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 2019

INTERIM RESULTS

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 2019 (the "**Period**") as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Unaudited	
		Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
			(restated)
CONTINUING OPERATIONS			
Turnover	*2*	**1,504,531**	1,782,644
Operating income	*3*	**1,476,545**	1,762,077
Other income		**19,790**	8,126
Exchange (loss)/gain, net		**(5,676)**	1,311
Consumables used and merchandise sold		**(1,128,475)**	(1,391,954)
Employee benefits expenses		**(179,465)**	(132,121)
Amortisation of intangible assets		**(15,892)**	(12,875)
Depreciation of property, plant and equipment		**(34,840)**	(9,628)
Loss on disposal of property, plant and equipment		**(84)**	(20)
Allowance for expected credit loss		**(32,997)**	787

		Unaudited	
		Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
			(restated)
Gain on deemed disposal of interests in subsidiaries	*15*	**302,923**	140,145
Net fair value loss on on financial instruments		**(18,778)**	(10,414)
Impairment loss on goodwill		**–**	(10,000)
Other operating expenses		**(220,368)**	(151,447)
Finance costs		**(22,000)**	(9,138)
Share of results of associates		**10,552**	9,242
Profit from continuing operations		**151,235**	194,091
Gain on measurement of contingent consideration payable		**–**	11,867
Profit before taxation		**151,235**	205,958
Income tax expenses	*5*	**(13,006)**	(26,762)
Profit for the period from continuing operations		**138,229**	179,196
DISCONTINUED OPERATION			
Loss for the period from discontinued operation	*16*	**(37,414)**	(7,018)
Profit for the period		**100,815**	172,178

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	Unaudited Six months ended 30 June **2019** ***HK$'000***	 2018 *HK$'000* (restated)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign subsidiaries		**(2,418)**	(28,126)
Items that will not be reclassified to profit or loss			
Changes in fair value of equity instruments at fair value through other comprehensive income		**145,754**	–
Other comprehensive income for the period		**143,336**	(28,126)
Total comprehensive income for the period		**244,151**	144,052
Profit/(loss) for the period attributable to:			
Equity holders of the Company			
— From continuing operations		**125,684**	140,694
— From discontinued operation		**(35,030)**	(5,263)
Profit for the period attributable to equity holders of the Company		**90,654**	135,431
Non-controlling interests			
— From continuing operations		**12,545**	38,502
— From discontinued operation		**(2,384)**	(1,755)
Profit for the period attributable to non-controlling interests		**10,161**	36,747
Profit for the period		**100,815**	172,178
Total comprehensive income attributable to:			
Equity holders of the Company		**234,675**	111,513
Non-controlling interests		**9,476**	32,539
Total comprehensive income for the period		**244,151**	144,052
Earnings per share from continuing and discontinued operations			
Basic and diluted	*6*	**HK0.20 cents**	HK0.30 cents
Earnings per share from continuing operations			
Basic and diluted	*6*	**HK0.28 cents**	HK0.32 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
Non-current assets			
Property, plant and equipment		**295,905**	335,449
Right-of-use assets		**26,839**	–
Intangible assets		**167,025**	842,050
Goodwill		**207,550**	776,295
Interests in associates	*8*	**1,512,147**	833,489
Loan receivables	*12*	**372,199**	558,547
Other non-current deposits paid and prepayments		**3,985**	7,870
Deferred tax assets		**6,800**	7,979
Financial assets at fair value through profit or loss	*9*	**459,260**	364,909
Financial assets at fair value through other comprehensive income	*10*	**778,998**	633,244
Financial assets at amortised cost	*11*	**188,185**	173,785
Fixed bank deposits		**53,244**	44,816
		4,072,137	4,578,433
Current assets			
Inventories		**–**	326,290
Financial assets at fair value through profit or loss	*9*	**345,334**	226,166
Derivative financial instruments		**83,746**	75,396
Loan receivables	*12*	**947,944**	925,927
Reverse repurchase agreements		**1,020,771**	1,130,371
Trade and other receivables	*13*	**626,413**	1,344,277
Tax recoverable		**287**	988
Fixed bank deposits		**1,199,043**	1,071,483
Pledged bank deposits		**55,945**	94,137
Bank balances and cash		**1,425,306**	1,603,086
		5,704,789	6,798,121
Assets associated with disposal group classified as held-for-sale		**492,297**	–
		6,197,086	6,798,121

	Notes	**Unaudited 30 June 2019** *HK$'000*	Audited 31 December 2018 *HK$'000*
Current liabilities			
Trade and other payables	*14*	**2,618,197**	3,279,854
Contract liabilities		**12,561**	9,545
Interest-bearing borrowings		**239,899**	423,555
Repurchase agreements		**328,277**	350,185
Amount due to an associate	*8*	**25,000**	25,000
Derivative financial instruments		**92,705**	73,605
Lease liabilities		**15,548**	332
Tax payables		**8,591**	32,601
Contingent consideration payable		**3,000**	8,761
		3,343,778	4,203,438
Liabilities associated with disposal group classified as held-for-sale		**90,802**	–
		3,434,580	4,203,438
Net current assets		**2,762,506**	2,594,683
Total assets less current liabilities		**6,834,643**	7,173,116
Non-current liabilities			
Interest-bearing borrowings		**20,000**	20,000
Deferred tax liabilities		**21,674**	193,012
Lease liabilities		**11,923**	304
Redeemable and exchangeable preferred share		**162,385**	157,744
Long-term liabilities		**–**	424
		215,982	371,484
NET ASSETS		**6,618,661**	6,801,632
Capital and reserves			
Share capital		**6,142,962**	6,142,962
Reserves		**175,138**	18,457
Equity attributable to equity holders of the Company		**6,318,100**	6,161,419
Non-controlling interests		**300,561**	640,213
TOTAL EQUITY		**6,618,661**	6,801,632

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These 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 condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2018 annual financial statements, except for those that related to new standards or interpretations effective for the first time for period beginning on or after 1 January 2019. This is the first set of the Group's financial statements in which Hong Kong Financial Reporting Standard 16, "Leases" have been adopted.

The preparation of these 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, incomes and expenses on a year to date basis. Actual results may differ from these estimates.

These interim condensed consolidated financial statements are presented in Hong Kong Dollars ("**HK$**"), unless otherwise stated. These interim condensed consolidated 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 the 2018 annual financial statements. These interim condensed consolidated 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 2018 consolidated financial statements.

These interim condensed consolidated 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.

The financial information relating to the year ended 31 December 2018 that is included in these unaudited condensed interim consolidated financial statements for the six months ended 30 June 2019 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's independent auditor has reported on those consolidated financial statements. The independent auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. TURNOVER

Turnover from operation represents the aggregation of gross sales proceeds from trading of securities investments, provision of financing services, provision of wealth and asset management, financial brokerage and related services, provision of medical consultation 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 securities investments, provision of financing services, provision of wealth and asset management, financial brokerage and related services, provision of medical consultation and laboratory services, franchisor and retail of mother-infant-child products, manufacture of infant formula and nutritional products and investment holding is as follow:

	Unaudited	
	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Brokerage commission income from:		
— securities dealing	**17,902**	13,293
— insurance	**79,524**	10,576
— underwriting and placing commission income	**2,090**	122
Commission income and supporting services income from concessionaire sales of mother-infant-child products	**24,147**	64,496
Commission income from providing advisory, account and custody management	**22,550**	15,894
Financial advisory fee income	**4,078**	1,644
Margin facility and loan facility handling fee income	**6,691**	4,401
Medical consultation and laboratory services income	**–**	61,121
Franchisor and retail of mother-infant-child products	**1,232,703**	1,488,163
Rental income from sub-lease of premises	**591**	371
Loss from sale of financial assets at fair value through profit or loss, net*	**(7,110)**	(525)
Dividend income from financial assets at fair value through profit or loss	**1,940**	1,216
Interest income from:		
— margin financing	**19,101**	22,438
— loan receivables from third parties	**66,082**	72,612
— loan receivable from a shareholder of an associate/non-controlling shareholder of a subsidiary *(Note 12(c))*	**6,256**	6,255
Total operating income from continuing operations	**1,476,545**	1,762,077
Discontinued operation		
Manufacture of infant formula and nutritional products *(Note 16)*	**34,363**	58,679
	1,510,908	1,820,756

* Represented the proceeds from the sale of financial assets at fair value through profit or loss ("**FVTPL**") of HK$20,876,000 (2018: HK$20,042,000) less relevant costs and carrying amount of the financial assets sold of HK$27,986,000 (2018: HK$20,567,000).

4. SEGMENT INFORMATION

The management has been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments based on the Group's internal reporting in respect of these segments. The management considers trading of securities investments, provision of financing services, provision of wealth and asset management, financial brokerage and related services, provision of medical consultation and laboratory services, franchisor and retail of mother-infant-child products, manufacture of infant formula and nutritional products and investment holding are the Group's major operating segments. Segment results represent the profit earned or loss incurred by each segment.

Operating segments of the Group comprise the following:

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

(a) Segment turnover

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

	Continuing operations								Discontinued operation	
	Trading of securities investments *HK$'000*	Provision of financing services *HK$'000*	Provision of wealth and asset management, financial brokerage and related services *HK$'000*	Provision of medical consultation and laboratory services *HK$'000*	Franchisor and retail of mother-infant-child products *HK$'000*	Investment holding *HK$'000*	Unallocated *HK$'000*	Sub-total *HK$'000*	Manufacture of infant formula and nutritional products *HK$'000*	Total *HK$'000*
For the six months ended 30 June 2019 (unaudited)										
Segment turnover	**22,658**	**54,944**	**169,172**	**–**	**1,257,441**	**316**	**–**	**1,504,531**	**34,363**	**1,538,894**

	Continuing operations								Discontinued operation	
	Trading of securities investments *HK$'000*	Provision of financing services *HK$'000*	Provision of wealth and asset management, financial brokerage and related services *HK$'000*	Provision of medical consultation and laboratory services *HK$'000*	Franchisor and retail of mother-infant-child products *HK$'000*	Investment holding *HK$'000*	Unallocated *HK$'000*	Sub-total *HK$'000*	Manufacture of infant formula and nutritional products *HK$'000*	Total *HK$'000*
For the six months ended 30 June 2018 (unaudited)										
Segment turnover	24,785	71,878	71,830	61,121	1,553,030	–	–	1,782,644	58,679	1,841,323

(b) Segment income and results

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

	Continuing operations								Discontinued operation	
	Trading of securities investments	Provision of financing services	Provision of wealth and asset management, financial brokerage and related services	Provision of medical consultation and laboratory services	Franchisor and retail of mother-infant-child products	Investment holding	Unallocated	Sub-total	Manufacture of infant formula and nutritional products	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 June 2019 (unaudited)										
Segment income	(5,328)	54,944	169,172	–	1,257,441	316	–	1,476,545	34,363	1,510,908
Profit/(loss) for the period before following items:	(23,045)	52,142	(31,191)	(2,371)	21,907	(36,264)	(121,334)	(140,156)	(13,293)	(153,449)
Gain/(loss) on disposal of property, plant and equipment, net	–	–	(84)	–	–	–	–	(84)	23	(61)
Impairment loss on goodwill	–	–	–	–	–	–	–	–	(27,877)	(27,877)
Finance costs	–	(1,199)	(11,926)	–	(5,544)	(2,242)	(1,089)	(22,000)	(351)	(22,351)
Share of results of associates	–	–	–	10,710	(158)	–	–	10,552	–	10,552
Profit/(loss) from operation	(23,045)	50,943	(43,201)	8,339	16,205	(38,506)	(122,423)	(151,688)	(41,498)	(193,186)
Gain on deemed disposal of interests in subsidiaries	–	–	–	–	302,923	–	–	302,923	–	302,923
Profit/(loss) before taxation	(23,045)	50,943	(43,201)	8,339	319,128	(38,506)	(122,423)	151,235	(41,498)	109,737
Income tax credit/(expense)	–	–	2,611	–	(8,180)	(7,437)	–	(13,006)	4,084	(8,922)
Segment results	(23,045)	50,943	(40,590)	8,339	310,948	(45,943)	(122,423)	138,229	(37,414)	100,815

	Continuing operations								Discontinued operation	
	Trading of securities investments *HK$'000*	Provision of financing services *HK$'000*	Provision of wealth and asset management, financial brokerage and related services *HK$'000*	Provision of medical consultation and laboratory services *HK$'000*	Franchisor and retail of mother-infant-child products *HK$'000*	Investment holding *HK$'000*	Unallocated *HK$'000*	Sub-total *HK$'000*	Manufacture of infant formula and nutritional products *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	–	–	1,762,077	58,679	1,820,756
Profit/(loss) for the period before following items:	(13,989)	58,019	7,453	10,696	95,573	(18,847)	(75,043)	63,862	(9,829)	54,033
Loss on disposal of property, plant and equipment	–	–	(20)	–	–	–	–	(20)	(98)	(118)
Impairment loss on goodwill	–	–	(10,000)	–	–	–	–	(10,000)	–	(10,000)
Finance costs	(4)	(2,963)	(1,201)	–	(4,427)	(543)	–	(9,138)	(17)	(9,155)
Share of results of associates	–	–	–	9,242	–	–	–	9,242	–	9,242
Profit/(loss) from operation	(13,993)	55,056	(3,768)	19,938	91,146	(19,390)	(75,043)	53,946	(9,944)	44,002
Gain on deemed disposal of interests in subsidiaries	–	–	–	140,145	–	–	–	140,145	–	140,145
Profit/(loss) from operation	(13,993)	55,056	(3,768)	160,083	91,146	(19,390)	(75,043)	194,091	(9,944)	184,147
Gain on measurement of contingent consideration payable	–	–	–	–	11,867	–	–	11,867	–	11,867
Profit/(loss) before taxation	(13,993)	55,056	(3,768)	160,083	103,013	(19,390)	(75,043)	205,958	(9,944)	196,014
Income tax credit/(expense)	–	–	117	(2,991)	(23,888)	–	–	(26,762)	2,926	(23,836)
Segment results	(13,993)	55,056	(3,651)	157,092	79,125	(19,390)	(75,043)	179,196	(7,018)	172,178

(c) Segment assets and liabilities

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

	Continuing operations							Discontinued operation	
	Trading of securities investments *HK$'000*	Provision of financing services *HK$'000*	Provision of wealth and asset management, financial brokerage and related services *HK$'000*	Provision of medical consultation and laboratory services *HK$'000*	Franchisor and retail of mother-infant-child products *HK$'000*	Investment holding *HK$'000*	Sub-total *HK$'000*	Manufacture of infant formula and nutritional products *HK$'000*	Total *HK$'000*
As at 30 June 2019 (unaudited)									
Assets before following items:	**615,150**	**1,024,223**	**4,330,207**	**164,270**	**213,471**	**1,287,235**	**7,634,556**	**492,297**	**8,126,853**
Interests in associates	**–**	**–**	**–**	**877,198**	**634,949**	**–**	**1,512,147**	**–**	**1,512,147**
Goodwill	**–**	**–**	**207,550**	**–**	**–**	**–**	**207,550**	**–**	**207,550**
Segment assets	**615,150**	**1,024,223**	**4,537,757**	**1,041,468**	**848,420**	**1,287,235**	**9,354,253**	**492,297**	**9,846,550**
Unallocated assets							**422,673**	**–**	**422,673**
Total assets							**9,776,926**	**492,297**	**10,269,223**
Liabilities									
Segment liabilities	**(451)**	**(41,927)**	**(3,057,648)**	**(171,385)**	**(182,701)**	**(72,943)**	**(3,527,055)**	**(90,802)**	**(3,617,857)**
Unallocated liabilities							**(32,705)**	**–**	**(32,705)**
Total liabilities							**(3,559,760)**	**(90,802)**	**(3,650,562)**

	Continuing operations							Discontinued operation	
	Trading of securities investments *HK$'000*	Provision of financing services *HK$'000*	Provision of wealth and asset management, financial brokerage and related services *HK$'000*	Provision of medical consultation and laboratory services *HK$'000*	Franchisor and retail of mother-infant-child products *HK$'000*	Investment holding *HK$'000*	Sub-total *HK$'000*	Manufacture of infant formula and nutritional products *HK$'000*	Total *HK$'000*
As at 31 December 2018 (audited)									
Assets before following items:	519,230	1,124,522	4,697,921	173,041	1,445,701	1,249,792	9,210,207	232,220	9,442,427
Interests in associates	–	–	–	833,489	–	–	833,489	–	833,489
Goodwill	–	–	206,844	–	271,252	–	478,096	298,199	776,295
Segment assets	519,230	1,124,522	4,904,765	1,006,530	1,716,953	1,249,792	10,521,792	530,419	11,052,211
Unallocated assets							324,343	–	324,343
Total assets							10,846,135	530,419	11,376,554
Liabilities									
Segment liabilities	(425)	(42,295)	(3,272,589)	(157,744)	(949,864)	(28,694)	(4,451,611)	(90,020)	(4,541,631)
Unallocated liabilities							(33,291)	–	(33,291)
Total liabilities							(4,484,902)	(90,020)	(4,574,922)

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

- Segment assets include mainly property, plant and equipment, right-of-use assets, intangible assets, goodwill, interests in associates, deferred tax assets, loan receivables, other non-current deposits paid and prepayments, derivative financial instruments, 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 bank deposits, pledged bank deposits, bank balances and cash and reverse repurchase agreements. 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, contract liabilities, interest-bearing borrowings, tax payables, deferred tax liabilities, financial liabilities at fair value through profit or loss, derivative financial instruments, repurchase agreements, lease liabilities and redeemable and exchangeable preferred share. 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	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
			(restated)
Continuing operations			
Current tax			
Hong Kong Profits Tax	*(a)*	**(432)**	3,028
Mainland China Enterprise Income Tax	*(b)*	**8,465**	24,163
Liechtenstein Corporate Income Tax	*(c)*	**(428)**	323
		7,605	27,514
Withholding tax		**7,436**	–
		15,041	27,514
Deferred tax			
Reversal of taxable temporary differences		**(2,035)**	(752)
		13,006	26,762
Discontinued operation			
Current tax			
Australian Income Tax	*(d)*	**(257)**	1,170
Reversal of taxable temporary differences		**(3,827)**	(4,096)
		(4,084)	(2,926)

Notes:

(a) Hong Kong Profits Tax

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

No provision for Hong Kong Profits Tax has been made in the six months ended 30 June 2019 as the Group's operations in Hong Kong did not derive any assessable profits.

(b) Mainland China Enterprise Income Tax

Mainland China Enterprise Income Tax rate of the Company's subsidiaries operating in the People's Republic of China during the six months ended 30 June 2019 was 25% (2018: 25%) on its taxable profits.

(c) Liechtenstein Corporate Income Tax

Liechtenstein Corporate Income Tax of the Company's subsidiary operating in Liechtenstein during the six months ended 30 June 2019 was 12.5% (2018: 12.5%) on its taxable profits.

(d) Australian Income Tax

Australian Income Tax rate of the Group's subsidiary operating in Australia during the six months ended 30 June 2019 was 30% (2018: 30%) on its taxable profits.

6. EARNINGS PER SHARE

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

	Unaudited Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
		(restated)
Earnings		
Profit/(loss) for the period attributable to equity holders of the Company:		
— From continuing operations	**125,684**	140,694
— From discontinued operation	**(35,030)**	(5,263)
	90,654	135,431
	2019	2018
	No. of shares	*No. of shares*
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**44,618,346**	44,618,346

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

7. INTERIM DIVIDEND

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

8. INTERESTS IN ASSOCIATES

	Unaudited 30 June 2019 *HK$'000*	Audited 31 December 2018 *HK$'000*
Unlisted shares		
Interests in associates, unlisted	**1,512,147**	833,489
Amount due to an associate	**25,000**	25,000

As at 30 June 2019, interests in associates comprise of:

(i) HK$235,539,000 (31 December 2018: HK$233,676,000) representing 42.87% equity interest in Pangenia Inc ("**Pangenia**"), a company incorporated in the British Virgin Islands with limited liability. Included in the interests in associates is goodwill of HK$71,439,000 (31 December 2018: HK$71,439,000) arising from acquisition of the Pangenia.

(ii) HK$610,987,000 (31 December 2018: HK$599,813,000) representing 46.71% equity interest in The Women's Clinic Group Limited ("**WCG**") (formerly known as Reproductive Healthcare Group Limited), a company incorporated in the British Virgin Islands with limited liability.

In May 2018, the Company's indirect non-wholly owned subsidiary, WCG entered into a transaction with the vendors in relation to the acquisition of the entire issued share capital of The HK Women's Clinic Group Limited at a 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 WCG's shares to the vendors. Meanwhile, the Group subscribed 50,000,000 shares in WCG at a consideration of HK$160,000,000. Upon completion of the transaction on 8 June 2018, the Group's interest in WCG decreased from 55.02% to 46.71%. The Group has loss of control in WCG and its subsidiaries ("**WCG Group**") and WCG became an associate of the Group. WCG Group is principally engaged in the provision of medical consultation services and reproductive technology services.

(iii) HK$30,672,000 (31 December 2018: Nil) representing 27.8% equity interest in Hublot Healthcare Group Limited ("**Hublot**"), a private company limited by shares in the British Virgin Islands under the Companies Act. As at 14 February 2019, the Group entered a subscription and shareholders agreement with third parties as an investor in Hublot. The total subscription price was HK$40,000,000, of which HK$24,000,000 and HK$9,000,000 were paid up as at 30 June 2019 and 31 July 2019 respectively.

(iv) HK$634,949,000 representing 46.20% equity interest in AYD Group Limited ("**AYD**"), a company incorporated in British Virgin Islands with limited liability. As at 31 December 2018, the Group through its subsidiary indirectly held 46.91% of the issued capital of AYD and had the right to appoint a majority of the board of directors of AYD. As such, AYD was treated as a subsidiary of the Group for the year ended 31 December 2018. On 28 June 2019, the Group further disposed of 0.71% of equity interest at a consideration of HK$10,024,000 with the loss of control on the board, AYD ceased to be a subsidiary of the Group and become an associate. AYD is principally engaged in franchisor and retail of mother-infant-child products in Southern China and Eastern China.

Amount due to an associate is unsecured, interest-bearing at 3.5% per annum and repayable in September 2019.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
Investments held for trading			
Equity securities — listed in Hong Kong	*(a)*	**178,086**	221,677
Equity securities — listed overseas	*(a)*	**2,139**	4,489
Investments not held for trading			
Equity securities — listed in Hong Kong	*(a)&(c)*	**211,926**	191,906
Unlisted equity securities	*(b)&(c)*	**412,443**	173,003
		804,594	591,075
Less: Balances in current portion		**(345,334)**	(226,166)
Non-current portion		**459,260**	364,909

Notes:

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

(b) The fair value of unlisted equity securities are determined by reference to the net asset value or by using market approach at the reporting date.

(c) The financial assets are classified as financial assets at FVTPL as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
Unlisted equity securities	**778,998**	633,244

11. FINANCIAL ASSETS AT AMORTISED COST

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
European bonds	**172,555**	173,785
Note receivables	**15,630**	–
	188,185	173,785

12. LOAN RECEIVABLES

Loans granted to borrowers are repayable according to repayment schedules.

	Notes	**Unaudited 30 June 2019** ***HK$'000***	Audited 31 December 2018 *HK$'000*
Loan receivables from third parties			
— Term loans	*(a)*	**1,134,951**	1,306,607
— Instalment loans	*(b)*	**21,933**	22,067
		1,156,884	1,328,674
Loan to a shareholder of an associate/non-controlling shareholder of a subsidiary	*(c)*	**189,861**	180,923
		1,346,745	1,509,597
Expected credit loss	*(d)*	**(26,602)**	(25,123)
		1,320,143	1,484,474
Less: Balances due within one year included in current assets		**(947,944)**	(925,927)
Non-current portion		**372,199**	558,547

Notes:

(a) As at 30 June 2019, term loan receivables of:

(i) HK$531,805,000 (31 December 2018: HK$478,699,000) are secured by corporate/personal guarantee provided by equity holders of the borrowers and collateralised by unlisted securities, listed securities or properties;

(ii) HK$156,918,000 is collateralised by unlisted securities. As at 31 December 2018, HK$183,532,000, HK$80,078,000 and HK$8,288,000 are collateralised by unlisted securities, listed securities and the borrower's asset respectively;

(iii) HK$79,120,000 (equivalent to CHF9,882,000) (31 December 2018: HK$79,072,000 (equivalent to CHF9,935,000) are collateralised by properties located overseas or pledged deposits;

(iv) HK$302,125,000 (equivalent to CHF37,734,000) (31 December 2018: HK$413,505,000 (equivalent to CHF51,956,000) are collateralised by securities or bonds; and

(v) HK$64,983,000 (31 December 2018: HK$63,433,000) are unsecured.

The term loan receivables carry fixed interest rates ranging from around 1% to 16% per annum (31 December 2018: 1% to 15% per annum) and all (31 December 2018: all) are within the respective maturity dates.

(b) As at 30 June 2019, instalment loan receivables of HK$21,933,000 (31 December 2018: HK$22,067,000) are collaterised by properties situated in Hong Kong, which carry interest rate of 3.25% (31 December 2018: 3.25%) above Hong Kong Dollar prime rate per annum with respective maturity dates.

(c) Loan to a shareholder of an associate (2018: non-controlling shareholder of a subsidiary) represents a loan and related interest receivable from one of the vendors, Cosmicfield Investments Limited ("**Cosmicfield**"), in acquisition of AYD Group. 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 (i) 1,892 shares of US$1 each, representing 18.92% of the issued share capital of AYD held by Cosmicfield; (ii) 1,269 shares of US$1 each, representing 12.69% of the issued share capital of AYD held by Golden Metro Investments Limited.

(d) The management assessed the collectability of loan receivables at the end of the reporting period individually with reference to borrowers' past settlement history and current creditworthiness. Loan receivables that were neither past due nor impaired related to several borrowers for whom there was no history of default. Loan 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.

For loan receivables, the expected credit losses ("**ECLs**") are based on the 12-month ECLs. The loss allowance increased by HK$1,479,000 (31 December 2018: HK$18,424,000) for loan receivables during the period.

13. TRADE AND OTHER RECEIVABLES

	Notes	**Unaudited 30 June 2019** ***HK$'000***	Audited 31 December 2018 *HK$'000*
Trade receivables	*(a)*	–	187,747
Accounts receivable from clients arising from provision of wealth and asset management services	*(b)*	**24,828**	10,200
Accounts receivable from third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	*(b)*	**19,173**	17,843
— margin clients	*(b)*	**298,100**	619,141
— clearing houses and brokers	*(b)*	**21,061**	102,238
		363,162	937,169
Expected credit loss	*(c)*	**(50,780)**	(22,228)
		312,382	914,941
Deposits and prepayments		**69,881**	252,935
Other receivables	*(d)*	**42,375**	118,029
Due from related parties	*(e)*	**201,775**	58,372
		314,031	429,336
		626,413	1,344,277

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 receivable

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

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

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

Loans to margin clients as at the end of the reporting period were secured by the customers' securities to the Group as collateral with discounted market value of approximately HK$582,466,000 (31 December 2018: HK$961,295,000).

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

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

(c) Ageing analysis and impairment

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

	Unaudited 30 June 2019	Audited 31 December 2018
	HK$'000	*HK$'000*
Less than 1 month	**–**	73,895
1 month to 3 months	**–**	65,735
3 months to 6 months	**–**	28,657
6 months to 12 months	**–**	19,460
	–	187,747

As at 30 June 2019, no ageing analysis has been disclosed in respect of accounts receivable arising from the ordinary course of business as in the opinion of the management, it does not give additional value in view of the business's nature. As at 31 December 2018, ageing analysis has been disclosed in respect of accounts receivables arising from the manufacture of infant formula and nutritional products and the franchisor and retail of mother-infant-child products only.

Movements in the expected credit loss are as follows:

	Unaudited 30 June 2019	Audited 31 December 2018
	HK$'000	*HK$'000*
At the beginning of the reporting period	**22,228**	–
Effect of adoption of HKFRS 9	**–**	585
At the beginning of the reporting period	**22,228**	585
Derecognised on deemed disposal of subsidiaries	**(2,695)**	–
Allowance for expected credit loss	**31,247**	21,643
At the end of the reporting period	**50,780**	22,228

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and account receivables are written off if past due for more than one year and are not subject to enforcement activity.

(d) The amounts included amounts due from beneficial owners of respective non-controlling interests of subsidiaries of HK$52,188,000 (31 December 2018: HK$58,326,000), and a dividend receivable from an associate of HK$148,730,000 (31 December 2018: Nil), which are unsecured, interest-free and repayable on demand. The carrying value of the amounts approximate their fair value.

14. TRADE AND OTHER PAYABLES

	Notes	**Unaudited 30 June 2019 *HK$'000***	Audited 31 December 2018 *HK$'000*
Trade and bills payables to third parties	*(b)*	**–**	352,503
Accounts payable to clients arising from provision of wealth and asset management services	*(a)*	**2,428,992**	2,675,216
Accounts payable to third parties arising from provision of securities and commodities brokerage services:			
— custodian clients	*(a)*	**673,016**	449,843
— margin clients	*(a)*	**197,753**	1,053,009
— clearing house and brokers	*(a)*	**17,963**	1,293
		3,317,724	4,531,864
Less: Cash held on behalf of clients	*(c)*	**(853,868)**	(1,512,317)
		2,463,856	3,019,547
Other payables	*(d)*	**141,907**	254,277
Deposits received and receipts in advance		**11,934**	7
Due to related companies	*(e)*	**500**	6,023
		154,341	260,307
		2,618,197	3,279,854

Notes:

(a) Settlement terms of accounts payable

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

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

Accounts payable arising from the ordinary course of business 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 payable arising from the ordinary course of 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 2019 ***HK$'000***	Audited 31 December 2018 *HK$'000*
Less than 1 month	**–**	121,429
1 month to 3 months	**–**	190,900
3 months to 6 months	**–**	26,529
6 months to 12 months	**–**	11,266
Over 12 months	**–**	2,379
	–	352,503

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

(d) As at 30 June 2019 and 31 December 2018, included in other payables was current accounts maintained with franchisees, salaries and bonus payables, defined benefit obligations, professional advisory fee payables and cost of investment in an associate.

(e) The amounts due to companies owned by non-controlling interests of a subsidiary and a director of a subsidiary are unsecured, interest-free and have no fixed repayment term. The carrying value of the amounts due approximate their fair value.

15. DEEMED DISPOSAL OF SUBSIDIARIES WITH LOSS OF CONTROL

For the six months ended 30 June 2019

Deemed disposal of AYD Group

As disclosed in Note 8, the Group has lost control in AYD and its subsidiaries (collectively, "**AYD Group**") on 28 June 2019 upon loss of tight to appoint majority of the board and equity interest in AYD decreased from 46.91% to 46.20%. AYD Group ceased as a subsidiary of the Group and was 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 condensed consolidated statement of financial position of the Group as at the date of deemed disposal:

	HK$'000
Consideration	
Deemed consideration	635,106
Add: consideration received	10,024
	645,130
Add: Transfer from other reserves	66,702
Less: Net assets and liabilities derecognised	
Property, plant and equipment	16,839
Right-of-use assets	65,389
Other non-current deposits paid and prepayments	1,223
Intangible assets	493,023
Goodwill	270,631
Inventories	329,873
Trade and other receivables	394,173
Pledged bank deposits	13,468
Bank balances and cash	47,805
Trade and other payables	(478,284)
Interest-bearing borrowings	(209,362)
Lease liabilities	(75,829)
Tax payables	(4,958)
Deferred tax liabilities	(111,039)
Exchange reserve	(713)
Non-controlling interests	(343,330)
Net assets derecognised	408,909
Gain on deemed disposal	302,923

For the six months ended 30 June 2018

Deemed disposal of WCG

As disclosed in Note 8, on 8 June 2018, the Group had loss of control in WCG, the equity interest in WCG decreased from 55.02% to 46.71% WCG ceased as a subsidiary of the Group and was accounted for as an associate since then. The following summarised the deemed consideration and the carrying amount of the assets and liabilities 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

16. DISCONTINUED OPERATION

On 8 February 2019, the Group entered into a share purchase agreement ("**SPA**") to dispose of Blend and Pack Pty. Ltd. ("**B&P**"), which is engaged in development, manufacture of infant formula and nutritional products in Australia. Pursuant to the SPA, the Group agreed to sell 66,746 ordinary shares to a third party (the "**Buyer**") at aggregate consideration of AUD47,791,000 (equivalent to HK$271,455,000). On 8 May 2019, an amended and restated SPA was entered into between the Group and the Buyer, pursuant to which the Group agreed to sell the entire interest held in B&P (108,825 ordinary shares) to the Buyer with a revised aggregate consideration of US$55,000,000 (equivalent to HK$429,825,000). Completions of the disposal is subject to conditions and is expected to occur during the third quarter of 2019 or any other date agreed with the Buyer. The turnover, results and cash flows of B&P are as follows:

(a) Analysis of the results of discontinued operation is as follows:

	Unaudited	
	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Turnover and operating income	**34,363**	58,679
Other income	**1,724**	2,846
Consumables used and merchandise sold	**(15,516)**	(34,215)
Employee benefits expenses	**(14,540)**	(13,065)
Amortisation of intangible assets	**(12,583)**	(13,654)
Depreciation of property, plant and equipment	**(3,166)**	(1,434)
Gain/(loss) on disposal of property, plant and equipment	**23**	(98)
Impairment loss on goodwill	**(27,877)**	–
Other operating expenses	**(3,575)**	(8,986)
Operating income	**(41,147)**	(9,927)
Finance cost	**(351)**	(17)
Loss before taxation from discontinued operation	**(41,498)**	(9,944)
Income tax credit	**4,084**	2,926
Loss for the period from discontinued operation	**(37,414)**	(7,018)

(b) Analysis of the cash flows of discontinued operation is as follows:

	Unaudited	
	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Net cash outflow generated from/(used in) operating activities	**1,162**	(10,149)
Net cash outflow used in investing activities	**(676)**	(3,236)
Net cash outflow used in financing activities	**(1,813)**	(558)
Net cash outflow used in discontinued operation	**(1,327)**	(13,943)

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a global health and wealth solution services conglomerate. It principally provides comprehensive financial services in Hong Kong, including dealing in securities, commodities broking, provision of securities margin financing, provision of investment and corporate finance advisory services, investment in securities trading, money lending and investment holding. The Group also pursues a direct investment strategy focusing primarily on the healthcare sector with an aim to establish a global integrated healthcare and financial ecosystem.

As market uncertainties and volatility arising from US-China trade tensions had put stress on global trade, the management considers it prudent to review the Group's overall investment and business strategy to reduce the Group's exposure to cross border trading businesses and, in particular, consumer business including the Group's mother-infant-child investments. As such, the Group disposed of 0.71% share interest in AYD Group Limited ("**AYD**") and upon closing of the disposal in June 2019 ceased to have the right to appoint the majority of the board of AYD and AYD became deconsolidated from the Group. In addition, the Group entered into an agreement to dispose its entire interest in Blend and Pack Pty. Ltd. ("**B&P**") in May 2019. Going forward, the Group expects to progressively exit from its consumer business investments and reallocate its resources to its "Health & Wealth" businesses.

INTERIM RESULTS

During the Period, the Group generated a total turnover (including continuing and discontinued operations) of approximately HK$1,538.89 million (2018: HK$1,841.32 million), an approximately 16.42% drop from the same period in 2018 and operating income (including continuing and discontinued operations) of HK$1,510.91 million (2018: HK$1,820.76 million), a 17.02% drop from the same period in 2018. The Group recorded a net profit of approximately HK$100.82 million (2018: HK$172.18 million). Profit attributable to equity holders of the Group amounted to approximately HK$90.65 million (2018: HK$135.43 million). As a result, basic and diluted earnings per share from continuing and discontinued operations were 0.20 Hong Kong cents (2018: 0.30 Hong Kong cents), and 0.28 Hong Kong cents from continuing operations (2018: 0.32 Hong Kong cents). The decrease in profit is primarily attributable to net fair value losses on listed equity investments held by the Group, increase of operating expenses and employee benefits expenses as a result of the new businesses acquired in 2018, allowance for expected credit loss of the securities margin financing business, decline in the performance of the Group's operating businesses as a result of market uncertainties and volatility as well as a one-off impairment loss on goodwill in B&P netting off by a gain on deemed disposal of AYD.

MARKET AND BUSINESS REVIEW

Against the backdrop of high market volatility and subdued investment sentiments, the Group has taken a more prudent approach in managing its businesses, while proactively exploring new expansion opportunities. Despite negative growth in its financial services and healthcare businesses, the Group has dedicated its resources into integrating and consolidating its current business units to create synergy and enhance future cross-selling capabilities during the Period. More value-creation and organic growth can be expected in the near future.

Financial Services

With the global economy slowdown and continuing uncertainties over international trade, economic growth in Asia has been sluggish. The Group's financial services division exercised caution and focused on integrating and consolidating its recently acquired businesses.

The Group's financial services business segment consists of wealth and asset management, private banking, financing services, trading of securities investments, financial brokerage and related services.

The total turnover and operating income contributed by the financial services business segment during the Period were approximately HK$246.77 million and HK$218.79 million respectively (2018: HK$168.49 million and HK$147.93 million respectively), with a 47.90% or HK$70.86 million increase in operating income over the same period in 2018. The business segment contributed approximately 16.04% and 14.48% to the Group's total turnover and operating income respectively. The loss attributable to the financial services business segment is approximately HK$12.69 million (2018: profit of HK$37.41 million). The decrease is mainly attributable to net fair value losses on listed equity investments held by the Group and allowance for expected credit loss of the securities margin financing business.

Wealth and Asset Management

The integration and consolidation of the Liechtenstein-based private bank, Raiffeisen Privatbank Liechtenstein AG ("**RPL**"), and the Hong Kong-headquartered wealth management company, Harris Fraser Group Limited and its subsidiaries ("**HFG**") was the Group's wealth and asset management division's focus during the Period. The Group's wealth and asset management businesses will be further strengthened by its latest organic expansion into the Korean market. This expansion is expected to contribute additional operating income to the Group's wealth and asset management businesses upon the grant of the asset management license by the Financial Services Commission in Korea.

During the Period, the Group's wealth and asset management businesses reported a total operating income of approximately HK$132.79 million (2018: HK$34.75 million). RPL and HFG were acquired by the Group in March and May 2018 respectively and as such the contribution time periods of RPL and HFG in the comparable period in 2018 were shorter. The total asset under management ("**AUM**") and asset under advisory ("**AUA**") of the Group's wealth and asset management division amounted to approximately HK$8.91 billion as at 30 June 2019, including the AUM contributed by RPL of approximately HK$6.49 billion and the AUM and AUA contributed by HFG of approximately HK$1.18 billion. As part of its core business strategy, the Group's wealth and asset platform expanded its product offerings during the Period by introducing new investment products, including the Group's own fund products. The platform has also engaged a more diverse range of product suppliers and installed a new client relationship management system to improve the efficiency and quality of client services.

The asset management division launched 2 new funds in first half of 2019. The division also built a new sales team for overseas institutional investors in order to diversify its client base. The AUM of the funds managed by the Group reached HK$1.11 billion as at 30 June 2019. In the light of increased market risks and volatility, the Group is in the process of liquidating one of its proprietary funds.

During the Period, RPL has implemented a series of operational and management restructuring to facilitate its expansion into Asia. A new team of client relationship managers who are experienced in servicing Chinese and Hong Kong clients came on board. RPL also strengthened its compliance function with a new dedicated compliance team headed by a chief compliance officer. The Group expects RPL's business, both in terms of AUM and revenue, will increase progressively in the near future.

Stable income from sales of insurance products provided HFG a solid foundation to gradually expand into the premium market. HFG established the Harris Fraser Elite brand in April 2019 and put together two new sales and wealth management teams dedicated to servicing affluent and high net worth clients from China and Hong Kong. The number of clients serviced by HFG rose to over 16,800. To capture synergistic benefits and encourage resources sharing within the Group, HFG and the Group's existing sales force have started to cross-sell by introducing clients to each other and deploying each other's network for distributing fund management products. HFG has also started introducing the Group's healthcare services products to its clients including designing and launching three exclusive healthcare management plans for children and adults with Pangenia Inc and its subsidiaries (collectively "**Pangenia**").

Investment Banking Services — securities and futures brokerage and related services, securities margin financing, leveraged and acquisition financing, corporate finance services and related services

The Hong Kong stock market staged a strong rebound in the first quarter of 2019 as investor sentiment improved along with the reported progress of the US-China trade talks during the quarter. However, the rebound proved short lived and the 6-month gain was pared by June 2019. The Hang Seng China Enterprises Index also moved in a similar pattern during the Period, peaking in mid-April 2019 but returned to the level at the beginning of 2019 by the end of June 2019.

During the Period, the Group's investment banking services business reported a total operating income of approximately HK$36.38 million (2018: HK$37.08 million), representing a 1.89% decrease in its operating income. The decrease was due to global stock market volatility in the first half of 2019 as a result of which the Group provided for a net allowance for expected credit loss of approximately HK$31.24 million in respect of margin loans.

For the Group's brokerage business, the Group invested in IT upgrades to deliver better customer experience and to appeal to a younger demographic. A new mobile application has been developed, and an online trading platform for US and Japanese securities and futures has also debuted during the Period. The market turnover of the brokerage business for the Period amounted to approximately HK$5.65 billion (2018: HK$7.45 billion), a decrease by 24.16% compared to the first half of 2018. The brokerage division plans to attract young and high end clients through promotion activities, such as internet selling, seminars and financial shows. We also plan to increase market turnover by offering commission discount to clients.

A banking facility was granted to our margin financing business during the Period. The Group is currently negotiating several other banking facilities to expand our margin financing business. In order to comply with the guidelines for securities margin financing activities issued by the Securities and Futures Commission coming into effect from 4 October 2019, credit policy and procedures are being reviewed and systems are being upgraded and tested during the Period. The margin loan portfolio decreased by 60% to HK$247 million. The Group will continue to monitor the risk of lending and review the procedure for accounts opening, operation and trading to enhance efficiency and make good use of the Group's resources.

During the Period, the Group's corporate finance business saw modest growth. Two initial public offerings ("**IPO**") sole sponsorship mandates and one financial advisory mandate were signed with and one application for IPO mandate was submitted to The Stock Exchange of Hong Kong Limited. An independent financial advisory mandate and four equity capital market deals as joint bookrunners were completed. The Group will continue to provide customer-oriented capital markets solution services and undertake sponsor work for IPOs in addition to general corporate finance advisory services.

Financing Services — mortgage and loans business

During the Period, the Group's leveraged and acquisition finance activities and mortgage loan securitization business continued to contribute steady income to the Group despite the unstable global economy. The property market rebounded, with trading activities picking up notably and property prices rebounding during the Period. However, as trade tensions escalate and political instability surfaces, the property market in Hong Kong is expected to cool down and the default risk of the loan business is expected to increase in the second half of 2019. The business generated a total operating income of approximately HK$ 54.94 million (2018: HK$71.88 million), representing a decrease of 23.57%, and profit of approximately HK$ 50.94 million during the Period (2018: HK$55.06 million), demonstrating a decrease of 7.48%.

In consideration of recent market volatility and increasing market risks, the Group is in the process of downsizing its mortgage loan portfolio and plans to develop its mortgage business into a reliable distribution channel of securitized mortgage loans going forward.

The outstanding loan amount for leveraged and acquisition finance was approximately HK$943.57 million as at 30 June 2019. The Group's loan portfolio further decreased by 1.83% in the light of the unstable market environment. The Group believes that risk management is crucial for a successful business. Our loan business team has committed to further improve our loan portfolio quality by balancing portfolio credit risk and portfolio return.

Securities investments

Global capital markets have been volatile as a result of US-China trade tensions, uncertainties from Brexit and growing pressure on the global economy. We expect further economic slowdown in the near future and our investments have faced challenges during the Period, with an operating loss of approximately HK$5.33 million (2018: operating income of HK$4.22 million) and net loss of approximately HK$23.05 million (2018: $13.99 million), largely due to net market value losses in the listed securities portfolio of a proprietary fund. The Group will remain cautious about the unstable and fast-changing stock market.

As announced in the Company's announcement dated 12 July 2019, the market value of a number of listed securities held by the proprietary fund has dropped significantly below their investment costs since 8 July 2019. We are in the process of liquidating the fund's portfolio. Up to the date before this announcement, the fund realized a loss of approximately HK$109.13 million which has not been reflected in the interim results for the Period. As the Fund is still in the process of liquidating the portfolio, the full impact of the liquidation on the Group cannot be ascertained as at the date of this announcement. This fund investment is approximately 3% of the net asset value of the Group as at 30 June 2019. The liquidation will not have material impact on the Group's financial position or business operations.

Healthcare Business Investments

With rising disposable income in Hong Kong and China, demand for quality and high-end healthcare services has been growing steadily. Mothers-to-be and other female patients are inclined to seek better obstetrics and gynaecology services in the private healthcare sector in Hong Kong. We also expect a surging demand for assisted reproductive services ("**ARS**") from medical tourists from China. The Group sees the potential in ARS and is positioned to offer high-quality ARS in Hong Kong. In addition, the Group is actively looking to expand to new markets in the Asia Pacific region both organically and by way of other strategic investments.

During the Period, the Group focused on integrating its existing in vitro fertilization ("**IVF**") businesses. The addition of Genea Limited helped the Group expand its presence to Australia and Thailand, further propelling its global expansion. On the other hand, Pangenia provides complementary genetic diagnostic and advisory services.

In April 2019, the Group made an investment in Mason Supreme Healthcare Group Limited ("**MSH**"), a premium healthcare service provider in Hong Kong. MSH focuses in provision of health screening, medical service referral, health management and other related healthcare services, such as body checks, genetic screening and diagnosis, assisted reproduction services (eggs freezing & IVF), medical beauty, health supplements sales etc. and plan to expand into other specialty areas such as paediatrics and dental care. MSH is establishing a large-scale health check center in Causeway Bay which is expected to commence operation in the fourth quarter of 2019. MSH will be one of the major customer channels of the Group to cross sell services provided by the Group's other healthcare units.

The net profits of the Group's healthcare business investments are entirely contributed by our associated companies, The Women's Clinic Group Limited and its subsidiaries, Pangenia and MSH during the Period. The profit attributable to the healthcare business segment was approximately HK$8.34 million during the Period, compared to profits for the corresponding period in 2018 of approximately HK$157.09 million, which included a one-off gain of HK$140.15 million on deemed disposal of interest in The Women's Clinic Group Limited ("**WCG**") (formerly known as Reproductive Healthcare Group Limited) recorded in the first half of 2018. Excluding the one-off gain on deemed disposal of interest in WCG, the profit shared for healthcare business investment decreased by HK$8.61 million which was mainly due to the initial setting up cost of MSH.

While the Group will continue to seek acquisition and/or consolidation opportunities in the healthcare industry, we will also devote our resources to promote organic growth and develop sales channels as well as cross-selling opportunities with the aim of building a sustainable and competitive Mason healthcare brand going forward.

Consumer Service Business

Mother-infant-child Consumer Investments

The Group's investments in the mother-infant-child consumer business consists of franchising and retailing of mother-infant-child products, and manufacturing of infant formula and nutritional products. The segment reported an operating income of approximately HK$1,291.80 million during the Period (2018: HK$1,611.71 million), decreased by 19.85% and accounting for 85.50% of the Group's total operating income. Profit recorded for the division was approximately HK$273.53 million during the Period (2018: HK$72.11 million). The increase is attributable to the deemed disposal gain from AYD of HK$302.92 million as offset by a drop in the profit of AYD as a result of fierce market competition.

The Group is progressively exiting from its mother-infant-child consumer investments and had announced the disposal of its mother-infant-child consumer investments during the Period. The announced disposals are in line with the Group's business strategy to refocus on healthcare and finance.

Franchising and Retailing of Mother-Infant-Child Products

AYD and its subsidiaries (collectively, "**AYD Group**") further strengthened its sales network in 2019, growing to over 1,284 franchised and direct-sale stores with growth particularly evident in Southern and Eastern China. During the Period, AYD Group's franchising and retailing of mother-infant-child products contributed an operating income of approximately HK$1,257.44 million (2018: HK$1,553.03 million), representing a decrease of approximately 19.03%, and a profit of approximately HK$310.95 million (2018: HK$79.13 million). The profit was mainly contributed by the gain on deemed disposal of interests in AYD of approximately HK$302.92 million during the Period. Excluding the gain on deemed disposal of interests in AYD and the net fair value loss on AYD put and call options of approximately HK$11.05 million, approximately HK$19.08 million was contributed to the Group as operating profit. The decrease in operating profit was due to vigorous market competitions, leading to price cut in products and profit squeeze. In view of the changes in the market environment and the latest Chinese government policies in support of domestic infant formula, AYD has been revising its distribution strategy with a view to revitalizing its profitability. In particular, AYD spent over HK$18.15 million during the Period in promoting domestic infant formula for which AYD has exclusive distribution rights and increasing its sales force.

After the Group's disposal of 0.71% equity stake in AYD for a consideration of approximately HK$10.02 million to AYD management on 28 June 2019, the Group holds 46.2% of the issued capital of AYD. AYD declared 100% of its distributable profits for the financial years ended 31 December 2017 and 2018 respectively and has undertaken to declare 100% of its distributable profits for the financial year ending 31 December 2019 to its shareholders. After the disposal and ceased to have the right to appoint the majority of the board of AYD, AYD ceased to be a subsidiary of the Group and became an associate of the Group. It has been the Group's plan to progressively reduce its shareholding in and control over AYD since 2018 to facilitate an IPO of AYD and the disposal and deconsolidation is part of such plan.

Manufacture of infant formula and nutritional products

Taking into consideration the changing global economic conditions, rising trade barriers between countries, and regulatory uncertainties in the food industry, the Group decided to reduce its exposure to cross-border trading business. As a result, the Group entered into an agreement to dispose of its entire equity stake in B&P in May 2019 for a total consideration of US$55.00 million.

During the Period, B&P generated approximately HK$34.36 million (2018: HK$58.68 million) in operating income and a loss of HK$37.42 million (2018: HK$7.02 million), including a goodwill impairment of HK$27.88 million recognised in accordance with the relevant accounting standards. Since disposal is expected to be completed in the second half of 2019, B&P is classified as discontinued operations. All of the assets and liabilities of B&P are classified as assets and liabilities held for sale and an impairment loss in respect of goodwill of HK$27.88 million has been recognized.

PROSPECTS

Uncertainties stemming from the US-China trade tensions continue to dampen trading activities and investor sentiments in Asia. On-going controversies in Hong Kong further add complications to the economy of Hong Kong. Global financial markets face growing downward pressure as we expect negative growth in the coming half year and impairment of some of our businesses may occur if the economy worsens.

Financial Platform

Going forward, the Group will continue its efforts in consolidating and integrating the Group's financial service businesses, in particular to facilitate cross-selling within the Group, strengthen sales and distribution, improve IT infrastructure and client relationship management systems to better serve existing and potential customers, further and strengthen its risk management and internal control systems. The Group will also explore organic expansion opportunities into other Asian markets, including Singapore and Japan. Leveraging on the platform's geographical reach, the Group will continue to offer Asian financial services and products to the clientele in Europe, while providing premium European private banking services to high net worth individuals in Asia.

Healthcare Platform

The Group will continue to grow its ARS network globally through organic expansion and strategic acquisitions in the US, Europe, Australia, China, and Southeast Asia. The Group is also considering a horizontal expansion of service offerings to include other ARS and women's health-related services. Ultimately, it is the Group's vision to establish a global healthcare platform focusing on women's health, as well as to develop the first health management organization in the Greater Bay Area capable of providing patients one-stop healthcare solutions from prevention and diagnosis, to treatment and global referral.

The addition of MSH in the fourth quarter of 2019 is expected to greatly enhance the sales and service capability of the Group's healthcare platform. The Group will also continue its efforts in promoting cross-selling activities between the Group's financial services and healthcare businesses and seek to create synergies between two potentially overlapping clienteles.

With aging population, longer life expectancy and rising disposable income, growing demand for premium healthcare services is anticipated. The Group believes further investments in the healthcare sector, in both existing and new projects, is the way forward and will be the main growth driver for the Group. The Group will continue to be prudent and cautious in selecting and assessing investment opportunities going forward.

FINANCIAL REVIEW

Liquidity and Capital Resources

Assets and liabilities

As at 30 June 2019, the Group's total assets decreased by 9.73% to approximately HK$10,269.22 million (31 December 2018: HK$11,376.55 million), among which 26.62% was bank deposits and cash of approximately HK$2,733.54 million (31 December 2018: HK$2,813.52 million). The bank deposits and cash comprised fixed deposits and pledged bank deposits of approximately HK$1,308.23 million (31 December 2018: HK$1,210.44 million) in aggregate.

Net current assets of approximately HK$2,762.51 million (31 December 2018: HK$2,594.68 million) with a current ratio of approximately 1.80 (31 December 2018: 1.62) constituted bank loans and other borrowings standing at approximately HK$239.90 million (31 December 2018: HK$423.56 million), repayable within one year or on demand. HK$20.00 million (31 December 2018: HK$20.00 million) of unsecured bonds were repayable after more than one year but within five years. Among the total bank loans and unsecured loans, approximately HK$143.90 million and HK$116.00 million were secured and unsecured respectively.

As at 30 June 2019, the secured bank loans of approximately HK$117.23 million (31 December 2018: HK$262.65 million) were secured by pledged bank deposits of approximately HK$14.02 million (31 December 2018: HK$63.98 million) together with the shares of a subsidiary, and a corporate guarantee. The bank overdrafts of approximately HK$26.67 million (31 December 2018: nil) were secured by pledged Hong Kong securities amounting to HK$46.86 million and a corporate guarantee.

The carry interest of secured bank loans of approximately HK$117.23 million (31 December 2018: $151.43 million) was 3 months ICE LIBOR plus 2.0% to 2.50% (31 December 2018: 3 months ICE LIBOR plus 1.50% to 2.50%) per annum depending on the net profit margin of the Company. The carry interest of bank overdrafts of approximately HK$26.67 million (31 December 2018: Nil) was 1 month HIBOR plus 1.65% per annum. As at 31 December 2018, the carrying interest of secured bank loans of approximately HK$111.22 million was 5.22% to 7% per annum. Bank loans and other borrowings denominated in Hong Kong dollar and United States dollar were approximately HK$142.67 million and approximately HK$117.23 million, respectively. The unsecured borrowings of approximately HK$116.00 million (31 December 2018: HK$180.90 million) were charged at fixed rate.

Bank loan and overdraft facilities of approximately HK$93.78 million (31 December 2018: HK$108.63 million) and HK$23.33 million (31 December 2018: nil) had not been utilised as at 30 June 2019 respectively.

In 2014, the Group issued two unsecured bonds with principal amounts of approximately HK$10.00 million each maturing in 2021 to two third party investors. The bond interest rates were both 5% per annum payable annually in arrears. Also, in 2018, a subsidiary of the Group issued 20.00 million non-voting preferred shares for a total consideration of US$20 million, or HK$156.00 million, to a strategic investor, Classic Harmony Limited, a wholly owned subsidiary of NWS Holdings Limited (stock code: 659). The investor is entitled to receive cash dividend at a rate of US$0.02 annually per preferred share.

In 2018, RPL, an indirect wholly owned private bank subsidiary in Liechtenstein, entered into reverse repurchase agreements (repo transactions) to offer its customers the possibility to create liquidity in exchange for collateral in the form of securities. Collateral securities received are not recognised in the statement of financial position, in contrast to those originating from RPL's own resources recognised in the balance sheet correspondingly. On 30 June 2019, the reverse repurchase agreements and the repurchase agreements of RPL amounted to CHF127.49 million or HK$1,020.77 million (2018: CHF142.03 million or HK$1,130.37 million), and CHF41.00 million or HK$328.28 million (2018: CHF44.00 million or HK$350.19 million) respectively, representing approximately 9.94% (31 December 2018: 9.94%) of total assets and 8.99% (31 December 2018: 7.65%) of total liabilities of the Group respectively.

Equity

The Group's total equity amounted to approximately HK$6,618.66 million as at 30 June 2019, 2.69% lower than HK$6,801.63 million as at 31 December 2018, taking into account of non-controlling interest of approximately HK$300.56 million (31 December 2018: HK$640.21 million). Total debt to equity ratio was 0.11 (31 December 2018: 0.14), being the Group's total loans and borrowing, repurchase agreements and the issued preferred shares of approximately HK$750.56 million collectively (31 December 2018: HK$951.48 million) divided by the total equity.

To enhance the earnings per share of the Group for the benefits of the Company's shareholders as a whole, the Group repurchased 46.92 million shares of the Company on the Stock Exchange of Hong Kong Limited during the Period at a total consideration of approximately HK$5.46 million. The repurchased shares were not cancelled as at 30 June 2019 and subsequently cancelled on 8 July 2019. Save for such repurchases, no members of the Group purchased, sold or redeemed any of the Company's listed securities during the Period.

Treasury Policies

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

CAPITAL COMMITMENTS

As at 30 June 2019, the total capital commitment of the Group amounted to HK$74.50 million (31 December 2018: HK$25.14 million), contract for but not provided for in the financial statements in respect of subscriptions of interests in unlisted equity securities and an associate. The commitment as at 31 December 2018 were for subscription of funds and acquisition of intangible assets.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group has provided guarantees in favour of banks, financial institutions and third party individuals, for facilities granted to certain subsidiaries, amounting to approximately HK$261.01 million (31 December 2018: HK$428.21 million). Of these facilities, a total of approximately HK$143.90 million (31 December 2018: HK$319.58 million) has been utilised.

As stated in the announcement dated 22 May 2019, the Group had previously entered into agreements to provide certain parent guarantees for bank loan facilities granted to AYD and its wholly owned subsidiaries for their working capital requirements until AYD has been successfully listed. The maximum aggregate amount of the guarantees was RMB110.00 million (approximately HK$124.97 million). As at 30 June 2019, the aggregate utilised amount of the Guarantees was approximately RMB89.95 million (approximately HK$102.19 million). After the deconsolidation of AYD, a guarantee fee will be charged at 1.5% per annum of the drawdown amount.

PLEDGE OF ASSETS

As at 30 June 2019, the Group pledged bank deposits of approximately HK$55.95 million and the shares of a subsidiary to certain banks to secure loan facilities amounting to approximately HK$211.01 million (31 December 2018: bank deposits of approximately HK$94.14 million and the shares of a subsidiary were pledged to certain banks to secure loan facilities amounting to approximately HK$268.80 million and bill payable) and pledged Hong Kong listed stocks amounting to HK$46.86 million (31 December 2018: Nil) to secure bank overdraft facilities amounting to approximately HK$50.00 million (31 December 2018: Nil) . As at 30 June 2019, loan facilities amounting to approximately HK$117.23 million (31 December 2018: HK$262.65 million) and bank overdraft facilities amounting to approximately HK$26.67 million (31 December 2018: Nil) were utilised.

MATERIAL DISPOSALS OF SUBSIDIARIES

On 8 February 2019, the Group's indirect non-wholly owned subsidiary, GL Food Holdings Pte. Ltd. ("**GL Food**"), entered into an agreement with Wattle Health Australia Investments Pty Ltd ("**WHA**") to sell the 46% of interest in B&P to WHA, and grant put and call options over 29% of the issued shares to WHA. On 8 May 2019, GL Food entered into an agreement (which amends and reinstates an earlier agreement) with WHA to sell 75% of the issued shares of B&P, representing GL Food's entire interest in B&P to WHA for a total consideration of US$55.00 million. Closing of the sale has been extended to allow the parties to satisfy certain conditions precedent in the agreement. It is expected that the sale will close in the third quarter of 2019.

On 28 June 2019, the Group's indirect wholly owned subsidiary, Pioneer Leap Investment Limited ("**Pioneer Leap**") sold 71 shares, representing 0.71% of AYD, to Sino Ease Venture Limited ("**Sino Ease**") for a total consideration of approximately HK$10.02 million. In addition, as part of the sale transaction, AYD declared 100% of its distributable profits for the financial years ended 31 December 2017 and 2018 respectively and has undertaken to declare 100% of its distributable profits for the financial year ending 31 December 2019. After the sale, Pioneer Leap's interest in AYD dropped to 46.20% and the Group no longer controls the board of director of AYD.

Upon the disposal of AYD and B&P, the Group will be better positioned to build its health and wealth businesses in alignment with the Group's strategy in creating a "Health and "Wealth" ecosystem to meet strong demand for high quality healthcare and financial services from the Asia Pacific region and in particular from China.

Other than the above, the Group made no substantial acquisition, or other material disposal, of subsidiaries and associated companies during the Period.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (2018: Nil).

SIGNIFICANT INVESTMENTS

Trading of securities has been one of the core businesses of the Group and, hence, the Group has been putting great emphasis on securities portfolio management, particularly during the Period with volatile market owing to US-China trade tensions, Brexit uncertainty and a growing pressure on global economy. Expecting a turbulent capital market in near future, the Group will continue to identify investment opportunities globally to preserve its portfolio value with cautions.

During the Period, the Group recognized a net fair value loss of approximately HK$18.78 million (2018: HK$10.41 million) for its financial assets and liabilities at fair value through profit or loss. As at 30 June 2019, the Group held a few listed investments as set out below:

List of significant stocks in terms of market value as at 30 June 2019

			As at 30 June 2019				
Name of stock listed in Hong Kong/overseas	**Stock code**	**Brief description of the business**	**Number of shares held**	**Proportion of shares held**	**Investment cost** *HK$'000*	**Market value** *HK$'000*	**Percentage to total assets value of the Group**
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	28,600,000	3.25%	57,797	211,926	2.1%
Camsing International Holding Limited	2662	Development, sales and distribution of intellectual property rights derived products and mobile devices	7,330,000	0.68%	39,151	52,629	0.51%
Yadea Group Holdings Limited	1585	Development, manufacture and sales of electric two-wheeled vehicles and related accessories	16,600,000	0.55%	41,456	41,334	0.40%
Beijing Sports and Entertainment Industry Group Limited	1803	Provision of air freight service in the wholesale market	15,000,000	1.15%	41,979	32,250	0.31%
Rici Healthcare Holdings Limited	1526	General hospital business, medical examination business and clinic business	13,805,000	0.87%	25,879	18,637	0.18%

List of significant stocks in terms of market value as at 31 December 2018

Name of stock listed in Hong Kong/overseas	Stock code	Brief description of the business	As at 31 December 2018				
			Number of shares held	Proportion of shares held	Investment cost *HK$'000*	Market value *HK$'000*	Percentage to total assets value of the Group
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	28,600,000	3.25%	57,797	191,906	1.69%
Camsing International Holding Limited	2662	Development, sales and distribution of intellectual property rights derived products and mobile devices	7,330,000	0.68%	39,151	65,457	0.58%
Yadea Group Holdings Limited	1585	Development, manufacture and sales of electric two-wheeled vehicles and related accessories	16,600,000	0.55%	41,456	50,132	0.44%
Beijing Sports and Entertainment Industry Group Limited	1803	Provision of air freight service in the wholesale market	15,000,000	1.15%	41,979	42,000	0.37%
Rici Healthcare Holdings Limited	1526	General hospital business, medical examination business and clinic business	13,619,000	0.86%	25,581	23,833	0.21%

Significant stocks gains/(losses) for the period ended 30 June 2019

Name of stock listed in Hong Kong/overseas	Stock code	For the six months ended 30 June 2019		
		Realised gains/(losses) *HK$'000*	Unrealised gains/(losses) *HK$'000*	Dividend received *HK$'000*
Sheng Ye Capital Limited	8469	–	20,020	1,144
Camsing International Holding Limited	2662	–	(12,828)	–
Yadea Group Holdings Limited	1585	–	(8,798)	668
Beijing Sports and Entertainment Industry Group Limited	1803	–	(9,750)	–
Rici Healthcare Holdings Limited	1526	–	(5,494)	–

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

Name of stock listed in Hong Kong/overseas	Stock code	For the six months ended 30 June 2018		
		Realised gains	Unrealised gains/(losses)	Dividend received
		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	–

In July 2019, the Group invested approximately HK$50.40 million at HK$1.20 per share in the stock of Analogue Holdings Limited (stock code: 1977) and the value dropped to HK$40.70 million (i.e. HK$0.97 per share) on the date before this announcement. The decrease in the fair value was not reflected in the Period.

IMPORTANT EVENTS SINCE THE PERIOD

Except as disclosed in this section, no other important event affect the Group has taken place since 30 June 2019 and up to the date of this announcement.

USE OF PROCEEDS

Reference is made to the announcement, the circular and the prospectus issued by the Company on 22 September 2016, 28 October 2016, 13 December 2016, 13 January 2017, 7 February 2017 and 8 September 2017 respectively, the annual report annual reports 2018, 2017 and 2016, and the interim report 2017, in relation to, among other things, the rights issue on the basis of six (6) rights shares for every five (5) shares (the "**Rights Issue**"). The Company (i) allotted and issued 22,124,799,450 ordinary shares to the qualifying shareholders on the register as at 12 January 2017 at a subscription price of HK$0.13 per share for a total consideration, before expenses, of approximately HK$2,876 million and (ii) allotted and issued 4,056,213,232 new shares (the "**Bonus Shares**") of the Company to 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**"). Both the Rights Issue and Bonus Issue were completed in February 2017 and the net proceeds from the Rights Issue was approximately HK$2,840 million. Following completion, the Company changed the original intended use of proceeds. Further details of the change were set out in the announcement of the Company dated 8 September 2017. As at 30 June 2019, the Group had unused proceeds of approximately HK$13.31 million towards IT upgrade of financial services.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2019, the Group employed 287 employees globally (31 December 2018: 1,245), including 267 full-time and 20 part-time employees. The decrease in the number of employees was mainly due to AYD ceased to be the subsidiary of the Group on 28 June 2019. The remuneration policy and package of the Group's employees are structured in accordance to market terms and statutory requirements where appropriate. The Group also provides other staff benefits such medical insurance and mandatory provident fund.

RISK MANAGEMENT

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk within the organization and the external environment with active management participation and effective internal control procedures in the best interest of the Group and its shareholders.

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

During the Period, the Company repurchased a total of 46,920,000 shares (the "**Repurchased shares**") of the Company on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Repurchased Shares were not cancelled as at 30 June 2019 but were subsequently cancelled on 8 July 2019.

Details of the repurchase of shares are as follows:

Month	**Number of shares repurchased**	**Price per share**		**Aggregate consideration**
		Highest	*Lowest*	
		HK$	*HK$*	*HK$*
June 2019	46,920,000	0.121	0.091	5,455,689
	46,920,000			5,455,689

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

AUDIT COMMITTEE

The audit committee of the Company, comprising Mr. Chen Wai Chun, Edmund as chairman as well as Ms. Kan Lai Kuen, Alice, Mr. Tian Ren Can and Mr. Wang Cong as members. The principal duties of the audit committee include the review and supervision of the Group's financial reporting process and internal controls. The Audit Committee has reviewed the interim results for the Period.

BDO, the external auditors of the Company, have reviewed the unaudited interim financial information for the Period 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 Hong Kong Institute of Certified Public Accountants.

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 provision A.2.1 of the CG Code.

Provision A.2.1 of CG Code stipulates that the roles of chairman and chief executive officer 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 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. The Board considers the present structure more suitable for the Company as 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 the 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 2019 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 2019.

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

Hong Kong, 28 August 2019

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
Mr. Cao Lu

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
Mr. Wang Cong