CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

時富投資集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

ANNOUNCEMENT

OF

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The audited consolidated results of Celestial Asia Securities Holdings Limited ("Company" or "CASH") and its subsidiaries ("Group") for the year ended 31 December 2019 together with the comparative figures for the last corresponding year are as follows:

	Notes	**2019** **HK$'000**	2018 HK$'000
Revenue	(3)	**1,387,769**	1,420,264
Cost of inventories		**(791,369)**	(824,943)
Other income		**12,983**	13,177
Other gains and losses		**8,953**	15,490
Salaries, allowances and related benefits		**(207,401)**	(248,330)
Other operating, administrative and selling expenses		**(219,927)**	(418,454)
Depreciation of property and equipment		**(22,644)**	(26,190)
Depreciation of right-of-use assets		**(167,232)**	-
Impairment loss recognised		**(5,788)**	(8,537)
Finance costs		**(26,680)**	(9,666)
Loss before loss arising from associates and taxation		**(31,336)**	(87,189)
Share of loss of associates		**(40,819)**	(48,459)
Impairment loss recognised on interests in an associate		**(20,565)**	(64,966)
Loss before taxation		**(92,720)**	(200,614)
Income tax expense	(5)	**(7,632)**	(4,325)
Loss for the year		**(100,352)**	(204,939)

	Note	2019 HK$'000	2018 HK$'000
Other comprehensive (expense) income for the year, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		**(506)**	1,598
Share of other comprehensive (expense) income of an associate		**(844)**	94
		(1,350)	1,692
Total comprehensive expense for the year		**(101,702)**	(203,247)
Loss for the year attributable to:			
Owners of the Company		**(99,392)**	(202,415)
Non-controlling interests		**(960)**	(2,524)
		(100,352)	(204,939)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(100,742)**	(200,723)
Non-controlling interests		**(960)**	(2,524)
		(101,702)	(203,247)
Loss per share	(6)		
Basic (HK cents)		**(11.96)**	(24.35)
Diluted (HK cents)		**(11.96)**	(24.35)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December **2019** **HK$'000**	2018 HK$'000
Non-current assets			
Property and equipment		**46,020**	56,293
Right-of-use assets		**341,378**	-
Goodwill		**39,443**	39,443
Intangible assets		**43,460**	43,460
Interests in associates		**197,266**	259,494
Rental and utilities deposits		**37,198**	41,708
Deferred tax assets		**8,188**	6,550
		712,953	446,948
Current assets			
Inventories – finished goods held for sale		**55,445**	57,848
Accounts and other receivables	(7)	**118,223**	91,215
Loans receivable		**4,372**	4,171
Amount due from an associate		**198**	1,904
Tax recoverable		**832**	72
Financial assets at fair value through profit or loss (“FVTPL”)		**22,142**	2,018
Pledged bank deposits		**74,434**	44,379
Bank balances (general accounts) and cash		**132,450**	212,450
		408,096	414,057
Current liabilities			
Accounts payable	(8)	**219,771**	238,335
Financial liabilities arising from consolidated investment funds		**8,203**	-
Accrued liabilities and other payables		**66,813**	63,789
Contract liabilities		**16,389**	23,140
Taxation payable		**14,260**	13,463
Lease liabilities/obligations under finance leases		**132,695**	444
Borrowings		**210,659**	208,685
		668,790	547,856
Net current liabilities		**(260,694)**	(133,799)
Total assets less current liabilities		**452,259**	313,149

	As at 31 December 2019 HK$'000	2018 HK$'000
Capital and reserves		
Share capital	**8,312**	83,122
Reserves	**190,926**	224,275
Equity attributable to owners of the Company	**199,238**	307,397
Non-controlling interests	**(28,730)**	(27,086)
Total equity	**170,508**	280,311
Non-current liabilities		
Deferred tax liabilities	**9,955**	6,949
Lease liabilities/obligations under finance leases	**227,530**	1,375
Borrowings - amount due after one year	**44,266**	24,514
	281,751	32,838
	452,259	313,149

Notes:

(1) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

(2) Application of new and amendments to HKFRSs

<u>New and amendments to HKFRSs that are mandatorily effective for the current year</u>

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Lease
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases", and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

The Group has not early adopted any other standard, amendment or interpretation that has been issued but is not yet effective.

(3) Revenue

Disaggregation of revenue from contracts with customers

	2019 HK$'000	2018 HK$'000
Types of goods or service		
Sales of furniture and household goods	**1,166,365**	1,188,557
Sales of electrical appliances	**133,720**	142,108
Sales of tailor-made furniture	**85,062**	89,599
Revenue from retailing segment	**1,385,147**	1,420,264
Management fee from asset management services	**2,622**	-
	1,387,769	1,420,264
Timing of revenue recognition		
A point in time	**1,300,085**	1,330,665
Over time	**87,684**	89,599
	1,387,769	1,420,264
Geographical market		
Hong Kong	**1,385,147**	1,420,264
The People's Republic of China ("PRC")	**2,622**	-
	1,387,769	1,420,264

(4) Segment information

Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group previously presented online game services segment as a reportable segment. Due to inactive operation, management considered that this segment was no longer identified as reportable segment. Accordingly, the segment information for the year ended 31 December 2018 has been represented to align with current year presentation.

In addition, during the year ended 31 December 2019, the Group commenced asset management business in the PRC ("Asset Management") and considered it as a new operating and reportable segment.

Specifically, the Group's operating and reportable segments are as follows:

Retailing	Sales of furniture and household goods and electrical appliances
Asset Management	Provision of asset management services to the fund investors

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the year ended 31 December 2019

	Retailing	Asset Management	Consolidated
	HK$'000	HK$'000	HK$'000
Revenue	**1,385,147**	**2,622**	**1,387,769**
Segment (loss) profit	**(2,384)**	**11,805**	**9,421**
Unallocated other income, gain and losses			**(3,602)**
Corporate expenses			**(34,678)**
Share of loss of associates			**(40,819)**
Impairment loss recognised on interests in an associate			**(20,565)**
Unallocated finance costs			**(2,477)**
Loss before taxation			**(92,720)**

For the year ended 31 December 2018 (Re-presented)

	HK$'000
Revenue from retailing segment	1,420,264
Segment loss from retailing segment	(23,937)
Unallocated other income, gain and losses	22,474
Corporate expenses	(85,663)
Share of loss of associates	(48,459)
Impairment loss recognised on interests in an associate	(64,966)
Unallocated finance costs	(63)
Loss before taxation	(200,614)

All the segment revenue is derived from external customers.

Segment result represents the profit earned/loss incurred by each segment without allocation of certain other income, gain and losses, corporate expenses, share of loss of associates, impairment loss recognised on interests in an associate and certain finance costs. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

As at 31 December 2019

	Retailing HK$'000	**Asset Management** HK$'000	**Consolidated** HK$'000
ASSETS			
Segment assets	**752,969**	**53,181**	**806,150**
Unallocated property and equipment			**641**
Unallocated right-of-use assets			**25,086**
Interests in associates			**197,266**
Tax recoverable			**832**
Deferred tax assets			**8,188**
Loans receivable			**4,372**
Amount due from an associate			**198**
Unallocated financial assets at FVTPL			**1,336**
Unallocated prepayments, deposits and other receivables			**44,961**
Unallocated bank balances and cash			**32,019**
Total assets			**1,121,049**
LIABILITIES			
Segment liabilities	**831,238**	**10,590**	**841,828**
Unallocated accrued liabilities and other payables			**15,615**
Taxation payable			**14,260**
Deferred tax liabilities			**9,955**
Unallocated borrowings			**44,266**
Unallocated lease liabilities			**24,617**
Total liabilities			**950,541**

As at 31 December 2018 (Re-presented)

	HK$'000
ASSETS	
Segment assets – Retailing segment	495,124
Unallocated property and equipment	5,469
Interests in associates	259,494
Tax recoverable	72
Deferred tax assets	6,550
Loans receivable	4,171
Amount due from an associate	1,904
Financial assets at FVTPL	2,018
Unallocated prepayments, deposits and other receivables	54,278
Unallocated bank balances and cash	31,925
Total assets	861,005
LIABILITIES	
Segment liabilities – Retailing segment	542,933
Unallocated accrued liabilities and other payables	15,530
Taxation payable	13,463
Deferred tax liabilities	6,949
Obligations under finance leases	1,819
Total liabilities	580,694

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to the reportable and operating segment other than certain property and equipment, certain right-of-use assets, interests in associates, tax recoverable, deferred tax assets, loans receivable, certain financial assets at FVTPL, amount due from an associate, certain prepayments, deposits and other receivables and certain bank balances and cash; and

- all liabilities are allocated to reportable and operating segment other than certain accrued liabilities and other payables, taxation payable, deferred tax liabilities and certain lease liabilities/obligations under finance leases and certain borrowings.

Other segment information

For the year ended 31 December 2019

	Retailing HK$'000	**Asset Management** HK$'000	**Unallocated** HK$'000	**Consolidated** HK$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Additions of property and equipment	**19,071**	**-**	**-**	**19,071**
Additions/modification of right-of-use assets	**104,421**	**-**	**23,917**	**128,338**
Interest income	**2,501**	**6**	**122**	**2,629**
Depreciation of property and equipment	**20,113**	**100**	**2,431**	**22,644**
Depreciation of right-of-use assets	**157,403**	**623**	**9,206**	**167,232**
Finance costs	**24,144**	**59**	**2,477**	**26,680**
Net gain (loss) on financial assets at FVTPL	**-**	**15,276**	**(5,505)**	**9,771**
Write-down on inventories	**1,379**	**-**	**-**	**1,379**
Loss on disposal/write-off of property and equipment	**868**	**-**	**2**	**870**
Impairment loss recognised in respect of property and equipment	**1,026**	**-**	**-**	**1,026**
Impairment loss recognised in respect of right-of-use assets	**4,762**	**-**	**-**	**4,762**

For the year ended 31 December 2018 (Re-presented)

	Retailing HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Additions of property and equipment	45,996	2,802	48,798
Interest income	657	313	970
Depreciation of property and equipment	22,913	3,277	26,190
Finance costs	9,603	63	9,666
Net gain on financial assets at FVTPL	-	8,384	8,384
Write-down on inventories	2,960	-	2,960
Loss on disposal/write-off of property and equipment	97	-	97
Impairment loss recognised in respect of property and equipment	8,537	-	8,537

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2019	2018
	HK$'000	HK$'000
Sales of furniture and household goods	**1,251,427**	1,278,156
Sales of electrical appliances	**133,720**	142,108
Management fee from asset management services		
- Fixed	**1,871**	-
- Variable	**751**	-
	1,387,769	1,420,264

Geographical information

The Group's operations are located in Hong Kong and the PRC.

The Group's segment revenue from external customers determined based on location of the group entities' operations and information about its non-current assets (financial assets and deferred tax assets) by geographical location of the assets are detailed below:

	Revenue		**Non-current assets**	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**1,385,147**	1,420,264	**663,795**	440,032
PRC	**2,622**	-	**3,772**	366
	1,387,769	1,420,264	**667,567**	440,398

No customers individually contributed over 10% of the Group's revenue during both years.

(5) Income tax expense

	2019 **HK$'000**	2018 HK$'000
Current tax:		
- Hong Kong Profits Tax	**3,026**	4,000
- PRC Enterprise Income Tax	**808**	-
(Over)underprovisions in prior years	**(210)**	25
Deferred tax charge	**4,008**	300
	7,632	4,325

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 ("Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Accordingly, starting from the year ended 31 December 2018, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No provision for the PRC income tax has been made for the year ended 31 December 2018 as no assessable profits were incurred.

(6) Loss per share

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

	2019 **HK$'000**	2018 HK$'000
Loss for the purposes of basic and diluted loss per share	**(99,392)**	(202,415)

	2019 **'000**	2018 '000
Number of ordinary shares for the purpose of basic and diluted loss	**831,222**	831,222

The incremental shares from assumed exercise of share options granted by the Company are excluded in calculating the diluted loss per share during the year ended 31 December 2019 and 2018 because they are antidilutive in calculating the diluted loss per share.

(7) Accounts and other receivables

	2019 **HK$'000**	2018 HK$'000
Accounts receivable arising from retailing business	**867**	1,772
Receivables from securities brokers	**68,828**	46,619
Prepayments	**14,174**	13,342
Rental deposits	**20,668**	13,985
Other deposits	**10,191**	12,775
Other receivables	**3,495**	2,722
	118,223	91,215

The Group allows an average credit period of 30 days to its corporate customers on retailing business. The ageing analysis based on the invoice date, which is approximately the revenue recognition date, is as follows:

	2019 **HK$'000**	2018 HK$'000
0 – 30 days	**426**	480
31 – 60 days	**103**	284
61 – 90 days	**81**	268
Over 90 days	**257**	740
	867	1,772

(8) Accounts payable

	2019 **HK$'000**	2018 HK$'000
Trade creditors arising from retailing business	**219,771**	238,335

Trade creditors arising from retailing business principally comprise amount outstanding for trade purpose and ongoing cost. The credit period taken for trade purchases ranges from 30 to 90 days.

The following is an aging analysis (from invoice date) of trade creditors arising from retailing business at the end of the reporting period:

	2019 **HK$'000**	2018 HK$'000
0 – 30 days	**82,106**	75,132
31 – 60 days	**74,094**	77,456
61 – 90 days	**50,880**	57,385
Over 90 days	**12,691**	28,362
	219,771	238,335

(9) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debts, which include the lease liabilities and borrowings, and equity attributable to owners of the Company, comprising share capital, reserves and accumulated losses. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the issue of new shares as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

A subsidiary of the Group is regulated by the Hong Kong Securities and Futures Commission ("SFC") and is required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules ("SF(FR)R"). The Group's regulated entity is subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management of the Group closely monitors, on a daily basis, the liquid capital level of this entity to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Group's regulated entity has complied with the capital requirements imposed by the SF(FR)R throughout both years.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2019 (2018: Nil).

REVIEW AND OUTLOOK

Financial Review

FINANCIAL PERFORMANCE

Facing the challenging of both local and global environment, political and economic uncertainties throughout the year under review, the Group's business encountered a slight drop in revenue yet still managed to weather through the difficulties. For the year ended 31 December 2019, the Group recorded revenue of HK$1,387.8 million as compared to HK$1,420.3 million in the previous year.

During the year, the Group recorded an impairment loss recognised on interest in an associate of HK$20.6 million and share of loss of associates of HK$40.8 million, the Group reported a net loss of HK$100.4 million for the year ended 31 December 2019.

RETAIL MANAGEMENT BUSINESS – PRICERITE GROUP

The Hong Kong retailing business was experiencing a rapid downturn during the year under review, the uncertainty caused by the US - Mainland trade tension and the social unrest in Hong Kong were weighing heavily the local consumption sentiment which had continued to face significant downward pressure especially starting from the second half of the year, demonstrated by the Hong Kong retail sales figure which recorded a 11-month downturn consecutively during the year, the first time since the 2008 global financial crisis. The GDP had experienced two consecutive quarters of negative economic growth which brought Hong Kong into a technical economic recession in the third quarter. Months of social unrest have inflicted tremendous harm on Hong Kong economy during the second half of the year, some of our stores were frequently forced to shorten the trading hours or even close for days inevitably due to the broaden street protest. The value of total retail sales in Hong Kong had decreased by approximately 11.1% when compared with 2018. Despite the challenging economic environment, the Hong Kong property market still remained stable, the transaction volume of Hong Kong residential market rose by 4.5%, compared with same period last corresponding year. Benefited by this solid demand of the property market, we recorded a only mild decrease in revenue against this significant economic downturn. To counteract the downturn, we had optimised the store network by closing down 4 underperforming stores and opening 1 new store in strategy northern district, the new store has been making a substantial revenue contribution to the Group since its opening in October. Moreover, in order to adopt the ever-changing customer preferences, we reviewed and improved our product mix and further strengthened our supply chain management. This not only optimised the use of warehouse space and enhanced the logistic efficiency, but also strengthened sourcing price negotiation which improved our gross profit margin. The improvement of the warehouse and logistic efficiency also lead to further reduce the labour cost and rental cost compared with last corresponding year. In addition, we had continued implementing our strategic O2O business model into in order to keep our leading position in the retail market, we have introduced our first virtual store by simulating the actual environment of one of our flagship store which allowed our customers to shop through virtual store and browse the product details by clicking on a product on the shelf of virtual store. By integrating the O2O elements such as virtual reality, big data analytics, artificial intelligence, cryptocurrency payment, to both physical and online store, our traffic had been picking up satisfactorily. Despite the challenging business environment, the retailing business recorded a slightly decline in revenue level as the previous year and reported revenue of HK$1,385.2 million, representing a decrease of 2.5% as compared with HK$1,420.3 million in 2018. Overall, our retailing business recorded a net loss of HK$2.4 million for the year ended 31 December 2019 as compared to a net loss of HK$23.9 million for the previous year.

ASSET MANAGEMENT BUSINESS - CAFG

During the year, in order to provide professional asset management to our clients creating stable, long-term return on investment, the Group had launched several funds which employed quantitative strategies by applying advanced FinTech, across various asset classes including but not limited to futures and forward contracts, index ETF and options. Despite of the uncertain financial environment we faced of the year under review, our asset management business reported a revenue of HK$2.6 million and recorded a net profit of HK$11.8 million for the year ended 31 December 2019.

MOBILE INTERNET SERVICES BUSINESS – NET2GATHER (CHINA)

We have set our mobile internet services business as inactive operation after reviewing the market situation and business prospects, in order to allocate the Group's resources to more promising businesses.

CFSG – The Group's Associated Company

FINANCIAL SERVICES BUSINESS - CFSG

For the year ended 31 December 2019, CFSG recorded revenue of HK$107.5 million, representing a decrease of 12.9% as compared with HK$123.4 million in 2018.

In view of the US-China trade tensions, Brexit and others geopolitical tensions, the fear of slower global economic growth lingered and the US has become more dovish. In the second half of 2019, the interest rate cut by 0.75%, the reduction of the Quantitative Tightening and the improved corporate earnings have sent the longest growth in history to the US economy and exuberance to the US stock market which made a new record high. On the other hand, the prolonged social unrest in Hong Kong has kept investors on the edge since June 2019, hammering local industries from tourism to retail. Hong Kong's economy faced serious challenges from a lingering fallout from the political unrest and confidence among investors had taken a beating. The economic circumstances and the Hong Kong stock market were pulled back. The Hong Kong economy fell into a technical recession in the third quarter of 2019. There was a general increase in unemployment as the overall growth continued to weaken towards the year-end. This caused investors to take a more defensive investing stance and gave extra downside risk to the Hong Kong stock market. However, Hong Kong stocks traded at a low valuation which provided a protection against the downside risks. As a result, trading in the Hong Kong securities market continued to languish in the second half of 2019 and the index remained stable and traded in a narrow range after the flourishing first half of 2019. Even though the stock market rebounded following the improved social situation and the alleviated US-China trade war on the scheduled signing of the first phrase trade deal between US and China, the Hang Seng Index only reached to 28,189.75 at the end of 2019, up by 9.06% compared with the end of 2018 whereas the H-share Index closed at 11,168.06 at the end of 2019, up by 10.3% compared with the end of 2018. Affected by the overall investor sentiment, the average daily trading volume of the Hong Kong stock market for the year recorded a significant decrease compared with last year. The decrease in trading volume had a direct impact on our securities business. Our clients who are mostly retail investors had chosen to flee the highly volatile stock markets to avoid suffering investment and trading losses during this uncertain financial environment. As a result CFSG's brokerage income recorded a decrease of 11.3% for year. Furthermore, CFSG's asset management business, owing to the poorer market sentiments and uncertain economic outlook, had recorded a drop in revenue compared with 2018. Notwithstanding the market doldrums, CFSG's investment banking team had secured a number of sponsors, advisory and placing contracts and achieved a mild revenue growth in 2019. Owing to the flat Hong Kong stock market in the second half of the year, CFSG recorded a small gain on its portfolio of proprietary trading in the year. To further strengthen our financial services and products to cater for the diverse needs of our clients in order to improve their financial well-being, CFSG had made a change in the strategy direction in the third quarter of 2019 that to scale up our wealth management business by hiring more professional advisers in both Hong Kong and PRC, and at the same time set up offices in Greater Bay Area to promote the wealth management business.

Overall, CFSG recorded a net loss of HK$116.9 million for the year ended 31 December 2019 as compared to a net loss of HK$144.5 million last year.

Liquidity and Financial Resources

The Group's equity attributable to owners of the Company amounted to HK$199.2 million as at 31 December 2019 as compared to HK$307.4 million at the end of the previous year. The decrease in equity was mainly due to the net loss reported for the year.

As at 31 December 2019, the Group had total outstanding borrowings of approximately HK$254.9 million as compared to HK$233.2 million as at 31 December 2018. The increase in borrowings was mainly due to increase in working capital. The borrowings were mostly denominated in Hong Kong dollars comprising unsecured loans of approximately HK$135.2 million and secured loans of approximately HK$119.7 million. The above bank loans of approximately HK$210.7 million were secured by the Group's pledged deposits of HK$69.0 million and corporate guarantees.

As at 31 December 2019, our cash and bank balances totalled HK$206.9 million as compared to HK$256.8 million at the end of the previous year. The decrease in cash and bank balances was mainly due to the net loss reported for the year. The Group derives its revenue mainly in Hong Kong dollars and maintains its cash and bank balances mainly in Hong Kong dollars.

The liquidity ratio as at 31 December 2019 at 0.61 times, as compared to 0.76 times as at 31 December 2018. The decrease in the liquidity ratio was mainly because lease liabilities were recognised due to adoption of the new accounting standard HKFRS 16 Leases as well as the net loss reported for the year under review.

The gearing ratio, which represents the ratio of interest bearing borrowings excluding lease liabilities of the Group divided by the total equity, was 149.5% as at 31 December 2019 as compared to 83.2% as at 31 December 2018. The increase in gearing ratio was mainly due to the decrease of the equity. On the other hand, we have no material contingent liabilities at the end of the year.

The Group's treasury policies are to secure healthy liquidity for running its operations smoothly and to maintain a sound financial position at all time throughout the year. Besides meeting its working capital requirements, cash balances and bank borrowings are maintained at healthy levels to meet its customers' investments needs while making sure all relevant financial regulations have been duly complied.

Foreign Exchange Risks

The Group did not have any material un-hedged foreign exchange exposure or interest rate mismatches at the end of the year.

Material Acquisitions and Disposals

During the year, the Group as tenants entered into various tenancy agreements for new lease or renewal of existing leases for use as retail stores of retail management business or office premises of the Group. These tenancy agreements were (i) letter agreement dated 30 April 2019 regarding the premises at "Portion of Level 1, Hilton Plaza, Shatin" for a term of 13 months from 1 March 2019 to 31 March 2020 at an aggregate consideration of approximately HK$9.4 million; (ii) new lease dated 23 May 2019 regarding the premises at "28th Floor, Manhattan Place, Kowloon Bay" for a term of 3 years from 15 December 2019 to 14 December 2022 at an aggregate consideration of approximately HK$25.5 million; (iii) renewal offer letter dated 16 August 2019 regarding the premises at "Shop nos. 2715-23, Level 2, MOSTown" for a term of 2 years from 26 September 2019 to 25 September 2021 at an aggregate consideration of approximately HK$10.5 million; (iv) confirmation of tenancy dated 22 August 2019 regarding the premises at "Shop on 1/F and 2/F of Heya Delight Shopping Centre" for a term of 4 years from 16 October 2019 to 15 October 2023 at an aggregate consideration of approximately HK$10.8 million; (v) renewal tenancy agreement dated 4 September 2019 regarding the premises at "Shop no. N212, Second Floor, Temple Mall North, Wong Tai Sin" for a term of 2 years and 3 months and 15 days from 2 July 2019 to 16 October 2021 at an aggregate consideration of approximately HK$14.4 million; (vi) letter of offer dated 15 October 2019 regarding the premises at "Shop no. L9, Lower Ground Floor, FitFort, North Point" for a term of 4 years from 16 October 2019 to 15 October 2023 at an aggregate consideration of approximately HK$20.2 million; and (vii) tenancy offer dated 1 November 2019 regarding the premises at "A Portion of Ground Floor in the warehouse accommodation of China Resources International Logistics Centre, Kwai Chung" for a fixed term of 4 years and renewal term of 3 years from 1 May 2020 to 30 April 2027 at an aggregate consideration of approximately HK$111.8 million.

Upon implementation of HKFRS 16 effective from 1 January 2019, the entering into the above lease transactions by the Group as a lessee was required to recognise the right-of-use asset and was regarded as an acquisition of asset under the Listing Rules. As a result, during the year, the right-of-use asset of the Group increased to HK$341.4 million at the end of the year, while the lease liabilities of the Group also increased to HK$358.8 million at end of the year at the same time. The above lease transactions constituted notifiable transactions of the Company under the Listing Rules, and details of the transactions were disclosed in the announcements of the Company from April to November 2019 and as set out in the circular of the Company dated 18 December 2019. The tenancy offer dated 1 November 2019 including the exercise of the renewal options were approved by shareholders of the Company at a special general meeting of the Company held on 10 January 2020.

Save as aforesaid, the Group did not make any material acquisitions and disposals during the year.

Capital Commitment

The Group did not have any material outstanding capital commitment at the end of the year.

Material Investments

The market value of financial assets at FVTPL increased from HK$2.0 million as at 31 December 2018 to approximately HK$22.1 million as at 31 December 2019. A net gain on financial assets at FVTPL of HK$10.2 million was recorded for the year.

We do not have any future plans for material investments, or addition of capital assets.

Events after the reporting period

Since January 2020, the outbreak of Novel Coronavirus ("Covid-19") has impacted the global business environment, series of precautionary and control measures have been implemented globally. Travel between countries has been severely restricted and the annual economic forecasts in terms of GDP for countries worldwide have been downward adjusted significantly. The outlook for the Hong Kong and the global economy and financial market remain uncertain and subject to both systematic and systemic risks. The Group had implemented home office arrangement to the greatest extent preserve health of staff and sustainability of business operation and also executed a salary saving scheme from February to June 2020 to minimise operating costs. The supply chain of our furniture products for retail management business has been affected by the temporarily delayed resumption of factory production after the Chinese New Year holiday, in respond we have changed our product mix to focus on household products especially on hygiene products to counteract the drop in revenue of furniture products. As at 27 March 2020, the supply chain of furniture products has been resumed gradually and the revenue from our retail management business after the reporting period has not been significantly impacted by the outbreak of Covid-19.

The management will continue to monitor the development of Covid-19 and react actively to its impact on the financial position and operating results of the Group. Given the dynamic nature of these circumstances, management considers that the financial effects on the Group's consolidated financial statements cannot be reasonably estimated as at the date these financial statements are authorised for issue. The related financial effects, if any, will be reflected in the Group's 2020 financial statements.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Revenue

(HK$'m)	**2019**	2018	% change
Retailing	**1,385.2**	1,420.3	(2.5%)
Asset management	**2.6**	N/A	N/A
Group total	**1,387.8**	1,420.3	(2.3%)

Key Financial Metrics

	2019	2018	% change
The Group			
Net loss attributable to shareholders (HK$'m)	**(99.4)**	(202.4)	50.9%
Loss per share (HK cents)	**(11.96)**	(24.35)	50.9%
Total assets (HK$'m)	**1,121.0**	861.0	30.2%
Cash on hand (HK$'m)	**206.9**	256.8	(19.4%)
Borrowings (HK$'m)	**254.9**	233.2	9.3%
Retailing			
Revenue per sq. ft. (HK$)	**4,224**	4,759	(11.2%)
Growth for same stores (vs last year)	**(2.7%)**	4.1%	N/A
Inventory turnover days	**26.1**	22.8	14.4%

Business Review and Outlook

RETAIL MANAGEMENT BUSINESS – PRICERITE GROUP

Industry Review

Continued local social unrest and protracted US-China trade tensions dragged Hong Kong's economy into technical recession in 2019 with GDP contracting by 1.2%. Consequently, Hong Kong retailers faced unprecedented hard times in 2019, with retail sales suffering since February 2019, with a steeper drop in the second half of the year as the subdued economy weakened domestic consumption.

Business Review

Responding to the challenging external environment and economic downturn, Pricerite Group adopted a prudent approach from early 2019 – focused on reining-in operating costs and capital expenditure while enhancing operating efficiency through simplification, standardisation, systemisation and automation of the business workflow.

As Hong Kong's leading "New Retail" home furnishing specialist, Pricerite Group continued its multi-brand strategy for innovative home solutions and space management leader for quality home furnishing and lifestyle products. Through in-depth understanding of customer needs with diminishing living space in Hong Kong, our products deliver practical and localised, value-for-money solutions that redefine and rationalise space to help our customers redefine their home spaces.

To timely meet customer requirements with the dual goals of better quality and margin improvement, Pricerite Group strengthened its regional and global supplier networks in 2019 – extending product sourcing centres in the Yangtze River Delta, Guangdong-Hong Kong-Macau Greater Bay Area and South East Asia.

Pricerite Home

Pricerite Home (PHL) is our principal retailing operating arm that has 25 stores well-distributed in Hong Kong.

To capture additional market opportunities and expand customer base, PHL adopted "hero category" differentiated positioning, building brand and customer loyalty. Our product design team continues designing multi-functional and transformable furniture to enhance product uniqueness, and revamping product mix to enrich product diversification.

In the first half of 2019, PHL launched the "My Own Universe (MOU)" furniture series of customisable, fashionable and innovative living room and dining room solutions, in a widened selection of styles, colours and materials.

During the second half, we developed a series of new "Space Cube Random Dice" living room and bedroom solutions for flexible platform storage. These exclusive products gained positive feedback, helping to improve profit margin and contributing to positive brand image in the market.

Also in the second half, we launched our third New Retail Concept Store at Kowloon Bay Mega Box. This store implements the "O2O" retail model – further integrating new retail technology with online and offline resources for an unprecedented high-tech, seamless, convenient and intimate customer shopping experience.

Continuing to pioneer this "New Retail" business model in Hong Kong, PHL not only provides the widest range of mobile payment methods, but has also become the first local retail chain to accept Hong Kong dollar-equivalent payments in crypto currencies, including Bitcoin (BTC), Ethereum (ETH) and Litecoin (LTC) across all stores.

With the integration of new financial and retail technologies, PHL provides added payment convenience, bringing more secure and free "New Retail" experiences to customers.

PHL meanwhile continues reviewing store network coverage to enhance overall sales performance. Two under-performing stores closed in the first half, and a new store opened at Tuen Mun Waldorf Shopping Centre in the second half, with satisfactory results.

TMF

During the year, TMF was successfully transformed into a stand-alone brand as a professional, reliable and caring service provider in the tailor-made furniture market, dedicated to delivering best “value-for-money” and personal space management solutions to customers.

Looking ahead, more housing supply is destined for the market, both imminently and in the foreseeable future. Implementation of idle tax should provide a further boost to the rising number of inhabited units. Given the growing popularity of micro-apartments, as smaller units are developed and rented or sold demand for tailor-made furniture is anticipated to increase for TMF’s smart furniture and micro-space management solutions that help customers manage shrinking living space in Hong Kong.

SECO

In response to the increasing awareness of personal and home hygiene, SECO continues its positioning and commitment to assemble convenient family well-being and health-essential products for home, environment and personal care, improving customer lifestyles.

Both TMF and SECO are still in the development and investment stage. We are dedicated to gradually building their market awareness and customer bases. We are confident that they will be positively contributing to the Group in the medium term.

Awards

In recognition of unparalleled service for 15 consecutive years and considerable contribution to enhancement of tourism service standards in Hong Kong, PHL was accredited with the Hong Kong Tourism Board’s “15-year Quality Tourism Services (QTS) Merchant Award 2019”.

PHL and TMF supervisory and frontline staff gained recognition for their excellent quality staff service, honoured in the “Outstanding QTS Merchant Service Staff Awards 2019” across Gold, Silver and Bronze categories.

PHL and TMF salespersons received recognition for outstanding sales professionalism, earning “Distinguished Salesperson Awards (DSA) 2019” from the Hong Kong Management Association.

Both the supervisory and frontline TMF staff were recognised for their professional and outstanding services in the Hong Kong Retail Management Association’s “Service and Courtesy Awards 2019”.

Outlook

Ongoing social unrest and continuing subdued consumption sentiment in particular due to the unprecedented global outbreak of COVID-19 coronavirus dampened retail sales in 2019, with contraction in the Hong Kong economy expected to continue through early 2020, as the government forecast stagnant growth between -1.5% to 0.5%. With more upward pressure on unemployment, the retail sector is among those particularly hard hit.

Externally, the US-China trade war, Brexit, and geopolitical tensions bring considerable uncertainties and downward pressures to global growth, potentially filtering through onto the Hong Kong economy. National lockdowns across the world imply that all traffic have been shut down, casting unprecedented uncertainties on global and local political and economic development.

Looking forward, the retail sector is expected to remain weak in this unfavourable economic and political environment hindering overall growth of the retail business. With intensified discounting and promotional activities by competitors, the overall business environment will remain challenging.

In the face of these challenges, Pricerite Group will leverage its well-established corporate brand, strong supplier networks and talented product development team to enrich product diversification and enhance the proportion of house-brand products for margin improvement. Our ultimate goal is to maintain our market share and strengthen our leadership in Hong Kong's furniture and household market.

Despite both internal and external headwinds, Pricerite Group is cautiously optimistic for its business as strong and resilient demand for home furniture and houseware should continue. Being well-recognised for being a space management solution provider, Pricerite is well-positioned to capture business opportunities when the economy swings back to a growth trend from current sluggish environment. We anticipate that new home owners will seek smart and innovative space management solutions, increasing overall demand for our market-leading home furnishing products and services.

Riding on our quality brands, award-winning service and advanced technologies, we believe Pricerite Group is well-positioned to capture market opportunities ahead while expanding our touch points for latest convenient digital sales. We remain dedicated to providing enjoyable shopping experiences, helping Hong Kong people create their dream homes and enhancing lifestyles.

ASSET MANAGEMENT BUSINESS – CAFG

During the year, the Group launched seven funds across various asset classes. The investment strategies covers a wide array of instruments, including futures and forward contracts, index ETF and options, based on integrated algorithmic trading strategies such as statistical arbitrage of relative values, signals tracking trends and anticipating reversals. We also introduce equity strategies utilising value investing approach to generate long-term capital growth. During the year, our Multi-Strategy Fund implementing a quant-based CTA (Commodity Trading Advisors) strategy topped China's Suntime Private Equity Funds Chart, ranking second among 500 selected quant-based CTA hedge funds. We will continue to strengthen the research and development capability of our core investment strategies, enrich our product offerings, and expand our distribution network via our team and institutional channels. We dedicate to provide excellent asset management services to create long-term and stable investment capital growth for our clients.

MOBILE INTERNET SERVICES BUSINESS – NET2GATHER (CHINA)

The Board of Directors reviewed the market situation and business prospects of Net2Gather (China). To preserve financial strength of the Group and channel resources to more promising businesses, the Board of Directors has resolved to set Net2Gather (China) as inactive operation.

CFSG – The Group's Associated Company

FINANCIAL SERVICES BUSINESS – CFSG

Industry Review

An unprecedented "perfect storm" of various sharply deteriorating geopolitical and economic factors since early 2019 conspired to adversely affect Hong Kong's economic performance. The financial services sector, a major pillar of the economy, initially faced serious headwinds arising from China-US trade tensions from the first half of 2019, followed by unprecedentedly destructive social unrest erupting in the second half.

Resulting disruptions to global trade heavily dragged down economic growth. China's GDP growth was 6.1%, down from 6.6% the year before, while Hong Kong economy shrank by 1.2%, the first annual decrease since 2009.

Notwithstanding fluctuations in global capital markets, Hong Kong's IPO market grew in terms of total IPO funds raised by 9% to HK$312.9 billion. However the number of newly-listed companies slumped by 16% to 183. In addition, total post-IPO funds raised amounted to HK$139.1 billion - a decrease of 46% compared to HK$256 billion raised in 2018.

But overall, investment sentiment in 2019 was subdued, with the Hang Seng Index closing at 28,189.8 at year-end and average daily turnover dropping by 18.86%.

Business Review

As a consequence of trade tensions between China and the US with subsequent slowdown in global economic growth, international capital markets took a big hit. In particular, market sentiment in commodities broking deteriorated distinctly. Together with tightened fund flow in China and other capital markets, our brokerage commission income declined by 11.3% in 2019.

Despite an active IPO market led by the launch of several mega-IPOs, high bank financing costs dampened our overall margin financing business, leading to a moderate drop of 6% in interest income.

The volatile global economy, together with escalating costs of compliance, suffocated growth of our brokerage business. The Group therefore continued to transform its model from brokerage-driven to a well-round wealth management-driven business - with a diversified product offering of professional financial advisory services to high-net worth clients.

2019 was meanwhile a remarkable year for steady advancement of the Chinese government's Greater Bay Area vision. Since the initiative was launched for closer integration of a world-class "Bay" economy, we identified notably growing momentum towards this vision becoming a closer reality - and in anticipation opened representative offices in Guangzhou and Dongguan in the second half of 2019, extending cross-border presence from our existing office in Shenzhen. We have assembled local marketing teams across various locations to explore business opportunities around the Greater Bay Area.

In 2020 and beyond we will continue introducing latest products and services to capture ever-changing wealth management appetites of our clients. We will also continue seeking new strategic partnerships and strengthen our existing networks with various institutions, leveraging synergy with our long-established Shanghai office to offer comprehensive wealth management solutions to our business partners and clients.

During 2019 we assisted certain clients in raising funds from the capital market through placings and IPO sub-underwriting. We also advised listing companies on a range of corporate finance transactions, including M&As, acquisition and disposal of assets and businesses, and various connected transactions; and advised a private company in acquiring controlling stake in a listed company. We also continued our sponsor support for a mainboard IPO applicant. Our clients mainly included Hong Kong companies and Mainland China enterprises.

In view of the current market doldrums, we intend to focus on our financial advisory expertise while fine-tuning our team-mix to fortify our investment banking capabilities. We are also closely monitoring the ever-changing market environment, reacting proactively on behalf of our clients to better capture various capital market and corporate finance opportunities.

Our sum of Asset under Management (AUM) for external customers was flat by year-end, compared with 2018. Our focus is on leading blue chips and new economy stocks with high visible outlook for our clients; and target recruiting more investment managers to attract more potential new clients.

The HSI is currently trading at around 10.9x FY2020 prospective PER, 1.17x P/B and 3.4% prospective dividend yield. Compared with historical track record, its valuation is not demanding for long term investors, so we expect our revenue and AUM to pick up again this year.

In 2019 we also continued to improve our mobile trading platforms - Alpha i and Weever, with more value-added features to satisfy our clients' demand for superior service.

Aiming to bring our clients a more efficient way to manage their assets, we are currently developing a new "All-in-One" wealth management platform, encompassing trading services covering a broad range of markets and asset classes, and professional wealth management services. The new wealth management platform will be released in phases in 2020. Besides, we will continue to integrate innovative technologies into our products and services to ensure our clients benefit from latest technological advancements.

On top of 2019 setbacks, the first quarter of 2020 was poised for inevitable negative economic growth in view of stagnation brought by the new Covid-19 coronavirus. On a brighter note, the chill of US and China trade tensions appears to have thawed somewhat, removing some uncertainty with signing of the first phrase of a trade deal in January 2020 and start of second phrase negotiations. With the turnaround of depreciation pressure on the RMB and loosening monetary policy in China, we see positive longer-term signals for the Hong Kong and China stock markets.

But to prepare for inevitably tough economic conditions resulting from the outbreak of Covid-19 in the coming year, we will implement stringent cost control to remain a sustainable business. Meanwhile, we are actively seeking deal-based business opportunities to maintain steady income stream - applying prudent risk management while identifying new financial products and leveraging our client network to increase business activities in the Greater Bay Area and Yangtze River Delta Area.

EMPLOYEE INFORMATION

At 31 December 2019, the Group had 797 employees. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the year under review was approximately HK$207.4 million.

Benefits

The Company and some of its subsidiaries provide employee benefits including mandatory provident fund scheme, medical insurance scheme, discretionary share options, performance bonus and sales commission for their staff. The Company also provides its employees in the PRC with medical and other subsidies, and contributes to the retirement benefit plans.

Training

The Group has implemented various training policies and organised a number of training programs aimed specifically at improving the skills of its employees and generally to increase the competitiveness, productivity and efficiency of the Group including training in areas such as language proficiency, product knowledge, customer service, selling techniques, presentation, team building, communication, coaching, quality management, graduate development, leadership transformation, and also professional regulatory training programs as required by regulatory bodies. The Group also arranges for relevant staff, who are licensed persons under the Securities and Futures Ordinance ("SFO"), to attend the requisite training courses to fulfill/comply with the continuous professional training as prescribed in the SFO.

The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, quality management measures, rules and regulations. This orientation aims to prepare the new employees for the positions by establishing a sense of belongingness and cooperation; by supplying necessary information that resolves an employee's concerns; and by removing any potential barriers for job effectiveness and continuous learning.

CORPORATE GOVERNANCE

The Board has adopted a set of corporate governance principles ("Principles") which aligns with the requirements set out in the Code of Corporate Governance Practices ("CG Code") and the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Listing Rules. The Board had also in writing made specific enquiry to each executive director and independent non-executive director in respect of the due compliance of the rules and principles relevant to the Model Code. During the financial year ended 31 December 2019, the Company had duly complied with the Principles, the CG Code and the Model Code, except for the deviations with explanation described below:

i. The Company does not have a nomination committee as provided for in code provision A.5.1 as its function has been performed by the Board as a whole. The Board under the leadership of the Chairman is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the directors.

ii. Dr Kwan (Chairman of the Board) also acted as chief executive officer ("CEO") of the Company during the underlying year. According to code provision A.2.1, the roles of Chairman and CEO of the Company should be separate. The dual role of Dr Kwan provides a strong and consistent leadership to the Board and is critical for efficient business planning and decisions of the Group. The balance of power and authorities is also ensured by the operation of the Board and the senior management, which comprise experienced and high caliber individuals.

REVIEW OF RESULTS

The Group's audited consolidated results for the year ended 31 December 2019 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company listed securities.

RESIGNATION OF EXECUTIVE DIRECTOR

The Board also announces that Mr Chan Chi Ming Benson ("Mr Chan") has resigned as executive Director and deputy chief executive officer of the Group in order to devote more time to his personal endeavours with effect from 27 March 2020.

Mr Chan has confirmed that he has no disagreement with the Board and there is no other matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company.

The Board takes this opportunity to express its gratitude to Mr Chan for his valuable efforts and contribution to the Company during his tenure of office.

On behalf of the Board
Bankee P. Kwan
Chairman & CEO

Hong Kong, 27 March 2020

As at the date hereof, the Board after the aforesaid resignation taking effect comprises:-

Executive Directors:

Dr Kwan Pak Hoo Bankee, JP
Mr Leung Siu Pong James
Mr Kwan Teng Hin Jeffrey
Mr Ng Hin Sing Derek

Independent non-executive Directors:

Mr Leung Ka Kui Johnny
Mr Wong Chuk Yan
Dr Chan Hak Sin

* *For identification purpose only*