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SYMPHONY

SYMPHONY HOLDINGS LIMITED
新 灃 集 團 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01223)

(Warrant Code: 01537)

ANNOUNCEMENT OF (1) FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018; (2) FINAL DIVIDEND AND (3) BOOK CLOSURE DATES, RECORD DATE AND PAYMENT DATE

FINANCIAL HIGHLIGHTS

Total revenue increased from HKD348.9 million to HKD381.8 million representing a 9.43% increase.

Profit for the year attributable to the owners of the Company increased by 188% from HKD41 million to HKD118.2 million.

Final dividend of HK1.2 cents per share is recommended.

Revenue of the individual segments was as follows:–

- Retailing and sourcing – HKD199.1 million (2017: HKD169.6 million)
- Outlet malls – HKD39.6 million (2017: HKD33.8 million)
- Duty free – HKD16.2 million (2017: HKD14.8 million)
- Branding – HKD27.8 million (2017: HKD23.1 million)
- Financial services – HKD35.1 million (2017: HKD56.3 million)
- Property investment and holding – HKD64.0 million (2017: HKD51.3 million)

* *For identification only*

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

Despite the challenging external business environment including uncertainties in global political and economic environment and slowdown in the PRC economic growth, the Group strove to seize development opportunities arising from the new market trend through in-depth analysis on our own businesses and the industry. The Chinese consumers have entered the era of rational consumption with emphasis on product quality, reasonable pricing and experience consumption. In addition, following the worldwide passion for sports and health, the PRC government also attached great importance to the nationwide sports and fitness undertaking and actively promoted the development of sports industry in recent years. In view of this, the Group captured the opportunity to expand its brand and retail business.

For brand business, the Group embraced the business concept of "Sports + Wellness", and also understood the customers' desire for sports fashion trend. Through PONY's collaboration with renowned designers, a series of products full of streetwear elements made a grand debut in London Fashion Week in mid 2018. Since the launch of ARENA (an international swimwear brand), the Group has made steady progress in exploring omni-channel shopping experience and expanding its market shares.

For retail sector, Outlets Malls that provide discounted products from famous brands and leisure entertainment services were popular among the consumers in the era of "rational consumption". The partial renovation of Shenyang Park Outlets has begun to create positive effect on tenant recruitment, traffic flow and sales turnover with diversified brands and catering services. In addition, under an asset-light strategy, the Group has completed the sale of the neighbouring land of the project to Guangzhou R&F Properties Co., Ltd., and it is expected that the development of this residential project will benefit Shenyang Park Outlets project and drive the development of the surrounding areas and ancillary facilities. Anyang Project showed stable operation and development since its opening in September 2017, and the performance of the community malls located in Chongqing and Tianjin was in line with our expectation. As the flagship project – Xiamen Park Outlets was making good progress and has completed the topping of the superstructure in early 2019 as scheduled, continuous efforts will be made to facilitate the construction and leasing progress in the coming months. On the other hand, given the increasingly strained cross-strait relations, the management adjusted its strategy and terminated the Kinmen duty-free business at the end of 2018. The retail business will focus on Park Outlets and the community malls.

In light of the increased awareness of physical well-being and healthcare of the consumers, the Group completed the acquisition of Supremium Bio-Technology Ltd ("S.B.T.") during the year. S.B.T. is a company engaged in manufacturing, developing and retailing of health supplement products in Hong Kong, and supplies over 1,000 own brand and licensed brand products to the extensive local retail network that cater to demands of consumers in Mainland China and Hong Kong.

As for the financial service sector, the Group partnered with an international fund manager to form the Special Purpose Acquisition Company ("SPAC"), which was successfully listed on the NASDAQ in the United States in August 2018 and raised funds amounting to US$250 million which will be used for mergers and acquisitions. Under stringent control, other existing financial service businesses showed a stable development momentum.

OUTLOOK

As a classic sportswear brand originated in New York, the United States in 1972, PONY has an outstanding track record in football, basketball, boxing and other international sports event with a long brand history and high brand popularity. Through increasing cross-brand and even cross-industry collaboration and cooperation, the Group will build up its brand name and establish a sports fashion image, and will also discuss brand development, strategically strengthen its existing team and enhance negotiations with PONY's customers across the globe, so as to promote the development of brand business.

ARENA will focus on strengthening its position as a leading international swimwear brand, steadily expanding its market shares, enhancing operation efficiency, promoting development of the e-commerce business and broadening product range to cover consumers' needs from fitness exercise to daily sports and recreation, and will make full preparation for the expected sports spending spree triggered by Tokyo 2020 Olympics. Meanwhile, the Group is in active discussions with leading Japanese conglomerate Itochu Corporation regarding brand cooperation and investment projects, which is scheduled to be put into operation in the second half of the year.

The flagship project – Xiamen Park Outlets will be the key development project of the Group in 2019, and will also be the first outlet mall in Xiamen. It is expected to introduce 280 brands, providing services for a population of 20 million in Xiamen, Zhangzhou and Quanzhou. Our operating team will make every effort to ensure the smooth opening of the project in September. Leveraging on the growth momentum of Shenyang Park Outlets, the Group will speed up the planning and expansion of the north zone of the shopping mall at the end of the year, so as to promote business development. With the opening of Xiamen project, coupled with Shenyang and Anyang projects, the Group will further improve the strategic layout of Park Outlets, establishing business presence in Northeast China, the Upper Yangtze River Valley and the southeast coastal areas. In light of the stable and positive development of the community malls in Chongqing and Tianjin, the Group will progressively optimize brand and tenant mix.

In 2019, S.B.T. will make continuous efforts to expand its local retail network, enhance the productivity and strengthen its own brand awareness. Meanwhile, it will invest to develop new product lines, corporate customers and self-operated e-commerce platforms, with an aim to promote sales and brand value.

SPAC is expected to complete the acquisition of the target company this year. After that, the Group will continue to give full play to SPAC and other financial instruments to enhance development of the brand business.

Leveraging on coordinated management of products, logistics and retail chain through data and technology, the new retail era is characterised with online and offline omni-channel experience, so as to meet today's consumer needs and improve business competitive edges. The Group has enhanced the e-commerce operation capability and developed new e-commerce marketing channels by strengthening the communication and cooperation between the Information Technology Department at the headquarter in Hong Kong and its e-commerce company in Hangzhou, and also stepped up efforts in resource integration and analysis, so as to support the development of all business departments and create synergetic effects.

Under the asset-light strategy, the Group will continue to dispose of property investment, and focus on boosting the long-term development of its three core businesses, namely the brand, retail and financial service sectors, with an aim to create greater value for the investors.

APPRECIATION

I would take this opportunity to extend my gratitude to my fellow directors, members of our staff, banks, customers and business partners for their continuous trust and support to the Group. I hope the management and all our colleagues will continue to contribute to the business and performance of the Group in 2019.

Cheng Tun Nei, *Chairman*
Hong Kong, 15 March 2019

OPERATION REVIEW

The Group's turnover for the year ended 31 December 2018 improved from HKD348.9 million for the year ended 31 December 2017 to HKD381.8 million for the year ended 31 December 2018 mainly due to increase in sales from the retailing and sourcing segment and rental income growth in community malls business under property investment and holding segment.

Profit for the year attributable to the owners of the Company increased by 188% from HKD41 million to HKD118.2 million as a result of the gain from disposal of investment properties in Shenyang and Hong Kong.

The gross margin was 68% for the year ended 31 December 2018 as compared to 65.7% for the previous year largely attributable to (a) improvement in overall margin of retailing and sourcing segment; (b) growth in rental income in property investment and holding segment; and (c) better turnover in outlet mall segment.

Other income and gains increased from HKD16.9 million to HKD168.6 million as a result of the gain from disposal of investment properties in Shenyang and Hong Kong.

Distribution and selling expenses grew from HKD87.1 million to HKD126.4 million mainly attributable to the growth of revenue in the retailing and sourcing segment as well as branding segment.

Administrative expenses rose from HKD195.4 million to HKD217.5 million mostly due to (a) business expansion of retailing and sourcing segment; (b) operating costs relating to the growth in community malls business; and (c) property development costs associated with Xiamen outlet mall.

Finance costs fell from HKD42.0 million to HKD33.9 million as a result of general repayment of bank borrowings, other than the loan for construction of Xiamen outlet mall.

Total assets of the Group increased from HKD4,234.4 million to HKD4,353.5 million mainly as a result of property development of Xiamen outlet mall. The total liabilities of the Group moved from HKD1,637.1 million to HKD1,739.6 million due to increase in bank borrowing for Xiamen outlet mall.

As a result of acquisition and consolidation of a joint venture, intangible assets of the Group increased by HKD53 million, interests in joint ventures fell by HKD71.1 million, goodwill surged HKD113.7 million.

Property, plant and equipment increased from HKD659.9 million to HKD857.4 million mainly due to property development of Xiamen outlet mall.

Trade and other receivables increased from HKD146.7 million to HKD513.6 million is accounted by (i) balance receivables from disposal of investment property in Shenyang of HKD314.4 million, which was received on 11 March 2019; (ii) construction deposits for Xiamen outlet mall property development; and (iii) investments in SPAC.

Current liabilities decreased from HKD1,058.4 million to HKD586.3 million due to restructuring of certain bank borrowings changing their nature from current liabilities to non-current liabilities. Consequently, non-current liabilities increased from HKD578.7 million to HKD1,153.3 million.

MARKET INFORMATION

During the year, revenue from the People's Republic of China, Hong Kong, Taiwan and other Asian countries comprised 97.1% (2017: 98.8%) of the total revenue with the remaining 2.9% (2017: 1.2%) shared between United States of America and other countries.

Liquidity and capital resources

As at 31 December 2018, the Group had bank balances and cash of HKD131,590,000 (2017: HKD137,326,000). The Group was offered banking facilities amounting to HKD1,419,409,000 (2017: HKD1,232,132,000).

As at 31 December 2018, the Group obtained bank borrowings in the amount of HKD1,287,515,000 (2017: HKD1,156,927,000). The Group has variable interest rate bank loans which carry interest ranging from 2.38% to 5.94% (2017: 2.69% to 9.2%) per annum. The weighted average effective interest rate of the Group's bank loans is 4% (2017: 4.13%).

Debt to total assets ratio stood at 29.6% (2017: 27.3%), based on total bank borrowings over total assets. The shareholders' equity was adversely affected by exchange difference arising from translation of foreign operations amounting to HKD124,727,000 mainly attributable to the devaluation of RMB for the year. The banking facilities were secured by corporate guarantees from the Company and certain of its subsidiaries, charge over certain deposits, certain prepaid lease payments, certain leasehold land and buildings in Hong Kong, construction in progress, and investment properties of the Group.

Human resources

As at 31 December 2018, the total number of employees of the Group was 454. Employee costs (excluding directors' emoluments) amounted to approximately HKD75,171,000 (2017: HKD70,510,000).

In addition to competitive remuneration packages, double pay and employee share options were offered to eligible staff of the Group based on their performance and individual merits.

Share option scheme

On 10 June 2011, Shareholders had approved and adopted a share option scheme (the "Scheme") for the purpose of providing eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole. All Directors, full-time employees and any other persons who, at the sole discretion of the Board, who have contributed or will contribute to the Group are eligible to participate in the Scheme.

During 2017, the Group granted 21,000,000 share options to certain eligible individuals under the Scheme, subject to acceptance by them. The share option shall entitle them to subscribe for a total of 21,000,000 new shares of HKD0.10 each of the share capital of the Company, at an exercise price of HKD0.82.

Details of the movements of the share options granted under the Scheme during the year ended 31 December 2018 were as follows:

				Number of share options				
Participants	**Date of grant**	**Exercise period**	**Exercise price per share** *(HKD)*	**Outstanding as at 1 January 2018**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Outstanding as at 31 December 2018**
Directors	18/9/2017	18/9/2017 – 17/9/2018	0.82	6,000,000	–	(3,000,000)	(3,000,000)	–
Employees	18/9/2017	18/3/2018 – 17/9/2018	0.82	15,000,000	–	(12,000,000)	(3,000,000)	–
				21,000,000	–	(15,000,000)	(6,000,000)	–
Weighted average exercise price *(HKD)*				0.82	N/A	0.82	0.82	N/A

The Group recognised an expense of approximately HKD328,000 (2017: HKD1,102,000) for the year ended 31 December 2018 in relation to the fair value of share options, at HKD0.068 per share options granted by the Company.

Events after the reporting period

On 25 January 2019, one of the Company's wholly-owned subsidiary, 廈門尚柏奧萊置業有限公司 ("Xiamen Park Outlet Real Estate Company Limited"*), entered into an agreement with 福建三建工程有限公司 ("Fujian Sanjian Construction Company Limited"*) (the "Contractor") pursuant to which the Contractor provided the construction works for the outlet mall located in Xiamen (the "Xiamen Park Outlets") at a consideration of approximately RMB326,385,000 (equivalent to HKD371,939,000) awarded after the acceptance through the open tendering process. The above contract sum was payable in accordance with the stages of the construction work performed while retaining 3% of the total contract sum as construction quality retention money.

The contractor also agreed to provide a performance guarantee in the form of: (a) cash deposited into Xiamen Park Outlet's designated bank account; or (b) bank guarantee; or (c) corporate guarantee which has been registered with the Xiamen Construction Administrative Bureau.

* *For identification only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	2018 HKD'000	2017 HKD'000
Revenue	4	**381,848**	348,919
Cost of sales		**(122,145)**	(119,822)
Gross profit		**259,703**	229,097
Other income and gains	8(a)	**168,558**	16,852
Distribution and selling expenses		**(126,363)**	(87,056)
Administrative expenses		**(217,493)**	(195,393)
Finance costs	6	**(33,933)**	(41,965)
Other expenses	8(b)	**(5,047)**	(10,008)
Impairment loss on financial assets		**(12,615)**	(11,897)
Increase in fair value of investment properties		**112,267**	197,663
Share of results of joint ventures		**19,955**	19,407
Share of result of an associate		**(2,326)**	–
Profit before income tax expense		**162,706**	116,700
Income tax expense	7	**(50,034)**	(58,951)
Profit for the year	8(c)	**112,672**	57,749
Profit/(loss) for the year attributable to:			
– Owners of the Company		**118,213**	41,018
– Non-controlling interests		**(5,541)**	16,731
		112,672	57,749
Earnings per share:			
– Basic earnings per share	10	**HK3.99 cents**	HK1.41 cents
– Diluted earnings per share	10	**HK3.98 cents**	HK1.41 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	**2018** **HKD'000**	2017 HKD'000
Profit for the year	*8(c)*	**112,672**	57,749
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
Surplus arising on revaluation of properties		**29,150**	61,819
Deferred tax liability arising on revaluation of properties		**(5,328)**	(12,316)
		23,822	49,503
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of joint ventures		**(2,763)**	5,010
Exchange differences arising on translation of foreign operations		**(124,727)**	160,187
Translation reserves released to profit or loss on disposal of subsidiaries		**27,273**	–
		(100,217)	165,197
Other comprehensive income for the year, net of tax		**(76,395)**	214,700
Total comprehensive income for the year		**36,277**	272,449
Total comprehensive income attributable to:			
– Owners of the Company		**46,734**	247,835
– Non-controlling interests		**(10,457)**	24,614
		36,277	272,449

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	NOTES	2018 HKD'000	2017 HKD'000
Non-current assets			
Property, plant and equipment		**857,382**	659,912
Investment properties		**1,319,475**	1,365,656
Prepaid lease payments		**499,834**	542,292
Intangible assets		**199,450**	146,417
Interests in joint ventures		**95,962**	167,058
Interest in an associate		**–**	–
Loan to an associate		**–**	5,996
Goodwill		**147,501**	33,796
Deferred tax assets		**9,623**	10,349
Club debenture		**1,876**	1,876
Restricted bank deposits		**34,814**	23,597
Statutory deposits for financial services business		**200**	200
		3,166,117	2,957,149
Current assets			
Inventories		**85,380**	61,122
Trade and other receivables	*11*	**513,594**	146,694
Amounts due from joint ventures		**8,170**	–
Amount due from an associate		**35,343**	27,912
Advances to customers in margin financing	*12*	**144,145**	110,858
Loans receivable	*13*	**166,088**	237,132
Prepaid lease payments		**14,833**	14,171
Financial assets at fair value through profit or loss		**72,453**	9,118
Restricted bank deposit		**–**	1,632
Bank balances and cash – held on behalf of customers		**15,761**	24,008
Bank balances and cash		**131,590**	137,326
		1,187,357	769,973
Assets of disposal group classified as held for sale		**–**	507,319
		1,187,357	1,277,292

	NOTES	2018 HKD'000	2017 HKD'000
Current liabilities			
Trade and other payables	*14*	**231,908**	174,361
Amounts due to joint ventures		**–**	4,825
Amount due to a related party		**10,541**	–
Finance lease payables		**120**	–
Bank borrowings		**307,026**	732,063
Bank overdrafts		**6,461**	–
Tax payable		**30,248**	14,844
		586,304	926,093
Liabilities of disposal group classified as held for sale		**–**	132,302
		586,304	1,058,395
Net current assets		**601,053**	218,897
Total assets less current liabilities		**3,767,170**	3,176,046
Non-current liabilities			
Bank borrowings		**974,028**	424,864
Loan from non-controlling interests		**9,249**	600
Finance lease payables		**531**	–
Deferred tax liabilities		**169,495**	153,219
		1,153,303	578,683
Net Assets		**2,613,867**	2,597,363
Equity			
Share capital		**297,403**	295,581
Reserves		**2,273,425**	2,248,286
Equity attributable to the owners of the Company		**2,570,828**	2,543,867
Non-controlling interests		**43,039**	53,496
Total Equity		**2,613,867**	2,597,363

Notes:

1. GENERAL INFORMATION

Symphony Holdings Limited (the ”Company”) was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 24 November 1993 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is 10th Floor, Island Place Tower, 510 King’s Road, North Point, Hong Kong.

The Company is an investment holding company. The principal activities of the Group, comprising the Company and its subsidiaries, are mainly consist of: (i) retailing and provision of sourcing services for branded apparel, swimwear and accessories, and the newly acquired sourcing and trading of health supplement products through business combinations; (ii) development and management of “PONY” brand; (iii) property investment and holding; (iv) management and operation of outlet malls; and (v) provision of financial services (including securities brokerage, margin financing, money lending, underwriting and placing of listed securities and financial consultancy); and (vi) operation of duty-free shop.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (”HKFRSs”)

(a) Adoption of new/revised HKFRSs – effective 1 January 2018

The Group has adopted the following new standards, amendments and interpretation to existing standards, which are relevant to the Group’s accounting policies for the first time adoption on the Group’s consolidated financial statements for the financial year beginning on 1 January 2018.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKAS 40	Transfers of Investment Property
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures

The adoption of new and amended standards and interpretation of HKFRS does not have material impact on the consolidated financial statements and does not result in substantial changes to the Group’s accounting policies, except the impacts of the adoption of HKFRS 9 “Financial Instruments” and HKFRS 15 “Revenue from Contracts with Customers” as described below.

A. HKFRS 9 Financial Instruments ("HKFRS 9")

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes of the Group's accounting policies and consolidated financial statements.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39. The impacts related to the classification and measurement and the impairment requirements are summarised as follows:

(i) Classification and measurement of financial instruments

The adoption of HKFRS 9 has no significant impact on the classification and measurement of the Group's financial assets and financial liabilities. The carrying amounts for all financial assets and financial liabilities as at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECL for trade receivables, financial assets at amortised costs earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current financial year.

The following tables summarised the impact of transition to HKFRS 9 on the opening balance of retained profits as of 1 January 2018 as follows:

	HKD'000
Retained profits as at 31 December 2017	**416,436**
Increase in expected credit losses ("ECLs") in trade and other receivables and loans receivable	(20,813)
Adjusted retained profits as at 1 January 2018	**395,623**

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue and related interpretations". HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

HKFRS 15 introduces a five-steps model when recognising revenue:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Based on the assessment of the Group, the adoption of HKFRS 15 from 1 January 2018 has resulted in changes of accounting policies of the Group, however, it does not have significant impact on the timing and amounts of revenue recognition of the Group, and no adjustment to the opening balance of equity at 1 January 2018 have been made. However, additional disclosures have been presented in the consolidated financial statements for the year ended 31 December 2018 as a result of adoption of HKFRS 15.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's accounting policies and consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint Arrangements[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]

[1] *Effective for annual periods beginning on or after 1 January 2019*

[2] *Effective for annual periods beginning on or after a date to be determined*

[3] *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020*

[4] *Effective for annual periods beginning on or after 1 January 2020*

The Group has not applied any new amendments that is not yet effective for the current accounting period.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance which concern the preparation of consolidation financial statements. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

4. SEGMENT INFORMATION

Information reported to the chief operating decision-maker, being the director of the Company, for the purpose of resources allocation and performance assessment focuses specifically on the assessment of operating performance in each operating unit, which is the basis upon which the Group is organised. Each operating unit is distinguished based on types of goods or services delivered or provided. Financial information on segment results, segment assets and liabilities are regularly provided to the chief operating decision maker.

The Group's reportable and operating segments under HKFRS 8 are as follows:

- Retailing and sourcing – retailing and provision of sourcing services for branded apparel, swimwear and accessories, and newly acquired sourcing and trading of health supplement products through business combinations;

- Branding – development and management of "PONY" brand to derive revenue from sale of goods and royalty income;

- Property investment and holding – rental income;

- Outlet malls – commission income from concessionaire sales;

- Financial services – securities brokerage commission, interest income from margin financing and money lending, underwriting and placing income and financial consultancy income; and

- Duty free – sale of goods.

(a) Segment revenue and results (Business segments)

For the year ended 31 December 2018

	Retailing and sourcing	Branding	Property investment and holding	Outlet malls *(Note)*	Financial services	Duty free	Consolidated
	HKD'000	***HKD'000***	***HKD'000***	***HKD'000***	***HKD'000***	***HKD'000***	***HKD'000***
Revenue from external customers	**199,153**	**27,771**	**64,062**	**39,623**	**35,069**	**16,170**	**381,848**
Inter-segment revenue*	**14,669**	**–**	**4,370**	**362**	**–**	**–**	**19,401**
Reportable segment revenue	**213,822**	**27,771**	**68,432**	**39,985**	**35,069**	**16,170**	**401,249**
Reportable segment (loss)/profit	**(23,759)**	**6,165**	**248,689**	**(39,962)**	**4,081**	**(9,319)**	**185,895**
Corporate income							
– Interest income							**2,778**
– Fair value gain on re-measurement of equity in a joint venture							**5,363**
Central administrative costs							**(48,959)**
Share of results of joint ventures							**19,955**
Share of result of an associate							**(2,326)**
Profit before income tax expense							**162,706**

Note:

The revenue from outlet malls segment is analysed as follows:

Gross revenue from concessionaire sales	**367,236**
Commission income from concessionaire sales	**39,483**

For the year ended 31 December 2017

	Retailing and sourcing	Branding	Property investment and holding	Outlet malls *(Note)*	Financial services	Duty free	Consolidated
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Revenue from external customers	169,601	23,120	51,349	33,775	56,265	14,809	348,919
Inter-segment revenue*	1,321	–	3,284	48	–	–	4,653
Reportable segment revenue	170,922	23,120	54,633	33,823	56,265	14,809	353,572
Reportable segment profit/(loss)	2,425	5,558	153,106	(20,075)	17,746	(10,756)	148,004
Corporate income							
– Interest income							3,550
– Gain on disposal of subsidiaries							1,204
– Management fee income							247
Central administrative costs							(55,712)
Share of results of joint ventures							19,407
Profit before income tax expense							116,700

Note:
The revenue from outlet malls segment is analysed as follows:

Gross revenue from concessionaire sales	300,606
Commission income from concessionaire sales	33,775

* *Inter-segment transactions are priced with reference to prices charged to external parties for similar order*

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss)/profit represents the loss incurred or the profit earned by each segment without allocation of corporate income and expenses, which includes interest income, gain on disposal of subsidiaries, fair value gain on re-measurement of equity in a joint venture, management fee income, central administrative costs, share of results of joint ventures and share of result of an associate. These segment result is reported to the chief operating decision-maker, being the director of the Company, for the purpose of resources allocation and performance assessment.

(b) Segment revenue and results (Disaggregation of revenue)

In the following table, revenue is disaggregated by primary geographical markets and major products and services lines. The table also includes a reconciliation of the disaggregated revenue within the Group's reportable segment.

For the year ended 31 December 2018

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Financial services *HKD'000*	Duty free *HKD'000*	Consolidated *HKD'000*
Primary geographical markets							
The People's Republic of China (the "PRC")	181,614	–	56,049	39,623	–	–	277,286
Taiwan	–	–	–	–	–	15,916	15,916
Hong Kong (Place of domicile)	17,539	–	8,013	–	35,069	254	60,875
United Sates of America	–	6,192	–	–	–	–	6,192
Other Asia countries *(note)*	–	16,716	–	–	–	–	16,716
Others (note)	–	4,863	–	–	–	–	4,863
Total	199,153	27,771	64,062	39,623	35,069	16,170	381,848
Major products and services							
Sales of goods	197,987	11,234	–	–	–	16,170	225,391
Commission income from concessionaire sales	–	–	–	39,483	–	–	39,483
Royalty income	–	16,537	–	–	–	–	16,537
Rental income	–	–	64,062	–	–	–	64,062
Interest income	–	–	–	–	24,782	–	24,782
Services income	1,166	–	–	140	10,287	–	11,593
Total	199,153	27,771	64,062	39,623	35,069	16,170	381,848

For the year ended 31 December 2017

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Financial services *HKD'000*	Duty free *HKD'000*	Consolidated *HKD'000*
Primary geographical markets							
The People's Republic of China (the "PRC")	169,601	–	44,200	33,775	–	–	247,576
Taiwan	–	–	–	–	–	14,367	14,367
Hong Kong (Place of domicile)	–	–	7,149	–	56,265	442	63,856
United Sates of America	–	2,886	–	–	–	–	2,886
Other Asia countries (note)	–	18,832	–	–	–	–	18,832
Others (note)	–	1,402	–	–	–	–	1,402
Total	169,601	23,120	51,349	33,775	56,265	14,809	348,919
Major products and services							
Sales of goods	168,996	11,560	–	–	–	14,809	195,365
Commission income from concessionaire sales	–	–	–	33,775	–	–	33,775
Royalty income	–	11,560	–	–	–	–	11,560
Rental income	–	–	51,349	–	–	–	51,349
Interest income	–	–	–	–	37,331	–	37,331
Services income	605	–	–	–	18,934	–	19,539
Total	169,601	23,120	51,349	33,775	56,265	14,809	348,919

Note: The geographic information for the revenue attributed to each country is not available as the cost to capture such information would be excessive.

(c) Segment assets

The following is an analysis of the Group's assets by reportable segment:

	2018	2017
	HKD'000	*HKD'000*
Retailing and sourcing	**132,565**	95,905
Branding	**150,062**	148,582
Property investment and holding	**2,133,548**	1,673,694
Outlet malls	**1,176,308**	996,105
Financial services	**443,603**	425,091
Duty free	**10**	11,999
Total segment assets	**4,036,096**	3,351,376
Unallocated	**317,378**	883,065
Consolidated assets	**4,353,474**	4,234,441

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than corporate assets, which includes interests in joint ventures, interest in an associate, loan to an associate, deferred tax assets, club debenture, amounts due from joint ventures, amount due from an associate, restricted bank deposits, bank balances and cash and assets of disposal group classified as held for sale.

(d) Segment liabilities

The following is an analysis of the Group's liabilities by reportable segment:

	2018	2017
	HKD'000	*HKD'000*
Retailing and sourcing	**45,635**	15,220
Branding	**11,048**	9,885
Property investment and holding	**90,080**	63,791
Outlet malls	**63,970**	53,237
Financial services	**20,906**	29,009
Duty free	**263**	3,214
Total segment liabilities	**231,902**	174,356
Unallocated	**1,507,705**	1,462,722
Consolidated liabilities	**1,739,607**	1,637,078

Similar to the reporting purpose of segment assets as disclosed above, all liabilities are allocated to reportable segments other than corporate liabilities, which includes dividend payable, bank borrowings, bank overdrafts, tax payable, amounts due to joint ventures, amount due to a related party, finance lease payables, loan from non-controlling interests, deferred tax liabilities and liabilities of disposal group classified as held for sale.

(e) Other segment information

For the year ended 31 December 2018

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Financial services *HKD'000*	Duty free *HKD'000*	Consolidated *HKD'000*
Amounts included in the measure of segment (loss)/profit or segment assets and liabilities:							
Capital expenditure (Note)	**4,720**	**72**	**1,089**	**217,725**	**5**	**–**	**223,611**
Depreciation of property, plant and equipment	**3,255**	**330**	**9,712**	**18,975**	**404**	**2,075**	**34,751**
Amortisation of prepaid lease payments	**–**	**–**	**–**	**14,752**	**–**	**–**	**14,752**
Amortisation of intangible assets	**3,596**	**–**	**–**	**–**	**–**	**–**	**3,596**
Gain on disposal of subsidiaries	**–**	**–**	**(117,764)**	**–**	**–**	**–**	**(117,764)**
Gain on disposal of investment properties	**–**	**–**	**(31,660)**	**–**	**–**	**–**	**(31,660)**
(Gain)/loss on disposal of property, plant and equipment, net	**(248)**	**–**	**(180)**	**–**	**–**	**138**	**(290)**
Increase in fair value of investment properties	**–**	**–**	**(112,267)**	**–**	**–**	**–**	**(112,267)**
Impairment loss on financial assets	**7,118**	**–**	**412**	**–**	**5,085**	**–**	**12,615**
Provision/(reversal) of allowance for inventories, net	**1,464**	**–**	**–**	**–**	**–**	**(626)**	**838**
Interest income	**–**	**–**	**–**	**–**	**(24,781)**	**–**	**(24,781)**
Interest expense	**229**	**–**	**33,577**	**–**	**127**	**–**	**33,933**

For the year ended 31 December 2017

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Financial services *HKD'000*	Duty free *HKD'000*	Consolidated *HKD'000*
Amounts included in the measure of segment profit/(loss) or segment assets and liabilities:							
Capital expenditure *(Note)*	4,611	122	382	4,037	24	49	9,225
Depreciation of property, plant and equipment	3,515	380	9,012	16,768	487	3,030	33,192
Amortisation of prepaid lease payments	–	–	–	13,002	–	–	13,002
Loss/(gain) on disposal of property, plant and equipment. net	952	–	(7)	–	–	–	945
Increase in fair value of investment properties	–	–	(197,663)	–	–	–	(197,663)
Impairment loss on financial assets	–	–	3,897	–	8,000	–	11,897
(Reversal)/provision of allowance for inventories, net	(13,561)	137	–	–	–	(184)	(13,608)
Reversal of provision for redundancy costs	2,000	–	–	–	–	–	2,000
Interest income	–	–	–	–	(37,331)	–	(37,331)
Interest expense	–	–	41,965	–	–	–	41,965

Note: Capital expenditure includes additions to property, plant and equipment, interest expense of bank borrowings and direct attributable costs being capitalised to construction in progress of new outlet mall in Xiamen, the PRC, classified as property, plant and equipment.

(f) Geographical information

The Group's revenue from external customers by geographical location of the delivery destinations and information about its non-current assets by geographical location of the assets is detailed below:

	Revenue from external customers		Non-current assets located *(Note (ii))*	
	2018	2017	**2018**	2017
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*
The People's Republic of China	**277,286**	247,576	**2,125,711**	2,023,747
Taiwan	**15,916**	14,367	**–**	2,563
Hong Kong (Place of domicile)	**60,875**	63,856	**753,976**	577,539
United States of America	**6,192**	2,886	**–**	–
Other Asia countries *(Note (i))*	**16,716**	18,832	**–**	–
Others *(Note (i))*	**4,863**	1,402	**146,031**	146,300
	381,848	348,919	**3,025,718**	2,750,149

Notes:

(i) Similar to Note 4(b), the cost to capture the geographic information would be excessive; and

(ii) Non-current assets exclude interests in joint ventures, interest in an associate, loan to an associate, deferred tax assets and restricted bank deposits.

(g) Information about major customers

No revenue from transactions with a single external customer (2017: one of the customer in the retailing and sourcing segment of approximately HKD40,305,000) represent 10% or more of the Group's revenue for the year ended 31 December 2018.

5. REVENUE

Revenue includes the net invoiced value of goods sold, commission income from concessionaire sales, royalty income, rental income, interest income, brokerage commission, underwriting and placing income, financial consultancy income and other services income. The amounts of each significant categories of revenue recognised during the year are as follows:

	2018	2017
	HKD'000	*HKD'000*
Sale of goods	**225,391**	195,365
Commission income from concessionaire sales	**39,483**	33,775
Royalty income	**16,537**	11,560
Rental income	**64,062**	51,349
Interest income	**24,781**	37,331
Brokerage commission	**4,262**	5,276
Underwriting and placing income	**3,898**	9,923
Financial consultancy income	**2,128**	3,735
Other services income	**1,306**	605
	381,848	348,919

6. FINANCE COSTS

	2018	2017
	HKD'000	*HKD'000*
Interest expense on bank borrowings	**41,046**	44,652
Interest expense on loan from non-controlling interests	**229**	–
Interest expense on bank overdrafts	**124**	–
Others	**66**	–
	41,465	44,652
Less: Interest expense being capitalised *(Note)*	**(7,532)**	(2,687)
	33,933	41,965

Note: Interest expense on bank borrowings amounted to approximately HKD41,046,000 (2017: HKD44,652,000) of which a total amount of approximately HKD7,532,000 (2017: HKD2,687,000) was being capitalised into construction in progress classified as property, plant and equipment during the year.

7. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2018	2017
	HKD'000	*HKD'000*
Current tax		
Hong Kong		
– Profits Tax		
– current year	**(1,071)**	(2,299)
The PRC and other jurisdictions		
– PRC Enterprise Income Tax		
– current year	**(23,561)**	(7,405)
– over provision in prior years	**80**	–
Foreign tax		
– current year	**(686)**	(641)
– under provision in prior years	**–**	(54)
	(25,238)	(10,399)
Deferred tax		
Hong Kong and the PRC		
– Profits Tax and PRC Enterprise Income Tax		
– current year	**(24,796)**	(48,552)
Income tax expense	**(50,034)**	(58,951)

8. PROFIT FOR THE YEAR

(a) Other income and gains

	2018	2017
	HKD'000	*HKD'000*
Gain on disposal of subsidiaries	**117,764**	1,204
Gain on disposal of investment properties	**31,660**	–
Gain on disposal of property, plant and equipment, net	**290**	–
Fair value gain on re-measurement of equity in a joint venture	**5,363**	–
Dividend income from financial assets at fair value through profit or loss	**38**	4,371
Interest income	**2,778**	3,550
Government grant	**2,030**	901
Reversal of provision for redundancy costs	**–**	2,000
Others	**8,635**	4,826
	168,558	16,852

(b) Other expenses

	2018	2017
	HKD'000	*HKD'000*
Bad debts written off	**331**	–
Loss on disposal of property, plant and equipment, net	**–**	945
Write off of property, plant and equipment	**830**	–
Net loss on trading securities	**–**	3,325
Fair value loss on financial assets at fair value through profit or loss	**2,443**	3,640
Others	**1,443**	2,098
	5,047	10,008

(c) Profit for the year has been arrived at:

	2018	2017
	HKD'000	*HKD'000*
After charging:		
Directors' emoluments	**6,967**	6,810
Other employee costs:		
– Salaries	**60,925**	57,344
– Welfare and other expenses	**4,575**	4,443
– Retirement benefits schemes contributions, excluding directors	**9,343**	8,021
– Share-based payments, excluding directors	**328**	702
	82,138	77,320
Auditor's remuneration	**2,000**	1,950
Amortisation of prepaid lease payments	**14,752**	13,002
Amortisation of intangible assets	**3,596**	–
Cost of inventories recognised as expense	**122,145**	119,822
Depreciation of property, plant and equipment	**34,751**	33,192
Exchange losses, net	**2,971**	8,199
Minimum and contingent lease payments under non-cancellable operating lease	**45,826**	19,087
After crediting:		
(Provision)/reversal of allowance for inventories, net *(Note)*	**(838)**	13,608
Gross rental income from investment properties	**64,062**	51,349
Less: direct operating expenses incurred by		
– investment properties that generate rental income	**(11,764)**	(9,930)
– investment properties that did not generate rental income	**(17)**	(49)
	52,281	41,370
Interest income from		
– Bank deposits	**1,488**	380
– Joint ventures	**1,066**	2,954
– Associate	**224**	216
– Loans receivable and advances to customers in margin financing	**24,781**	37,331

Note: The (provision)/reversal of allowance for inventories arising from (decrease)/increase in net realisable value caused by the (decrease)/increase in estimated scrap value.

9. DIVIDENDS

	2018	2017
	HKD'000	*HKD'000*
2017 final dividend of HKD0.005 (2017: 2016 final dividend of HKD0.0038) per ordinary share declared and paid	**14,810**	11,232

No interim dividend was declared and paid to the shareholders of the Company for the financial year ended 31 December 2017 and 2018. For the financial year ended 31 December 2018, the board of directors recommends the payment of final dividend of HKD0.012 (2017: HKD0.005) per ordinary share to the shareholders of the Company of HKD35,688,000 (2017: HKD14,810,000). For the remaining dividend unclaimed after a period of six years from the date of dividend payment shall be forfeited and reverted to the Company.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2018	2017
	HKD'000	*HKD'000*
Earnings		
Profit for the year attributable to the owners of the Company	**118,213**	41,018

	2018	2017
	Number of shares	Number of shares
	('000)	*('000)*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**2,964,675**	2,910,571
Effect of dilutive potential ordinary shares *(Note)*:		
– share options	**681**	364
– warrants	**4,854**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**2,970,210**	2,910,935
Earnings per share		
Basic earnings per share *(HK cents)*	**3.99**	1.41
Diluted earnings per share *(HK cents)*	**3.98**	1.41

Note: The Company's share options and warrants as at 31 December 2018 and share options as at 31 December 2017 gave rise to dilution effect to the earnings per share because the exercise price of the Company's share options and warrants outstanding during the year ended 31 December 2018 was lower than the average market price of the Company's shares for the year.

The Company's warrants as at 31 December 2017 did not give rise to any dilution effect to the earnings per share because the exercise price of the Company's warrants outstanding during the year ended 31 December 2017 were higher than the average market price of the Company's shares for the prior year.

11. TRADE AND OTHER RECEIVABLES

	2018	2017
	HKD'000	*HKD'000*
Trade receivables		
– other than financial services segment	**75,818**	52,645
– financial services segment	**8,048**	6,514
Total trade receivables	**83,866**	59,159
Less: loss allowances		
– other than financial services segment	**(29,450)**	(23,664)
	54,416	35,495
Other receivables, deposits and prepayments	**467,152**	119,173
Less: loss allowances		
– other receivables	**(7,974)**	(7,974)
	459,178	111,199
Total trade and other receivables, net of loss allowances	**513,594**	146,694

The following is an aging analysis of the Group's trade receivables, net of loss allowances, presented based on the invoice date or transaction date, where applicable, at the end of the reporting period:

	2018	2017
	HKD'000	*HKD'000*
0 to 30 days	**27,780**	13,335
31 to 60 days	**7,216**	5,149
61 to 90 days	**2,407**	2,101
Over 90 days	**17,013**	14,910
	54,416	35,495

12. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	2018	2017
	HKD'000	*HKD'000*
Directors and their associates	**8,915**	3,677
Other margin clients	**135,230**	107,181
	144,145	110,858

Advances to customers in margin financing are repayable on demand and carry interest ranging from Prime Rate to Prime Rate plus 3% per annum in average. Margin clients are required to pledge listed securities collateral to the Group in order to obtain credit facilities for listed securities trading. The amounts of credit facilities granted to them are determined by the discounted value of listed securities accepted by the Group.

No aging analysis is disclosed for advances to customers in margin financing as, in the opinion of the directors of the Company, an aging analysis is not meaningful in view of the business nature of margin financing.

13. LOANS RECEIVABLE

	2018	2017
	HKD'000	*HKD'000*
Secured	**172,888**	253,132
Less: loss allowances	**(6,800)**	(16,000)
	166,088	237,132

14. TRADE AND OTHER PAYABLES

	2018	2017
	HKD'000	*HKD'000*
Trade payables		
– other than financial services segment	**63,747**	54,476
– financial services segment *(note)*	**15,937**	22,884
	79,684	77,360
Other payables, temporary receipts, accruals and receipts in advance	**152,224**	97,001
Total trade and other payables	**231,908**	174,361

The following is an aging analysis of trade payables from other than financial services segment presented based on the invoice date or transaction date, where applicable, at the end of the reporting period:

	2018	2017
	HKD'000	*HKD'000*
0 to 30 days	**31,329**	33,402
31 to 60 days	**20,517**	12,582
61 to 90 days	**4,120**	2,413
Over 90 days	**7,781**	6,079
	63,747	54,476

Note: The balances represent trade payables due to cash and margin clients and clearing house in respect of segregate bank balances temporarily received and held on behalf of clients and clearing house arise from the business of dealing in securities. No aging analysis are disclosed for such payables as, in the option of the directors, aging analysis are not meaningful in the view of business nature of dealing in securities and margin financing.

15. ACQUISITION OF SUBSIDIARIES

On 12 October 2018, the Group completed an acquisition of the remaining 40% equity interests in Aggressive Resources which it already owned 60% equity interest before this acquisition for a consideration of HKD72,200,000 satisfied by cash. The principal activities of Aggressive Resources and its subsidiaries are investment holding and in the business of sourcing and trading of health supplement products in Hong Kong. The acquisition was made as the directors believe the acquisition represents a good opportunity and important step for the Group to tap into the health supplement industry, diversify and broaden the business horizon and income source to the Group.

Upon the completion of the acquisition, the Group's 60% interest in joint venture already held was treated as being disposed of and immediately reacquired at fair value of all identifiable assets and liabilities on the date of obtaining control. As a result, a fair value gain on re-measurement of equity in a joint venture of approximately HKD5,363,000 has been recognised and is included as other income in the consolidated statement of profit or loss and other comprehensive income during the year.

PROPOSED FINAL DIVIDEND

No interim dividend was declared or paid during the years ended 31 December 2018 and 2017. For the year ended 31 December 2018, the Board recommends the payment of a final dividend of HKD0.012 per ordinary share to the shareholders of the Company (2017: HKD0.005 per ordinary share).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 11 June 2019 to Friday, 14 June 2019 (both days inclusive), during which period no transfer of shares will be effected.

Warrant holder(s) who want(s) to be entitled to attend and vote at the Annual General Meeting should exercise their outstanding Warrants no later than 4:30 p.m. by Wednesday, 5 June 2019.

In order to be qualified to attend and vote at the Annual General Meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong ("Share Registrar") for registration no later than 4:30 p.m. on Monday, 10 June 2019.

The proposed final dividend is expected to be distributed on Monday, 15 July 2019 to Shareholders whose names appear on the Register of Members of the Company as at the close of business on Monday, 24 June 2019. The payment of final dividend is subject to the approval of Shareholders at Annual General Meeting to be held on Friday, 14 June 2019.

In order to qualify for the final dividend entitlements, all transfer of shares accompanied by the relevant share certificates must be lodged with the Share Registrar for registration no later than 4:30 p.m. on Wednesday, 19 June 2019. The register of members will be closed from Thursday, 20 June 2019 to Monday, 24 June 2019 (both days inclusive) during which no transfer of shares will be effected. To ensure entitlement to the final dividend, Warrant holder(s) should exercise their outstanding Warrants no later than 4:30 p.m. on Monday, 17 June 2019.

CORPORATE GOVERNANCE

The Company has complied with the CG Code throughout the year ended 31 December 2018, except for the deviation from code provisions A.2.1, A.4.1 and A.6.7 of the CG Code.

The Board continues to monitor and review the Company's corporate governance practices and makes necessary changes at appropriate times.

Under the code provision A.2.1, the roles of the Chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheng Tun Nei currently serves as both the Chairman and Chief Executive Officer of the Company.

In view of the evolving business environment in which our Group operates, the Board is of the view that currently vesting the roles of both the chairman and chief executive on Mr. Cheng Tun Nei will provide the Group with strong and consistent leadership while permitting more effective and timely business planning and decision-making process.

Under code provision A.4.1, non-executive Directors should be appointed for a specific term and are subject to re-election.

All non-executive Directors of the Company were not appointed for specific term but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws of the Company.

Mr. Hong Kim Cheong ("Mr. Hong") and Mr. Shum Pui Kay ("Mr. Shum") were not able to attend the Annual General Meeting of the Company held on 8 June 2018 due to other business commitments although code provision A.6.7 provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry to all Directors, each of them confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2018.

Audit Committee

The audit committee of the Company ("Audit Committee") consists of 3 independent non–executive Directors of the Company. The Audit Committee has reviewed with the management of the Company and the external auditor, Messers. BDO Limited, the accounting principles and practices adopted by the Group and also discussed auditing and financial reporting matters relating to the audited consolidated financial statements for the year ended 31 December 2018 of the Group.

An independent service provider completed its review of the effectiveness of the risk management and control system of the Group adopting the "Internal Control Integrated Framework" issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). A review report was submitted to the Audit Committee. The report findings were communicated to the board of directors and the management for follow-up actions, if so required.

Remuneration Committee

Comprised of 3 independent non-executive Directors, the remuneration committee of the Company ("Remuneration Committee") advises the Board on the emolument policies of Directors and senior management.

Nomination Committee

The nomination committee of the Company ("Nomination Committee") is made up of 3 Directors, out of which 2 are independent non-executives. It offers guidance to the Board on the appointment or re-appointment of Directors, succession planning, in particular, that of the Chairman and the Chief Executive.

Terms of reference

The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee, explaining their roles and the authorities delegated to them by the Board, are available on request and included in the website of the Company.

Board of Directors

At the annual general meeting of the Company held on Friday, 8 June 2018, Mr. Hong and Mr. Shum retired. Mr. Shum being eligible, offered himself for re-election and was re-elected as Director.

As from 8 June 2018 and up to the date of this announcement, the Board comprises:

Executive Director
Mr. Cheng Tun Nei
(Chairman & Chief Executive Officer)
Mr. Chan Kar Lee Gary
Mr. Lee Cheung Ming

Independent Non-executive Director
Mr. Shum Pui Kay
Mr. Wah Wang Kei Jackie
Mr. Chow Yu Chun Alexander

GENERAL INFORMATION

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. BDO Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Boardroom on the 10th Floor of Island Place Tower, 510 King's Road, North Point, Hong Kong on Friday, 14th June 2019 at 10:00 a.m. and the notice of Annual General Meeting will be published and dispatched to Shareholders in a manner as required by the Listing Rules of the Stock Exchange of Hong Kong Limited.

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

For the year ended 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATIONS OF DETAILED RESULTS

The Annual Report containing the audited consolidated financial statements and notes to the financial statements for the year ended 31 December 2018 ("2018 Annual Report") will be published on both the websites of the Company (www.symphonyholdings.com) and the Exchange (www.hkex.com.hk). Shareholders shall receive copies of the 2018 Annual Report before the end of April 2019.

By order of the Board
Symphony Holdings Limited
Cheng Tun Nei
Chairman

Hong Kong, 15 March 2019

As at the date of this announcement, the Directors are:

Executive Directors:	Mr. Cheng Tun Nei *(Chairman & Chief Executive Officer)* Mr. Chan Kar Lee Gary Mr. Lee Cheung Ming
Independent non-executive Directors:	Mr. Shum Pui Kay Mr. Wah Wang Kei Jackie Mr. Chow Yu Chun Alexander

GLOSSARY

"Annual General Meeting"	the annual general meeting of the Company to be held on Friday 14th June 2019 at 10:00 a.m. or any adjournment Thereof
"Board"	the board of Directors of the Company
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Company"	Symphony Holdings Limited, a company incorporated in Bermuda with limited liability, the shares and warrants of which are listed on the Main Board of the Stock Exchange (Stock code: 01223 and Warrant code: 01537)
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HKD"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	The People's Republic of China which, for the purpose of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC

"Share(s)"	ordinary share(s) of HKD0.1 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Warrant(s)"	the warrant(s) issued by the Company which carries(carry) the right to subscribe for Share(s) at the subscription price of HKD1.00 per Share, subject to adjustments