SYMPHONY

SYMPHONY HOLDINGS LIMITED

新 灃 集 團 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01223)

ANNOUNCEMENT OF (1) FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019; (2) FINAL DIVIDEND AND (3) BOOK CLOSURE DATES, RECORD DATE AND PAYMENT DATE

The board of directors (the "Board") of Symphony Holdings Limited (the "Company") announced the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2019 together with comparative figures for the year ended 31 December 2018 as follows:–

FINANCIAL HIGHLIGHTS

Total revenue maintained stable for the year ended 31 December 2019 increasing from HKD381.8 million to HKD388.9 million representing an 1.9% increase compared with 2018.

Profit for the year ended 31 December 2019 attributable to the owners of the Company decreased by 39.3% from HKD118.2 million to HKD71.7 million. The decrease was mainly due to the fact that there was a one-off gain from the disposal of subsidiaries and investment properties for the year ended 31 December 2018.

Earnings per share for the year ended 31 December 2019 were HKD2.41 cents, representing a 39.6% decrease compared with HKD3.99 cents in 2018.

Final dividend of HKD0.8 cents per share is recommended for the year ended 31 December 2019.

Revenue of the individual operating segments was as follows:–

- Retailing and sourcing – HKD210.7 million (2018: HKD199.1 million)
- Outlet malls – HKD54.4 million (2018: HKD39.6 million)
- Branding – HKD17.9 million (2018: HKD27.8 million)
- Financial services – HKD40.6 million (2018: HKD35.1 million)
- Property investment and holding – HKD65.3 million (2018: HKD64.0 million)
- Duty free – HKD nil (2018: HKD16.2 million)

* *For identification only*

CHAIRMAN'S STATEMENT

In 2019, despite the shadow of the China-U.S. trade war, China's economy still managed to achieve a moderate growth. The total retail sales of consumer goods exceeded RMB40 trillion for the first time, representing an increase of 8% over last year, becoming the greatest driver of China's economic growth for 6 consecutive years. In recent years, the Group has been committed to promoting the sports and retail business in response to the nationwide advocacy of the "Sports for All（全民運動）", and has established "Mass Consumption" as its future development direction to thoroughly explore and unlock consumers' demand potential.

In view of the growing demand for sportswear throughout the world, the Group completed the acquisition of the global trademarks and patents of compression wear brand "SKINS" in September 2019, to further expand the sports brand business and the Group's strategic layout. It is expected that the brand will contribute stable revenue to the Group in the coming year. During the year, the Group explored its own brand "PONY" with global trading partners, and will gradually adjust its business strategy in the future to tap the opportunities brought by the current resurgence of sports trend. Furthermore, the "arena" swimming brand, a joint venture of the Group in China, maintained a steady sales growth during the year. In the future, the Group will launch more new products and collaboration series to further increase the brand's market share.

In addition, the Group's Park Outlets project in Xiamen was officially open for business in the fourth quarter of 2019, providing a pleasant place for daily shopping and weekend trips for over 20 million residents in Xiamen, Zhangzhou and Quanzhou. As many as 150,000 customers visited Xiamen Park Outlets in the first week, laying a sound foundation for future operation and development. It is expected that more famous brands will be attracted to the outlets. Meanwhile, the Group's Shenyang Park Outlets project in Liaoning Province, improved its operating efficiency by making effective use of certain commercial area after an early reconstruction. The Group has planned to expand the commercial area in the north zone of its shopping mall in the coming year to expand the management scale of the outlets. Moreover, the CITS Park Outlets in Anyang has developed into a landmark shopping mall that provides one-stop shopping and entertainment experience to nearby residents.

Additionally, the Group holds two community malls in Tianjin and Chongqing, have provided great convenience for citizens living in the communities. Their prominent locations and complete transport facilities will allow them to draw in steady traffic. After years of hard work, the Group has developed “Park Outlets” into a chain outlet brand in China with a variety of large shopping malls and community malls.

Global political and economic situation remain uncertain in 2020. With the impact of the novel coronavirus epidemic spreading across the world, global economic growth may further slowdown, which is expected to have a temporary impact on the Group’s future operating results. However, the Group still considers 2020 a starting point for the new decade, and will adhere to the development strategy of “sports brand + retail” in the past and continue to prioritize improvement of its brand management and expansion of retail scale. Finally, the Group would like to express our sincere appreciation for the support of our partners, brand tenants and customers, as well as the efforts and contributions of all employees in the past year. In the coming year, the Group will surely be able to achieve better results and continue to maximize the value for our shareholders and investors.

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ANALYSIS

In 2019, sports consumption became a buzzword as the State Council issued the Opinions on Promoting National Fitness and Sports Consumption, and Facilitating High-quality Development of the Sports Industry to put forward 10 measures, including the introduction of policies to encourage sports consumption and the launch of pilot projects to promote with an aim to boost the prosperity of the retail industry. As the concept of national fitness campaign is taking hold, sports consumption activities such as purchasing equipment, participating in training, experiencing fashionable sports and matches are gaining popularity in people’s daily life.

MARKET TRENDS

According to Frost & Sullivan, the world's largest enterprise growth consulting company, Chinese residents' engagement in sports and consumption of sneakers and clothing still have much room for growth compared with developed countries. With increasing engagement in sports and rising consumption of sneakers and clothing, the Group expects that the unfulfilled demand will continue to drive the future development of China's sports retail industry.

In the age of the internet, health has become new wealth for people. Nationwide participation in fitness activities has become a trend, and people start to develop living habits that emphasise health and personal appearance, driving the robust demand for sports and leisure clothing.

ENTERING THE FIELDS OF PROFESSIONAL SPORTS

During the year, the Group successfully acquired SKINS, an international brand that designs and manufactures compression garments for athletes and sports enthusiasts. It has more than 900 trademarks and patents of different categories and sells over 160 kinds of compression products in major countries and regions across the world. Currently, the Group is actively exploring partnership with Asian business giants to jointly operate the global business of SKINS, which is expected to bring stable and decent revenue to the Group.

THE RISE OF SNEAKER & CLOTHING

Recent years, the combination of sports and fashion, brand story communication and personalised wear have led the trends of the times, boosting the penetration of shoes and clothing. The Group's sport brand "PONY" has a history of more than 45 years and has won recognition and support from many sports superstars. After adjusting its business model in the coming year, it is expected to become a growth driver of the Group's retail business.

BOOMING SWIMMING INDUSTRY

In 2017, the Group set up a joint venture with Descente Limited to operate the brand "arena" in the Chinese market. Since then, its sales have been growing steadily. In the future, the Group will continue to optimise its product design and launch co-branded series to consolidate the leading position of "arena" in China's swimming market. In addition, the Group will build a platform to promote swimming business by providing training courses mainly for young students.

OPENING OF PARK OUTLETS

Xiamen Park Outlets, a flagship project of the Group in Fujian Province, officially opened for business in November 2019. As of now, over 200 brands have opened stores in the Outlets, including international affordable luxury brands, first-class domestic and overseas sports brands, outdoor brands, leisure and fashion brands, and children wear brands, attracting residents of Xiamen and neighboring cities such as Zhangzhou and Quanzhou to visit. Another Park Outlets located in Shenyang, Liaoning Province is also performing quite well by following the gradual delivery of residential units in surrounding communities. The Group has kicked off a plan to expand the commercial area in the north zone of the mall in the coming year. The Group believes that as more and more international brands enter the mall, it will grow in popularity and help improve the business atmosphere and consumption level in Shenyang. Moreover, the Group also owns the CITS Park Outlets project in Anyang, Henan Province. It has attracted more than 100 well-known domestic and foreign brands, providing local residents with one-stop shopping and entertainment experience.

In addition, the two community malls located in Chongqing and Tianjin invested and managed by the Group are running smoothly for the better. During the year, a series of measures were implemented to optimise the brand and business mix of merchants, so as to boost sales per sq.m. of these malls. The Group will employ up-to-date operating strategies and technology to understand the basic information of mall visitors and the profile of consumers, analyse customer behaviours in multiple dimensions, and make accurate matches in a timely manner, so as to promote the deep integration of interactions with online and offline consumers.

RISING HEALTH AWARENESS

Benefitting from the increasing health awareness of consumers, health-related industries have developed rapidly in recent years. In 2018, the Group completed the acquisition of Supremium Bio-Technology Limited, a health product manufacturer which provides more than 1,000 independently developed and licensed products for local retail networks to meet consumer demand for health products. However, a drastic drop in outdoor activities during the COVID-19 outbreak will have an impact on the local retail business. The Group expects that after the incident, health awareness amongst all will further increase, thus revitalizing offline retail business.

DEVELOPMENT OF FINANCIAL BUSINESS

The Special Purpose Acquisition Company which was established by the Group in partnership with an international fund in 2018, completed the merger with a mobile digital media company in February 2020. Its main business model is to provide novel shopping experience through the integration of different lifestyle contents, including short videos, online variety shows, online TV shows, live broadcasts and mobile applications, on business and entertainment platforms, which will be beneficial to the Group's brand expansion in China.

OUTLOOK

The COVID-19 outbreak has substantially reduced people's outdoor activities, resulting in a sharp drop in outdoor sports activities, gym and other indoor multi-person workouts. Yet, the Group is still optimistic about the medium and long-term development of China's sports market and expects to provide diversified products and services to consumers by constantly improving its business strength. Looking forward to 2020, amid the transformation of the retail industry, the Group will continue to deepen its brand business, enhance its capabilities in business operations, and offer more services to brand owners and consumers to achieve stable and sustainable operations, in an effort to create maximum value for our customers and shareholders.

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 2020.

Cheng Tun Nei, *Chairman*
Hong Kong, 20 March 2020

FINANCIAL REVIEW

Revenue slightly increased from HK$381.8 million to HK$388.9 million mainly attributable to the opening of Xiamen outlet mall.

The gross margin was 72% for the year ended 31 December 2019 as compared to 68% for the previous year largely due to growth in turnover in outlet mall segment and financial services segment.

Other income and gains decreased from HK$168.6 million to HK$132.4 million mainly due to occurrence of the one-off gain from disposal of subsidiaries and investment properties in 2018, and (i) the fair value gain on financial assets at fair value through profit or loss and (ii) the gain on write back of other payables in 2019.

Administrative expenses fell from HK$164.4 million to HK$129.7 million due to better cost control.

Finance costs moved up from HK$33.9 million to HK$53.7 million mostly due to (i) increase in bank interest rate, (ii) increase in bank borrowings, and (iii) interests on lease payment under the adoption of HKFRS 16 "Leases" ("HKFRS 16").

Fair value gain of investments properties decreased from HK$112.3 million to HK$44.2 million in response to market conditions.

As a result, profit for the year attributable to the owners of the Company decreased from HK$118.2 million to HK$71.7 million.

Surplus arising on revaluation of properties increased from HK$29.2 million to HK$452.3 million was mainly attributable to the valuation gain as a result of the completion of Xiamen outlet mall of HK$370.3 million and the improved value of other properties in Shenyang, Hong Kong and Shanghai.

Property, plant and equipment increased from HK$857.4 million to HK$1,688.1 million mainly reflecting the aforesaid completion of Xiamen outlet mall, which was then accounted at fair value as at 31 December 2019, and as a result of other revalued properties.

Investment properties rose from HK$1,319.5 million to HK$1,503.3 million as a result of the fair value gain of investment properties during the year and the adoption of HKFRS 16 recognising the lease arrangement for the commercial property in Tianjin as investment properties.

Right-of-use assets of HK$495.5 million was recorded due to the adoption of HKFRS 16 and inclusion of the finance-leased assets and prepaid lease payments.

Intangible assets increased from HK$199.5 million to HK$241.5 million mainly attributable to the acquisition of SKINS global trademarks and patents.

Trade and other receivables fell from HK$513.6 million to HK$190.4 million mainly due to the receipt of the remaining 50% consideration arising from the disposals of three parcels of land in Shenyang.

Financial assets at fair value through profit or loss increased from HK$72.5 million to HK$240.9 million as a result of increase of portfolio and net fair value gain of financial assets.

As a result, total assets of the Group increased from HK$4,353.5 million to HK$5,160.4 million.

Due to the adoption of HKFRS 16 during the year, lease liabilities in the amount of HK$184.9 million was recorded with inclusion of finance lease payables.

Total bank borrowings increased from HK$1,281.1 million to HK$1,410.9 million as a result of the completion of Xiamen outlet mall.

Deferred tax liabilities increased from HK$169.5 million to HK$287.1 million mainly attributable to surplus arising on revaluation of Xiamen outlet mall and increase in fair value gain of investment properties.

As a result, total liabilities of the Group moved from HK$1,739.6 million to HK$2,232.1 million.

MARKET INFORMATION

During the year, revenue from the People's Republic of China (the "PRC"), Hong Kong and other Asian countries comprised 97.4% (2018: 97.1%) of the total revenue with the remaining 2.6% (2018: 2.9%) shared between United States of America and other countries.

Liquidity and capital resources

As at 31 December 2019, the Group had bank balances and cash of HKD129,791,000 (2018: HKD131,590,000). The Group was offered banking facilities amounting to HKD1,426,004,000 (2018: HKD1,419,409,000).

As at 31 December 2019, the Group obtained bank borrowings in the amount of HKD1,410,901,000 (2018: HKD1,281,054,000). The Group has variable interest rate bank loans which carry interest ranging from 4.10% to 6.03% (2018: 2.38% to 5.94%) per annum. The weighted average effective interest rate of the Group's bank loans is 4.7% (2018: 4%).

Debt to total assets ratio stood at 27.4% (2018: 29.6%), based on total bank borrowings over total assets. The banking facilities were secured by corporate guarantees from the Company and certain of its subsidiaries, charge over certain deposits, certain right-of-use assets (2018: prepaid lease payments), certain leasehold land and buildings, and certain investment properties of the Group.

Charges on Group Assets

The Group had pledged certain of its leasehold land and buildings, investment properties, right-of-use assets (2018: prepaid lease payments) and restricted bank deposits, with carrying amounts of approximately HKD282,000,000, HKD1,314,428,000, HKD269,063,000 and HKD37,174,000 (2018: HKD273,000,000, HKD1,305,971,000, HKD281,470,000 and HKD31,396,000) respectively, to secure banking facilities granted to the Group of approximately HKD1,410,901,000 (2018: HKD1,281,054,000).

Capital commitments

As at 31 December 2018 and 2019, the Group had the following material contractual commitments not provided for in the consolidated financial statements:

	2019	2018
	HKD'000	*HKD'000*
Contracted for but not provided:		
– Capital contribution in respect of unlisted equity investment outside Hong Kong	**51,415**	51,682
– Construction costs of Xiamen and Shenyang outlet malls	**–**	199,605
	51,415	251,287

Contingent liabilities

Details of potential tax liabilities in connection with the potential penalty arising from the late filing of the PRC tax returns for the PRC Enterprise Income Tax is disclosed in Note 7 to the consolidated financial statements.

Human resources

As at 31 December 2019, the total number of employees of the Group was 465 (2018: 454). Employee costs (excluding directors' emoluments) amounted to approximately HKD72,878,000 (2018: HKD75,171,000).

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

No expense for the year ended 31 December 2019 was recognized in relation to the fair value of share options. For the year 2018, the fair value of share options of approximately HKD328,000 was recognised at HKD0.068 per share options granted by the Company.

There has been no change in the Group's share option scheme (the "Scheme"), details of which are disclosed in the Company's annual report for the year ended 31 December 2018. During the year ended 31 December 2019, no share option was granted under the Scheme and therefore no unrecognised share option expenses was recognised during the year ended 31 December 2019 (2018: HKD328,000).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	2019 HKD'000	2018 HKD'000
Revenue	4&5	**388,944**	381,848
Cost of sales		**(109,831)**	(122,145)
Gross profit		**279,113**	259,703
Other income and gains	8(a)	**132,422**	168,558
Distribution and selling expenses		**(114,086)**	(126,363)
Administrative expenses		**(129,711)**	(164,394)
Depreciation and amortisation expenses		**(54,254)**	(53,099)
Finance costs	6	**(53,691)**	(33,933)
Other expenses	8(b)	**(28,668)**	(17,662)
Increase in fair value of investment properties		**44,217**	112,267
Share of results of joint ventures		**5,315**	19,955
Share of result of an associate		**–**	(2,326)
Profit before income tax expense	8(c)	**80,657**	162,706
Income tax credit/(expense)	7	**1,248**	(50,034)
Profit for the year		**81,905**	112,672
Profit/(loss) for the year attributable to:			
– Owners of the Company		**71,705**	118,213
– Non-controlling interests		**10,200**	(5,541)
		81,905	112,672
Earnings per share:			
– Basic earnings per share	10	**HK2.41 cents**	HK3.99 cents
– Diluted earnings per share	10	**HK2.41 cents**	HK3.98 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	**2019** *HKD'000*	2018 *HKD'000*
Profit for the year		**81,905**	112,672
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
Surplus arising on revaluation of properties		**452,286**	29,150
Deferred tax liability arising on revaluation of properties		**(111,346)**	(5,328)
		340,940	23,822
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of joint ventures		**(542)**	(2,763)
Exchange differences arising on translation of foreign operations		**(32,457)**	(124,727)
Translation reserves released to profit or loss on disposal of subsidiaries		**–**	27,273
		(32,999)	(100,217)
Other comprehensive income for the year, net of tax		**307,941**	(76,395)
Total comprehensive income for the year		**389,846**	36,277
Total comprehensive income attributable to:			
– Owners of the Company		**383,148**	46,734
– Non-controlling interests		**6,698**	(10,457)
		389,846	36,277

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	NOTES	2019 HKD'000	2018 HKD'000
Non-current assets			
Property, plant and equipment	11	**1,688,077**	857,382
Investment properties	11	**1,503,312**	1,319,475
Right-of-use assets		**495,515**	–
Prepaid lease payments		**–**	499,834
Intangible assets		**241,487**	199,450
Interests in joint ventures		**65,868**	95,962
Interest in an associate		**–**	–
Goodwill		**141,401**	147,501
Deferred tax assets		**21,691**	9,623
Club debenture		**1,876**	1,876
Restricted bank deposits		**3,356**	34,814
Statutory deposits for financial services business		**200**	200
Total non-current assets		**4,162,783**	3,166,117
Current assets			
Inventories	12	**67,958**	85,380
Trade and other receivables	13	**190,369**	513,594
Amounts due from joint ventures		**10,048**	8,170
Amount due from an associate		**18,081**	35,343
Advances to customers in margin financing	14	**122,648**	144,145
Loans receivable	15	**167,193**	166,088
Prepaid lease payments		**–**	14,833
Financial assets at fair value through profit or loss		**240,953**	72,453
Restricted bank deposit		**37,174**	–
Bank balances and cash – held on behalf of customers		**13,415**	15,761
Bank balances and cash		**129,791**	131,590
Total current assets		**997,630**	1,187,357

	NOTES	2019 HKD'000	2018 HKD'000
Current liabilities			
Trade and other payables	*16*	**309,054**	231,908
Amount due to a related party		**112**	10,541
Lease liabilities		**11,692**	–
Finance lease payables		**–**	120
Bank borrowings		**198,822**	307,026
Bank overdrafts		**7,804**	6,461
Tax payable		**30,092**	30,248
Total current liabilities		**557,576**	586,304
Net current assets		**440,054**	601,053
Total assets less current liabilities		**4,602,837**	3,767,170
Non-current liabilities			
Loan from non-controlling interests		**2,114**	9,249
Lease liabilities		**173,207**	–
Finance lease payables		**–**	531
Bank borrowings		**1,212,079**	974,028
Deferred tax liabilities		**287,112**	169,495
Total non-current liabilities		**1,674,512**	1,153,303
Net Assets		**2,928,325**	2,613,867
Equity			
Share capital		**297,422**	297,403
Reserves		**2,620,065**	2,273,425
Equity attributable to the owners of the Company		**2,917,487**	2,570,828
Non-controlling interests		**10,838**	43,039
Total Equity		**2,928,325**	2,613,867

Notes:

1. GENERAL INFORMATION

Symphony Holdings Limited (the "Company") was incorporated in Bermuda on 24 November 1993 as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1 March 1995. The address of the Company's 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 Company and its subsidiaries (together the "Group") mainly consist of: (i) retailing and provisions of sourcing services for branded apparel, swimwear and accessories, and sourcing, manufacturing and trading of healthcare products; (ii) development and management of "PONY" and the newly acquired "SKINS" trademarks; (iii) property investment and holding; (iv) management and operation of outlet malls; (v) provision of financial services (including securities brokerage, margin financing, money lending, underwriting and placing of listed securities and financial consultancy services); and (vi) operation of duty-free shops.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance which concern the preparation of consolidated 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.

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

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make critical accounting judgements, estimations and assumptions based on historical experience and various factors that are believed to be reasonable on the application of the Group's accounting policies, which involved key sources of estimation uncertainty and significant risks of causing material adjustments to the carrying amounts of assets and liabilities presented in the Group's consolidated financial statements when those areas have high degree of judgements or complexity of estimations since the actual results may differ from these judgements and estimations and not readily apparent from other sources.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs, which included Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") relevant to the Group's accounting policies and business operations adopted for the first time prepared and presented on the Group's consolidated financial statements for the financial year beginning on or after 1 January 2019:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint Arrangements
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs

The impact of the adoption of HKFRS 16 Leases have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 "Leases" ("HKAS 17"), HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" ("HK(IFRIC)-Int 4"), HK(SIC)-Int 15 "Operating Leases – Incentives" ("HK(SIC)-Int 15") and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease" ("HK(SIC)-Int 27"). From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use asset and a lease liability, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases that have a lease term of 12 months or less. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17 except when the Group act as an intermediate lessor detailed in section (iv) of this note. HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aims to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has adopted HKFRS 16 using the modified retrospective approach with the initial adoption of HKFRS 16 on 1 January 2019. Under this approach, HKFRS 16 is adopted retrospectively and recognised all of the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as permitted under the specific transitional provisions in HKFRS 16. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial adoption. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 was not reassessed. Therefore, the definition of lease under HKFRS 16 has been adopted only to contracts entered into or changed on or after 1 January 2019.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate the non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases of which the Group is a lessee.

Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term. The Group recognised a right-of-use asset and a lease liability at the date of adoption of HKFRS 16 on 1 January 2019.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment loss, and adjusted for any re-measurement of lease liability. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use asset shall be depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a lease hold land and buildings held for own use, they are carried at fair value.

For the Group, leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value. For leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 and would be carried at fair value. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgements and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group’s incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date of lease; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period of which the event or condition that triggers the payment occurs.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications,.e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Accounting as a lessor

The accounting policies applicable to the Group as a lessor remain substantially unchanged from the requirements under HKAS 17.

At 1 January 2019, the Group has leased out its investment properties to a number of tenants and also sublease the leased properties to tenants. Except for the sublease contracts as explained below, the adoption of HKFRS 16 does not have a significant impact on the Group's consolidated financial statements as the Group previously elected to apply HKAS 40 to account for all of its investment properties as at 31 December 2018. These investment properties continue to be carried at fair value.

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use assets arising from the head lease, instead of by reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's consolidated financial statements in this regard.

Transition

As mentioned above, the Group has adopted HKFRS 16 using the modified retrospective approach and recognised the right-of-use assets at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before 1 January 2019. There were no onerous lease contracts that would have required a significant adjustment to the right-of-use assets at the date of initial adoption on 1 January 2019. The comparative information is not restated and continued to be reported under HKAS 17 and the related interpretations as permitted by the specific transition provisions of HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and HK(IFRIC)-Int 4, and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019 and presented separately in the consolidated statement of financial position as at 31 December 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified as operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial adoption. For those applied the fair value model in HKAS 40 "Investment Property" ("HKAS 40") as if the right-of-use assets that meet the definition of investment property in HKAS 40. The carrying amount of right-of-use assets were measured at the amount of the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before 1 January 2019. All these right-of-use assets, the Group has applied HKAS 36" Impairment of Assets" at 1 January 2019 to assess if there was any impairment as on that date.

The Group elected to present the right-of-use assets separately in the consolidated statement of financial position. This includes lease assets that recognised previously and included in property, plant and equipment and prepaid lease payments of approximately HKD747,000 and HKD514,667,000 respectively, being derecognised at 1 January 2019. In addition, newly recognised lease assets that meet the definition of investment properties under HKAS 40 measured at fair value of approximately HKD160,740,000 were recognised as part of the investment properties in the consolidated statement of financial position as at 1 January 2019.

The Group also leased its motor vehicle which was previously classified as a finance lease under HKAS 17 of HKD651,000. As the Group has elected to adopt the modified retrospective approach over the adoption of HKFRS 16, for this finance lease under HKAS 17, the right-of-use asset and corresponding lease liability at 1 January 2019 was the carrying amount of the lease asset and leas liability under HKAS 17 immediately before that date. For this lease, the Group has accounted for the right-of-use asset and the lease liability applying HKFRS 16 from 1 January 2019.

The Group has applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial adoption (1 January 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019; (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases; and (v) relied on its assessments of whether lease were onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" immediately before 1 January 2019 as an alternative to perform an impairment review.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK (IFRIC)-Int 4.

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group, as a lessee, is required to recognise interest expenses accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previously policy of recognising the rental expenses incurred under the operating leases on a straight-line basis over the lease term. The result in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated cash flow statements, the Group, as a lessee, is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 results in a significant change in presentation of cash flows within the consolidated statement of cash flow.

Impact of the transition to HKFRS 16

The following table summarised the impact of transition to HKFRS 16 on the Group's consolidated statement of financial position as of 31 December 2018 to that of 1 January 2019. The information presented for 2018 has not been restated.

	HKD'000
Assets	
Increase in right-of-use assets	**521,306**
Increase in investment properties	**160,740**
Decrease in property, plant and equipment	**(747)**
Decrease in prepaid lease payments	**(514,667)**
Decrease in trade and other receivables	**(46)**
Increase in total assets	**166,586**
Liabilities	
Increase in lease liabilities	**185,468**
Decrease in finance lease payables	**(651)**
Decrease in trade and other payables	**(18,231)**
Increase in total liabilities	**166,586**

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial adoption of HKFRS 16 recognised in the Group's consolidated statement of financial position as at 1 January 2019:

	HKD'000
Operating lease commitments as of 31 December 2018	382,834
Weighted average lessee's incremental borrowing rate as at 1 January 2019	6.85%
Discounted operating lease commitments as at 1 January 2019	185,859
Less:	
Operating lease commitments relating to short-term leases for which lease terms end within 31 December 2019 and leases of low-value assets	(1,042)
Add:	
Finance lease payables recognised as of 31 December 2018	651
Total lease liabilities as at 1 January 2019	185,468

The carrying amount of the Group's right-of-use assets and lease liabilities, and the movements during the year are as follows:

	Right-of-use assets				
	Prepaid lease payments	**Buildings**	**Property, plant and equipment**	**Total**	**Lease liabilities**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
As at 1 January 2019	514,667	5,892	747	521,306	185,468
Additions	–	1,614	–	1,614	1,614
Depreciation	(14,112)	(3,843)	(155)	(18,110)	–
Interest expenses	–	–	–	–	12,762
Repayments	–	–	–	–	(11,516)
Exchange realignment	(9,228)	(67)	–	(9,295)	(3,429)
As at 31 December 2019	491,327	3,596	592	495,515	184,899

The Group recognised rental expenses for short-term leases and leases of low-value assets of approximately HKD23,491,000 for the financial year ended 31 December 2019.

4. SEGMENT INFORMATION

The operating segments are identified by the Directors and senior management (together as "Chief Operating Decision Maker") to monitor the results separately among the operating segments for the purpose of making decisions on the resources allocation and performance assessment in each unit. Financial information on segment revenue and results, segment assets, segment liabilities, other segment information, geographical information and information about major customers is regularly provided to the Chief Operating Decision Maker to serve the above purposes.

A summary of the Group's reportable segments under HKFRS 8 is as follows:

– Retailing and sourcing: (i) retailing and provisions of sourcing services for branded apparel, swimwear and accessories in the PRC region; and (ii) sourcing, manufacturing and trading of healthcare products in Hong Kong;

– Branding: development and management of "PONY" and the newly acquired "SKINS" trademarks to derive revenue from sale of goods and royalty income in a worldwide basis;

– Property investment and holding: rental income from investment properties in Hong Kong and the PRC;

– Outlet malls: commission income from concessionaire sales by managing and operating outlet malls in the PRC;

– Financial services: service income or interest income from the provisions of securities brokerage, margin financing, money lending, underwriting and placing of listed securities and financial consultancy services in Hong Kong; and

– Duty-free: sale of goods in Taiwan.

(a) Segment revenue and results (business segments)

For the year ended 31 December 2019

	Retailing and sourcing HKD'000	Branding HKD'000	Property investment and holding HKD'000	Outlet malls HKD'000 (Note)	Financial services HKD'000	Duty-free HKD'000	Consolidated HKD'000
Revenue from external customers	**210,746**	**17,867**	**65,342**	**54,441**	**40,548**	**–**	**388,944**
Inter-segment revenue*	**1,362**	**–**	**4,323**	**156**	**–**	**–**	**5,841**
Reportable segment revenue	**212,108**	**17,867**	**69,665**	**54,597**	**40,548**	**–**	**394,785**
Reportable segment profit/(loss)	**5,439**	**4,367**	**51,112**	**(42,636)**	**102,144**	**(64)**	**120,362**
Reconciliations:							
Interest income							**4,656**
Gain on write back of other payables							**17,503**
Central administrative expenses							**(55,548)**
Share of results of joint ventures							**5,315**
Impairment loss on amount due from an associate							**(11,631)**
Profit before income tax expense							**80,657**
Note:							
The revenue from outlet malls segment is analysed as follows:							
Gross revenue from concessionaire sales							**514,698**
Commission income from concessionaire sales							**54,441**

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 (Note)	Financial services HKD'000	Duty-free HKD'000	Consolidated 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
Reconciliations:							
Interest income							2,778
Fair value gain on re-measurement of equity in a joint venture							5,363
Central administrative expenses							(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

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

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

In the following table, reportable segment revenue is disaggregated by primary geographical markets, major products and services lines and timing of revenue recognition. The table also includes a reconciliation of disaggregated revenue with the Group's operating segments into two categories: (i) revenue from contracts with customers within the scope of HKFRS 15; and (ii) revenue from other sources not within the scope of HKFRS 15.

For the year ended 31 December 2019

Revenue from contracts with customers within the scope of HKFRS 15

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Financial services *HKD'000*	Duty-fee *HKD'000*	Consolidated *HKD'000*
Primary geographical markets							
The People's Republic of China (the "PRC")	**192,166**	**–**	**–**	**54,441**	**–**	**–**	**246,607**
Hong Kong (Place of domicile)	**18,580**	**29**	**–**	**–**	**4,434**	**–**	**23,043**
United Sates of America	**–**	**6,526**	**–**	**–**	**–**	**–**	**6,526**
Other Asia countries *(Note)*	**–**	**7,716**	**–**	**–**	**–**	**–**	**7,716**
Others *(Note)*	**–**	**3,596**	**–**	**–**	**–**	**–**	**3,596**
Total	**210,746**	**17,867**	**–**	**54,441**	**4,434**	**–**	**287,488**
Major products and services							
Sales of goods	**209,497**	**4,990**	**–**	**–**	**–**	**–**	**214,487**
Commission income from concessionaire sales	**–**	**–**	**–**	**54,441**	**–**	**–**	**54,441**
Royalty income	**–**	**12,877**	**–**	**–**	**–**	**–**	**12,877**
Brokerage commission	**–**	**–**	**–**	**–**	**2,388**	**–**	**2,388**
Underwriting and placing income	**–**	**–**	**–**	**–**	**536**	**–**	**536**
Financial consultancy income	**–**	**–**	**–**	**–**	**1,510**	**–**	**1,510**
Other services income	**1,249**	**–**	**–**	**–**	**–**	**–**	**1,249**
Total	**210,746**	**17,867**	**–**	**54,441**	**4,434**	**–**	**287,488**
Timing of revenue recognition							
At a point in time	**209,497**	**4,990**	**–**	**–**	**2,924**	**–**	**217,411**
Transferred over time	**1,249**	**12,877**	**–**	**54,441**	**1,510**	**–**	**70,077**
Total	**210,746**	**17,867**	**–**	**54,441**	**4,434**	**–**	**287,488**

Revenue from other sources not within the scope of HKFRS 15

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Financial services *HKD'000*	Duty-fee *HKD'000*	Consolidated *HKD'000*
Primary geographical markets							
The PRC	–	–	57,567	–	–	–	57,567
Hong Kong (Place of domicile)	–	–	7,775	–	36,114	–	43,889
Total	–	–	65,342	–	36,114	–	101,456
Major products and services							
Rental income	–	–	65,342	–	–	–	65,342
Interest income	–	–	–	–	36,114	–	36,114
Total	–	–	65,342	–	36,114	–	101,456

For the year ended 31 December 2018

Revenue from contracts with customers within the scope of HKFRS 15

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Financial services *HKD'000*	Duty-fee *HKD'000*	Consolidated *HKD'000*
Primary geographical markets							
The PRC	181,614	–	–	39,623	–	–	221,237
Taiwan	–	–	–	–	–	15,916	15,916
Hong Kong (Place of domicile)	17,539	–	–	–	10,288	254	28,081
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	–	39,623	10,288	16,170	293,005
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
Brokerage commission	–	–	–	–	4,262	–	4,262
Underwriting and placing income	–	–	–	–	3,898	–	3,898
Financial consultancy income	–	–	–	–	2,128	–	2,128
Other services income	1,166	–	–	140	–	–	1,306
Total	199,153	27,771	–	39,623	10,288	16,170	293,005
Timing of revenue recognition							
At a point in time	197,987	11,234	–	–	8,160	16,170	233,551
Transferred over time	1,166	16,537	–	39,623	2,128	–	59,454
Total	199,153	27,771	–	39,623	10,288	16,170	293,005

Revenue from other sources not within the scope of HKFRS 15

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Financial services *HKD'000*	Duty-fee *HKD'000*	Consolidated *HKD'000*
Primary geographical markets							
The PRC	–	–	56,049	–	–	–	56,049
Hong Kong (Place of domicile)	–	–	8,013	–	24,781	–	32,794
Total	–	–	64,062	–	24,781	–	88,843
Major products and services							
Rental income	–	–	64,062	–	–	–	64,062
Interest income	–	–	–	–	24,781	–	24,781
Total	–	–	64,062	–	24,781	–	88,843

Note: The geographical 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 reporting segment assets of different operating segments:

	2019 *HKD'000*	2018 *HKD'000*
Retailing and sourcing	**106,214**	132,565
Branding	**197,917**	150,062
Property investment and holding	**2,008,662**	2,133,548
Outlet malls	**1,966,040**	1,176,308
Financial services	**593,695**	443,603
Duty-fee	**–**	10
Total segment assets	**4,872,528**	4,036,096
Unallocated	**287,885**	317,378
Consolidated total assets	**5,160,413**	4,353,474

(d) **Segment liabilities**

The following is an analysis of the Group's reportable segment liabilities of different operating segments:

	2019	2018
	HKD'000	*HKD'000*
Retailing and sourcing	**27,803**	45,635
Branding	**15,328**	11,048
Property investment and holding	**207,159**	90,080
Outlet malls	**225,723**	63,970
Financial services	**17,886**	20,906
Duty-fee	**45**	263
Total segment liabilities	**493,944**	231,902
Unallocated	**1,738,144**	1,507,705
Consolidated total liabilities	**2,232,088**	1,739,607

(e) Other segment information

For the year ended 31 December 2019

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Financial services *HKD'000*	Duty-fee *HKD'000*	Consolidated *HKD'000*
Amounts included in the measures of segment results, segment assets and segment liabilities:							
Capital expenditure *(Note)*	**1,166**	**135**	**1,220**	**419,580**	**3**	**–**	**422,104**
Depreciation of property, plant and equipment	**2,981**	**137**	**10,545**	**18,534**	**351**	**–**	**32,548**
Depreciation of right-of-use assets	**3,843**	**–**	**155**	**14,112**	**–**	**–**	**18,110**
Amortisation of intangible assets	**3,596**	**–**	**–**	**–**	**–**	**–**	**3,596**
Gain on disposal of property, plant and equipment	**–**	**–**	**40**	**2**	**–**	**–**	**42**
Write off of property, plant and equipment	**286**	**–**	**2**	**4**	**–**	**–**	**292**
Increase in fair value of investment properties	**–**	**–**	**44,217**	**–**	**–**	**–**	**44,217**
Fair value gain on financial assets at fair value through profit or loss	**–**	**–**	**–**	**–**	**88,843**	**–**	**88,843**
Impairment loss on financial assets	**2,068**	**–**	**455**	**–**	**500**	**–**	**3,023**
Impairment loss on goodwill	**–**	**–**	**6,100**	**–**	**–**	**–**	**6,100**
(Recovery)/provisions of bad debts, net	**(396)**	**–**	**–**	**700**	**–**	**–**	**304**
Provision of allowances for inventories	**8,951**	**–**	**–**	**–**	**–**	**–**	**8,951**
Penalty expenses	**–**	**–**	**–**	**–**	**6,300**	**–**	**6,300**
Interest income	**–**	**–**	**–**	**–**	**36,114**	**–**	**36,114**
Interest expenses	**753**	**–**	**47,731**	**5,046**	**161**	**–**	**53,691**

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-fee *HKD'000*	Consolidated *HKD'000*
Amounts included in the measures of segment results, segment assets and segment 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	(248)	–	(180)	–	–	138	(290)
Increase in fair value of investment properties	–	–	112,267	–	–	–	112,267
Fair value loss on financial assets at fair value through profit or loss	–	–	–	–	2,443	–	2,443
Impairment loss on financial assets	7,118	–	412	–	5,085	–	12,615
Provisions of bad debts	9	–	322	–	–	–	331
Provision/(reversal) of allowances for inventories	1,464	–	–	–	–	(626)	838
Interest income	–	–	–	–	24,781	–	24,781
Interest expenses	229	–	33,577	–	127	–	33,933

Note: Capital expenditure includes additions to property, plant and equipment and interest expenses of bank borrowings or direct attributable costs being capitalised to construction in progress of the new outlet mall located in Xiamen, the PRC, which is classified as property, plant and equipment. During the year, the construction in progress has been completed and the related capitalisation has been ceased upon the official opening of the outlet mall.

(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	
	2019	2018	**2019**	2018
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*
The People's Republic of China	**304,174**	277,286	**3,116,403**	2,125,711
Taiwan	**–**	15,916	**–**	–
Hong Kong (Place of domicile)	**66,932**	60,875	**763,823**	753,976
United States of America	**6,526**	6,192	**–**	–
Other Asia countries	**7,716**	16,716	**–**	–
Others	**3,596**	4,863	**191,642**	146,031
	388,944	381,848	**4,071,868**	3,025,718

The non-current assets presented above exclude interests in joint ventures, interest in an associate, deferred tax assets and restricted bank deposits.

(g) Information about major customers

No revenue from transactions with a single external customer, in aggregate, representing 10% or more of the Group's total revenue for the year ended 31 December 2018 and 2019.

5. REVENUE

The amounts of each significant categories of revenue recognised during the year are as follows:

	2019	2018
	HKD'000	*HKD'000*
Revenue within the scope of HKFRS 15:		
Sale of goods	**214,487**	225,391
Commission income from concessionaire sales	**54,441**	39,483
Royalty income	**12,877**	16,537
Brokerage commission	**2,388**	4,262
Underwriting and placing income	**536**	3,898
Financial consultancy income	**1,510**	2,128
Other services income	**1,249**	1,306
	287,488	293,005
Revenue from other sources not within the scope of HKFRS 15:		
Rental income	**65,342**	64,062
Interest income	**36,114**	24,781
	101,456	88,843
Total	**388,944**	381,848

6. FINANCE COSTS

An analysis of the finance costs was as follows:

	2019	2018
	HKD'000	*HKD'000*
Interest expenses on bank borrowings	**62,171**	41,046
Interest expenses on loan from non-controlling interests	**213**	229
Interest expenses on bank overdrafts	**161**	127
Interest expenses on lease liabilities	**12,762**	–
Others	**–**	63
	75,307	41,465
Less: Interest expenses being capitalised *(Note)*	**(21,616)**	(7,532)
	53,691	33,933

Note: Interest expenses on bank borrowings amounted to approximately HKD62,171,000 (2018: HKD41,046,000) included a total amount of approximately HKD21,616,000 (2018: HKD7,532,000) being capitalised into construction in progress classified as property, plant and equipment during the year.

7. INCOME TAX CREDIT/(EXPENSE)

The amount of income tax credit/(expense) in the consolidated statement of profit or loss represents:

	2019	2018
	HKD'000	*HKD'000*
Current tax		
Hong Kong		
– Profits Tax		
– current year	**(710)**	(1,071)
The PRC and other jurisdictions		
– PRC Enterprise Income Tax		
– current year	**(2,590)**	(23,561)
– over provision in respect of prior years	**–**	80
– Foreign tax		
– current year	**(459)**	(686)
	(3,759)	(25,238)
Deferred tax		
Hong Kong and the PRC		
– Profits Tax and PRC Enterprise Income Tax		
– current year	**5,007**	(24,796)
Income tax credit/(expense)	**1,248**	(50,034)

Hong Kong Profits Tax

The provisions for Hong Kong Profits Tax was calculated by applying the estimated annual effective tax rate of 16.5% (2018: 16.5%) on the basis of the estimated assessable profits arising in Hong Kong for both years. Under the definition of "connected entity" under the two-tiered profits tax regime, the Group has elected one of its subsidiary to apply the two-tiered tax rates to calculate its Hong Kong Profits Tax based on its estimated assessable profits for both years in the following manner.

For this elected subsidiary, the first HKD2 million of the estimated assessable profits was taxed at 8.25% and the remaining assessable profits was taxed at 16.5%. The provisions for Hong Kong Profits Tax on the elected subsidiary was calculated on the same basis for both years.

PRC Tax

All of the group companies operating in the PRC were subject to the applicable tax rate of 25% (2018: 25%) on the estimated assessable profits arising in the PRC, except for a subsidiary incorporated in Hong Kong engaged in the property investment in the PRC, which is subject to the applicable tax rate of 10% (2018: 10%) on its gross rental income, net of value-added tax, earned in the PRC, based on the existing tax legislation, interpretation and practices in the PRC.

Up to the date, the above subsidiary engaged in the property investment in the PRC has not yet filed the tax returns for the PRC Enterprise Income Tax in respect of its rental income derived from the PRC. The PRC tax authority has the right to levy penalty for the late filing of tax returns. The amount of such potential penalty cannot be reliably estimated as the range of which is wide. Since 2016, for all newly signed tenancy agreements, a new clause has been added to require the tenants to pay the PRC Enterprise Income Tax on behalf of the Group. According to the Group's management experience for the above measures adopted, the amount of such potential penalty will not be material to the Group's consolidated financial statements. In addition, pursuant to the signed sales and purchase agreement in respect of the acquisition of that subsidiary in 2014, the vendor and its guarantor have undertaken to indemnify the Group for any tax liability arising from the above late filing of tax returns prior to the completion date of the acquisition.

Foreign tax

Taxation arising in other jurisdictions is calculated using the estimated annual effective tax rates that are expected to be applicable in the relevant jurisdictions.

8. PROFIT FOR THE YEAR

(a) Other income and gains

	2019	2018
	HKD'000	*HKD'000*
Gain on disposal of subsidiaries	**–**	117,764
Gain on disposal of investment properties	**–**	31,660
Gain on disposal of property, plant and equipment, net	**42**	290
Fair value gain on re-measurement of equity in a joint venture	**–**	5,363
Fair value gain on financial assets at fair value through profit or loss	**88,843**	–
Dividend income from financial assets at fair value through profit or loss	**40**	38
Exchange gains, net	**1,495**	–
Interest income	**4,656**	2,778
Government grants *(note)*	**2,003**	2,030
Gain on write back of other payables	**17,503**	–
Reimbursement income from operation of outlet mall	**8,970**	3,892
Others	**8,870**	4,743
	132,422	168,558

Note: The Group received government grants from the relevant PRC local government authorities for supporting the Group's retail and sourcing business in the PRC. There was no unfulfilled condition to receive the government grants for the year ended 31 December 2019.

(b) Other expenses

	2019	2018
	HKD'000	*HKD'000*
Bad debts written off	**304**	331
Impairment loss on financial assets	**3,023**	12,615
Impairment loss on amount due from an associate	**11,631**	–
Impairment loss on goodwill	**6,100**	–
Write off of property, plant and equipment	**292**	830
Fair value loss on financial assets at fair value through profit or loss	**–**	2,443
Penalty expenses	**6,300**	–
Others	**1,018**	1,443
	28,668	17,662

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

	2019	2018
	HKD'000	*HKD'000*
After charging		
Directors' emoluments	**6,859**	6,967
Other employee costs:		
– Salaries	**59,730**	60,925
– Welfare and other expenses	**3,586**	4,575
– Retirement benefits schemes contributions, excluding directors	**9,562**	9,343
Share-based payments, excluding directors	**–**	328
	79,737	82,138

	2019	2018
	HKD'000	*HKD'000*
Auditor's remuneration	**2,030**	2,000
Amortisation of prepaid lease payments	**–**	14,752
Amortisation of intangible assets	**3,596**	3,596
Cost of inventories recognised as expense	**109,831**	122,145
Depreciation of property, plant and equipment	**32,548**	34,751
Depreciation of right-of-use assets	**18,110**	–
Provision of allowances for inventories	**8,951**	838
Exchange (gains)/losses, net	**(1,495)**	2,971
Minimum and contingent lease payments under non-cancellable operating leases previously classified as operating leases under HKAS 17	**–**	45,826
Short-term and low-value leases expenses	**23,491**	–
After crediting		
Gross rental income from investment properties	**65,342**	64,062
Less: direct operating expenses incurred by		
– investment properties that generate rental income	**(14,769)**	(11,764)
– investment properties that did not generate rental income	**(13)**	(17)
	50,560	52,281
Interest income from:		
– Bank deposits	**3,909**	1,488
– Others	**747**	1,290
– Loans receivable and advances to customers in margin financing	**36,114**	24,781
Increase in fair value of investment properties:		
– Investment properties classified as other than held for sale	**44,217**	29,105
– Investment properties classified as held for sale	**–**	83,162
	44,217	112,267

9. DIVIDENDS

	2019	2018
	HKD'000	*HKD'000*
2018 final dividend of HKD0.012 (2018: 2017 final dividend of HKD0.005) per ordinary share declared and paid	**35,690**	14,810

No interim dividend was declared and paid to the Company's shareholders for both years. During the year ended 31 December 2019, the Company's board of directors recommends the payment of final dividend of HKD0.008 (2018: HKD0.012) per ordinary share to the Company's shareholders of approximately HKD23,794,000 (2018: HKD35,688,000).

10. EARNINGS PER SHARE

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

	2019	2018
	HKD'000	*HKD'000*
Earnings		
Profit for the year attributable to the owners of the Company	**71,705**	118,213

	2019	2018
	Number	Number
	of shares	of shares
	('000)	*('000)*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**2,974,066**	2,964,675
Effect of dilutive potential ordinary shares (Note):		
– share options	**–**	681
– warrants	**–**	4,854
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**2,974,066**	2,970,210
Earnings per share		
Basic earnings per share *(HK cents)*	**2.41**	3.99
Diluted earnings per share *(HK cents)*	**2.41**	3.98

Note: After the Company's share options was fully exercised or lapsed on 31 December 2018 and warrants was expired on 5 July 2019, there was no outstanding share options and warrants as at 31 December 2019. The Company's warrants did not give rise to any potential dilutive effect on the basic earnings per share presented for the period from 1 January 2019 to 5 July 2019 (the "Period") as the exercise price of the Company's warrants outstanding during the Period was higher than the average market price of the Company's shares.

The Company's share options and warrants as at 31 December 2018 gave rise to potential dilutive effect on the basic earnings per share presented for the year then ended as the exercise price of the Company's share options and warrants outstanding during the year then ended was lower than the average market price of the Company's shares.

11. PROPERTY, PLANT AND EQUIPMENT / INVESTMENT PROPERTIES

Property, plant and equipment

Property, plant and equipment increased mainly reflecting the completion of outlet mall located in Xiamen, the PRC, which was then stated at revaluation amounts less accumulated depreciation, together with other revalued properties as at 31 December 2019.

Investment properties

The Group's investment properties located in Hong Kong, Beijing, Shanghai, Chongqing and Tianjin, were held under medium and long term leases and for the purposes to earn rentals and for capital appreciation.

Upon the adoption of HKFRS 16 on 1 January 2019, the Group has classified a lease arrangement of a community mall located in Tianjin, the PRC as an investment property and approximately HKD160,740,000 was recognised as at 1 January 2019 and subsequent fair value gain of approximately HKD17,207,000 was recognised in profit or loss during the year.

12. INVENTORIES

	2019	2018
	HKD'000	*HKD'000*
Raw materials	**4,323**	4,898
Work-in-progress	**333**	350
Finished goods	**83,255**	91,355
	87,911	96,603
Provision of allowances	**(19,953)**	(11,223)
	67,958	85,380

A provision of allowances for inventories of approximately HKD8,951,000 (2018: HKD838,000) was recognised in profit or loss during the year due to the decrease in net realisable value of certain goods caused by the reduction of estimated scrap value subject to changes in consumers' preferences and macroeconomic environment.

13. TRADE AND OTHER RECEIVABLES

	2019	2018
	HKD'000	*HKD'000*
Trade receivables		
– Other than financial services segment	**39,929**	75,818
– Financial services segment	**12,647**	8,048
Total trade receivables	**52,576**	83,866
Less: loss allowances	**(6,575)**	(29,450)
Total trade receivables, net of loss allowances	**46,001**	54,416
Other receivables, deposits and prepayments	**153,188**	467,152
Less: loss allowances		
– Other receivables	**(8,820)**	(7,974)
Total other receivables, net of loss allowances	**144,368**	459,178
Total trade and other receivables, net of loss allowances	**190,369**	513,594

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

	2019	2018
	HKD'000	*HKD'000*
0 to 30 days	**19,929**	27,780
31 to 60 days	**8,766**	7,216
61 to 90 days	**2,482**	2,407
Over 90 days	**14,824**	17,013
	46,001	54,416

14. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	2019	2018
	HKD'000	*HKD'000*
Directors and their associates	**18,036**	8,915
Other margin clients	**104,612**	135,230
	122,648	144,145

The balance of advances to customers in margin financing is repayable on demand and carried interest rates ranging from Prime Rate to Prime Rate plus 3% (2018: Prime Rate to Prime Rate plus 3%) per annum in average. According to the Account Opening Agreement, margin clients are required to pledge listed securities to the Group in order to obtain credit facilities for listed securities trading with the Group.

No ageing analysis is disclosed for advances to customers in margin financing, as in the opinion of the Group's management, an ageing analysis is not meaningful in view of the business nature of margin financing.

15. LOANS RECEIVABLE

	2019	2018
	HKD'000	*HKD'000*
Secured balance before loss allowances	**173,993**	172,888
Less: loss allowances	**(6,800)**	(6,800)
	167,193	166,088

The carrying amount of loans receivable was secured by charges over the borrowers' properties or financial assets, which was the Hong Kong listed securities, interest-bearing at 8%-36% (2018: 5%-18%) per annum and repayable within one year from the dates of advances to the borrowers or on demand (2018: one year or on demand).

Customers giving rise to loans receivable are obliged to settle their outstanding amounts according to the relevant money lending agreement. Interest rates are offered to them based on the assessment of various factors, including their creditworthiness, repayment abilities, market value of securities and general economic trend.

16. TRADE AND OTHER PAYABLES

	2019	2018
	HKD'000	*HKD'000*
Trade payables		
– other than financial services segment	**87,871**	63,747
– financial services segment	**13,731**	15,937
Total trade payables	**101,602**	79,684
Other payables, temporary receipts, accruals and receipts in advance	**207,452**	152,224
Total trade and other payables	**309,054**	231,908

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

	2019	2018
	HKD'000	*HKD'000*
0 to 30 days	**41,203**	31,329
31 to 60 days	**46,589**	20,517
61 to 90 days	**7**	4,120
Over 90 days	**72**	7,781
	87,871	63,747

The settlement term of trade payables attributable to dealing in securities under the financial services segment is two trading days after the trade date. No ageing analysis is disclosed for such payables, as in the opinion of the Directors, ageing analysis is not meaningful in the view of business nature of dealing in securities and margin financing.

PROPOSED FINAL DIVIDEND

No interim dividend was declared or paid during the years ended 31 December 2019 and 2018. For the year ended 31 December 2019, the Board recommends the payment of a final dividend of HKD0.008 per ordinary share to the shareholders of the Company (2018: HKD0.012 per ordinary share).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 9 June 2020 to Friday, 12 June 2020 (both days inclusive), during which period no transfer of shares will be effected.

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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong ("Share Registrar") for registration no later than 4:30 p.m. on Monday, 8 June 2020.

The proposed final dividend is expected to be distributed on Wednesday, 15 July 2020 to Shareholders whose names appear on the Register of Members of the Company as at the close of business on Monday, 22 June 2020. The payment of final dividend is subject to the approval of Shareholders at Annual General Meeting to be held on Friday, 12 June 2020.

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, 17 June 2020. The register of members will be closed from Thursday, 18 June 2020 to Monday, 22 June 2020 (both days inclusive) during which no transfer of shares will be effected.

CORPORATE GOVERNANCE

The Company has complied with the CG Code throughout the year ended 31 December 2019, except for the deviation from code provisions A.1.1, A.2.1 and A.4.1 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.1.1, the Board should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. Due to overseas travel which is required for ongoing business discussions of certain board members last year, three board meetings were held. However, board members continue to participate in company matters through electronic means or group meetings.

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.

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 2019.

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 2019 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 to enable appropriate follow-up actions to be taken.

Remuneration Committee

The Remuneration Committee of the Company consists of 3 independent non-executive Directors. It advises the Board on the emolument policies towards Directors and senior management so as to motivate, retain and attract the best talents for the Group.

Nomination Committee

The Nomination Committee, composed of 3 Directors, out of which 2 are independent non-executive directors. The key role of the Nomination Committee is recruitment of board members.

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, 14 June 2019, Mr. Chan Kar Lee Gary and Mr. Wah Wang Kei Jackie retired. Both of them being eligible, offered themselves for re-election and were re-elected as Directors.

As from 14 June 2019 and up to the date of this announcement, the Board comprises:

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

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 2019 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, Island Place Tower, 510 King's Road, North Point, Hong Kong on Friday, 12th June 2020 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.

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

For the year ended 31 December 2019, 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 2019 ("2019 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 2019 Annual Report before the end of April 2020.

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

Hong Kong, 20 March 2020

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 12th June 2020 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 of which are listed on the Main Board of the Stock Exchange (Stock code: 01223)
"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