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## **Mason Financial Holdings Limited**

**民信金控有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 273)**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015**

#### **RESULTS**

The board of directors (the “Board”) of Mason Financial Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred as the “Group”) for the six months ended 30 June 2015 (the “Period”) as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2015*

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2015</b>	<b>2014</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	3	<b>207,274</b>	67,237
Other income		<b>2,017</b>	348
Employee benefit expenses		<b>(6,306)</b>	(4,799)
Depreciation		<b>(132)</b>	(145)
(Provision for) Reversal of allowance of doubtful debts, net		<b>(26,269)</b>	614
Gain on disposal of interest in subsidiaries, net		<b>158,011</b>	—
Loss on change in shareholding in an associate		<b>(9,207)</b>	—
Net fair value gain on investments held for trading		<b>255,931</b>	405,042
Net fair value (loss) gain on investments designated as at fair value through profit or loss upon initial recognition		<b>(7,219)</b>	633

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2015</b>	<b>2014</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain arising from changes in fair value of investment properties		—	400
Other operating expenses		(17,445)	(14,298)
Finance costs		(601)	(204)
Share of results of an associate		29,217	(201)
Share of results of a joint venture		<u>(31,109)</u>	<u>—</u>
<b>Profit before taxation</b>		<b>554,162</b>	<b>454,627</b>
Taxation	4	<u>—</u>	<u>—</u>
<b>Profit for the period attributable to equity holders of the Company</b>		<b><u>554,162</u></b>	<b><u>454,627</u></b>
<b>Other comprehensive income (loss):</b>			
<i>Items that have been reclassified or may be reclassified subsequently to profit or loss</i>			
Net fair value gain on available-for-sale financial assets		533,444	4,922
Share of other comprehensive loss of an associate		(2,571)	(2,032)
Share of other comprehensive income of a joint venture		1,874	—
Derecognition of foreign currency difference upon disposal of an associate		8,557	—
Derecognition of available-for-sale financial assets revaluation reserve upon disposal of a subsidiary		<u>(397,500)</u>	<u>—</u>
<b>Total other comprehensive income for the period</b>		<b><u>143,804</u></b>	<b><u>2,890</u></b>
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>		<b><u>697,966</u></b>	<b><u>457,517</u></b>
			<i>(Adjusted)</i>
<b>Earnings per share</b>			
— Basic and diluted	5	<b><u>HK\$0.038</u></b>	<b><u>HK\$0.047</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2015*

		Unaudited 30 June 2015 <i>HK\$'000</i>	Audited 31 December 2014 <i>HK\$'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Investment properties		—	11,650
Property, plant and equipment		1,061	657
Interest in associates	7	1,330,320	995,771
Interest in a joint venture	8	530,710	559,945
Available-for-sale financial assets	9	106,169	21,169
Other investments		4,580	4,580
Deposit paid for acquisition of investment properties		—	2,400
Deposits paid for acquisition of subsidiaries		<u>4,000</u>	<u>—</u>
		<b><u>1,976,840</u></b>	<b><u>1,596,172</u></b>
<b>Current assets</b>			
Available-for-sale financial assets	9	164,070	28,126
Financial assets at fair value through profit or loss		490,109	470,599
Loans receivable	10	835,659	320,373
Other receivables		85,226	2,594
Bank balances and cash		<u>252,058</u>	<u>176,321</u>
		<b>1,827,122</b>	998,013
Non-current assets classified as held for sale		<u>—</u>	<u>4,996</u>
		<b><u>1,827,122</u></b>	<b><u>1,003,009</u></b>

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2015</b>	2014
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Current liabilities</b>			
Financial liabilities at fair value through profit or loss		7,140	—
Other payables		3,452	9,337
Provision for taxation		518	—
Interest-bearing borrowing		—	4,183
		<u>11,110</u>	<u>13,520</u>
<b>Net current assets</b>		<b><u>1,816,012</u></b>	<b><u>989,489</u></b>
<b>Total assets less current liabilities</b>		<b><u>3,792,852</u></b>	<b><u>2,585,661</u></b>
<b>Non-current liabilities</b>			
Unsecured bonds	11	20,000	20,000
Deferred tax liabilities		—	59
		<u>20,000</u>	<u>20,059</u>
<b>NET ASSETS</b>		<b><u>3,772,852</u></b>	<b><u>2,565,602</u></b>
<b>Capital and reserves</b>			
Share capital	12	2,550,372	2,400,372
Reserves		863,198	165,230
Equity attributable to equity holders of the Company		<b>3,413,570</b>	2,565,602
Non-controlling interests		<u>359,282</u>	—
<b>TOTAL EQUITY</b>		<b><u>3,772,852</u></b>	<b><u>2,565,602</u></b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

The unaudited interim condensed consolidated financial statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2014 and therefore, do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2014. They have been prepared on the historical cost basis, except for investment properties, financial assets at fair value through profit or loss, derivatives and certain available-for-sale financial assets, which are measured at fair value.

The accounting policies applied in preparing the unaudited interim condensed consolidated financial statements are consistent with those applied in preparing the Group’s annual consolidated financial statements for the year ended 31 December 2014 except for the adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are relevant to the Group and effective from the current period which are Amendments to HKFRS 3 *Business Combination*, Amendments to HKFRS 8 *Operating Segments*, Amendments to HKFRS 13 *Fair Value Measurements*, Amendments to HKAS 16 *Property, plant and equipment*, Amendments to HKAS 24 *Related Party Disclosures*, Amendments to HKFRS 1 *First Time Adoption of Hong Kong Financial Reporting Standards* and Amendments to HKAS 40 *Investment Properties*. The adoption of the aforesaid new/revised HKFRSs that are relevant to the Group and effective from the current period have no material impact on the results of the Group.

#### **Impact of the Hong Kong Companies Ordinance (Cap. 622)**

The financial-reporting requirements of Part 9 “Accounts and Audit” of the ordinance comes into operation for the preparation of these consolidated financial statements and as a result, there are changes to the presentation and disclosures of certain information as compared with the 2014 consolidated financial statements. Where appropriate, the comparative information has been amended to achieve a consistent presentation.

At the date of authorising of the unaudited interim condensed consolidated financial statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current period, which the Group has not early adopted. The directors of the Company do not anticipate that the adoption of these new/revised HKFRSs (which may be relevant to the Group) in the future periods will have material impact on the results of the Group.

## 2. SEGMENT INFORMATION

The directors consider trading of investments, provision of financial services, property investment and investment holding are the Group's major operating segments.

### (a) Segment revenue and results

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

#### For the six months ended 30 June 2015 (unaudited)

	Trading of investments	Provision of financial services	Property investment	Investment holding	Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Segment revenue</b>	<b><u>199,816</u></b>	<b><u>7,264</u></b>	<b><u>194</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>207,274</u></b>
Profit (Loss) for the period before following items:	473,052	(19,519)	(667)	(24,527)	(20,488)	407,851
Gain on disposal of interest in subsidiaries, net	—	—	—	158,011	—	158,011
Loss on change in shareholding in an associate	—	—	—	(9,207)	—	(9,207)
Share of results of an associate	—	—	—	29,217	—	29,217
Share of results of a joint venture	—	—	—	(31,109)	—	(31,109)
Finance costs	<u>(58)</u>	<u>—</u>	<u>(47)</u>	<u>(496)</u>	<u>—</u>	<u>(601)</u>
Profit (Loss) before taxation	472,994	(19,519)	(714)	121,889	(20,488)	554,162
Taxation	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Segment results</b>	<b><u>472,994</u></b>	<b><u>(19,519)</u></b>	<b><u>(714)</u></b>	<b><u>121,889</u></b>	<b><u>(20,488)</u></b>	<b><u>554,162</u></b>

**For the six months ended 30 June 2014 (unaudited)**

	Provision				Unallocated HK\$'000	Total HK\$'000
	Trading of	of financial	Property	Investment		
	investments	services	investment	holding		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b>	<u>61,982</u>	<u>5,040</u>	<u>215</u>	<u>—</u>	<u>—</u>	<u>67,237</u>
Profit (Loss) for the period						
before following items:	457,823	5,138	518	2,772	(11,219)	455,032
Share of results of an						
associate	—	—	—	(201)	—	(201)
Finance costs	<u>(68)</u>	<u>—</u>	<u>(58)</u>	<u>(78)</u>	<u>—</u>	<u>(204)</u>
Profit (Loss) before taxation	457,755	5,138	460	2,493	(11,219)	454,627
Taxation	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Segment results</b>	<u>457,755</u>	<u>5,138</u>	<u>460</u>	<u>2,493</u>	<u>(11,219)</u>	<u>454,627</u>

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

**(b) Segment assets and liabilities**

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

	Provision				Total HK\$'000
	Trading of	of financial	Property	Investment	
	investments	services	investment	holding	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 30 June 2015</b>					
<b>(unaudited)</b>					
<b>Assets</b>					
Segment assets	<b>286,104</b>	<b>842,995</b>	—	<b>810,137</b>	<b>1,939,236</b>
Interest in an associate	—	—	—	<b>1,330,320</b>	<b>1,330,320</b>
Interest in a joint venture	—	—	—	<b>530,710</b>	<b>530,710</b>
Unallocated assets					<u><b>3,696</b></u>
Total assets					<u><b>3,803,962</b></u>
<b>Liabilities</b>					
Segment liabilities	<b>(88)</b>	<b>(722)</b>	—	<b>(28,111)</b>	<b>(28,921)</b>
Unallocated liabilities					<u><b>(2,189)</b></u>
Total liabilities					<u><b>(31,110)</b></u>

	<b>Trading of investments</b>	<b>Provision of financial services</b>	<b>Property investment</b>	<b>Investment holding</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>At 31 December 2014</b>					
<b>(audited)</b>					
<b>Assets</b>					
Segment assets	532,137	455,836	14,277	34,195	1,036,445
Interest in associates	—	—	—	995,771	995,771
Interest in a joint venture	—	—	—	559,945	559,945
Unallocated assets					<u>7,020</u>
Total assets					<u><u>2,599,181</u></u>
<b>Liabilities</b>					
Segment liabilities	(88)	(115)	(4,326)	(22,327)	(26,856)
Unallocated liabilities					<u>(6,723)</u>
Total liabilities					<u><u>(33,579)</u></u>

### 3. REVENUE

Revenue recognised from the principal activities of the Group during the period including trading of investments, provision of financial services, property investment and investment holding is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Net gain from the sale of investments at fair value through profit or loss*	<b>198,954</b>	54,611
Dividend income from investments	<b>173</b>	4,575
Interest income from investments	<b>689</b>	2,796
Interest income from loans and other receivables	<b>7,264</b>	5,040
Rental income	<u><b>194</b></u>	<u>215</u>
	<u><b>207,274</b></u>	<u><b>67,237</b></u>

\* Represents the proceeds from the sale of investments at fair value through profit or loss of HK\$1,195,904,000 (2014: HK\$257,198,000) less the cost of sales and carrying amount of the investments sold of HK\$996,950,000 (2014: HK\$202,587,000).



#### 4. TAXATION

Hong Kong Profits Tax has not been provided as the Group's estimated assessable profits for both periods are wholly absorbed by unrelieved tax losses brought forward from previous years.

#### 5. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to equity holders of the Company for the Period of HK\$554,162,000 (2014: HK\$454,627,000) and the weighted average number of 14,457,859,468 (2014 (adjusted): 9,685,166,006) ordinary shares in issue during the Period.

The Company had no dilutive potential ordinary shares for both of the periods.

#### 6. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the Period (2014: nil).

#### 7. INTEREST IN ASSOCIATES

	<b>Unaudited</b> <b>30 June</b> <b>2015</b> <b>HK\$'000</b>	Audited 31 December 2014 <i>HK\$'000</i>
<b>Unlisted shares</b>		
Share of net assets	<u><b>1,330,320</b></u>	<u>995,771</u>

As at 30 June 2015, interest in associates of HK\$1,330,320,000 represented 32.69% equity interest in Freeman Corporation Limited ("FCL").

#### 8. INTEREST IN A JOINT VENTURE

	<b>Unaudited</b> <b>30 June</b> <b>2015</b> <b>HK\$'000</b>	Audited 31 December 2014 HK\$'000
<b>Unlisted shares</b>		
Share of net assets	<u><b>530,710</b></u>	<u>559,945</u>

As at 30 June 2015 and 31 December 2014, interest in a joint venture represents 34.7% equity interest in Freewill Holdings Limited (“Freewill”), a company incorporated in the Republic of the Marshall Islands with limited liability, which has been classified as interest in a joint venture as Freewill is an entity in which the Group has a long term equity interest and of which the Group shares joint control with another party when certain important decisions of the entity, under contractual arrangement, require unanimous consent of the parties sharing control. The sole purpose of Freewill’s business is to hold shares in HEC Capital Limited for investment holding purpose.

## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2015</b>	2014
	<i>Note</i>	<b>HK\$’000</b>	<b>HK\$’000</b>
Equity securities, listed in Hong Kong, at fair value	<i>(a)</i>	<b><u>164,070</u></b>	<u>28,126</u>
Unlisted investments, at cost	<i>(b)</i>	<b>107,000</b>	22,000
Impairment loss	<i>(c)</i>	<b><u>(13,231)</u></b>	<u>(13,231)</u>
		<b><u>93,769</u></b>	<u>8,769</u>
Club membership, at cost		<b>13,920</b>	13,920
Impairment loss	<i>(c)</i>	<b><u>(1,520)</u></b>	<u>(1,520)</u>
		<b><u>12,400</u></b>	<u>12,400</u>
		<b><u>270,239</u></b>	<u>49,295</u>
Analysed as:			
Non-current		<b>106,169</b>	21,169
Current		<b><u>164,070</u></b>	<u>28,126</u>
		<b><u>270,239</u></b>	<u>49,295</u>

Notes:

- (a) The board of directors decided that the shares in Freeman Financial Corporation Limited (“Freeman”) held by the Company might be disposed of within the following twelve months; therefore, the investments in Freeman were classified as current assets. During the Period, a fair value gain of HK\$135,944,000 (2014: a fair value gain of HK\$4,922,000) in respect of Freeman shares classified as available-for-sale financial assets held by the Company was recognised as a reserve.

(b) Included in the unlisted equity investments as at 30 June 2015 of HK\$22,000,000 (31 December 2014: HK\$22,000,000) represents the Group's interest in 21% (31 December 2014: 21%) of the nominal value of issued non-voting, redeemable participating share capital of VMS Private Investment Partners VI Limited.

(c) Movement in the provision for impairment loss is as follows:

	<b>Unaudited 30 June 2015 HK\$'000</b>	Audited 31 December 2014 HK\$'000
At the beginning of the reporting period	<b>14,751</b>	17,487
Written off upon derecognition	<u>—</u>	<u>(2,736)</u>
<b>At the end of the reporting period</b>	<b><u>14,751</u></b>	<b><u>14,751</u></b>

## 10. LOANS RECEIVABLE

Loans granted to borrowers are repayable according to repayment schedules. The balances comprise loans receivable from:

	<i>Note</i>	<b>Unaudited 30 June 2015 HK\$'000</b>	Audited 31 December 2014 HK\$'000
Third parties	<i>(a)</i>	<b>866,242</b>	324,687
Allowance for doubtful debts	<i>(b)</i>	<b><u>(30,583)</u></b>	<u>(4,314)</u>
		<b><u>835,659</u></b>	<b><u>320,373</u></b>
Short term loans, net of allowance		<b>835,659</b>	320,070
Instalment loans, net of allowance		<u>—</u>	<u>303</u>
		<b><u>835,659</u></b>	<b><u>320,373</u></b>

Notes:

(a) As at 30 June 2015, loans receivable (i) are unsecured; (ii) carry at variable and fixed interest rates and have effective interest rates ranging from around 5% to 24% per annum (at 31 December 2014: from around 5% to 24% per annum); (iii) include balances of HK\$4,200,000 (31 December 2014: HK\$4,310,000) which are past due for more than one year; and (iv) include balances of HK\$862,042,000 (31 December 2014: HK\$320,373,000), which are within respective maturity dates.

(b) Movement in the allowance for doubtful debts is as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2015</b> <i>HK\$'000</i>	Audited 31 December 2014 <i>HK\$'000</i>
At the beginning of the reporting period	<b>4,314</b>	5,304
Increase in allowance	<b>26,577</b>	390
Reversal of allowance	<u><b>(308)</b></u>	<u>(1,380)</u>
<b>At the end of the reporting period</b>	<u><b>30,583</b></u>	<u>4,314</u>

No loans receivable was past due but not impaired as at 30 June 2015 and 31 December 2014. Loans receivable that were neither past due nor impaired related to a wide range of borrowers for whom there was no history of default.

## 11. UNSECURED BONDS

The unsecured bonds are interest bearing at 5% per annum payable annually in arrears. The bonds are repayable in 2021.

## 12. SHARE CAPITAL

	<b>Number of</b> <b>ordinary</b> <b>shares</b>	<b>HK\$'000</b>
<b>Issued and fully paid:</b>		
At 1 January 2014, of HK\$0.01 each (audited)	150,554,164	1,505
Transfer from share premium upon abolition of nominal value of shares	—	2,398,867
Share subdivisions	9,070,888,381	—
Issue of bonus shares	<u>4,893,010,330</u>	<u>—</u>
<b>At 31 December 2014 and 1 January 2015</b> <b>(audited)</b>	14,114,452,875	2,400,372
Issued share capital	<u>1,250,000,000</u>	<u>150,000</u>
<b>At 30 June 2015 (unaudited)</b>	<u><b>15,364,452,875</b></u>	<u><b>2,550,372</b></u>

### 13. CAPITAL EXPENDITURE COMMITMENTS

As at 30 June 2015, the Group had the following capital expenditure commitments:

	<b>Unaudited</b> <b>30 June</b> <b>2015</b> <i>HK\$'000</i>	Audited 31 December 2014 <i>HK\$'000</i>
<b>Contracted but not provided for, net of deposit paid</b>		
Acquisition of subsidiaries	<b>9,000</b>	—
Acquisition of an investment property	—	21,600
Acquisition of yacht	—	<u>43,751</u>
	<u><b>9,000</b></u>	<u>65,351</u>

In June 2015, the Group entered into a provision sale and purchase agreement with an independent third party for the acquisition of the entire interest in a securities dealer company, at an aggregate consideration of HK\$3,000,000 (exclusive of net assets). Upon signing of the agreement, HK\$1,000,000 has been paid by the Group as an initial deposit, which was included in deposit paid for acquisition of subsidiaries as at 30 June 2015.

In June 2015, the Group entered into another sale and purchase agreement with an independent third party for the acquisition of the entire interest in a securities adviser and asset management company, at an aggregate consideration of HK\$10,000,000. Upon signing of the agreement, HK\$3,000,000 has been paid by the Group as an initial deposit, which was included in deposit paid for acquisition of subsidiaries as at 30 June 2015.

### 14. EVENT AFTER THE REPORTING PERIOD

In July 2015, Co-Lead Holdings Limited (“Co-Lead”, an indirect subsidiary of the Company) entered into a share swap agreement with two independent third parties whereby Co-Lead allotted and issued 853 new Co-Lead shares in exchange for 85,344,827 shares in FCL held by the two independent third parties. At the same time, Co-Lead received a notice of exercise of a call option from an independent third-party individual investor so that Co-Lead sold 81,717,607 FCL shares to the independent third-party individual investor at a consideration of HK\$259,861,990 by way of a promissory note which has subsequently been fully settled by cash. Upon completion of the share swap agreement and the exercise of the call option, Co-Lead held approximately 33% shareholding in FCL and the Group’s beneficial interest in FCL was approximately 20% when non-controlling interests were excluded.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the Period (2014: nil).

### **RESULTS**

During the Period, the Group reported a turnover of approximately HK\$207 million compared with a turnover of approximately HK\$67 million for the corresponding period in 2014. The increase in turnover was mainly attributable to the higher net gain from sale of investments at fair value through profit or loss in the first half year of 2015.

The Group reported a profit of approximately HK\$554 million attributable to shareholders for the Period (2014: approximately HK\$455 million). The overall profit was mainly derived from the Group's business segments of trading of investments and investment holding as a result of capitalising on the favourable stock market condition by the Group during the Period.

The amount of earnings per share for the Period was approximately HK\$0.038 (2014: approximately HK\$0.047).

### **BUSINESS REVIEW AND PROSPECTS**

Year 2015 is a year full of opportunities and challenges. The stock market in Hong Kong experienced high volatility in the first half of 2015. The Shanghai Hong Kong Stock Connect programme spurred investor confidence. Pulled by bullish sentiments, Hang Seng Index rose from about 23,300 points in early January 2015 to over 28,400 points in late April 2015. Starting from June 2015, the Greek debt crisis and the widely anticipated interest rate hike in the U.S. has caused bearish market sentiments depressing Hang Seng Index to the recent low level below 21,300 points. During the Period, the Company's management was vigilant about safeguarding the Group's liquidity under the stock market volatility by realising part of the listed securities held for trading purpose into cash. The proceeds from such disposals would allow the Group to acquire other investments when opportunities arise and for expansion of the Group's money lending business.

Against the backdrop as mentioned above, the Group recorded a net gain of approximately HK\$473 million under the investment trading segment during the Period, which is similar to the net gain of approximately HK\$458 million in the corresponding period last year.

With profit contribution from disposal of two subsidiaries holding listed securities for investment purpose, the Group was able to record a net gain of approximately HK\$122 million (*2014: approximately HK\$2 million*) under the investment holding segment. During the Period, the Group also disposed of its share of equity interest in a hotel project in Bhutan so as to release financial resources for acquiring other investments in Hong Kong. In June and July 2015, the Group joined forces with business associates to consolidate the shareholdings in Freeman Corporation Limited (“FCL”) so as to better serve the interest of the Group as a minority shareholder thereof. In July 2015, part of the Group’s equity interest in FCL was realized into cash upon the exercise of a call option by an independent third-party individual investor. As a result, the Group currently holds approximately 33% shareholding in FCL versus 25.7% as at 31 December 2014.

As a result of making provision for doubtful debts, the business segment of provision of financial services recorded a loss of approximately HK\$20 million during the Period (*2014: a profit of approximately HK\$5 million*). During the Period, the Group utilised its working capital to expand this business segment with an aim to generate stable interest income to the Group.

The Group’s property investment segment accounted for a relatively small proportion of the Group’s business. During the Period, the Group sold all of its assets under the property investment segment in view of the looming interest rate hike, resulting in a loss of approximately HK\$0.7 million (*2014: a profit of approximately HK\$0.5 million*). The Group may replenish assets under this segment when attractive opportunities arise in the future.

During the Period, the Company completed a subscription agreement with Mission Capital Holdings Limited (“Mission Capital”) under which a then subsidiary of the Company acquired 1,500,000,000 new shares from Mission Capital for a total consideration of HK\$150 million while the Company issued 1,250,000,000 new shares to an individual nominated by Mission Capital also at the consideration of HK\$150 million. Due to commercial reasons, both the Company and Mission Capital did not hold a substantial shareholding with each other as at the end of the Period. Hence, the initial plan of developing future business opportunities jointly with Mission Capital has been shelved by both parties.

While the Group has achieved encouraging results in the first half year of 2015, the Board envisages pressure on the Group's profitability in the second half year of 2015 in view of the sluggish stock market performance from June 2015 onwards.

Year 2015 is also a year of changes. At the Company's general meeting held on 23 June 2015, a special resolution was passed by the shareholders of the Company to approve the change of the English name of the Company from "Willie International Holdings Limited" to "Mason Financial Holdings Limited" and the Chinese name of the Company from "威利國際控股有限公司" to "民信金控有限公司". The new company name has taken effect from 9 July 2015 when the certificate of change of name was issued by the Registrar of Companies in Hong Kong. The Board is of the opinion that the new name provides a refreshed corporate image and identity of the Company that would better reflect or align with the business nature and growth objectives of the management. Meanwhile, Mr. Zhang Yongdong has become the Company's single largest shareholder since July 2015 and has acted as the Company's new chairman and chief executive officer since 1 August 2015.

In view of the opportunities in the financial services industry, the Group has planned to develop businesses in this segment. In June 2015, the Group signed a provisional agreement to acquire a company with a licence to carry on the business of dealing in securities and another separate agreement to acquire one more company with licences to carry on the business of advising on securities and asset management in Hong Kong. The total cost of acquiring these two companies is less than HK\$20 million (inclusive of their net assets) to be financed by the Group's internal financial resources. The acquisition of these two companies is subject to the approval of the Securities and Futures Commission of Hong Kong and has not yet been completed.

## **FINANCIAL REVIEW**

### **Liquidity and Capital Resources**

During the Period, the Company issued 1,250,000,000 new shares at the subscription price of HK\$0.12 each to raise equity capital in the sum of HK\$150 million. As at 30 June 2015, the Group's total equity amounted to approximately HK\$3,773 million (including non-controlling interests of HK\$359 million), an increase of about 47% as compared with approximately HK\$2,566 million as at 31 December 2014. The Group had net current assets of approximately HK\$1,816 million including cash and cash equivalents of approximately HK\$252 million as compared to approximately HK\$989 million including cash and cash equivalents of approximately HK\$176 million as at 31 December 2014. As at 30 June 2015, there was no bank loan outstanding (*31 December 2014: approximately HK\$4 million*) carrying floating interest rates by



reference to the Hong Kong Inter-bank Offer Rate and containing a repayment on demand clause. The Group continued to maintain nil gearing ratio as computed on the basis of net borrowings to total equity and with a current ratio of 164 times (*31 December 2014: 74 times*).

## **PLEDGE OF ASSETS**

As at 30 June 2015, the Group's financial assets at fair value through profit or loss and certain available-for-sale financial assets with an aggregate carrying amount of approximately HK\$646 million (*31 December 2014: approximately HK\$384 million*) were pledged to certain financial institutions and securities brokers to secure certain margin financing and loan facilities amounted to approximately HK\$228 million (*31 December 2014: approximately HK\$166 million*) granted to the Group of which none of the amount (*31 December 2014: none*) was utilised at the end of the Period.

As at 30 June 2015, the Group ceased to have any bank loan facility secured by investment properties (*31 December 2014: HK\$5 million*).

## **CAPITAL EXPENDITURE COMMITMENTS**

As at 30 June 2015, the Group had capital expenditure commitments contracted but not accounted for (net of deposit paid) amounting to approximately HK\$9 million (*31 December 2014: approximately HK\$65 million*).

## **CONTINGENT LIABILITIES**

As at 30 June 2015, the Company has provided corporate guarantees for banking facilities amounting to approximately HK\$14 million (*31 December 2014: approximately HK\$14 million*) granted to an ex-subsiidiary, which was utilised to the extent of approximately HK\$14 million (*31 December 2014: approximately HK\$14 million*).

## **EMPLOYEES**

As at 30 June 2015, the Group employed 20 (*31 December 2014: 20*) employees excluding directors. The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include medical insurance coverage, mandatory provident fund and share option scheme.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

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

## **REVIEW OF INTERIM RESULTS**

The Audit Committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financing reporting matters. The Group's interim results for the six months ended 30 June 2015 have been reviewed by the Audit Committee.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has complied with all the code provisions set out in the Corporate Governance Code under Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Period.

## **COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Following specific enquiry by the Company, all directors holding office during the Period confirmed that they complied with the Model Code throughout the Period.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the Company's website at <http://www.irasia.com/listedco/hk/mason> and the website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk>. The 2015 interim report of the Company will be despatched to the shareholders of the Company who have selected to have a printed copy and available on the above websites in due course.

## APPRECIATION

I would like to take this opportunity to thank Dr. Chuang Yueheng Henry and Mr. Yau Yan Ming Raymond for their valuable contributions to the Company during their respective term of directorship with the Company until the end of July 2015. The Board would also like to extend a warm welcome to Mr. Zhang Yongdong, Mr. Lam Yiu Kin and Dr. Xia Xiaoning on joining the Board from 1 August 2015.

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

By order of the Board  
**Mason Financial Holdings Limited**  
**Zhang Yongdong**  
*Chairman*

Hong Kong, 28 August 2015

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

*Executive Directors:*

Mr. Zhang Yongdong  
Mr. Cheung Wing Ping  
Ms. Cheung Ka Yee  
Mr. Man Wai Chuen

*Non-executive Director*

Dr. Xia Xiaoning

*Independent Non-executive Directors:*

Mr. Lam Yiu Kin  
Mr. Frank H. Miu  
Dr. Antonio Maria Santos