at 31 December 2017
					HK$'000	*HK$'000*	
Q Technology (Group) Company Limited	1478	Engagement in the design, research, development, manufacture and sales of camera modules.	382,000	0.03%	4,642	4,202	0.05%
Sheng Ye Capital Limited	8469	Provision of factoring services, including the provision of financing services (secured by accounts receivable) to factoring customers and the accounts receivable management services.	28,600,000	3.86%	57,797	199,342	2.56%
Wattle Health Australia Limited	WHA (Australian Stock Exchange)	Provision of developing, sourcing and marketing high quality Australian made consumer food products	236,429	0.16%	827	2,639	0.03%

Significant stocks gains/(losses) for the period ended 30 June 2018

Name of stock listed on Stock Exchange	Stock Code	Realised gains for the six months ended 30 June 2018	Unrealised gains/ (losses) for the six months ended 30 June 2018	Dividend received for the six months ended 30 June 2018
		HK$'000	*HK$'000*	*HK$'000*
Kong Sun Holdings Limited	295	–	(13,346)	–
Hengtou Securities Co., Ltd. — H Shares	1476	3,019	(10,697)	–
Sheng Ye Capital Limited	8469	–	6,292	–

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2018, the Group had 1,234 employees around the globe (as at 31 December 2017: 1,139). The increase in the number of employee was primarily attributable to the acquisition of RPL and HFG in March 2018 and May 2018 respectively and the continually growth of the Group. The remuneration policy and package of the Group's employees are structured in accordance to market terms and statutory requirements where appropriate. In addition, the Group also provides other staff benefits such as medical insurance and mandatory provident fund.

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

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

AUDIT COMMITTEE

The audit committee of the Company, comprising Mr. Chen Wai Chun, Edmund as chairman as well as Ms. Kan Lai Kuen, Alice and Mr. Tian Ren Can as members, has reviewed the interim results for the Period.

CORPORATE GOVERNANCE

During the Period, the Company has complied with all the code provisions of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on Stock Exchange ("**Listing Rules**") except for deviation from code provisions A.2.1 of the CG Code.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as a code of conduct regarding Directors' securities transactions.

Upon specific enquiry by the Company, all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of Stock Exchange (www.hkexnews.hk) and the Company (www.masonhk.com). The 2018 interim report of the Company for the Period 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 2018.

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

Hong Kong, 27 August 2018

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

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

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

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