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Notice to Hong Kong investors: LS Finance (2017) Limited (the "Issuer") and Lifestyle International Holdings Limited (the "Guarantor") confirm that the Bonds (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and are listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

PUBLICATION OF OFFERING CIRCULAR

LS FINANCE (2017) LIMITED

(Incorporated in the British Virgin Islands with limited liability)

U.S.\$350 million 4.80% Guaranteed Bonds due 2026

(Stock Code: 40731)

(the "Bonds")

unconditionally and irrevocably guaranteed by



LIFESTYLE INTERNATIONAL HOLDINGS LIMITED

利福國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1212)

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

J.P. Morgan

Standard Chartered Bank

UBS

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to the offering circular relating to the Bonds dated 9 June 2021 (the “**Offering Circular**”) appended herein. The Offering Circular is published in English only. No Chinese version of the Offering Circular has been published.

By order of the board of directors
Lifestyle International Holdings Limited
Poon Fuk Chuen
Company Secretary

Hong Kong, 21 June 2021

As at the date of this announcement, the board of directors of LS Finance (2017) Limited comprises Ms. Lam Po Wan, Ivy, Ms. Lau Kam Shim and Mr. Lau Kam Sen and the board of directors of Lifestyle International Holdings Limited comprises Mr. Lau Kam Sen and Ms. Lau Kam Shim as executive directors; Mr. Lau Luen Hung, Thomas, Mr. Doo Wai Hoi, William and Ms. Lau Yuk Wai, Amy as non-executive directors; and Mr. Lam Siu Lun, Simon, The Hon. Shek Lai Him, Abraham, Mr. Hui Chiu Chung and Mr. Ip Yuk Keung as independent non-executive directors.

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The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither of the Managers nor any person who controls any of the Managers, nor any director, officer, employee nor agent of any of the Managers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

This Offering Circular is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in this Offering Circular.

LS FINANCE (2017) LIMITED

(incorporated with limited liability in the British Virgin Islands)

U.S.\$350,000,000

4.80 per cent. Guaranteed Bonds due 2026

Unconditionally and Irrevocably Guaranteed by

LIFESTYLE INTERNATIONAL HOLDINGS LIMITED



(incorporated with limited liability in the Cayman Islands)

Issue Price: 100 per cent.

The 4.80 per cent. guaranteed bonds due 2026 in the aggregate principal amount of U.S.\$350,000,000 (the “**Bonds**”) will be issued by LS Finance (2017) Limited (the “**Issuer**”) and will be unconditionally and irrevocably guaranteed (the “**Guarantee**”) by Lifestyle International Holdings Limited (“**Lifestyle**” or the “**Guarantor**”).

Interest on the Bonds is payable semi-annually in arrear on 18 June and 18 December in each year. Payments on the Bonds will be made without deduction for or on account of taxes of the British Virgin Islands and the Cayman Islands to the extent described under “*Terms and Conditions of the Bonds – Taxation*”.

The Bonds mature on 18 June 2026. The Bonds are subject to redemption, in whole but not in part, at their principal amount, together with accrued interest, at the option of the Issuer at any time in the event of certain changes affecting taxes of the British Virgin Islands or the Cayman Islands. The Bonds also contain a provision for redemption at the option of the Bondholders at 101 per cent. of the principal amount of each Bond together with interest accrued to the date for redemption upon the occurrence of a Put Event (as defined in the “*Terms and Conditions of the Bonds*”) and a provision for redemption at the option of the Issuer at any time upon giving notice to the Bondholders at the Make Whole Redemption Price (as defined in the “*Terms and Conditions of the Bonds*”). See “*Terms and Conditions of the Bonds – Redemption and Purchase*”.

Application will be made to The Stock Exchange of Hong Kong Limited (“**HKEX**”) for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“**Professional Investors**”) only. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Bonds are intended for purchase by Professional Investors only and will be listed on the HKEX on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

HKEX has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Bonds on HKEX is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer or the Guarantor or quality of disclosure in this Offering Circular. The Hong Kong Exchanges and Clearing Limited and HKEX take no responsibility for the contents of this Offering Circular, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Investing in the Bonds involves certain risks. See “*Risk Factors*” beginning on page 14.

The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.

The Bonds are not rated nor are they expected to be rated.

The Bonds will be represented initially by beneficial interests in a global certificate (a “**Global Certificate**”) in registered form which will be registered in the name of a nominee of, and will be deposited on or about 18 June 2021 (the “**Issue Date**”) with a common depository for, Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream**”).

Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

J.P. Morgan

Standard Chartered Bank

UBS

The date of this Offering Circular is 9 June 2021

The Issuer and the Guarantor, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (i) this Offering Circular contains all material information with respect to the Issuer, the Guarantor, and the Guarantor's subsidiaries taken as a whole (the Guarantor and its subsidiaries collectively, the "**Group**"), and to the Bonds, (ii) all statements of fact relating to the Issuer, the Guarantor, the Group and to the Bonds contained in this Offering Circular are in every material particular true and accurate and not misleading in any material respect, and that there are no other facts in relation to the Issuer, the Guarantor, the Group and to the Bonds the omission of which would in the context of the issue of the Bonds make any statement in this Offering Circular misleading in any material respect, (iii) the statements of intention, opinion, belief or expectation with regard to the Issuer, the Guarantor and the Group contained in this Offering Circular are honestly made or held and have been reached after considering all relevant circumstances and have been based on reasonable assumptions, and (iv) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such statements.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the purpose of giving information with regard to the Issuer and the Guarantor. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their respective knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by each of the Issuer, the Guarantor and J.P. Morgan Securities plc ("**J.P. Morgan**"), Standard Chartered Bank and UBS AG Hong Kong Branch (together with J.P. Morgan and Standard Chartered Bank, the "**Managers**") to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Bonds in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see "*Subscription and Sale*".

No person has been or is authorised in connection with the issue, offer or sale of the Bonds to give any information or to make any representation concerning the Issuer, the Guarantor and the Group or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Managers or the Agents (as defined in the Terms and Conditions of the Bonds). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Group or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Managers or the Agents to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty, express or implied, is made or given by the Managers or the Agents as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Managers or the Agents. The Managers have not independently verified any of the information contained in

this Offering Circular and can give no assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Guarantor, the Managers or the Agents that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

Certain information in the “Description of the Group” section of this Offering Circular has been derived, in part, from industry research reports and from publicly available sources. Such information has not been independently verified by the Issuer, the Guarantor or the Managers or any of their respective affiliates or advisors. Such information may not be consistent with other information compiled by other research reports or sources.

Unless otherwise specified or the context requires, references herein to “**Hong Kong dollars**”, “**HK dollars**” and “**HK\$**” are to the lawful currency of Hong Kong, references herein to “**U.S. dollars**” or “**U.S.\$**” are to the lawful currency of the United States of America, references herein to “**Renminbi**” or “**RMB**” are to the lawful currency of the PRC, references to “**Sterling**” or “**£**” are to the lawful currency of the United Kingdom and references to “**HKFRS**” are to Hong Kong Financial Reporting Standards.

The Guarantor has prepared audited consolidated financial statements for the years ended 31 December 2019 and 2020. These financial statements were prepared in conformity with HKFRS.

The Group has included EBITDA in this Offering Circular because it believes the measure is a useful supplement to cash flow data as a measure of its performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA as well as the related ratios presented in this Offering Circular are supplemental measures of the Group’s performance and liquidity that are not required by, or presented in accordance with, HKFRS. EBITDA is not a measurement of the Group’s financial performance or liquidity under HKFRS and should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance derived in accordance with HKFRS or as alternatives to operating performance, liquidity, profitability or cash flows as a measure of the Group’s liquidity. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such terms may not be possible.

The Group believes that EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expense).

The Group also presents EBITDA because it believes that the measure is frequently used by securities analysts, investors and other interested parties in evaluating similar companies in the retail industry, many of whom present such non-HKFRS financial measures when reporting their results.

Nevertheless, EBITDA has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of the Group’s financial condition or results of operations, as reported under HKFRS. Because of these limitations, EBITDA should not be considered a measure of discretionary cash available to the Group to invest in the growth of its business. The Group compensates for these limitations by relying primarily on its HKFRS results and using EBITDA measures only supplementally. See “*Summary Financial Information*” and the Group’s consolidated financial statements.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANGER (OR ANY PERSON ACTING FOR IT) (THE “STABILISATION MANAGER”) MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL, ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE BONDS IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to the offering of the Bonds. If investors are in any doubt about any of the contents of this Offering Circular, investors should obtain independent professional advice.

Prohibition of Sales to EEA Retail Investors: The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/ 65/EU (“**MIFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**IDD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors: The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant

persons (as defined in Section 309A(1) of the SFA), that the Bonds are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements under “*Summary*”, “*Risk Factors*”, “*Description of the Group*” and elsewhere in this Offering Circular constitute “forward-looking statements”. Some of these statements can be identified by forward-looking words such as “believe”, “expect”, “plan”, “anticipate”, “schedule”, “estimate” and similar words or expressions. However, these words are not the exclusive means of identifying forward-looking statements. Statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group’s management for its future operations (including development plans and objectives relating to the Group’s operations), are forward looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer’s, the Guarantor’s or the Group’s expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under “*Risk Factors*” and elsewhere, important factors that could cause actual results to differ materially from the Issuer’s or the Guarantor’s expectations. Undue reliance should not be placed on these forward-looking statements which speak only as at the date of this Offering Circular. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur. All subsequent written and forward-looking statements attributable to the Issuer or the Guarantor or persons acting on behalf of the Issuer or the Guarantor are expressly qualified in their entirety by such cautionary statements.

TABLE OF CONTENTS

	Page
SUMMARY	1
THE ISSUE	3
SUMMARY FINANCIAL INFORMATION	6
DEFINITIONS	12
RISK FACTORS	14
TERMS AND CONDITIONS OF THE BONDS	26
THE GLOBAL CERTIFICATE	39
USE OF PROCEEDS	40
CAPITALISATION AND INDEBTEDNESS	41
DESCRIPTION OF THE ISSUER	42
DESCRIPTION OF THE GROUP	43
DIRECTORS	63
SHAREHOLDERS, DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS	66
TAXATION	69
SUBSCRIPTION AND SALE	72
GENERAL INFORMATION	77
INDEX TO FINANCIAL STATEMENTS	F-1

SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this Summary. Prospective investors should therefore read this Offering Circular in its entirety.

Overview

The Group is a leading department store operator and currently operates two department stores in Hong Kong. The Group is principally engaged in the operation of “lifestyle” department stores which are characterised by the “one-stop shopping”, “shops-in-shop”, “Japanese style” and “customer oriented” concepts, which offer quality goods and services, customer convenience and a comfortable and pleasurable shopping environment. The Group’s stores offer a wide variety of goods ranging from daily necessities to luxury products as well as services for meeting the needs of the “lifestyle” of a typical consumer in a modern society.

Merchandise in the Group’s stores is sold by means of concessionaire sales, direct sales as well as APO sales and can be broadly categorised into apparels and fashion, cosmetics and accessories, household, toys and others and food and confectionery. The merchandise mix and services provided by the Group’s stores are regularly reviewed and adjusted by the Group to enhance the shopping experience it provides and to attract new customers and retain existing customers with the goal of increasing sales proceeds to the Group.

In the face of a challenging operating environment in 2020 caused by global coronavirus pandemic, the Group has implemented a series of critical strategic initiatives in order to alleviate the negative impact of the pandemic. During the year ended 31 December 2020, the Group focused on cost retrenchment, optimisation of operational efficiency, enhancing its SOGO Rewards mobile app and strengthening its online store capabilities. As part of the Group’s continuous efforts to diversify and enhance its asset portfolio, the Group acquired a high-quality freehold commercial property in a prime area in London in November 2020. The property is located in St. James’s Square, London, one of the city’s most prestigious addresses, providing approximately 103,655 sq. ft. of Grade A office accommodation. In order to capture future growth opportunities in Hong Kong, the Group purchased a plot of commercial land in the Kai Tak development area in East Kowloon in November 2016 (the “**Kai Tak Project**”). The foundation construction work of the Group’s Kai Tak Project has, despite certain delay during 2020, been largely completed and upon completion of construction of the twin blocks of commercial buildings in 2023, the Kai Tak Project will host a new SOGO department store and other retailing, entertainment, dining and lifestyle facilities in the new Kai Tak development area, East Kowloon.

The Guarantor has been listed on HKEX since 2004 (HKEX code: 1212) and had a market capitalisation of HK\$9,086.6 million as of the Latest Practicable Date. For the years ended 31 December 2019 and 2020, the Guarantor’s consolidated revenue was HK\$3,542.0 million and HK\$1,993.0 million, respectively. For the years ended 31 December 2019 and 2020, the Guarantor’s consolidated profit attributable to owners was HK\$1,890.7 million and HK\$138.5 million, respectively.

The Group is composed of the Guarantor and its subsidiaries. The Issuer is a wholly owned subsidiary of the Guarantor with the sole purpose of issuing and holding the Bonds.

Strengths

The Group believes that the following represent its key strengths:

- Entrenched “lifestyle” franchise with defensive market position in Hong Kong;
- Spearheaded by experienced management team that has led it successfully through turbulent times;

- Property ownership in strategic locations increasing operating leverage and flexibility;
- Diversified asset portfolio; and
- Well positioned to capture consumer trends with solid operating strategy and strategic growth plans.

Strategies

The Group aims to strengthen its market leadership position as an operator of “lifestyle” department stores and increase its competitiveness. Its strategy consists of the following principal elements:

- Continue to offer a world-class, one-stop shopping experience to customers;
- Maintain leadership position in the Hong Kong retail market; and
- Continue to upgrade omni-channel capabilities by accelerating enhancement of the mobile application and eStore services.

THE ISSUE

Phrases used in this summary and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the Bonds “.

Issuer	LS Finance (2017) Limited
Guarantor	Lifestyle International Holdings Limited
Principal amount of the Bonds	U.S.\$350,000,000 aggregate principal amount of 4.80 per cent. Guaranteed Bonds due 2026.
Guarantee	The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds.
Issue Price	100 per cent.
Form and Denomination	The Bonds will be issued in registered form in the denomination of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof.
Interest	The Bonds will bear interest from and including 18 June 2021 at the rate of 4.80 per cent. per annum, payable semi-annually in arrear on 18 June and 18 December in each year.
Issue Date	18 June 2021
Maturity Date	18 June 2026
Status of the Bonds	The Bonds constitute direct, unconditional and (subject to Condition 4 of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and rank <i>pari passu</i> and without any preference or priority among themselves.
Status of the Guarantee	The obligations of the Guarantor under the Guarantee constitute direct, unconditional and (subject to Condition 4 of the Terms and Conditions of the Bonds) unsecured obligations of the Guarantor and rank <i>pari passu</i> and without any preference or priority among themselves.
Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 4 of the Terms and Conditions of the Bonds.
Events of Default	The Bonds will contain certain events of default provisions as further described in Condition 9 of the Terms and Conditions of the Bonds.
Final Redemption	Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed on 18 June 2026 at their principal amount, together with interest accrued to the date fixed for redemption.
Tax Redemption Right	The Issuer may redeem all and not some of the Bonds at their principal amount, together with interest accrued to the date fixed for redemption, in the event of certain changes in the British

Make Whole Redemption	<p>Virgin Islands and the Cayman Islands taxation, as further described in Condition 6(b) of the Terms and Conditions of the Bonds.</p>
Redemption for Put Event	<p>Unless a Put Event Put Exercise Notice has been given pursuant to Condition 6(d), the Issuer may, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption (the "Optional Redemption Date")), redeem all, but not some only, of the Bonds at the Make Whole Redemption Price together with interest accrued to but excluding the Optional Redemption Date as further described in Condition 6I of the Terms and Conditions of the Bonds.</p> <p>Upon the occurrence of a Put Event, the holder of each Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds, at 101 per cent. of their principal amount, together with accrued interest, as further described in Condition 6(d) of the Terms and Conditions of the Bonds.</p>
Further Issues	<p>A Put Event will be deemed to occur if there is a Change of Control.</p> <p>The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Bonds, as further described in Condition 13 of the Terms and Conditions of the Bonds.</p>
Taxation	<p>All payments in respect of the Bonds by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for, or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the British Virgin Islands or the Cayman Islands, unless the withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor will (except in certain circumstances as set out in the Terms and Conditions of the Bonds) pay such additional amounts as may be necessary in order that the net amounts received by the Bondholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of the withholding or deduction, as further described in Condition 8 of the Terms and Conditions of the Bonds.</p>
Clearing Systems	<p>The Bonds will be represented initially by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in</p>

	the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement	The Bonds have been accepted for clearance by Euroclear and Clearstream under the following codes: ISIN: XS2352436526 Common Code: 235243652
Legal Entity Identifier (LEI) of the Issuer	549300Y02UWXNTIDKH68
Governing Law and Jurisdiction	English law and English courts
Fiscal Agent	Citicorp International Limited
Registrar	Citibank, N.A., London Branch
Paying Agent	Citibank, N.A., London Branch
Listing	Application will be made for the listing of, and permission to deal in, the Bonds on HKEX, by way of debt issues to Professional Investors only.
Ratings	The Bonds are not rated.
Use of Proceeds	See section entitled “ <i>Use of Proceeds</i> ”.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary consolidated financial information of the Guarantor as at and for the periods indicated.

The summary consolidated financial information as at and for the two years ended 31 December 2019 and 2020 set forth below is derived from the Guarantor's audited consolidated financial statements for the years ended 31 December 2019 and 2020 respectively (which have been audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong) and are included elsewhere in this Offering Circular.

The summary financial information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant consolidated financial information of the Guarantor, including the notes thereto, included elsewhere in this Offering Circular.

The Guarantor's audited consolidated financial statements for the two years ended 31 December 2019 and 2020 were prepared and presented in accordance with HKFRS.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December	
	2019	2020
	(HK\$ '000) ⁽¹⁾	
	(Audited)	(Audited)
Revenue	3,542,032	1,993,024
Cost of sales	(888,869)	(519,387)
Gross profit	2,653,163	1,473,637
Other income, gains and losses	147,165	218,878
Selling and distribution costs	(697,344)	(578,107)
Administrative expenses	(137,787)	(114,634)
Interest income and investment gains	740,176	34,559
Fair value changes on investment properties	(173,959)	(418,056)
Finance costs	(365,238)	(369,314)
Profit before taxation	2,166,176	246,963
Taxation	(275,500)	(108,453)
Profit for the year	1,890,676	138,510
Profit for the year attributable to owners of the Company	<u>1,890,676</u>	<u>138,510</u>
Other comprehensive income/(loss)		
Item that may be reclassified to profit or loss:		
Exchange differences arising from translation of foreign operation	—	(1,911)
Item that will not be reclassified to profit or loss:		
Fair value change on financial assets at fair value through other comprehensive income/(loss)	25,528	(132,779)

	For the year ended 31 December	
	2019	2020
	<i>(HK\$'000)⁽¹⁾</i>	
	<i>(Audited)</i>	<i>(Audited)</i>
Other comprehensive income/(loss) for the year (net of tax)	25,528	(134,690)
Total comprehensive income for the year	<u>1,916,204</u>	<u>3,820</u>
Total comprehensive income attributable to:		
Owners of the Company	1,916,204	3,820
Earnings per share — Basic and diluted	<u>HK\$1.26</u>	<u>HK\$0.09</u>
Other Financial Data		
— EBITDA ⁽²⁾	2,494,562	1,487,838
— EBITDA margin ⁽³⁾	70.4%	74.7%

Notes:

- (1) Except for earnings per share data and EBITDA margin data.
- (2) EBITDA for any period consists of profit before taxation, excluding finance cost, fair value changes on investment properties and financial assets/liabilities at fair value through profit or loss, net exchange gain/loss from financial assets at fair value through other comprehensive income, plus depreciation and amortisation expenses and minus fixed rental expenses. EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, the Group believes that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. The Group has included EBITDA because it believes the measure is a useful supplement to cash flow data as a measure of its performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definition. See the section below entitled "*Non-GAAP Financial Measures — EBITDA Reconciliation*" for a reconciliation of the Group's profit for the year under HKFRS to the Group's definition of EBITDA. Finance costs are net of amounts capitalised.
- (3) EBITDA margin is calculated by dividing EBITDA by revenue.

Non-GAAP Financial Measures — EBITDA Reconciliation

The following table reconciles the Guarantor's profit for the years under HKFRS to its definition of EBITDA for the years indicated.

	For the year ended 31 December	
	2019	2020
	<i>(HK\$'000)⁽¹⁾</i>	
	<i>(Audited)</i>	<i>(Audited)</i>
Profit for the year	1,890,676	138,510
Adjustments		
Taxation	275,500	108,453
Finance costs	365,238	369,314
Fair value changes on investment properties	173,959	418,056
Fair value changes of financial assets/liabilities at fair value through profit or loss	(403,851)	333,758
Net exchange gain of financial assets at fair value through other comprehensive income	-	(45,520)
Depreciation of property, plant and equipment	271,384	252,336
Fixed rental expenses	(78,344)	(87,069)
EBITDA	<u>2,494,562</u>	<u>1,487,838</u>
 Consolidated Statements of Financial Position		
	As at 31 December	
	2019	2020
	<i>(HK\$'000)</i>	
	<i>(Audited)</i>	<i>(Audited)</i>
Non-current assets		
Investment properties	5,420,000	8,068,559
Property, plant and equipment	6,291,532	6,541,161
Financial assets at fair value through other comprehensive income	633,121	1,320,281
Financial assets at fair value through profit or loss	15,871	16,538
Deposits	72,248	82,839
Deferred tax assets	—	87,451
	<u>12,432,772</u>	<u>16,116,829</u>
Current assets		
Inventories	38,615	25,795
Trade and other receivables	102,811	644,878
Financial assets at fair value through profit or loss	3,306,082	4,814,485

	As at 31 December	
	2019	2020
	<i>(HK\$'000)</i>	
	<i>(Audited)</i>	<i>(Audited)</i>
Bank deposits	1,508,698	—
Cash and cash equivalents	7,112,561	4,175,789
	<u>12,068,767</u>	<u>9,660,947</u>
Current liabilities		
Trade and other payables	826,275	662,249
Contract liabilities	138,294	121,824
Lease liabilities	76,144	86,574
Tax payable	490,926	105,162
Bank borrowings — due within one year.....	4,070,966	9,628,937
Financial liabilities at fair value through profit or loss	12	220,836
	<u>5,602,617</u>	<u>10,825,582</u>
Non-current liabilities		
Bank borrowings — due after one year	7,641,212	3,874,125
Bonds — due after one year	6,962,233	6,836,181
Lease liabilities	210,876	136,697
Deferred tax liabilities	243,297	260,067
	<u>15,057,618</u>	<u>11,107,070</u>
	<u>3,841,304</u>	<u>3,845,124</u>
Capital and reserves		
Share capital	7,510	7,510
Reserves	3,833,794	3,837,614
Equity attributable to owners of the Company.....	<u>3,841,304</u>	<u>3,845,124</u>
Consolidated Statements of Cash Flows		
	For the year ended 31 December	
	2019	2020
	<i>(HK\$'000)</i>	
	<i>(Audited)</i>	<i>(Audited)</i>
OPERATING ACTIVITIES		
Profit before taxation	2,166,176	246,963

	For the year ended 31 December	
	2019	2020
	<i>(HK\$'000)</i>	
	<i>(Audited)</i>	<i>(Audited)</i>
Adjustments for:		
Interest income on bank deposits	(201,670)	(105,605)
Finance costs	365,238	369,314
Depreciation of property, plant and equipment.....	271,384	252,336
Dividend income from financial assets at fair value through profit or loss...	(59,650)	(24,796)
Dividend income from financial assets at fair value through other comprehensive income.....	(2,919)	(2,323)
Interest income from financial assets at fair value through profit or loss	(72,086)	(190,073)
Gain on disposal of property, plant and equipment.....	(168)	(447)
Fair value changes in respect of financial assets at fair value through profit or loss.....	(396,723)	333,758
Exchange differences in respect of financial assets at fair value through other comprehensive income.....	(7,128)	(45,520)
Changes in fair value of investment properties.....	173,959	418,056
Unrealised exchange gain	(19,703)	(27,708)
Provision of obsolete inventories	22	93
(Reversal of provision)/provision for trade and other receivables, net	(11)	23
Operating cash flows before movements in working capital	2,216,721	1,224,071
Decrease in inventories	6,146	12,727
Decrease/(Increase) in trade and other receivables	48,751	(42,181)
Decrease in trade and other payables	(329,272)	(147,184)
Decrease in contract liabilities	(15,202)	(16,470)
Cash generated from operations	1,927,144	1,030,963
Interest received	204,900	135,408
Hong Kong Profits Tax paid	(103,008)	(564,898)
NET CASH FROM OPERATING ACTIVITIES	2,029,036	601,473
INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	5,451,901	5,437,511
Interest received from financial assets at fair value through profit or loss ...	93,413	208,905
Dividend received from financial assets at fair value through profit or loss.	59,650	24,796

	For the year ended 31 December	
	2019	2020
	<i>(HK\$'000)</i>	
	<i>(Audited)</i>	<i>(Audited)</i>
Dividend received from financial assets at fair value through other comprehensive income.....	2,919	2,323
Purchase of financial assets at fair value through profit or loss	(5,289,201)	(6,573,886)
Purchase of financial assets at fair value through other comprehensive income.....	(607,593)	(1,268,108)
Purchase of property, plant and equipment	(239,343)	(300,965)
Deposit paid for acquisition of property, plant and equipment	(36,274)	(19,073)
Additions to investment properties	(218,170)	(3,041,247)
Payment of value-added-tax in relation to the acquisition of an investment property	—	(529,713)
Proceeds from disposal of property, plant and equipment.....	225	464
Decrease of bank deposits, net	3,274,179	1,508,698
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES.....	2,491,706	(4,550,295)
FINANCING ACTIVITIES		
New bank borrowings raised	1,233,237	3,423,578
Proceeds from new bonds issued	2,326,899	—
Repayment of bank borrowings	(765,589)	(1,679,647)
Redemption of bonds	—	(100,957)
Dividends paid	(1,006,284)	—
Repayment of lease liabilities	(65,988)	(71,515)
Finance costs paid	(529,871)	(559,991)
NET CASH GENERATED FROM FINANCING ACTIVITIES	1,192,404	1,011,468
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,713,146	(2,937,354)
EFFECT OF FOREIGN EXCHANGE RATE DIFFERENCE	(13,700)	582
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR....	1,413,115	7,112,561
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTING BANK BALANCES AND CASH	7,112,561	4,175,789

DEFINITIONS

“Asia Prime”	Asia Prime Assets Limited, a company incorporated in BVI with limited liability on 28 December 2000 and indirectly controlled by Mr. Thomas Lau
“Bonds”	The 4.80 per cent. guaranteed bonds due 2026 in the aggregate principal amount of U.S.\$350,000,000
“BVI”	the British Virgin Islands
“concessionaires”	suppliers who enter into concessionaire agreements with the Group in order to occupy areas as may be designated by the Group in the Group’s stores from time to time in order to establish such suppliers’ own sales counters for their products
“Congenial”	Congenial Company Limited, a company incorporated in Hong Kong with limited liability on 24 April 1981 and an indirect wholly-owned subsidiary of the Guarantor
“COVID-19”	coronavirus disease 2019, an infectious disease caused by a newly discovered coronavirus in 2019
“Credit Facilities”	include (i) a HK\$8,000 million five-year syndicated facility from a syndicate of banks entered into by the Group on 15 July 2016 and secured against the Group’s properties where the SOGO CWB situates and (ii) a HK\$9,000 million term loan facility from a syndicate of banks entered into by the Group on 5 April 2017 and secured against the Group’s Kai Tak Land and the property to be erected thereon; and (iii) an aggregate of U.S.\$725 million in facilities, which are secured against certain of the Group’s financial assets
“Director(s)”	the director(s) of the Guarantor
“Dynamic Castle”	Dynamic Castle Limited, a company incorporated in BVI with limited liability on 16 June 2005 and wholly-owned by Mr. Thomas Lau
“EBITDA”	earnings before interest, taxes, depreciation and amortisation
“GAAP”	generally accepted accounting principles
“GDP”	gross domestic product
“Group”	the Guarantor and its subsidiaries
“Guarantor” or “Company”	Lifestyle International Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 29 December 2003, the shares of which are listed on HKEX
“HKEX”	The Stock Exchange of Hong Kong Limited
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong” or “HK”	The Hong Kong Special Administrative Region of the PRC
“IPO”	Initial public offering

“Issuer”	LS Finance (2017) Limited, a company incorporated in BVI with limited liability on 1 November 2011, wholly-owned by the Guarantor and established solely for the purpose of issuing and holding the Bonds
“Kai Tak Land”	New Kowloon Inland Lot No. 6557 situated in the Kai Tak development Area in Kowloon, Hong Kong, which the Group acquired in November 2016
“Latest Practicable Date”	4 June 2021
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“mainland China” or “PRC” or “China”	The People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Mr. Joseph Lau”	Mr. Lau Luen Hung, Joseph, the elder brother of Mr. Thomas Lau and Ms. Lau Yuk Wai, Amy and the uncle of Mr. Lau Kam Sen and Ms. Lau Kam Shim
“Mr. Thomas Lau”	Mr. Lau Luen Hung, Thomas, a non-executive Director and the Chairman of the Guarantor, the younger brother of Mr. Joseph Lau and Ms. Lau Yuk Wai, Amy and the father of Mr. Lau Kam Sen and Ms. Lau Kam Shim
“MTR”	Mass Transit Railway
“New Wing”	East Point Centre (New Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong
“Old Wing”	East Point Centre (Old Wing), No. 555 Hennessy Road, Causeway Bay, Hong Kong
“Sand Cove”	Sand Cove Holdings Limited, a company incorporated in BVI with limited liability on 23 September 2015 and wholly-owned by Mr. Thomas Lau
“SARS”	severe acute respiratory syndrome
“SFO”	Securities and Futures Ordinance (Cap. 571) of Hong Kong
“Sogo HK”	Sogo Hong Kong Company Limited, a company incorporated in Hong Kong with limited liability on 23 September 1983 and an indirect wholly-owned subsidiary of the Guarantor
“Sogo Japan”	Chiba Sogo Co., Ltd., Hiroshima Sogo Co., Ltd., Kashiwa Sogo Co., Ltd., Funabashi Sogo Co., Ltd. and Kurosaki Sogo Co., Ltd., and any of them as the context requires
“United Goal Resources”	United Goal Resources Limited, a company incorporated in BVI with limited liability on 28 December 2000 and ultimately owned by Mr. Thomas Lau and certain family members of Mr. Joseph Lau

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be materially adversely affected by any of these risks. The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the risks associated with the Bonds are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer or the Guarantor to pay principal, interest or other amounts or fulfil other obligations on or in connection with the Bonds may occur for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks of investing in or holding the Bonds are exhaustive.

Risks Relating to the Group

COVID-19 Risk

The outbreak of a novel strain of coronavirus (i.e. COVID-19) has spread globally and triggered a global economic downturn and global economic contraction. The number of reported cases of COVID-19 worldwide, as well as the number of reported deaths, have significantly exceeded those observed during the Severe Acute Respiratory Syndrome (“SARS”) epidemic that occurred in 2002/2003 and have resulted in a more widespread health crisis than that observed during the SARS epidemic. In 2020, the Hong Kong economy grappled with the severe disruptions caused by the pandemic which put the inbound tourism to a standstill and significantly dampened domestic consumption, which had a material adverse effect on the Group’s business, results of operations and financial condition. The Group, which relies heavily on spending by tourists from the PRC, saw gross sales proceeds decline by 39.9% for the year ended 31 December 2020 as visitors to Hong Kong from the PRC reported a decline of 93.8% for the period.

In view of prioritising the safety of both employees and customers, SOGO store operations and operating hours were adjusted and reduced from time to time and additional safety measures implemented. As a result, both traffic footfall and stay-and-buy ratio in the department stores of the Group fell significantly. It is impossible to predict the effect and ultimate impact of the COVID-19 pandemic as the pandemic remains ongoing.

Any worsening of the COVID-19 pandemic, and any future actions in response to the COVID-19 pandemic by the government, including those that limit the operation of the stores and other services or otherwise limit the ability of the employees to work in the stores, could result in partial or complete closures of the stores for unknown duration, which may have a material and adverse effect on the Group’s business, results of operations and financial position.

A decline in consumer spending and ability to anticipate and foresee changing consumer demands

The Group’s business, results of operations and financial position depend on consumer spending, which is influenced by factors beyond control of the Group, including general economic conditions, the availability of discretionary income and credit, consumer confidence, tax or interest rate fluctuations, fuel and other energy costs, healthcare costs, and unemployment levels. Global or national political or economic unrest or uncertainty may also impact the price paid by consumers for goods, services and commodities and reduce consumer spending and confidence, and reduce sales or profitability of the Group. The Group may experience declines in sales or changes in the types of products and services sold during economic downturns. Any material decline

in the amount of consumer spending could have a material and adverse effect on the Group's business, results of operations and financial position.

The Group believes that its success depends substantially on its ability to anticipate and to foresee changing consumer demands in a timely manner. Hong Kong's retail market is currently undergoing massive structural changes in terms of market demand, consumer behaviour and business models. If the Group is unable to anticipate or respond to such changes in a timely manner, its products may become less attractive to customers and its sales and earnings may decline. Changes in consumer demand can also result in product obsolescence, which may lead to increases in unsalable inventory that may need to be written off, therefore negatively impacting the Group's profitability. Any of the foregoing factors could have a material and adverse effect on the Group's business, results of operations and financial position.

Reliance on the Hong Kong market

The Group currently derives and expects to continue to derive substantially all of its revenue from the Hong Kong market. The business and profitability of the Group's operations may, to a certain extent, be affected by the state of the local retail business environment which is particularly sensitive to the political and economic environment in Hong Kong and the PRC. Hong Kong plunged into a deeper recession with the COVID-19 pandemic weighing on investments and exports, coupled with subdued domestic demand amid deteriorating job market. The prolonged pandemic brought inbound tourism to a standstill and domestic consumption took a big hit.

In the event of any further adverse change to the political and economic environment in Hong Kong or the PRC, the business, results of operations and financial position of the Group may be adversely affected. Further, a recession in the general economy of Hong Kong and/or the PRC or uncertainties regarding future economic prospects of Hong Kong and/or the PRC could affect consumer spending habits which may have a material and adverse effect on the Group's business, results of operations and financial position.

Competition

The Group operates in a highly competitive market and the Group considers that its competitors are department stores and shopping malls located in Hong Kong. The Group believes that the principal basis in which the Group competes with its competitors are (i) the location of the Group's stores, (ii) the collection and range of products collectively offered by the Group's stores and (iii) the quality of service offered to the customers of the Group's stores. However, if other department stores or shopping malls operating in Hong Kong, are able to offer a collection and range of products that are at least comparable with the department stores of the Group and are located in other prime locations, there can be no assurance that the Group will be able to compete successfully with them in the future.

The Group's investment in and development of the Kai Tak Land and any future development plans may not bear positive results

The Group's development of the Kai Tak Land and any future development plans may not bear positive results and their viability and success depend on a number of factors that are beyond the Group's control, including market conditions in Hong Kong, lenders' perception of the Group's creditworthiness, the Hong Kong economy, the global economy and any governmental or environmental regulations that affect the ability to develop land in Hong Kong. While the Group believes that the development of a department store on the Kai Tak Land will capture the rising purchasing power and untapped customer base in the East Kowloon area, there is no guarantee that the Group's development of a new department store on the Kai Tak Land or any future development plans will be successful or profitable.

The Group may experience schedule delays or budget overruns in completing the Group's property development projects and may be adversely affected by the concentration of such projects

Property development projects typically require substantial capital outlay during the construction period and may take months or years before positive cash flows can be generated by department store and other commercial and retailing operations. The time and costs required in completing a property development project may be subject to substantial increases due to many factors, including shortages of materials, equipment, technical skills and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licences, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances. Any of these factors may lead to delays in, or prevention of, the completion of a property development project and result in costs substantially exceeding those originally budgeted for. Furthermore, any failure to complete a property development project according to its original specifications or schedule may give rise to potential liabilities and, as a result, the Group's return on investments may be lower than originally expected. In particular, construction work of the Kai Tak Project has encountered certain delay during 2020 due to both the pandemic as well as suspension of work for carrying out the tunnel settlement investigation as requested by the MTR. The Group's acquisition of the Kai Tak Land and its plans for the development of a new department store forms a significant proportion of the Group's asset portfolio. This may entail a higher level of risk than a portfolio which has a larger number of projects spread over a large geographical area. Any such increase in time and costs or failure to complete this project could materially and adversely affect the Group's cashflows and results of operations.

In addition, any decreases in property prices or adverse developments in the property market after the acquisition of a parcel of land could also have an adverse impact on the Group's business, financial condition and results of operations.

The Guarantor's debt instruments contain restrictive covenants and the Group's high level of indebtedness could impair its ability to fulfil its financial obligations

The Guarantor's existing debt instruments contain covenants which, among other things, require the Guarantor to maintain certain financial ratios and meet other financial tests. The principal factors that could negatively impact the Guarantor's ability to comply with the financial ratios covenants are, for example, poor operating performance of the Group or property valuation of SOGO CWB or the Kai Tak Land that has a negative impact on that property's market value. The Guarantor has maintained compliance with all of its financial ratios and covenants under its existing debt instruments. However, if negative factors adversely affect the Guarantor's ability to comply with these ratios and covenants, such non-compliance could result in the Group being unable to incur new debt and could also result in a declaration of default and acceleration of some or all of the Group's indebtedness.

Unfavourable unsolicited rating action in the future may adversely affect the trading price of the Bonds

The Guarantor has in the past had its international credit rating and existing bonds rating downgraded by rating agencies. Immediately following the acquisition of the Kai Tak Land, both Fitch and Moody's downgraded the Guarantor's corporate rating and existing bond rating. On 28 November 2016, Fitch downgraded the Guarantor's Long-Term Issuer Rating to BB+ from BBB- and the outlook changed to negative. At the same time, the Guarantor's outstanding guaranteed unsecured bonds were downgraded to BB+ from BBB-. On 13 December 2016, Moody's downgraded the Guarantor's corporate family ratings to Ba1 from Baa3, outlook stable and withdrew its issuer ratings. At the same time, the Guarantor's outstanding guaranteed unsecured bonds were downgraded to Ba2 from Baa3. In December 2016, the Guarantor had to withdraw from solicited ratings from Moody's and Fitch, though the rating agencies continued to rate the Guarantor and its outstanding bonds on an unsolicited basis using purely public information until officially withdrawn in April 2020 (in the case of Fitch) and April 2021 (in the case of Moody's). There can be no guarantee that the Guarantor's

outstanding bonds will not be again the subject of an unsolicited credit rating. Any negative unsolicited action taken by a rating agency in relation to the Guarantor or its existing rated bonds may adversely affect the trading price of the Bonds.

Company's financial results impacted by gains and losses on financial instruments, fair value changes on investment properties

The financial instruments and investment properties of the Group are stated at fair value in the Company's consolidated financial statements. Therefore, the financial results of the Group are exposed to volatility resulting from gains and losses on financial instruments caused by fair value changes of financial instruments as well as fair value changes on investment properties amid changes in market price of the properties. In particular, the Group recorded a mark-to-market fair value loss of HK\$333.8 million on its financial investments for the year ended 31 December 2020 in contrast to a fair value gain of HK\$403.9 million for the year ended 31 December 2019. Meanwhile, the Group's investment properties, represented by its Kai Tak development project and UK Property, amounted to HK\$5,420.0 million and HK\$2,648.6 million respectively as at 31 December 2020 and a fair value loss of HK\$418 million was recognised under "fair value changes on investment properties" in the consolidated financial statements of the Group. In addition, the Group maintains a portfolio of investments in financial instruments, including equity and fixed income investments, and is subject to those risks inherent in such investment activities, including economic and political risks. Any adverse changes in these areas may result in decreased cashflow of the Group's debtors and lead to deterioration in the value of the Group's equity holdings and increased default risk with respect to its fixed income investments. During 2020 the Group made a series of investments in fixed income bonds in the principal amounts of U.S.\$150 million, U.S.\$60 million, U.S.\$60 million and U.S.\$50 million, each issued by China Evergrande Group or its subsidiaries. The Group also made a pre-IPO investment of 59,704 shares in Mangrove 3, Ltd., a wholly-owned subsidiary of China Evergrande Group, at an aggregate consideration of HK\$500 million. Although the Group actively monitors and manages its portfolio of investments and has made subsequent disposals of notes in the principal amounts of U.S.\$36 million and U.S.\$50 million, the Group is exposed to the risks of the counterparty. Any material deterioration in the ability of a counterparty to service its debt obligations or to meet its IPO targets may have negative impact on the Group's income from investments.

Reliance on key management personnel

The Group's success is, to a certain extent, dependent upon the expertise and experience of its key management personnel including the chairman and Executive Directors of the Guarantor and members of the senior management. Unless terminated in accordance with the terms provided therein, all of the service contracts are renewable by mutual agreement upon expiration. If any of its key management personnel ceases to participate in the Group's management in the future, it might have an adverse effect on the Group's business operation and profitability.

Reliance on SOGO CWB

The Group has historically derived and will continue to derive a majority of its revenue from SOGO CWB, which is housed in a single building. In 2020, SOGO CWB contributed 84.4% and 87.3% to the Group's revenue and gross profit, respectively. There is no assurance that there will not be any unforeseeable interruptions to the business and operations of SOGO CWB including, without limitation, any restrictions on store operations and operating hours in connection with COVID-19 or any protests occurring in close proximity to the Group's stores similar to the recent anti-extradition bill protests or the Occupy Central Movement that took place during the latter half of 2014. Should there be any major interruptions to the business and operations of the Group's stores, the reputation, financial condition, results of operations or business of the Group may be adversely affected.

In addition, SOGO TST is operated on leased premises, which lease will expire in July 2023. There is no guarantee that SOGO TST can continue to operate at the current location after July 2023.

Reliance on the Sogo trademark

SOGO CWB has been operating under the Sogo name and logo for over 30 years since its official opening in May 1985. In May 2001, Sogo HK was granted the licence to use the trademark Sogo for a period of 18 years from Sogo Co., Ltd., which was renewed with the current licensor, Sogo & Seibu, in December 2018 for a further 20 years. The Group believes that the Sogo stores and its name Sogo has become a corporate identity for the Group.

In the event that the trademark licence is terminated for whatever reasons, including default on the part of the Group, and the Group is required to cease using the mark “Sogo”, the Group will have to undertake measures, including (but not limited to) the use of other mark(s) or name(s) in conjunction with its marketing and sales promotion plans and, or, other campaigns depending on the prevailing consumer spending habits and trends, to promote the reputation of its department store(s). See “*Business — Trademark licence agreement*”. However, this may lead to the Group incurring additional marketing and advertising expenses for the purposes of the promotion of a new trademark or brand for the Group’s department store in Hong Kong and there is no assurance that the use of other name(s) or mark(s) will be able to generate similar level of reputation similar to that of the “Sogo” trademark.

Reliance on concessionaires

During the years ended 31 December 2019 and 2020, about 69.5% and 69.5%, respectively of the Group’s sales proceeds were contributed by the Group’s concessionaire sales. Terms of the concessionaire arrangements usually last within a period of two years with a termination notice period of six months in general. In the event that some of the major concessionaires terminate their respective concessionaire arrangements with the Group at the same time and the Group is unable to find suitable replacements, the Group may have to reconsider its sales strategies and to increase its direct sales.

In addition, pursuant to the agreements with the Group’s concessionaires, almost all concessionaires are responsible for third party liability in respect of the goods sold by the concessionaires in the Group’s stores. Notwithstanding that almost all concessionaires remain liable for defective goods sold by them in the Group’s stores, the reputation of the Group’s stores may be adversely affected as a result of the defective goods purchased in the Group’s stores.

Breach of deed of mutual covenant, licences, rules and regulations by the Group’s concessionaires

The Group, as the owner of a majority of the portions and the tenant of the remaining portions of the Sogo stores, is subject to the deed of mutual covenant and other licences, rules and regulations concerning the premises in which the Sogo stores are situated. A few concessionaires who operate counters at the Group’s stores may require additional licences for the operation of their businesses. See “*Business — Business Licences*”. In case the Group is held liable for the act of or failure by these concessionaires, there is no assurance that the Group is able to fully recover its losses as a result of the concessionaires’ breaches. In addition, if the Group or any of the Group’s other concessionaires is in breach of any covenants under the relevant deed of mutual covenants or, licences, rules and regulations to which the Group or the Group’s concessionaires and their respective business are subject, the Group may be primarily responsible for such breaches and possible payment of damages, fines or the imposition of sanctions from governmental authorities. As the Group’s recourse lies in its claims against the relevant concessionaire who is in breach under the agreement with the relevant concessionaires, in the event that any of the Group’s concessionaires is in breach of applicable covenants, licences, rules and regulations, there is no assurance that the Group will be able to fully recover all losses incurred by the Group as a result of the concessionaires’ breaches. As a result, the Group’s ability to operate and manage its stores may be adversely affected.

Product liability for goods sold by the Group by way of direct sales

Direct sales of the Group accounted for about 12.8% and 12.1% of the Group's sales proceeds for the years ended 31 December 2019 and 2020, respectively. The Group sources goods for its direct sales from various sources all over the world. The Group has not maintained any insurance for product liability. See "*Business — Insurance*". As such, the Group may in certain circumstances, be responsible as retailer for damages caused by defective goods sold by way of direct sales. If the Group is found to be responsible for damages caused by defective goods sold by the Group, the Group's profitability and reputation may be adversely affected.

Infringement of third party intellectual property rights

The Group sources merchandise worldwide through its agents under its direct sales. The merchandise sourced by the Group will be inspected by the Group's inspection team, together with sales staff familiar with the relevant merchandise. However, merchandise infringing the intellectual property of third parties may be difficult to detect and at times may be undetectable. In the event that the Group has unknowingly purchased and subsequently sold merchandise which infringes the intellectual property rights of third parties, the Group may be sued and damages may be sought against the Group. The Group may have the right to sue the agent in respect of the infringing merchandise; however, there is no assurance that the Group will be able to fully recover all losses from such agents and furthermore, the Group's reputation may be damaged.

The Group relies on a limited number of large suppliers

The Group relies on a limited number of large suppliers. During the year ended 31 December 2020, the five largest suppliers of the Group in respect of its direct and APO sales accounted for approximately 48% of the Group's total purchases. During the same period, the largest supplier accounted for approximately 21% of the Group's total purchases. These suppliers could choose to discontinue business with the Group or could change the terms under which they are willing to do business, such as price, minimum quantities or payment terms. Any of these factors could disrupt the Group's operations or decrease its revenues, which could have a negative impact on the Group's business, financial condition or results of operations.

Obligations under secured loan facilities

The Group is subject to certain financial covenants and events of defaults under its loan facilities, including under the Credit Facilities. For example, amounts owing under the Credit Facilities may be accelerated if an event of default is outstanding (meaning that it has not been remedied or waived) and become immediately due and payable. The Credit Facilities are secured and contain standard monetary and non-monetary events of default, including, without limitation, defaults in respect of: non-payment, breach of covenants, financial or otherwise, misrepresentation, cross-default to other financial indebtedness, insolvency and material adverse change, in some cases subject to certain materiality thresholds and grace periods. The Group as at 31 December 2020 had consolidated total indebtedness of HK\$20,339.2 million and a net debt to equity ratio (defined as total borrowings less cash and cash equivalents (including the approximately HK\$1,542.9 million holding in Money Market Fund classified under the Group's financial assets at fair value through profit or loss) divided by equity attributable to owners of the Guarantor, with the Group's property in CWB where the SOGO CWB is situated stated at historical cost which is substantially lower than its fair value) of 380.2%. The total indebtedness included approximately HK\$13,503.0 million of bank loans drawn under two bank facilities secured on the Group's property in CWB and the Kai Tak Land on which construction work is in progress. The occurrence of an event of default may prevent the Group from raising further funding and/or result in higher borrowing costs. Should such problems occur in the future, they could have a material adverse effect on the business, financial condition and results of operations of the Group.

Fluctuations in currency exchange

The Group operates in Hong Kong with insignificant exposures in foreign currencies other than the U.S. dollar and the Sterling. Since the HK dollar is the functional currency of the Group and it prepares its consolidated

financial statements in HK dollar for reporting purposes, foreign currency-denominated amounts are translated into HK dollars. The exchange rates between the HK dollar, the U.S. dollar and other foreign currencies are affected by, among other things, changes in political and economic conditions. The Group currently does not have a foreign currency hedging policy as the HK dollar is effectively pegged to the U.S. dollar. While the Group's exposure to Sterling borrowings is somewhat hedged by the holding of an investment property in London, the Group is looking at different options with an aim to reduce the potential foreign exchange impact to the Group caused by future fluctuations in the Sterling.

Volatility in interest rates could have an adverse effect on the Group's business, financial condition or operating results

The Group's financing costs are affected by changes in interest rates. A substantial portion of the Group's borrowings are linked to Hong Kong Interbank Offer Rate ("HIBOR"), which is subject to market movement as well as domestic and international political conditions. There can be no assurance that the interest rates will not rise or fall or become volatile or that changes in interest rates will not be frequent. Furthermore, an increase in interest rates could raise the Group's financing costs. In addition, high interest rate levels may adversely affect the economy in Hong Kong and the PRC which in turn could impact negatively on the Group's operations.

Claims with regard to previous conversions or demolition of the Hong Kong Sogo store space

The Group may be subject to claims made against it seeking damages for breaches of the Deed of Mutual Covenant of the Old Wing ("DMC"). In 1993, to connect the Old Wing with the New Wing, the external wall of the Old Wing adjoining the New Wing was demolished. Certain management areas and common parts and facilities of the Old Wing were converted or demolished by Congenial. Some of these common facilities were relocated to other areas in the Old Wing which had been originally designated for the exclusive use of Congenial under the DMC. Certain areas which were originally management areas or common parts under the DMC are now used by Congenial or other members of the Group. The Group believes that the practical risk of any claim being made against Congenial or the relevant member of the Group seeking damages for breach of the DMC and/or reinstatement is minimal. In 2004, the management committee of the incorporated owners of the Old Wing approved the conversion of the common areas and relocation of the common parts and facilities with a view to deal with the usage issues caused by the conversion and relocation of the common parts and facilities. However, as of the date of this Offering Circular, no deed of mutual grant has been agreed to remedy the breaches. While the Group has never received any complaints or claims in relation to such conversions or demolition, any claims that are brought against it with regard to breaches of the DMC could have a material adverse effect on its business, financial condition and results of operations.

The Group may be involved in legal and other proceedings from its operations from time to time

The Group may be involved in disputes from time to time with various parties involved in its business, such as suppliers, purchasers and customers. Some disputes may lead to legal or other proceedings and may result in damage to the Group's reputation. There is no assurance that the outcome in any litigation in which the Group is involved would be favourable to it or that the Group's litigation provisions are adequate to cover actual losses arising from legal proceedings or other disputes. Such events may have a material impact on the Group's business, financial condition and results of operations. As at the date of this Offering Circular, the Group is not involved in any material litigation.

Decline in property valuation

It is the Group's practice to value its investment properties semi-annually at their market value on the basis of external professional valuation. A major or extended decline in property values may result in an accounting loss for the Group and would increase the Group's leverage, which may limit its ability to obtain additional financing in the future.

Risks Relating to Hong Kong

The state of Hong Kong's economy and retail market

At present, the Group operates two department stores in Hong Kong and thus its financial position and the results of its operations are and will be affected by a number of factors specific to Hong Kong, including: (i) the condition of the Hong Kong economy and its retail industry; (ii) any decrease in consumer spending; (iii) any decrease in the number of PRC tourists to Hong Kong and their spending; and (iv) currency fluctuations.

Hong Kong plunged into a deeper recession with the COVID-19 pandemic weighing on investments and exports, coupled with subdued domestic demand amid deteriorating job market. The city's GDP contracted by 6.1% in 2020, compared with a 1.2% contraction in 2019. Hong Kong's retail sales also tumbled in 2020 as the prolonged pandemic brought inbound tourism to a standstill and domestic consumption took a big hit. Visitor arrivals to Hong Kong plummeted 93.6% in 2020, compared with a decline of 14.2% in 2019. Visitations from mainland China reported a decline of 93.8% for the full year, compared with a 14.2% drop in 2019. For the whole year, retail sales in Hong Kong sank 24.3% year-on-year, compared with a decline of 11.1% in 2019. Sales of luxury goods categories, including jewellery and watches, dropped 54% whereas department store sales decreased 22.5% year-on-year. As a result, both traffic footfall and stay-and-buy ratio fell significantly at both department stores in Hong Kong.

Any further slowdown with respect to the retail market in Hong Kong as a result of the pandemic, restrictions on tourism, decline in consumer sentiment, changes in consumer preferences, potential decrease in attractiveness of the department store format or from e-commerce competition could adversely impact the Group's business, financial condition and results of operations.

The Group owns properties and derives most of its revenue and operating profits from its business operations in Hong Kong, and accordingly, may be subject to the conditions of the property market in Hong Kong

The Group has significant exposure to the Hong Kong property market, especially following its purchase of the Kai Tak Land. As at the date of this Offering Circular, both of the Group's department stores operate in Hong Kong while the Kai Tak Land is being developed to provide retail space to include a full-fledged Sogo department store by 2023. The locations at which SOGO CWB and SOGO TST are situated are owned by the Group and leased to the Group by an independent third party respectively.

Historically, the Hong Kong property market has been cyclical and property prices in Hong Kong have been affected by the supply of and the demand for comparable properties, the domestic economic environment and the Hong Kong government policies. External economic conditions, such as the health of the PRC economy and interest rate, could also adversely affect the commercial/retail property market in Hong Kong. As the Group derives most of its revenue and operating profits from its department stores in Hong Kong, it is expected that the Group's business operations will be affected by the economic condition of Hong Kong which can be a function of the condition of the Hong Kong property market. There can be no assurance that rents and property values will not decline, credit provided by banks will not tighten, interest rates will not rise and the Hong Kong Government will not introduce further measures in the future which may affect the business of the Group. These factors could have an adverse effect on economic condition of Hong Kong that may impact the Group's business, operating results and financial condition.

Civil unrest could have an adverse impact on the Group's business, financial condition or operating results

Civil unrest occurring in close proximity to the Group's stores in Causeway Bay or Tsim Sha Tsui, in particular the social unrest in Hong Kong during the second half of 2019, has caused certain disruption to the Group's business. Protests, demonstrations or rioting causing mass disruption to businesses and transportation may result

in a decrease in consumer spending. Consumers may avoid areas affected by social upheaval or are unable to reach these areas due to a disruption in transportation or an outbreak of violence, local businesses may be affected. There is no assurance that there will not be any unforeseeable interruptions to the business and operations of SOGO CWB or SOGO TST including, without limitation, any protests occurring in close proximity to the Group's stores similar to the recent anti-extradition bill protests or the Occupy Central Movement that took place during the latter half of 2014. Moreover, inbound tourism may be affected, with fewer tourists travelling to Hong Kong which in turn may negatively affect the Hong Kong retail market. Civil unrest is outside the control of the Group and any such demonstrations, protests or riots occurring in close proximity to the Group's stores could adversely impact the Group's business, financial condition and results of operations.

Risks Relating to the Bonds

The Bonds and the Guarantee are unsecured obligations

As the Bonds and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively, the repayment of the Bonds and payment under the Guarantee may be compromised if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's (as the case may be) assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

The Bonds may not be a suitable investment for all investors

The Bonds are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Bonds. Financial institution investors should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

Structural subordination

The Issuer was established by the Guarantor specifically for the purpose of issuing the Bonds and will on-lend the entire proceeds from the issue of the Bonds to the Guarantor, which may in turn on-lend to other members of the Group. The Issuer does not and will not have any assets other than such loan and its ability to make payments under the Bonds will depend on its receipt of timely payments under such loan arrangement. The Guarantor is a holding company and, accordingly, payments under the Guarantee are structurally subordinated to all existing and future liabilities and obligations of each of the Guarantor's subsidiaries (other than the Issuer) and associated companies. In particular, payments under the Guarantee will be structurally subordinated to the Credit Facilities, which are secured against various assets of the Group, including SOGO CWB. Claims of creditors of such companies will have priority as to the assets of such companies over the Guarantor and its creditors, including holders of the Bonds seeking to enforce the Guarantee. The Guarantor's obligations under the Guarantee will not be guaranteed by any of its subsidiaries. The Bonds do not contain any restrictions on the ability of the Guarantor's subsidiaries (other than the Issuer) to incur additional unsecured indebtedness.

The insolvency laws of the British Virgin Islands, the Cayman Islands and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Bonds are familiar

Because the Issuer and the Guarantor is incorporated under the laws of the British Virgin Islands and the Cayman Islands, respectively, any insolvency proceeding relating to the Issuer or Guarantor, even if brought in other jurisdictions, would likely involve British Virgin Islands or Cayman Islands insolvency laws, as the case may be, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

Denomination

The Bonds will be issued in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. Therefore, it is possible that the Bonds may be traded in amounts in excess of U.S.\$200,000 that are not integral multiples of U.S.\$200,000. In such a case, a Bondholder who, as a result of trading such amounts, holds a principal amount of less than U.S.\$200,000 will not receive a definitive Bond in respect of such holding (should definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more denominations.

The liquidity and price of the Bonds following the offering may be volatile

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, changes in government regulations and changes thereof applicable to the department store industry and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

An active trading market for the Bonds may not develop

The Bonds are new issue of securities which may not be widely distributed and for which there is currently no active trading market. Although an application will be made to the HKEX for the listing of, and permission to deal in, the Bonds on the HKEX, no assurance can be given that such application will be approved, or even if the Bonds become so listed, an active trading market for the Bonds will develop or be sustained. No assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. Bondholders should note that they may need to hold their Bonds until maturity as there may not be an active secondary market for the Bonds. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the Issuer's financial condition. None of the Managers is obliged to make a market in the Bonds, and if the Managers do so, they may discontinue such market making activity at any time at their sole discretion.. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to, or exempt from, registration under the Securities Act.

Investors in the Bonds may be subject to foreign exchange risks

Investment in the Bonds is subject to exchange rate risks. The value of the U.S. dollar against the HK dollar and other foreign currencies fluctuates and is affected by changes in the United States and international political and economic conditions and by many other factors. The Guarantor will make all payments of interest and principal with respect to the Bonds in U.S. dollars. As a result, the value of these U.S. dollar payments may vary with the prevailing exchange rates in the marketplace. If the value of the U.S. dollar depreciates against the HK dollar or other foreign currencies, the value of a Bondholder's investment in HK dollar or other applicable foreign currency terms will decline and the depreciation could result in a loss when the return on the Bonds is translated into other currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

Ability to redeem the Bonds

On certain dates, including the occurrence of an event of default, the Issuer may, and at maturity will, be required to redeem all of the Bonds. The source of funds for any such redemption would be the Guarantor's available cash or third-party financing. If such an event were to occur, the Guarantor may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by the Issuer would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness of the Group. If the other debt of the Guarantor were to be accelerated, the Guarantor may not have sufficient funds to purchase the Bonds and repay the debt.

The Bonds may be redeemed at the Issuer's option on the occurrence of certain events or at a make whole premium

The Bonds are redeemable at the option of the Issuer for taxation reasons at par together with any interest accrued to the date fixed for redemption. In addition, the Issuer also has the right to redeem the Bonds at a make whole premium (as set out in the Terms and Conditions of the Bonds) at any time.

The date on which the Issuer elects to redeem the Bonds may not accord with the preference of individual investors. This may be disadvantageous to the investors in light of market conditions or the individual circumstances of the investors. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an interest rate at the same level as that of the Bonds.

The Terms and Conditions of the Bonds contain provisions which may permit their modification without the consent of all Bondholders

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of the holders of the Bonds may be adverse to the interests of the individuals.

The Bonds may be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System(s)

The Bonds may be represented by a Global Certificate. Such Global Certificate will be deposited with a common depositary for Euroclear and Clearstream (the “**Clearing Systems**”). Except in the circumstances described in the relevant Global Certificate, Bondholders will not be entitled to receive definitive certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Certificate.

While the Bonds are represented by a Global Certificate, Bondholders will be able to trade their beneficial interests only through the Clearing Systems. While the Bonds are represented by a Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the common depositary for the Clearing Systems for distribution to their account holders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing Systems to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing Systems to appoint appropriate proxies.

The Group may issue additional Bonds in the future

The Group may, from time to time, and without the consent of the bondholders create and issue further Bonds (See “*Terms and Conditions of the Bonds — Further Issues*”) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

A change in English law which governs the Bonds may adversely affect holders of the Bonds

The Terms and Conditions of the Bonds are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Bonds.

TERMS AND CONDITIONS OF THE BONDS

The following (subject to amendment and other than the words in italics) is the text of the Terms and Conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of the Bonds was authorised by a resolution of the Board of Directors of the Issuer passed on 7 June 2021 and the guarantee of the Bonds was authorised by a resolution of the Board of Directors of the Guarantor passed on 7 June 2021. A fiscal agency agreement dated 18 June 2021 (the “**Fiscal Agency Agreement**”) has been entered into in relation to the Bonds between the Issuer, the Guarantor, Citicorp International Limited as fiscal agent, Citibank, N.A., London Branch as paying agent, as transfer agent and as registrar and the other agents named in it. The Bonds have the benefit of a Deed of Covenant (the “**Deed of Covenant**”) dated 18 June 2021 executed by the Issuer and the Guarantor relating to the Bonds and the benefit of a Deed of Guarantee (the “**Deed of Guarantee**”) dated 18 June 2021 executed by the Guarantor relating to the Bonds. The fiscal agent, the registrar and any transfer agent for the time being are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agent**”, the “**Registrar**” and the “**Transfer Agents**”. “**Agents**” means the Fiscal Agent, the Paying Agent, the Registrar, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Bonds. The Fiscal Agency Agreement includes the form of the Bonds. Copies of the Fiscal Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection during normal business hours at the specified offices of the Fiscal Agent, the Registrar and any Transfer Agents. The Bondholders (as defined below) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

All capitalised terms that are not defined in these terms and conditions (the “**Conditions**”) will have the meanings given to them in the Fiscal Agency Agreement.

1. Form, Specified Denomination and Title

The Bonds are issued in the specified denomination of U.S.\$200,000 and higher integral multiples of U.S.\$1,000.

The Bonds are issued in registered form and represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Bondholder**” and “**holder**” means the person in whose name a Bond is registered.

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) deposited with, and representing Bonds registered in the name of a nominee of, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). The Conditions are modified by certain provisions contained in the Global Certificate. See “The Global Certificate”.*

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

2. Transfers of Bonds

- (a) **Transfer:** A holding of Bonds may, subject to Condition 2(e), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Fiscal Agent. A copy of the current regulations will be made available by the Registrar to any Bondholder upon request.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

- (b) **Exercise of Options in respect of Bonds:** In the case of an exercise of a Bondholders' option in respect of a holding of Bonds represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.
- (c) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) or 2(b) shall be available for delivery within three business days of receipt of a duly completed form of transfer or Put Event Put Exercise Notice (as defined in Condition 6(d)) and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Put Event Put Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

Except in the limited circumstances described herein (see "The Global Certificate"), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

- (d) **Transfer or Exercise Free of Charge:** Certificates, on transfer, exercise of an option, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (e) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) during the period of 15 days prior to (and including) any date on which Bonds may be called for redemption by the Issuer at

its option pursuant to Condition 6(c) or Condition 6(d), (iii) after a Put Event Put Exercise Notice has been deposited in respect of that Bond or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii) below).

3. Guarantee and Status

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds. Its obligations in that respect (the “**Guarantee**”) are set out in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- (b) **Status:** The Bonds constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all their respective other present and future unsecured and unsubordinated obligations.

4. Negative Pledge

So long as any Bond remains outstanding (as defined in the Fiscal Agency Agreement), neither the Issuer nor the Guarantor will, and each of the Issuer and the Guarantor will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Bondholders.

In this Condition 4:

- (i) “**Relevant Indebtedness**” means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and
- (ii) “**Subsidiary**” means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer or the Guarantor.

5. Interest

The Bonds bear interest on their outstanding principal amount from and including 18 June 2021 at the rate of 4.80 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$24 per Calculation Amount (as defined below) on 18 June and 18 December in each year (each an “**Interest Payment Date**”). Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Fiscal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed. In these Conditions, the period beginning on and including 18 June 2021 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per U.S.\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6. Redemption and Purchase

- (a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 18 June 2026. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition.
- (b) **Redemption for Taxation and other Reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands (in the case of a payment by the Issuer) or the Cayman Islands (in the case of a payment by the Guarantor) or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 9 June 2021, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by two directors of the Issuer (or the Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.
- (c) **Make Whole Redemption:** Unless a Put Event Put Exercise Notice has been given pursuant to Condition 6(d), the Issuer may, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption (the “**Optional Redemption Date**”)), redeem all, but not some only, of the Bonds at the Make Whole Redemption Price together with interest accrued to but excluding the Optional Redemption Date. Any notice of redemption given under Condition 6(b) will override any notice of redemption given (whether previously, on the same date or subsequently) under this Condition 6(c).

In this Condition 6(c):

“**Comparable Treasury Issue**” means the United States Treasury security selected by the Determination Agent as having a maturity comparable to the remaining term of the Bonds from the Optional Redemption Date to the Maturity Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to the Maturity Date;

“**Comparable Treasury Price**” means, with respect to any Optional Redemption Date, the average of three, or such lesser number as is obtained by the Determination Agent, Reference Treasury Dealer Quotations for the Optional Redemption Date;

“**Determination Agent**” means a financial adviser or bank which is independent of the Issuer appointed by the Issuer for the purpose of determining the Make Whole Redemption Price;

“**Make Whole Redemption Price**” means in respect of each Bond, (a) the principal amount of such Bond or, if this is higher (b) the amount equal to the sum of the present value of the principal amount of such Bond, together with the present values of the scheduled interest payments from the Optional Redemption Date to the Maturity Date in each case, discounted to the Optional Redemption Date on a semi-annual compounded basis at the adjusted U.S. Treasury Rate plus 0.50 per cent., all as determined by the Determination Agent. For the purposes hereof, “**U.S. Treasury Rate**” means either (i) the rate per annum equal to the yield, under the heading that represents the average for the week immediately preceding the third business day prior to the Optional Redemption Date, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Maturity Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the U.S. Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the third business day prior to the relevant date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the Optional Redemption Date, in each case calculated on the third business day immediately preceding the Optional Redemption Date;

“**Reference Treasury Dealer**” means each of the three nationally recognised firms selected by the Determination Agent that are primary U.S. Government securities dealers; and

“**Reference Treasury Dealer Quotations**” means with respect to each Reference Treasury Dealer and any Optional Redemption Date, the average, as determined by the Determination Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Determination Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time on the third business day immediately preceding such Optional Redemption Date.

- (d) **Redemption for Put Event:** Upon the occurrence of a Put Event (as defined below), the holder of each Bond will have the right, at such holder’s option to require the Issuer to redeem all, but not some only, of such holder’s Bonds on the Put Date (as defined below) at 101 per cent. of their principal amount, together with accrued interest up to the Put Date. The Issuer shall give notice to Bondholders and the Fiscal Agent in accordance with Condition 14 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Put Event, which notice shall specify the procedure for exercise

by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(d) (a “**Put Event Notice**”). To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Agent (the “**Put Event Put Exercise Notice**”) together with the Certificate evidencing the Bonds to be redeemed by not later than the 30th day following a Put Event, or, if later, the 30th day following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 14. The “**Put Date**” shall be the fourteenth day after the expiry of such period of 30 days after the later of a Put Event or the date upon which a Put Event Notice is given to Bondholders by the Issuer in accordance with Condition 14 as referred to above.

In this Condition 6(d):

a “**Change of Control**” occurs when:

- (i) any person or persons acting together acquires Control of the Guarantor if such person or persons does not or do not have, and would not be deemed to have, Control of the Guarantor on the date of issue of the Bonds;
- (ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Guarantor or the successor entity; or
- (iii) one or more other persons acquires the legal or beneficial ownership of all or substantially all of the Guarantor’s issued share capital;

PROVIDED THAT family members of Mr. LAU Luen Hung Thomas and Mr. LAU Luen Hung Joseph and their family trusts, if applicable, shall be deemed to have Control of the Guarantor on the date the Bonds are issued.

“**Control**” means the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the Guarantor or the right to appoint and/or remove all or the majority of the members of the Guarantor’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

“**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Guarantor’s board of directors or any other governing board and does not include the Guarantor’s wholly-owned direct or indirect subsidiaries; and

a “**Put Event**” will be deemed to occur upon the occurrence of a Change of Control.

- (e) **Purchase:** The Issuer and the Guarantor and their respective Subsidiaries (as defined in the Fiscal Agency Agreement) may at any time purchase Bonds in the open market or otherwise at any price.

The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 12(a).

- (f) **Cancellation:** All Certificates representing Bonds purchased by or on behalf of the Issuer shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

7. Payments

(a) Method of Payment:

- (i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in paragraph (ii) below.
- (ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the business day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made in the relevant currency by U.S. dollar cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to a U.S. dollar account maintained by the payee with a bank in New York City.

*Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.
- (b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Bondholders in respect of such payments.
- (c) **Payment Initiation:** Where payment is to be made by transfer to an account in the relevant currency, payment instructions (for value the due date, or if that is not a Business Day, for value the first following day which is a Business Day) will be initiated, and, where payment is to be made by cheque, the cheque will be mailed on the last day on which the Fiscal Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Fiscal Agent is open for business and on which the relevant Certificate is surrendered.
- (d) **Appointment of Agents:** The Fiscal Agent, the Registrar, and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Registrar, and the Transfer Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Registrar, or any Transfer Agent and to appoint additional or other Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar, (iii) a Transfer Agent, and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Bondholders.

- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Business Day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 7(a)(ii) arrives after the due date for payment.
- (f) **Non-Business Days:** If any date for payment in respect of any Bond is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in New York City and, in the case of surrender of a Certificate, in the place in which the Certificate is surrendered.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the Cayman Islands or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond:

- (a) **Other connection:** held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the British Virgin Islands or, in the case of payments made by the Guarantor, the Cayman Islands other than the mere holding of the Bond; or
- (b) **Surrender more than 30 days after the Relevant Date:** in respect of which the certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

9. Events of Default

If any of the following events (“**Events of Default**”) occurs:

- (a) **Non-Payment:** the Issuer and the Guarantor each fails to pay the principal of or any interest on any of the Bonds when due; or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Bonds or under the Guarantee which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Issuer or the Guarantor by the Fiscal Agent at its specified office by any Bondholder; or

- (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or the Guarantor or any of their respective Subsidiaries (as defined in the Fiscal Agency Agreement for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds U.S.\$30,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or the Guarantor or any of their respective Principal Subsidiaries and continue(s) unsatisfied or stayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) **Security Enforced:** secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a material part of the undertaking, assets and revenues of the Issuer or the Guarantor or any of their respective Principal Subsidiaries and such possession or appointment continues for a period of 30 days after the date thereof; or
- (f) **Insolvency:** the Issuer or the Guarantor or any of their respective Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, the Guarantor or any of their respective Principal Subsidiaries; or
- (g) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or the Guarantor or any of their respective Principal Subsidiaries, or the Issuer or the Guarantor ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another of its Subsidiaries; or
- (h) **Nationalisation:** any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Guarantor or any of their respective Principal Subsidiaries; or
- (i) **Ownership:** the Issuer ceases to be wholly-owned and controlled by the Guarantor; or
- (j) **Illegality:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds or the Guarantee; or
- (k) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs of this Condition 9; or

- (l) **Guarantee:** the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; then any Bond may, by notice in writing given to the Fiscal Agent at its specified office by the holder, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further formality.

In this Condition 9, “**Principal Subsidiary**” means any Subsidiary of the Guarantor:

- (i) whose profits before taxation and exceptional items (“**pre-tax profit**”) (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited income statement, are at least 5 per cent. of the consolidated pre-tax profit as shown by the latest published audited consolidated income statement of the Guarantor and its consolidated Subsidiaries, including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of associated entities and after adjustments for minority interests; or
- (ii) whose gross assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited balance sheet, are at least 5 per cent. of the consolidated gross assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries, including the investment of the Guarantor and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and of associated companies and after adjustment for minority interests;

provided that, in relation to paragraphs (i) and (ii) above:

- (A) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
 - (B) if at any relevant time in relation to the Guarantor or any Subsidiary, or any Subsidiary which itself has Subsidiaries, no consolidated accounts or no accounts are prepared and audited, pre-tax profit or gross assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Guarantor for the purposes of preparing a certificate thereon to the Bondholders; and
 - (C) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (A) above) are not consolidated with those of the Guarantor, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor; or
- (iii) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate), of the Guarantor prepared as of a date

later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (i) or (ii) above.

A certificate prepared by the directors of the Guarantor, in their opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

10. Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. Meetings of Bondholders and Modification

- (a) **Meetings of Bondholders:** The Fiscal Agency Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Bondholders holding not less than 10 per cent in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or cancel the Guarantee, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

- (b) **Modification of the Fiscal Agency Agreement:** The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders.

13. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds.

14. Notices

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

Until such time as any individual certificates are issued and so long as the Global Certificate is held on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

15. Currency Indemnity

U.S. dollars is the sole currency of account and payment for all sums payable by the Issuer or the Guarantor under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Guarantor or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer or Guarantor shall only constitute a discharge to the Issuer and Guarantor to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Bond, the Issuer or the Guarantor (as the case may be) shall indemnify it against any loss sustained by it as a result. In any event, the Issuer or the Guarantor (as the case may be) shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Bondholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgment or order.

16. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Bonds expressly provide for such Act to apply to any of their terms.

17. Governing Law and Jurisdiction

- (a) **Governing Law:** The Fiscal Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Bonds or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Bonds (“**Proceedings**”) may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **Agent for Service of Process:** Each of the Issuer and the Guarantor irrevocably appoints Law Debenture Corporate Services Limited of 8th Floor, 100 Bishopsgate, London, EC2N 4AG as its agent in England to receive service of process in any Proceedings in England based on any of the Bonds or the Guarantee. If for any reason the Issuer or the Guarantor as the case may be does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Bondholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

THE GLOBAL CERTIFICATE

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. Terms defined in the Terms and Conditions of the Bonds have the same meaning in the paragraphs below. The following is a summary of those provisions:

Meetings

The registered holder (as defined in the Terms and Conditions of the Bonds) of the Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each U.S.\$1,000 in principal amount of Bonds for which the Global Certificate is issued. The Fiscal Agent may (but shall not be obliged to) allow a person with an interest in Bonds in respect of which the Global Certificate has been issued to attend and speak at a meeting of Bondholders on appropriate proof of his identity and interest.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Condition 14 (Notices).

Payment

Payments of principal and interest (if any) in respect of Bonds represented by the Global Certificate will be made without presentation or if no further payment falls to be made in respect of the Bonds, against surrender of the Global Certificate to or to the order of such Paying Agent as shall have been notified to the holders for such purpose. Notwithstanding Condition 7(a) (Record Date), so long as the Global Certificate is held on behalf of Euroclear, Clearstream or an Alternative Clearing System, each payment will be made to, or to the order of, the person whose name is entered on the register of Bondholders at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

Transfers

Transfers of the holding of Bonds represented by the Global Certificate may only be made in part (i) if the Bonds represented by this Global Certificate are held on behalf of Euroclear or Clearstream or any other clearing system (an “**Alternative Clearing System**”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or (ii) upon or following any failure to pay principal in respect of any Bonds when it is due and payable; or (iii) with the consent of the Issuer.

USE OF PROCEEDS

The net proceeds from the issue of the Bonds is estimated to be approximately U.S.\$347.9 million after deducting underwriting fees and expenses. The net proceeds will be on-lent to the Guarantor and/or its subsidiaries to finance the Tender Offer and for general corporate purposes.

CAPITALISATION AND INDEBTEDNESS

As at the Latest Practicable Date, the Guarantor was authorised to issue a maximum of 4,000,000,000 shares of par value HK\$0.005 each of a single class and had an issued and fully paid-up share capital of HK\$7,509,580 consisting of 1,501,916,000 ordinary shares.

The following table sets forth the Guarantor's consolidated capitalisation and indebtedness as of 31 December 2020 and as adjusted for the issue of the Bonds.

	As of 31 December 2020	
	Actual	As adjusted
	<i>(HK\$m)⁽⁴⁾</i>	
	<i>(Audited)</i>	
Short-term indebtedness		
Bank borrowings — due within one year ⁽¹⁾	9,628.9	9,628.9
Long-term indebtedness		
Bank borrowings — due after one year ⁽²⁾	3,874.1	3,874.1
Bonds issued	6,836.2	6,836.2
Bonds to be issued	—	2,715.2
	<u>20,339.2</u>	<u>23,054.4</u>
Shareholder's equity		
Share capital	7.5	7.5
Reserves	3,837.6	3,837.6
Attributable to owners of the Guarantor	<u>3,845.1</u>	<u>3,845.1</u>
Total capitalisation ⁽³⁾	<u>24,184.3</u>	<u>26,899.5</u>

Notes:

- (1) As at the Latest Practicable Date, the Group's bank borrowings — due within one year decreased by approximately HK\$2,894.2 million compared to 31 December 2020, due primarily to repayment of bank borrowings.
- (2) As at the Latest Practicable Date, the Group's bank borrowings — due after one year remained approximately the same compared to 31 December 2020.
- (3) Total capitalisation represents the sum of long-term indebtedness and shareholder's equity.
- (4) Translated into Hong Kong dollars at the rate to U.S.\$1.00 to HK\$7.7577.

Except as disclosed above, there has been no material change in the consolidated capitalisation and indebtedness of the Group since 31 December 2020.

DESCRIPTION OF THE ISSUER

Formation

LS Finance (2017) Limited is a limited liability company incorporated in the British Virgin Islands under the BVI Business Companies Act (BVI Company Number: 1678326) on 1 November 2011. Its registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The Issuer is a direct wholly-owned subsidiary of the Guarantor.

Business Activity

The Issuer was established to raise financing for the Guarantor pursuant to the unrestricted objects and powers set out in its memorandum of association. Save for the issue of an aggregate of U.S.\$500,000,000 5.250 per cent. guaranteed bonds due 2017 which have been fully repaid on maturity and an aggregate of U.S.\$300,000,000 4.875 per cent. guaranteed bonds due July 2024, the Issuer does not sell any products or provide any services and it has undertaken no business activities since the date of its incorporation, other than those incidental to its incorporation and establishment as a direct wholly-owned subsidiary of the Guarantor and those incidental to the issue of the Bonds.

Financial Statements

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer's audited consolidated financial statements were prepared and presented in accordance with HKFRS. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions.

Directors and Officers

The directors of the Issuer are Ms. Lam Po Wan, Ivy, Ms. Lau Kam Shim and Mr. Lau Kam Sen. None of the directors of the Issuer holds any shares or options to acquire shares of the Issuer. There are no conflicts of interest between the duties to the Issuer and the persons listed above and their private interests and duties.

The Issuer does not have any employees and has no subsidiaries.

Share Capital

The Issuer is authorised under its memorandum of association to issue a maximum of 50,000 shares of a single class, each with a par value of U.S.\$1.00, and one share has been issued to and is held by the Guarantor. The register of members of the Issuer is maintained at its registered office in the British Virgin Islands at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1 110, British Virgin Islands. No part of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought. As at the date of this Offering Circular, the Issuer has no debt outstanding.

DESCRIPTION OF THE GROUP

Overview

The Group is a leading department store operator and currently operates two department stores in Hong Kong. The Group is principally engaged in the operation of “lifestyle” department stores which are characterised by the “one-stop shopping”, “shops-in-shop”, “Japanese style” and “customer oriented” concepts, which offer quality goods and services, customer convenience and a comfortable and pleasurable shopping environment. The Group’s stores offer a wide variety of goods ranging from daily necessities to luxury products as well as services for meeting the needs of the “lifestyle” of a typical consumer in a modern society.

Merchandise in the Group’s stores is sold by means of concessionaire sales, direct sales as well as After Purchase Order (“APO”) sales and can be broadly categorised into apparels and fashion, cosmetics and accessories, household, toys and others and food and confectionery. The merchandise mix and services provided by the Group’s stores are regularly reviewed and adjusted by the Group to enhance the shopping experience it provides and to attract new customers and retain existing customers with the goal of increasing sales proceeds to the Group.

In the face of a challenging operating environment in 2020 caused by global coronavirus pandemic, the Group has implemented a series of critical strategic initiatives in order to alleviate the negative impact of the pandemic. During the year ended 31 December 2020, the Group focused on cost retrenchment, optimisation of operational efficiency, enhancing its SOGO Rewards mobile app and strengthening its online store capabilities. As part of the Group’s continuous efforts to diversify and enhance its asset portfolio, the Group acquired a high-quality freehold commercial property in a prime area in London in November 2020. The property is located in St. James’s Square, London, one of the city’s most prestigious addresses, providing approximately 103,655 sq. ft. of Grade A office accommodation. In order to capture future growth opportunities in Hong Kong, the Group purchased a plot of commercial land in the Kai Tak development area in East Kowloon in November 2016 (the “Kai Tak Project”). The foundation construction work of the Group’s Kai Tak Project has, despite certain delay during 2020, been largely completed and upon completion of construction of the twin blocks of commercial buildings in 2023, the Kai Tak Project will host a new SOGO department store and other retailing, entertainment, dining and lifestyle facilities in the new Kai Tak development area, East Kowloon.

The Guarantor has been listed on HKEX since 2004 (HKEX code: 1212) and had a market capitalisation of HK\$9,086.6 million as of the Latest Practicable Date. For the years ended 31 December 2019 and 2020, the Guarantor’s consolidated revenue was HK\$3,542.0 million and HK\$1,993.0 million, respectively. For the years ended 31 December 2019 and 2020, the Guarantor’s consolidated profit attributable to owners was HK\$1,890.7 million and HK\$138.5 million, respectively.

The Group is composed of the Guarantor and its subsidiaries. The Issuer is a wholly owned subsidiary of the Guarantor with the sole purpose of issuing and holding the Bonds.

History and Development

Sogo HK was established by Sogo Japan in 1983 for the purposes of opening and operating a department store in Hong Kong. Sogo HK re-developed the 22 storeys retailing and office building as the present East Point Centre, Old Wing, and kept for its own use for the floors from 2nd basement to 10th Floor to house the department store with certain upper floors for administrative use; whereas remaining floors were sold, and are now held by independent third parties. On the same day as the opening of the MTR’s Causeway Bay station on 31 May 1985, SOGO CWB was opened with an entrance joint with the MTR Causeway Bay station.

To further achieve the concept of “one-stop shopping”, subsequent plans were drawn up to enlarge the store space so that a broader range of merchandise could be offered to customers. This led to Sogo HK enlarging the

store area by expansion through re-development of its adjacent site into the wholly-owned New Wing. The enlarged store, known as Jumbo Sogo, was launched in November 1993.

In 2001, Sogo Co., Ltd. granted Sogo HK the sole and exclusive licence to use the Sogo trademark in relation to the retail department store business operated and the merchandise supplied and sold by reference to the said trademark in Hong Kong for a period of 18 years commencing from 9 May 2001.

In order to satisfy changing consumers' needs and general shopping trends, the new management of Sogo HK further expanded its operations of the supermarket and re-launched the enlarged supermarket under the name of "Freshmart" in November 2001.

In 2004, the Group began to expand into the PRC. As an initial step to enter into the PRC market, the Group acquired interests in two joint venture companies in the PRC, Shanghai Joinbuy City Plaza Co., Ltd and Shanghai Ongoing Department Store Limited for the purpose of establishing the Shanghai Jiuguang store, which was launched in September 2004.

In April 2004, the Guarantor was listed on the Main Board of HKEX.

In 2005, the Group leased certain retail space in Tsim Sha Tsui, Hong Kong and launched SOGO TST, its second Sogo store in that location. SOGO TST ceased business in February 2014 and was reopened in November 2014 at another leased retail space at an arterial road in the key shopping area of Tsim Sha Tsui. With a lineup of high-quality merchandise and a well-tailored brand mix, the store has established itself as a premier shopping destination for both tourists and local consumers in the area. Defying the declining trend in the broader retail industry, SOGO TST continued to sustain positive growth momentum with a 12.4% increase in sales revenue for the year ended 31 December 2016.

In July 2016, the Guarantor initiated the reorganisation and spin-off exercise for transferring its department store and supermarket business in mainland China and restaurant business to Lifestyle China through a distribution in specie of the entire issued share capital of Lifestyle China to the Guarantor's shareholders and separate listing of the shares of Lifestyle China on HKEX. The spin-off was completed on 14 July 2016 when the shares of Lifestyle China were issued to the Guarantor's shareholders and trading of the shares of Lifestyle China commenced on 15 July 2016. Following the completion of the spin-off, the Guarantor is principally engaged in the operation of department stores in Hong Kong.

To capture the rising purchasing power and untapped consumer base in the East Kowloon area, the Group purchased the Kai Tak Land on 23 November 2016 for HK\$7,388 million. With a site area of approximately 14,159 square meters, the Kai Tak Land will be developed into two blocks of commercial buildings to provide space for office and retail use. The proposed development project is expected to be completed in 2023.

On 13 April 2017, pursuant to a sale and purchase agreement, the Guarantor sold all of the shares held by the Group in Lifestyle Properties Development Limited, now known as Sansheng Holdings (Group) Co. Ltd. ("**Lifestyle Properties**") (HKEX code: 2183) (approximately 59.56% of the entire issued share capital of Lifestyle Properties) for HK\$1,293.0 million. The purpose of the sale was to streamline the structure of the Group and better utilise its available resources. Lifestyle Properties has since ceased to be a subsidiary of the Guarantor.

As part of the Group's continuous efforts to diversify and enhance its asset portfolio, the Group acquired a high-quality freehold commercial property in a prime area in London on 20 November 2020 for GBP250.1 million (equivalent to approximately HK\$2,571.03 million). The property is located in St. James's Square, London, one of the city's most prestigious addresses, providing approximately 103,655 sq. ft. of Grade A office accommodation.

Strengths

The Group believes that the following represent its key strengths:

Entrenched “lifestyle” franchise with defensive market position in Hong Kong

As the largest department store operator in Hong Kong, the Group over the years has developed a very resilient business in Hong Kong. The COVID-19 pandemic has taken a sharp economic toll on the Hong Kong retail market. In the face of a challenging operating environment, the Group remained committed to strengthening its business resilience and bolstering customer engagement. Leveraging the Group’s strong brand equity and effective marketing strategies, the Group managed to capitalise on the short-lived rebound in domestic demand during the second half of 2020 when the government eased pandemic containment measures temporarily before the fourth wave of local COVID-19 infections emerged in late November 2020. Coupled with a low base of comparison in the previous period, decline of the Group’s gross sales proceeds narrowed to 19.6% in the second half of the year, from a drop of 53.5% in the first half of 2020, and reported a 39.9% decline for the full year.

To leverage the Group’s leading position, brand equity and expertise of the management team in Hong Kong, the Group acquired the Kai Tak Land in November 2016 which is being developed to house a full-fledged department store as well as providing space for other retailing purposes that is expected to be operational by 2023 and will further strengthen the Group’s foothold in the Hong Kong retailing market.

Spearheaded by experienced management team that has led it successfully through turbulent times

The Group has an experienced management team that has led it successfully through economic downturns, difficult periods such as the SARS epidemic in 2003, the global financial crisis, which began in 2008, and the ongoing global coronavirus pandemic, while continuing to increase revenue and profit. At the corporate level, the Group is led by an experienced management team with an average of around 20 years of experience in the industry. Together with Mr. Thomas Lau, the Chairman of the Group, this team formulates and implements the strategy, vision and guiding principles of the Group.

In 2020, faced with an unprecedented health and economic crisis, the Group has swiftly implemented a series of critical strategic initiatives including cost retrenchment, optimisation of operational efficiency, enhancing SOGO Rewards mobile app and strengthening the online store capabilities to alleviate the negative impact of the COVID-19 pandemic and adapted to the rapidly changing retail environment. Under the leadership of seasoned management team, the Group navigated the adversity and changing consumer behaviour with accelerating pace of operation enhancement and continuous digital investment.

Property ownership in strategic locations increasing operating leverage and flexibility

The Group is very focused on the self-owned property business model as the key to enhancing its operating efficiency and stability in store locations and believes that this business model emphasizes the commitment of the Group to the department store business. The model insulates the Group from the volatile rental market and the risk of forced relocations, thus making its prime store locations more secure. Furthermore, this business model allows the Group to have maximum flexibility when planning construction, store layouts and size. Finally, the self-owned business model allows the Group to pursue its goal of becoming a landmark shopping destination for shoppers and gives the Group the flexibility to rent store space to third party service providers if opportunity arises.

The Group also opportunistically leases outlets when strategic locations are available with attractive long term rates, such as SOGO TST, allowing the Group to establish itself in new locations without the large capital outlays and expenditures required for self-owned property.

In November 2016, the Group purchased the Kai Tak Land in East Kowloon (the “**Kai Tak Redevelopment Area**”), which forms part of the largest urban development project of the government since the handover of

Hong Kong in 1997, to develop a new department store that the construction work is expected to be completed in 2023. The Group believes this project will strengthen the Group's premier position in the department store market in the long run.

Diversified asset portfolio

The Group maintains and actively manages a diversified and balanced asset portfolio comprising investments with differing risk profiles, which allows it to manage exposure to price risk for specific asset classes while potentially enhancing the portfolio's overall investment returns. As part of such efforts, the Group acquired a high-quality freehold commercial property in a prime area in London in November 2020. The property is located in St. James's Square, London, one of the city's most prestigious addresses, providing approximately 103,655 sq. ft. of Grade A office accommodation. The Group believes that the acquisition will provide long-term investment opportunity to the Group through rental income.

Well positioned to capture consumer trends with solid operating strategy and strategic growth plans

The Group enjoys a competitive advantage compared to its peers for a number of reasons. The prime locations of SOGO CWB and SOGO TST attract middle to upper class customers and tourists with high purchasing power. The Group's "lifestyle" department stores are primarily focused on middle to upper-end products ranging from daily necessity items to luxury products and the Group optimises the product mix available in its stores. In addition to the comprehensive product offerings, the Group's department stores offer in-store auxiliary business services such as restaurants and beauty salons to attract high levels of traffic and a broad range of customers. As a "one-stop" shopping destination, each of the Group's stores is able to maximize the amount of time that customers remain in the store and thereby is able to capture a greater amount of purchases by customers.

Faced with the challenges brought by the pandemic in 2020, the Group continued to upgrade its omni-channel capabilities by accelerating enhancement of the mobile application of its SOGO Rewards program and enrichment of its SOGO eStore services, to entice consumer spending and further fortify its customer base. The Group also held a SOGO 35th Anniversary Sale program during 2020, which achieved satisfactory sales performance. As part of the Group's continuous efforts to enrich customer experience at its store, at a cash consideration of HK\$52 million, the Group acquired from a connected party the Wa San Mai Japanese restaurant, which is operated in the same building as SOGO CWB. Complementing the coffee shops and food counters within the store, Wa San Mai provides a convenient alternative for customers of the store with full Japanese lunch and dinner menu. To safeguard the health and safety of the customers and staff members during the pandemic Wa San Mai Japanese restaurant offered special take-away meals.

The Group also launched the SOGO Rewards loyalty program in July 2016 to strengthen customer loyalty and boost shopper traffic towards its stores. During the pandemic the Group enhanced its SOGO Rewards loyalty program by (i) usage of eGift Certificates for reward points redemption and purchase payment on SOGO Rewards Mobile App to provide greater convenience to its customers as well as reducing the usage of physical gift certificates, (ii) launch of POINTASTIC Rewards to enable customers to redeem reward points for not only eGift Certificates, but also a range of products and services of their choice on its app and (iii) launch of membership tiers and YURI beauty card to offer more personalised privileges and benefits to the customers. The SOGO Rewards loyalty program has been well received and had more than 800,000 members by the end of December 2020. Sales revenue from members of the SOGO Rewards loyalty program accounted for approximately 80% of the total sales revenue of SOGO CWB for the year ended 31 December 2020.

Another key strength of the Group is the strong relationships it has with brand partners, many of which operate their own concessionaire counters within the Group's stores. The Group works with a wide range of brand partners which cater to a large group of customers. The portfolio of preferred retail partners includes many major international brands, while also including domestic brands to appeal to local customers' tastes. In

addition, the Group is able to minimize its risk profile and amount of working capital by relying primarily on concessionaire sales rather than direct sales.

Development of the Kai Tak Land and the opening of a new department store will initiate next phase of growth for the Group and reduce the reliance on SOGO CWB (which contributed approximately 87.7% of the gross sales proceeds for the Group for the year ended 31 December 2020). The Group believes that its strong brand equity and experienced management team along with the prime location of the Kai Tak Land and the government-supported redevelopment initiative makes it well-placed to capture the rising purchasing power and untapped customer base in the East Kowloon area.

Strategies

The Group aims to strengthen its market leadership position as an operator of “lifestyle” department stores and increase its competitiveness. Its strategy consists of the following principal elements:

Continue to offer a world-class, one-stop shopping experience to customers

The Group seeks to continue to offer a world-class, one-stop shopping experience at each of its department stores. At both its self-owned and leased stores, the Group has invested in large floor spaces that offer a wide range of products as well as in-store auxiliary services to allow it to attract a large shopping audience and to prolong the amount of time customers remain in the stores. The Group will continue to regularly review the mix of products offered at its stores and make adjustments according to consumer preferences

Maintain leadership position in the Hong Kong retail market

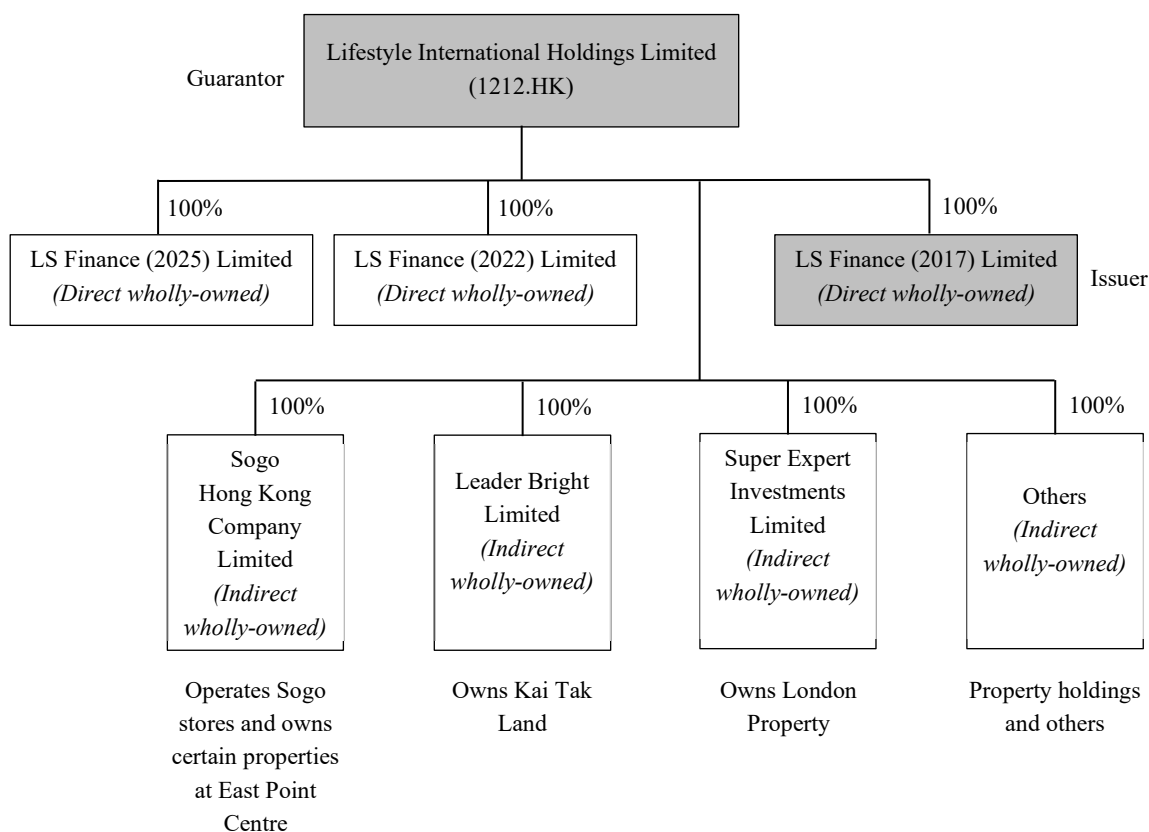
The Group strives to maintain its leadership position in Hong Kong by employing effective marketing and promotional initiatives. In July 2016, the Group launched the SOGO Rewards loyalty program and continues to implement enhancements which will serve to strengthen its customer loyalty and boost shopper traffic towards its stores. By maintaining its high standard of operation and taking advantage of the prime locations of its two Sogo stores in Hong Kong, the Group will continue to enhance its mix of products and brands and seeks to maximise purchases made by customers. In addition, the Group will continue to enhance the mix between direct and concessionaire sales in Hong Kong to optimise its revenue and cost structures at SOGO CWB and SOGO TST.

Continue to upgrade omni-channel capabilities by accelerating enhancement of the mobile application and eStore services

Faced with the challenges brought by the pandemic and the related travelling restrictions, the Group continues to upgrade its omni-channel capabilities by accelerating enhancement of the mobile application of its SOGO Rewards program and enrichment of its SOGO eStore services, to entice consumer spending and further fortify its customer base. New products are introduced to the SOGO eStore and certain selected concessionaires will also be invited to participate in the SOGO eStore for limited period of time. The eStore platform will also be upgraded to enhance its capabilities and improve online customer experience.

Group Structure

The following diagram illustrates the structure of the Group, comprising principal operating subsidiaries, as at the Latest Practicable Date:



Recent Developments

Concurrent Tender Offer

On the date of this Offering Circular, the Guarantor as offeror commenced a concurrent tender offer (the “**Tender Offer**”) to purchase for cash the U.S.\$300,000,000 4.25 per cent. guaranteed bonds issued by LS Finance (2022) Limited on 16 October 2012 and unconditionally and irrevocably guaranteed by the Guarantor (the “**2022 Bonds**”) up to the aggregate principal amount of the Bonds issued (subject to the right of the Guarantor, in its sole discretion, to accept significantly more than or significantly less than such amount, or to accept none of the 2022 Bonds, for purchase pursuant to the Tender Offer), on the terms and conditions set forth in the tender offer memorandum dated 8 June 2021. The Tender Offer commenced on 8 June 2021 and will expire at 4:00 p.m. London time on 16 June 2021 (subject to the right of the Guarantor to extend, re-open, amend, waive any condition of and/or terminate the Tender Offer). The Tender Offer is being made as part of continuing initiatives to efficiently manage the refinancing of the 2022 Bonds and to optimise the Guarantor’s debt maturity profile and will be funded by the proceeds from the issue of the Bonds and/or the Guarantor’s operating cash flows.

Development of Kai Tak Land

To capture the rising purchasing power and untapped consumer base in the new core business district, cruise and tourism hub in the East Kowloon area, the Group purchased the Kai Tak Land on 23 November 2016 for HK\$7,388 million. With a site area of approximately 14,159 square meters, the Kai Tak Land is being developed into two blocks of commercial buildings to provide space mainly for retail use, with a total gross floor area of approximately 101,000 square metres. The commercial blocks will house a full-fledged SOGO department store and other facilities complementary to the operations of a department store as well as to use for the operation of

a shopping mall and other entertaining and dining facilities. The Kai Tak retail complex is expected to be in business in 2023. Construction work of the Kai Tak Project has encountered certain delay during 2020 due to both the pandemic as well as suspension of work for carrying out the tunnel settlement investigation as requested by the MTR. Despite this, at the end of 2020, the foundation works was largely completed and the Group will continue to closely monitor and ensure that the works are sped up with an aim to meet the planned schedule and complete the project in 2023.

Acquisition of commercial property in London

To tap into a rare opportunity to own a high-quality freehold property in a prime area in London that will enable the Group to diversify and enhance its asset portfolio, the Group completed the acquisition of a commercial property at a consideration of GBP250.1 million (equivalent to approximately HK\$2,571.0 million) on 20 November 2020. The property is located in St. James's Square, London, one of the city's most prestigious addresses, providing approximately 103,655 sq. ft. of Grade A office accommodation. The acquisition was an outright asset purchase and the Group paid approximately GBP15 million of Stamp Duty Land Tax, which formed part of the acquisition cost to the Group. Immediately following completion of the acquisition, the Group leased the property back to the seller for a term of 24 months from the date of completion at a principal rent of GBP11.21 million (equivalent to approximately HK\$115.2 million) per annum (exclusive of VAT) payable quarterly in advance. The Group believes that the acquisition will provide long-term investment opportunity to the Group.

Business Activities

The Group is principally engaged in the operation of “lifestyle” concept based department stores that offer a wide variety of merchandise aimed at meeting the needs of the lifestyle of a typical consumer in a modern society. At present, the Group operates two stores in Hong Kong, namely SOGO CWB and SOGO TST. An analysis of the Group's revenue for the two years ended 31 December 2019 and 2020 is set out below.

	Year ended 31 December	
	2019	2020
	<i>(HK\$m)</i>	
Sales of goods — direct sales	1,212.0	687.0
Income from concessionaire sales	1,698.2	919.6 ¹
Income from APO sales	461.5	267.8
Service income	129.4	70.5
Rental income	40.9	48.1
Revenue	<u>3,542.0</u>	<u>1,993.0</u>

¹ In response to the reduced traffic footfall, minimum sales guarantee or minimum commission amounts were adjusted for certain selected concessionaires for a limited period of time.

A list of the Group's department stores as at the Latest Practicable Date is set out in the following table:

Department stores operated by the Group	Gross floor area (sq.m.)	Year opened	Self- owned/Leased
SOGO CWB	40,000	1985	Self-owned
SOGO TST	12,000	2014	Leased

SOGO CWB, the Group's first Sogo store, is located at the prime shopping district in Causeway Bay, Hong Kong. In 2005, the Group opened SOGO TST, its second Sogo store, in Tsim Sha Tsui, Hong Kong which ceased business in February and reopened in November 2014. In 2004, the Group began to expand its presence into the PRC, beginning with the Shanghai Jiuguang store. However, in July 2016, the Guarantor initiated the reorganisation and spin-off exercise for transferring its department store and supermarket business in mainland China and restaurant business to Lifestyle China. Following the spin-off, and as at the Latest Practicable Date the Group is principally engaged in the operation of department stores in Hong Kong, including the development of a new department store in Kai Tak following the purchase of the Kai Tak Land.

The Group's stores are designed and managed to create an attractive department store environment to maximise operating efficiencies and to make shopping convenient and pleasurable. Visual displays can be easily changed for seasonal and holiday promotions, and sales area can be flexibly reallocated. To make shopping at the Group's stores more convenient, the store layout is easy to understand, and clear in-store signs help customers identify and locate branded shops. The Group believes that its customers are able to easily select desired styles, colours and sizes, as merchandise offered at its stores are plentiful, well organised and attractively displayed. In addition, CVISION, the outdoor full-HD LED advertising screen at the building façade of SOGO CWB that the Group launched in late 2017, has proven to be an effective advertising platform and has further reinforced the Group's flagship store's position as a prominent retail landmark in Hong Kong.

In addition, the Group has always aimed to provide the highest standard of customer services so as to allow its customers to have an enjoyable and pleasurable shopping experience at its stores. The Group adopts a "customer oriented" approach in respect of the customer services provided at its stores where customers' satisfaction is the top priority of the Group. Friendly and knowledgeable sales staff are available on the sales floors to assist customers; and as a Japanese tradition, senior management staff will greet and extend gratitude to customers at the entrance of the store at the time of store opening and closing every day. Certain departments, such as electronics and cosmetics, have specialised sales staff trained to assist customers on a full-service basis. Most importantly, the Group "listens" to the needs of its customers and "pays" particular attention to any customers' feedback.

Merchandise

The Group's stores offer a wide range of merchandise, which can be broadly categorised into "apparel and fashion", "cosmetics and accessories", "household, toys and other" and "food and confectionery" to satisfy customers' different needs. Sales proceeds (representing the gross proceeds from direct sales, APO sales and concessionaire sales) of each category of merchandise of the Group's stores for the years ended 31 December 2019 and 2020 were as follows:

Gross proceeds from direct sales, APO sales and concessionaire sales of each category of merchandise

Category	For the year ended 31 December 2019				For the year ended 31 December 2020			
	Direct Sales	APO Sales	Concessionaire Sales	Total	Direct Sales	APO Sales	Concessionaire Sales	Total
	<i>(HK\$m)</i>							
Apparel and Fashion	8.6	360.3	3,166.6	3,535.5	5.0	176.2	1,814.9	1,996.1
Cosmetics and Accessories	923.8	774.3	2,376.7	4,074.8	443.0	415.5	1,190.9	2,049.4
Household, Toys & Others	69.7	338.7	664.7	1,073.1	52.0	263.8	595.7	911.5
Food and Confectionaries	210.8	191.4	359.9	762.1	188.3	187.1	341.3	716.7
Total	1,212.9	1,664.7	6,567.9	9,445.5	688.3	1,042.6	3,942.8	5,673.7

Store management

The day-to-day operation for each sales department of the Group's stores, including merchandising and inventory stock control, are mainly carried out by its sales division managers under the overall supervision of the general management. Regular sales reports will be generated and prepared to assist the management in closely monitoring the operations of the store. Information will include sales analysis on individual department/shopping floor, daily, weekly, monthly and annual comparisons, visitor traffic, average sales per ticket and visitor stay and buy ratio.

Set out below is the data gathered during the years ended 31 December 2019 and 2020 which, in particular, are highlighted with the average daily traffic, average sale per ticket and stay and buy ratio of the Group's department stores:

	For the year ended 31 December 2019				For the year ended 31 December 2020			
	Number of visitors	Average daily traffic	Average sales per ticket	Stay-and-buy ratio ⁽¹⁾	Number of visitors	Average daily traffic	Average sales per ticket	Stay-and-buy ratio ⁽¹⁾
	<i>(Persons)</i>		<i>(HK\$)</i>	<i>%</i>	<i>(Persons)</i>		<i>(HK\$)</i>	<i>%</i>
SOGO CWB	25,520,000	69,900	875	33.8%	15,683,000	42,800	757	40.3%
SOGO TST	5,228,000	14,300	1,142	27.6%	1,899,000	5,200	1,467	25.5%

Note:

(1) Stay and buy ratio is calculated by dividing the number of invoices issued by the number of visitors on a particular day.

These analyses assist the management to respond on a timely basis to market changes and take any necessary measures to formulate strategies to improve the overall performance of the store. Sales division managers will then be responsible to implement and monitor compliance with various strategies adopted by the Group. Their work ranges from the design of the store layout, the display of goods to the organisation of promotion and special bargain sales. It is the objective of the Group to improve the quality of products and services offered at its stores, in particular, to provide a warm and comfortable shopping environment within its stores for customers' ultimate satisfaction.

For the overall management of its stores, the Group initiates and coordinates the overall promotion events within its stores and frequently reviews the merchandise mix, pricing and quality of goods.

Payment arrangements

Merchandise are sold at the Group's store on a "cash" basis, either in cash, by debit cards, gift certificates, prepaid cards or credit card payments. The Group is, therefore, subject to minimal bad debts in its retailing business.

The Group's stores have no return or refund policy. However, each store will consider allowing customers to return or refund goods bought at that store under certain special circumstances in order to maintain its high quality customer service.

Sales

Sales of the Group are conducted by way of concessionaire sales, APO sales and direct sales:

Concessionaire sales

The Group enters into concessionaire agreements with certain suppliers (known as concessionaires) who are allowed to occupy designated areas in the Group's store and establish their own sales counters for their products.

A concessionaire agreement usually specifies which types of products are allowed to be sold by that concessionaire in each store. In general, concessionaire agreements are subject to renewal every two years. During the years ended 31 December 2019 and 2020, the Group has maintained a relatively high renewal rate with its concessionaires, and in the case of a matured store such as SOGO CWB, the renewal rate can be as high as 90%. Most of the concessionaires are responsible for the design, decoration and fitting out works of their counters at their own cost under the decoration policy guidelines set out by the Group and are also responsible for any regular repair and maintenance costs being incurred. In addition, each concessionaire has the obligation to employ its own staff and to maintain standards of quality acceptable to the Group with regards to the merchandise sold and the services provided. In respect of the concessionaire sales, the Group actively monitors the product mix and the sales of the concessionaire counters. In addition, the Group frequently discusses with and provides advice to the concessionaires regarding their sale performances, marketing and promotion strategies, and merchandise displays, etc. Furthermore, the Group offers customer service technique briefings to the personnel of the concessionaires of the Group.

The Group charges each concessionaire a revenue commission calculated at an agreed percentage rate of sales for that concessionaire, which ranges from 4.5% to 48%, and often with an agreed amount of minimum commission. With the exception of a couple of brands, nearly all concessionaires are charged on such basis. For those concessionaires whose revenue commission otherwise payable do not exceed their respective minimum commission, the minimum commission will be charged. Sales amount received from the concessionaire sales is first collected by the Group on the concessionaires' behalf and then refunded to the concessionaires on a monthly basis after deduction of all relevant expenses and commission.

This "shops-in-shop" arrangements with concessionaires increase the attractiveness of the Group's stores by broadening the range of merchandise offered to customers. In addition, the risks and the costs of holding inventories, as well as the selling costs, are borne by and transferred to the concessionaires. Concessionaires are typically for the operations of fashion, luxury accessories, cosmetic counters, home appliances, restaurants and fast food outlets. With the majority of its sales made through concessionaire sales, the Group is able to eliminate most of its inventory risk and bad debt risk. The Group is also able to minimise its brand risk by controlling the channel of distribution rather than particular brands or types of merchandise.

The Group's concessionaire arrangements reduce its net profit margin volatility due to the constant source of revenue provided by concessionaire commissions, a minimum amount of which is paid regardless of whether the concessionaire reaches its sales proceeds target. The Group has the flexibility to change the product mix offered at its stores and to replace concessionaires if they underperform.

The following table sets out total sales proceeds from concessionaire sales, commission income from concessionaire sales and the average concessionaire rate for the years ended 31 December 2019 and 2020:

	Year ended 31 December	
	2019	2020
	<i>(HK\$m)</i>	
Sales proceeds from concessionaire sales	6,567.9	3,942.8
Commission income from concessionaire sales	1,698.2	919.6
Average concessionaire rate	24.8 %	23.4 %

Sales proceeds from concessionaire sales contributed 69.5% and 69.5% to total sales proceeds in the years ended 31 December 2019 and 2020, respectively. For the same period, commission income from concessionaire sales contributed 47.9% and 46.1%, respectively, to total revenue.

During the years ended 31 December 2019 and 2020, the Group did not receive any material claims against the Group for damages caused by defective goods sold by the concessionaires of the Group.

Direct sales

For direct sales, the Group sources and sells its own direct-purchase merchandise. The Group will record and account for the purchased goods as inventories at the time when they are delivered and are satisfactorily received. Such purchases are generally non-refundable with a credit period of 30–45 days. In each of the years ended 31 December 2019 and 2020, around 40% of the purchases were conducted under the direct sales arrangement.

Normally, merchandising plans are prepared every year by each sales division which set out the range of products to be purchased based on past experience and the projected market trend/demand, taking into account the Group's budgeted sales and gross profit margins for that year. Sourcing of merchandise and negotiation of terms and conditions are then handled by the sales managers of respective departments with reference to the merchandising plans. Most of the merchandise of the Group's stores are imported through local agents in Hong Kong. The merchandising plans are revised regularly in order to provide an appropriate mix of merchandise and to improve the control of the store's inventory level and at the same time enhance the efficient use of working capital.

The following table sets out the sales proceeds, cost of goods sold and gross margin of direct sales for the years ended 31 December 2019 and 2020:

	Year ended 31 December	
	2019	2020
	<i>(HK\$m)</i>	
	<i>(Audited)</i>	
Sales proceeds from direct sales	1,212.9	688.3
Cost of goods sold of direct sales	888.9	519.4
Direct sales gross margin	26.7%	24.5%

Sales proceeds from direct sales contributed 12.9% and 12.1% to total sales proceeds in the years ended 31 December 2019 and 2020, respectively.

Each of the Group's stores has a team of staff responsible for checking the physical condition of the goods upon their delivery and the sales team which orders the merchandise is responsible for checking the quality of the goods prior to display and/or storage. During the years ended 31 December 2019 and 2020, the Group had received a limited number of claims for defective goods sold by way of direct sales, and such claims, whether on an individual or an aggregate basis, are not considered as material. Stock-takes are carried out twice a year for inventory control purpose. The management of the Group assesses the marketability and the condition of the merchandise on a regular basis. Provision is made for the obsolete merchandise once they are identified by the management of the Group.

APO sales

Merchandise are also purchased under APO sales arrangement. However, unlike direct sales arrangement, the Group only records and accounts for the purchased goods at the time when they are sold and does not record inventory. Such agreements are usually in force for six to twelve months. The “APO” arrangement significantly reduces inventory risk to the Group. In each of the years ended 31 December 2019 and 2020, around 60% of the purchases were conducted under the “APO” arrangement.

	Year ended 31 December	
	2019	2020
	<i>(HK\$m)</i>	
Sales proceeds from APO sales	1,664.7	1,042.6
Income from APO sales	461.5	267.8
Average commission rate	27.4 %	26.1 %

Sales proceeds from APO sales contributed 17.6% and 18.4% to total sales proceeds in the years ended 31 December 2019 and 2020, respectively.

During the year ended 31 December 2020, the five largest suppliers of the Group in respect of its direct and APO sales accounted for approximately 48% of the Group’s total purchases. During the same period, the largest supplier accounted for approximately 21% of the Group’s total purchases. Products provided by the top five suppliers, which include world renowned brands, include cosmetics and household items.

Service income

Concessionaires and suppliers pay a fixed annual sponsorship fee to the Group to cover promotional costs and also pay a separate amount to lease product display space and billboards in the Group’s stores. Such service income has contributed 3.7% and 3.5% of the Group’s total revenue, respectively, for the years ended 31 December 2019 and 2020.

Rental income

The Group also leases its store space to concessionaires and third party service providers as well as its investment property to third parties for rental income. Rental income contributed 1.2% and 2.4% to total revenue in the years ended 31 December 2019 and 2020, respectively. Rental charges are typically in fixed amounts. The average length of a rental contract is one to two years. The rental income also provides a stable income source that protects the Group’s income during downturns in retail sales.

Seasonality

Sales of the Group follow the traditional shopping seasonal patterns in Hong Kong, with a higher proportion of sales being recorded around Christmas and Chinese New Year. However, in 2020, the store’s operations and operating hours were adjusted from time to time due to virus containment measures imposed by the Government to prioritise the safety of staff, customers and business partners. Stricter containment measures implemented by the Government amid resurgence in COVID-19 cases since late November 2020 badly dampened customer patronage and adversely impacted its business during the peak holiday shopping season in the fourth quarter of 2020.

Marketing and Sales Promotion

Marketing

The Group's marketing plans are devised for each month, quarter and half year. In addition, the Group also reviews the effectiveness of promotions which are held for major events and special occasions such as anniversary sales and during Christmas and Chinese New Year in order to further enhance its future performance.

To facilitate the promotion of store image and to position each of the Group's stores as "destination" stores, advertisements are placed in newspapers, magazines, handbills, direct mail, smartphones, emails and social media. The Group's Sogo websites and SOGO Rewards mobile app also keep customers informed, providing regular promotional events and updates on new and renovated store openings. In addition, the Group places advertisements in advertising signboards in the MTR Causeway Bay and Tsim Sha Tsui stations in Hong Kong, all of which are aimed at attracting the general public to visit the Sogo stores.

In-store advertising

As an additional marketing tool, the Group utilises the external building walls as well as certain internal walls of the Sogo stores to allow its concessionaires and suppliers to advertise and promote their products and/or goods through the LED wall on the CWB building and in-store light-boxes. For in-store LED advertising, complementing advertisements are usually placed close to the concessionaires' counters. Depending on the location of the advertisements, different sponsorship fees are charged to the concessionaires and suppliers in addition to the initial production fee and, for outdoor billboards, the electricity fees.

Sales promotion

Promotional events and seasonal sales

Promotional events range from food festivals to fashion shows or celebrity-supported functions for men and women's fashion and accessories. The Group utilises these events to increase customer traffic at its stores.

Regular sales campaigns are run every summer and winter through summer sales and winter sales (including the Chinese New Year Sales and the Stock Clearance Sales), during which discounts are offered for almost all of the merchandise at the Group's stores.

In addition to regular sales campaigns, special promotion events under different themes are also organised at the Group's stores to attract customers. These include the Spring Festival, the Mid-Autumn Festival, the Japanese Festival, Thankful Week (anniversary sales) at each store. During these events, special discounts are offered for selected items of merchandise and there are gift rewards, lucky draw and games for customers. Depending on the promotion events, concessionaires at the store are invited to participate, for instance, by contributing to the costs and expenses incurred by the Group in marketing campaigns or by offering exclusively selected items at special prices.

In 2020, to incentivise customer spending amid the unprecedented pandemic market situation when consumer sentiments were generally weak the Group offered higher discounts in terms of extra SOGO Rewards points as well as cash coupons.

Private sales

The Group's Sogo stores conduct private sales for designer brands periodically at its event hall to further increase its variety of merchandise offerings.

Loyalty programs

The Group operates the Sogo Club occupying six floors in SOGO CWB, which offers a leisure corner and complementary shopping for its members, including beauty centres, a book store, cafes and wedding services. In addition, for the purposes of enhancing the Sogo stores' image, building up customers' loyalty and the benefits of maintaining a database for direct marketing and sale promotion, the Group adopted a co-branded credit card arrangement. Sogo HK operates a co-branded Visa Platinum card under the logos of "Sogo" and "BOC" in accordance with the co-branded card arrangement with BOC Credit Card (International) Limited in Hong Kong. Besides the financial benefits of credit payment on purchases, the co-branded cardholders can enjoy certain shopping privileges, such as special 5% discounts at participating counters for purchase at the Sogo stores. The Group has developed the Sogo/BOC co-branded cards as its store loyalty cards. As at the Latest Practicable Date, there were around 360,000 approved co-branded Sogo/BOC credit card holders.

The Group believes those customers who sign up for the cards will be frequent shoppers and deserve an effective direct mailing of promotion materials. Marketing and promotion materials as well as provision of extra purchases incentives, participation in special events are communicated to this group of loyal customers.

In addition, in July 2016, the Group launched the SOGO Rewards loyalty program and a corresponding SOGO Rewards mobile app, a cash bonus points program for rewarding spending by customers. During the pandemic, the Group further enhanced its SOGO Rewards loyalty program by (i) usage of eGift Certificates for reward points redemption and purchase payment on SOGO Rewards Mobile App to provide greater convenience to its customers as well as reducing the usage of physical gift certificates, (ii) launch of POINTASTIC Rewards to enable customers to redeem reward points for not only eGift Certificates, but also a range of products and services of their choice on its app and (iii) launch of membership tiers and YURI beauty card to offer more personalised privileges and benefits to the customers. The initiatives have received encouraging initial feedback. As at the Latest Practicable Date, there were over 800,000 members.

Customer services

The Group offers the following services at its stores to enhance the quality of services being provided to shoppers/customers:

- Free delivery service upon HK\$800 purchase at Freshmart in Hong Kong
- Complimentary car parking
- Money exchange counter at SOGO CWB
- Wedding gift registry at SOGO CWB
- Gift wrapping

Safety measures

In 2020, to safeguard the health and safety of customers and staff members during the pandemic the Group implemented the following measures at the stores:

- An emergency response team, which comprises of store managers and managers from the Human Resources and Administration departments, has been set up to devise the strategies and procedures for virus preventive measures
- Issue guidelines to front-line staff for implementing precautionary measures
- Set up mask disposal points on shop floors and at office areas
- Adjust store business hours in consideration of the changing virus situation

- Require customers to wear face masks within the premises
- Provide hand sanitiser dispensers for customers in main traffic spots
- Install body temperature detection devices at the main entrances of the stores
- Disinfect all public areas and facilities more frequently
- Set up protective shield at the concierge service counters

Quality control

The quality of its products is vital to maintaining the Group's competitiveness. The Group places considerable emphasis on product quality. In respect of its direct sales, each of the Group's stores has a team of staff responsible for checking the physical conditions of the goods upon their delivery and the sales team which orders the merchandise is responsible for checking the quality of the goods prior to display and/or storage. Staff also conducts periodic checks on the condition of the goods on display and/or storage to ensure that no damaged or expired products are sold. In respect of its concessionaire sales, each of the Group's concessionaires has an obligation to employ its own staff and to maintain standards of quality acceptable to the Group with regards to the merchandise sold and the services provided.

Properties

Properties owned by the Group

SOGO CWB

The Group owns most floors of the property (known as East Point Centre) which SOGO CWB occupies. As at the Latest Practicable Date, the Group owns all the floors of the New Wing and most floors of the Old Wing comprising a total gross floor area of about 44,700 square metres, of which about 40,000 square metres is occupied by the store and about 4,700 square metres is used as the Group's head office and for other supporting functions.

In addition, CVISION, the outdoor full-HD LED advertising screen at the building façade of SOGO CWB that the Group launched in late 2017, has proven to be an effective advertising platform and has further reinforced the Group's flagship store's position as a prominent retail landmark in Hong Kong.

Properties rented by the Group

SOGO TST

The Group leases the space for operation of SOGO TST. The store is located in the Elegance, at Sheraton of Sheraton Hotel at the junction of Nathan Road and Salisbury Road, Kowloon in the major commercial district of Tsim Sha Tsui in Hong Kong and has a total gross floor area of 12,000 square metres. The lease is for the period from 15 July 2014 to 14 July 2023.

Investment properties

Kai Tak Project

As of 31 December 2020, the Group has one investment property under development in Hong Kong with a gross floor area of approximately 50,900 square meters, representing around 50.0% of the expected gross floor area of the Kai Tak development project.

London Property

On 20 November 2020 the Group completed the acquisition of a commercial property at a consideration of GBP250.1 million (equivalent to approximately HK\$2,571.0 million). The property is located in St. James's Square, London, one of the city's most prestigious addresses, providing approximately 103,655 sq. ft. of Grade A office accommodation. Immediately following completion of the acquisition, the Group leased the property back to the seller for a term of 24 months from the date of completion at a principal rent of GBP11.21 million (equivalent to approximately HK\$115.2 million) per annum (exclusive of VAT) payable quarterly in advance. For 2020, the gross rental income generated by the commercial property in London since its acquisition amounted to £1.3 million, equivalent to approximately HK\$13.4 million.


Insurance

The Group has obtained insurance coverage for its operations, covering risks like business interruption, loss of or damage to property, public liability, employees' compensation and goods in transit, etc. The Directors believe that the amount of coverage is typical for similar operations in the same business and is adequate for the Group.

The Group has not maintained any product liability insurance. Based on the limited number of claims for defective goods made against the Group during the years ended 31 December 2019 and 2020 and in view of the premiums for product liability insurance for a retail department store, the Group does not consider it appropriate from a cost and benefit point of view to take up product liability insurance for all goods sold by the Group.

Intellectual Property

Trademark licence agreement

In May 2001, Sogo Co., Ltd. entered into a trademark licence agreement with Sogo HK in May 2001 pursuant to which, Sogo Co., Ltd., as the licensor, granted a sole and exclusive and non-transferable licence for Sogo HK to use a series of trademarks with references to name, marks of Sogo/SOGO, “崇光” and  (the “**Licensed Trade Marks**”) in Hong Kong for 18 years. Sogo Co., Ltd. assigned the Licensed Trade Marks to Sogo, Inc. on 31 January 2002. As a result, the licensor in the Licence Agreement has been changed to Sogo, Inc. (subsequently renamed as Millennium Retailing, Inc. (“**Sogo & Seibu**”). On 4 December 2018, the Sogo HK entered into a new trademark licence agreement with Sogo & Seibu (the “**Licence Agreement**”), pursuant to which Sogo & Seibu agreed to grant the Group the sole and exclusive licence to use the Licensed Trade Marks in Hong Kong for conducting its business activities of operation of department stores for a further term of 20 years commencing from 9 May 2019. The Licence Agreement may be terminated by the licensor on the occurrence of certain events, including the insolvency of Sogo HK, breach of any of the terms of the Licence Agreement by Sogo HK and such breach not being remedied within 21 days of the written notice from the licensor, Sogo HK ceasing to carry on retail department store business without the approval of Sogo & Seibu; or the acquisition by a third party of the control of Sogo HK. Except for the occurrence of the events specified in the Licence Agreement, the licensor may not terminate the Licence Agreement unilaterally by simply serving notice of termination upon Sogo HK. Pursuant to the Licence Agreement, any renewal of the Licence Agreement is subject to such terms and conditions as the parties may agree at least six months prior to its expiration.

Under the Licence Agreement, Sogo HK is required to pay a royalty fee to Sogo & Seibu at a certain rate of the net sales proceeds including direct sales, APO sales and concessionaire sales generated by Sogo HK from its retail department store business operations under the Licensed Trade Marks in Hong Kong. The licensor does not have the right to increase the royalty rate under the Licence Agreement unless otherwise agreed by the parties.

Other intellectual property rights

As at the Latest Practicable Date, members of the Group are registrants of certain domain names, including Sogo.com.hk. In addition, the Group has registered trademarks under classes 9, 25, 30, 35, 36, 37, 38, 41, 43 and 45 in Hong Kong.

Infringement claims

During the years ended 31 December 2019 and 2020, the Group received a few infringement complaints from certain third parties who alleged that certain merchandise sold in the department store infringed their intellectual property rights. For avoiding unnecessary disputes, the Group agreed to withdraw or procure its concessionaires to withdraw the sale of such merchandise in the department store. No damages were required to be paid by the Group in connection with such claims during the years ended 31 December 2019 and 2020.

Business Licences

In relation to the operation of the Group's stores in Hong Kong, certain licences and permits are required to be obtained, such as general restaurant or light refreshment restaurant licences with, where appropriate, endorsements to sell certain restricted foods or drinks, food factory licences, fresh provision shop licences, bakery licences, milk permits, frozen confections permits, non-bottled drinks permit, liquor licence, pesticides licences, licence for listed sellers of poisons, licences for the discharge of effluent depending mainly on the types of merchandise and services offered at each store at the relevant time. Further, trade promotion competition licences are required for any specific trade promotion competition such as lucky draws carried on from time to time at each store.

In connection with the security services rendered by certain member of the Group, a security company licence for supplying individuals to perform security work type I (i.e. provision of security guarding services) and mobile radio system licences for the mobile radio systems used in connection therewith are required.

Each of the concessionaires are required to obtain all valid licences (if applicable) for the operation of its business at the Group's stores. In the event that a concessionaire relies upon the Group's license to operate its business within the designated areas, it is required to maintain all such licences and not to do or permit or suffer to be done anything which might prejudice the future grant or renewal of such or similar licences and to comply with all requirements, directions and recommendations from time to time of the licencing authorities. Such concessionaire is also required to indemnify the Group against all costs, claims, liabilities, fines, penalties or other expenses whatsoever which may fall upon any member of the Group by reason of any non-compliance.

The Group maintains a team comprising staff with experience in legal, compliance and company secretarial matters to monitor the operation of the Group to ensure that relevant regulatory requirements are complied with. The Group also engages consultants and professional advisers from time to time to advise on licensing and regulatory requirements, the handling of disputes arising in the ordinary course of business of the Group and other legal matters.

Competition

Industry environment in Hong Kong

The Group's home market Hong Kong plunged into a deeper recession with the COVID-19 pandemic weighing on investments and exports, coupled with subdued domestic demand amid deteriorating job market. The city's GDP contracted by 6.1% in 2020, compared with a 1.2% contraction in 2019. Hong Kong's retail sales also tumbled in 2020 as the prolonged pandemic brought inbound tourism to a standstill and domestic consumption took a big hit. Visitor arrivals to Hong Kong plummeted 93.6% in 2020, compared with a decline of 14.2% in 2019.

Visitations from mainland China reported a decline of 93.8% for the full year, compared with a 14.2% drop in 2019. For the whole year, retail sales in Hong Kong sank 24.3% year-on-year, compared with a decline of 11.1% in 2019. Sales of luxury goods categories, including jewellery and watches, dropped 54% whereas department store sales decreased 22.5% year-on-year.

Looking ahead, the Group expects 2021 to be a year of uncertainties and challenges for both retail industry and economy of Hong Kong. Given the unpredictability of the evolving pandemic and its lingering impact on the global economic recovery, the Group will stay vigilant and work closely with its business partners to tide over the difficulties. As a prominent retail operator in Hong Kong, the Group will continue to consolidate its resilience and strength during turbulent times and focus on steering a positive turnaround of its business.

The Group's competitiveness

There are a number of department stores operating under different styles in Hong Kong. Japanese-style department stores are differentiated from department stores of other styles in terms of customer services, selection of merchandise and shopping environment. Due to the burst of the economic bubble in Japan during the late 1990s, a number of Japanese corporations have been forced to undergo overseas retreat and a number of Japanese style department stores in Hong Kong have closed down.

Following the closure of a number of Japanese-style department stores in the late 1990's, the Group's stores are some of the few Japanese-style department stores in Hong Kong. Whereas some of these Japanese-style department stores focus on the retailing of daily necessity goods and are located in residential areas; while others focus on cosmetics and fashion, the Group believes that its stores are differentiated from these Japanese-style department stores by its "lifestyle" focus and the "one-stop shop" strategy. The Group's stores offer a comprehensive merchandise mix and target the middle-and upper-market segments. In addition, the Group's stores focus on the "shops-in-shop" concept and the sale of premium branded products.

Despite the strong competition in the retail industry in Hong Kong, the limited availability of large-scale retail space is favourable for existing department store operators. Located in the major shopping districts, SOGO CWB and SOGO TST prior to pandemic have been able to attract a consistently high level of traffic from local customers and tourists. Protracted pandemic containment measures severely curtailed economic activities in and tourist arrival to the city. The store's operations and operating hours were adjusted from time to time to prioritise the safety of staff, customers and business partners.

Faced with the challenges brought by the pandemic, the Group continues to upgrade its omni-channel capabilities by accelerating enhancement of the mobile application of its SOGO Rewards program and enrichment of its SOGO eStore services to entice consumer spending and further fortify its customer base.

The Group considers the quality, value, merchandise mix, service and the degree of convenience to be its most significant competitive advantages in the industry. The Group believes that there is a significant distinction between the sales strategy of the Group and that of the other department store operators in Hong Kong. The Group places great emphasis on providing a comprehensive range of merchandise through direct sales, APO sales and concessionaire sales. By offering such a range of merchandise, the Group is able to satisfy the requirements of and attract customers of different age groups and income groups. The payment arrangement of the concessionaire sales and APO sales enables the Group to reduce its inventory risk and enhance the use of its working capital.

The Group's self-owned property business model emphasises its commitment in Hong Kong and insulates the Group from the volatile rental market and the risk of forced relocations. It also allows the Group to have maximum flexibility when planning construction and store layouts and size with the goal of becoming a landmark shopping destination for customers.

The Group recognises that there is an increasing challenge to department store operators from chain stores specialising in certain categories of merchandise and believe that the “shops-in-shop” arrangement with concessionaires continues to allow the Group to cope with such challenges. In addition, the Group considers that having its stores located at the prime shopping districts of Hong Kong enables them to attract a steady flow of customers.

Employees

As at 31 December 2020, the Group employed a total of 675 employees in Hong Kong. An analysis of the Group’s employees classified by function is as follows:

Function	Number of employees as at 31 December 2020
General management	7
Sales and sales-related	329
Accounting, finance and administration	45
Others	294
Total	<u>675</u>

Employees of the Guarantor and its subsidiaries participate in various basic pension fund plans and/or social insurance plans organised by the Hong Kong government whereby the Guarantor and its subsidiaries are required to make monthly contributions to these plans at certain rates of the employees’ salary as stipulated by relevant local regulations.

The Guarantor and its subsidiaries have not experienced any strikes, work stoppages, labour disputes or actions which materially affected the operation of any of their respective businesses.

Environmental and safety matters

The Group is subject to environmental regulations promulgated by government authorities. These include regulations on air pollution, noise emissions and water and waste discharge. Each property developed by the Group must undergo environmental assessments and an environmental impact study report needs to be submitted to the relevant government authorities before approval is granted for commencement of the property development. At completion of each property, the relevant government authorities will also need to inspect the site to ensure that applicable environmental standards have been complied with, and the resulting report is then presented together with other specified documents to the local construction administration authorities for their record.

The Group’s operations are also subject to inspections by government authorities with regard to various safety and environmental issues. The Group’s management believes that the Group is in compliance in all material respects with applicable governmental regulations in the jurisdictions in which the Group operates. Compliance with such laws has not had, and in management’s opinion is not expected to have, a material adverse effect upon the Group’s capacity, expenditure, earnings or competitive position. The Group is not aware of any governmental proceedings or investigations to which it or any member of the Group is or might become a party and which may have a material adverse effect on its properties and operations.

Litigation

The Guarantor and its subsidiaries are parties to various legal proceedings in the ordinary course of business. Although the Guarantor cannot predict the outcome of these matters, the Guarantor does not expect any proceeding, if determined adversely against it or its subsidiaries, to have a material adverse effect on its consolidated financial position and results of operations.

Liquidity, Financial Resources and Capital Structure

Net current liabilities

At 31 December 2020, the Group had net current liabilities of HK\$1,164.6 million with current assets and current liabilities of about HK\$9,660.9 million and HK\$10,825.5 million, respectively. Current assets comprised primarily financial assets at fair value through profit or loss of about HK\$4,814.5 million, cash and cash equivalents of about HK\$4,175.8 million and trade and other receivables of about HK\$644.9 million while current liabilities comprised primarily bank borrowings due within one year of about HK\$9,628.9 million, trade and other payables of about HK\$662.2 million, financial liabilities at fair value through profit or loss of about HK\$220.8 million, contract liabilities of about HK\$121.8 million and tax payable of about HK\$105.2 million. The net current liabilities were caused by inclusion of the HK\$6 billion outstanding bank loan drawn under the 5-year HK\$8 billion secured facility which is due for repayment in July 2021. This HK\$8 billion loan facility is currently being renewed with substantially the same terms as the existing facility.

Funding and banking facilities

The Group generally finances its operations and expansion with internally-generated cash flow, bonds payable and banking facilities. The Group's outstanding bank loans as at 31 December 2020 amounted to approximately HK\$13,503.0 million and bonds payable amounted to approximately HK\$6,836.2 million respectively. As at 31 December 2020, the Group had aggregate unutilised banking facilities in the amount equivalent to approximately HK\$8,091.5 million.

Capital commitments

As at 31 December 2020, the Group had commitments of about HK\$4,310.3 million in respect of property, plant and equipment and investment property in relation to the Group's property development project.

DIRECTORS

Board of Directors

The members of the board of directors of the Guarantor as at the date of this Offering Circular are as follows:

Executive Directors

Mr. LAU Kam Sen

Mr. Lau, aged 32, was appointed as an executive director in June 2017. He also acts as a director of certain subsidiaries of the Company. Mr. Lau is responsible for project management of the Group. Mr. Lau holds a Bachelor of Arts degree from Columbia University in the City of New York and a Master of Arts degree from New York University. He has previously worked in investment banking with a global financial institution in Hong Kong. Mr. Lau is the son of Mr. Lau Luen Hung, Thomas, the brother of Ms. Lau Kam Shim and the nephew of Ms. Lau Yuk Wai, Amy.

Ms. LAU Kam Shim

Ms. Lau, aged 33, was appointed as an executive director in March 2016. She also acts as a director for various subsidiaries of the Company. Her responsibilities include overseeing sales operations, marketing, advertising and the sourcing of new business opportunities. Ms. Lau is also the current chairwoman of the Company's Environmental, Social and Governance Committee and plays an active role in promoting and integrating the Group's sustainability goals within the business. Ms. Lau joined the Group in October 2012 and prior to being promoted to the executive director, was responsible for the international luxury division and the marketing division of the Group. She currently serves as a member of the Executive Committee of the International Association of Department Stores and the Hong Kong Retail Management Association as well as a member of the Retail & Tourism Committee within the Hong Kong General Chamber of Commerce. Ms. Lau holds a Bachelor of Arts degree from King's College London, University of London and a Master of Arts degree from Columbia University in the City of New York. She is the daughter of Mr. Lau Luen Hung, Thomas, the sister of Mr. Lau Kam Sen and the niece of Ms. Lau Yuk Wai, Amy.

Non-executive Directors

Mr. LAU Luen Hung, Thomas

Chairman

Mr. Lau, aged 67, joined the Company in January 2004. He has been the Chairman of the Company since 2015. Mr. Lau is also the chairman, chief executive officer and an executive director of Lifestyle China Group Limited, a company listed on the HKEX. He is a member of the Chinese People's Political Consultative Conference Shanghai Committee and a member of the board of directors of the Shanghai Jiao Tong University, the PRC. Mr. Lau is the father of Mr. Lau Kam Sen and Ms. Lau Kam Shim, and the brother of Ms. Lau Yuk Wai, Amy.

Mr. DOO Wai Hoi, William (JP)

Mr. Doo, aged 76, joined the Company in March 2005. He is also the vice-chairman and non-executive director of New World Development Company Limited and an independent non-executive director of Shanghai Industrial Urban Development Group Limited, both being companies listed on the HKEX. Mr. Doo is also the chairman and director of Fung seng Prosperity Holdings Limited. He is a Justice of the Peace appointed by the Government of the Hong Kong Special Administrative Region. He is also the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau, and a Governor of the Canadian Chamber of Commerce in Hong Kong. Mr. Doo was promoted to the Officer de l'Ordre National de la Légion d'Honneur by the Republic of France in 2019.

Ms. LAU Yuk Wai, Amy

Ms. Lau, aged 68, joined the Company in March 2004. She is also a non-executive director of Chinese Estates Holdings Limited, a company listed on the HKEX. Ms. Lau holds a Bachelor of Science degree and a Doctor of Dental Surgery degree from University of Toronto, Canada. She is a retired dentist registered with the Royal College of Dental Surgeons of Ontario, Canada. Ms. Lau is the sister of Mr. Lau Luen Hung, Thomas, and the aunt of Mr. Lau Kam Sen and Ms. Lau Kam Shim.

Independent Non-executive Directors

Mr. LAM Siu Lun, Simon (ACA, FTIHK)

Mr. Lam, aged 72, joined the Company in March 2004. Mr. Lam graduated from The University of Hong Kong with a Bachelor of Arts degree. After graduation, he worked at KPMG Peat Marwick and obtained his qualification as a chartered accountant from The Institute of Chartered Accountants in England and Wales in 1979 and certified public accountant from the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants) in 1980. He is also a fellow member of the Taxation Institute of Hong Kong. Mr. Lam has been a practicing accountant for over 25 years and is the proprietor of Messrs. S.L. Lam & Company, a firm of certified public accountants. He has served as a member of the Insider Dealing Tribunal on a number of occasions. He is an independent non-executive director of Le Saunda Holdings Limited, a company listed on the HKEX.

The Hon. SHEK Lai Him, Abraham (Abraham Razack) (GBS, SBS, JP)

Mr. Shek, aged 75, joined the Company in March 2004. He has been a member of the Legislative Council for the Hong Kong Special Administrative Region representing real estate and construction functional constituency since 2000. Mr. Shek is an honorary member of the Court of The Hong Kong University of Science and Technology and Court and Council Member of The University of Hong Kong. Mr. Shek is a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption. He is currently an executive director of Goldin Financial Holdings Limited (re-designated from independent non-executive director on 1 March 2021), a company listed on the HKEX. Mr. Shek is an independent non-executive director of Paliburg Holdings Limited, NWS Holdings Limited, Chuang's Consortium International Limited, Chuang's China Investments Limited, ITC Properties Group Limited, Country Garden Holdings Company Limited, China Resources Cement Holdings Limited, Lai Fung Holdings Limited, Cosmopolitan International Holdings Limited, Everbright Grand China Assets Limited, CSI Properties Limited, Far East Consortium International Limited, Landing International Development Limited and Hao Tian International Construction Investment Group Limited, all being companies listed on the HKEX. He is also an independent non-executive director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust which is listed on the HKEX) and Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust which is listed on the HKEX). Mr. Shek holds a Bachelor of Arts degree and has extensive experience in the property development field. Mr. Shek was awarded the Silver Bauhinia Star and Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2007 and 2013 respectively.

Mr. HUI Chiu Chung (JP)

Mr. Hui, aged 74, joined the Company in July 2005. Mr. Hui is the chairman and chief executive officer of Luk Fook Financial Services Limited and has over 49 years of experience in the securities and investment industry. He had for years been serving as a council member and vice chairman of the HKEX, a member of the advisory committee of the Hong Kong Securities and Futures Commission, a director of the Hong Kong Securities Clearing Company Limited, a member of the listing committee of the Hong Kong Exchanges and Clearing Limited, an appointed member of the Securities and Futures Appeal Tribunal, a member of the Standing Committee on Company Law Reform, and an appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A. He was also a member of the Committee on Real Estate Investment Trusts

of the Hong Kong Securities and Futures Commission and a member of Government “Appointees” (independent member) of Appeal Panel of the Travel Industry Council of Hong Kong. Mr. Hui was appointed by the Government of the Hong Kong Special Administrative Region a Justice of the Peace in 2004 and has served as a member of the Zhuhai Municipal Committee of the Chinese People’s Political Consultative Conference from 2006 to 2017. He is a fellow member of the Hong Kong Institute of Directors and senior fellow member of the Hong Kong Securities and Investment Institute. Mr. Hui also serves as an independent non-executive director of Zhuhai Holdings Investment Group Limited, Gemdale Properties and Investment Corporation Limited, China South City Holdings Limited, SINOPEC Engineering (Group) Co., Ltd., Agile Group Holdings Limited and FSE Services Group Limited and a non-executive director of Luk Fook Holdings (International) Limited, all being companies listed on the HKEX.

Mr. IP Yuk Keung

Mr. Ip, aged 69, joined the Company in April 2014. He is an international banking and real estate professional with over 30 years of experience in the United States, Asia and Hong Kong. His expertise are in real estate finance, corporate banking, risk management, wealth management and transaction banking. Previously managing director and corporate bank head of Citigroup and managing director of investments at Merrill Lynch (Asia Pacific), Mr. Ip was also an executive director and the chief executive officer of Langham Hospitality Investments (“LHI”) and Langham Hospitality Investments Limited (listed on the Stock Exchange) and LHIL Manager Limited (the trustee-manager of LHI). He is currently an independent non-executive director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust which is listed on the HKEX). Mr. Ip also serves as an independent non-executive director of Power Assets Holdings Limited, New World Development Company Limited and Hutchison Telecommunications Hong Kong Holdings Limited, all being companies listed on the HKEX. Mr. Ip is an Adjunct Professor of City University of Hong Kong, The Hong Kong University of Science and Technology, The Hang Seng University of Hong Kong and The Chinese University of Hong Kong. He is also a Member of the International Advisory Board of College of Business at City University of Hong Kong, a Council Member, a Member of the Business School Advisory Council and an Honorary Advisor of School of Humanities and Social Science at The Hong Kong University of Science and Technology, an Adjunct Distinguished Professor in Practice at University of Macau, a trustee of the Board of Trustees at Washington University in St. Louis and an honorary fellow of Vocational Training Council. He is a chairman of the World Green Organisation. Mr. Ip holds a Bachelor of Science degree in Applied Mathematics and Computer Science at Washington University in St. Louis (summa cum laude), a Master of Science degree in Applied Mathematics at Cornell University and a Master of Science degree in Accounting and Finance at Carnegie-Mellon University.

Audit Committee

The Guarantor has an audit committee with written terms of reference in compliance with the Corporate Governance Code as set out in appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Guarantor.

The audit committee comprises four members, namely, Mr. Lam Siu Lun, Simon, The Hon. Shek Lai Him, Abraham, Mr. Hui Chiu Chung and Mr. Ip Yuk Keung, all are independent non-executive directors. The audit committee is chaired by Mr. Lam Siu Lun, Simon, who is a certified public accountant.

SHAREHOLDERS, DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

Interests of Substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Guarantor under Section 336 of the SFO, the following companies (other than interests of a Director or chief executive of the Guarantor) were interested in 5% or more of the shares or underlying shares of the Guarantor which are required to be disclosed to the Guarantor, under Divisions 2 and 3 of Part XV of the SFO:

Name	Number of shares	% of interest in the issued share capital of the Guarantor ⁽⁴⁾	Capacity
Asia Prime	540,000,000	35.95%	Interest of controlled corporation ⁽¹⁾
United Goal Resources	540,000,000	35.95%	Beneficial owner ⁽¹⁾
Sand Cove	540,000,000	35.95%	Interest of controlled corporations ⁽²⁾
Dynamic Castle	471,694,500	31.41%	Beneficial owner ⁽³⁾

Notes:

- (1) Asia Prime, a company indirectly controlled by Mr. Thomas Lau, holds 80% of the entire issued share capital of United Goal Resources. By virtue of the SFO, Asia Prime is deemed to be interested in the same parcel of shares comprising 540,000,000 shares in which United Goal Resources is interested as beneficial owner.
- (2) Sand Cove, which is wholly owned and directly controlled by Mr. Thomas Lau, is entitled to exercise or control the exercise of 100% voting power at general meetings of Asia Prime. By virtue of SFO, Sand Cove is deemed to be interested in the same parcel of shares in which Asia Prime is deemed to be interested as set out in Note 1 above.
- (3) Dynamic Castle is wholly-owned by Mr. Thomas Lau.
- (4) As at the Latest Practicable Date, the issued share capital of the Guarantor was HK\$7,509,580 consisting of 1,501,916,000 shares of HK\$0.005 each.
- (5) Exemption from compliance with the disclosure of interests requirement of the SFO by LS Finance (2022) Limited and LS Finance (2025) Limited (including substantial shareholders, directors and chief executives) had been granted under section 309(2) of the SFO.
- (6) Mr. Thomas Lau, Mr. Lau Kam Sen and Ms. Lau Kam Shim are directors of United Goal Resources and Sand Cove and Mr. Thomas Lau is the sole director of Asia Prime and Dynamic Castle.

Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Guarantor in the shares, underlying shares and debentures of the Guarantor or any of its associated corporations (within the meaning of Part XV of the SFO which are required to be notified to the Guarantor and HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or are required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules to be notified to the Guarantor and HKEX were as follows:

Long positions in the issued shares of the Guarantor

Name of Director	Nature of interest	Number of shares held	Percentage of issued shares
Mr. Thomas Lau	Beneficial owner	113,403,292	7.55%
	Interest of controlled	1,011,694,500	67.36%

Name of Director	Nature of interest	Number of shares held	Percentage of issued shares
	corporations (Note 1)		
	Trustee (Note 2)	951,000	0.06%
Mr. Lau Kam Sen	Beneficiary of a trust (Note 2)	951,000	0.06%
Ms. Lau Kam Shim	Beneficiary of a trust (Note 2)	951,000	0.06%
Ms. Lau Yuk Wai, Amy	Beneficiary of a trust and Trustee (Note 2)	951,000	0.06%

Note:

- (1) The 1,011,694,500 shares comprise:
 - (i) 540,000,000 shares held by United Goal Resources. United Goal Resources is ultimately owned as to 80% by Mr. Thomas Lau through his controlled corporations and as to 20% by certain family members of Mr. Joseph Lau, the elder brother of Mr. Thomas Lau. By virtue of the SFO, Mr. Thomas Lau is deemed to be interested in the same parcel of shares in which United Goal Resources is interested.
 - (ii) 471,694,500 shares held by Dynamic Castle, which is wholly owned by Mr. Thomas Lau. By virtue of the SFO, Mr. Thomas Lau is deemed to be interested in the same parcel of shares held by Dynamic Castle.
- (2) These shares are held by a trust for an estate in which certain family members of Mr. Thomas Lau have interest. Mr. Thomas Lau and Ms. Lau Yuk Wai, Amy are the trustees of the trust and each of Mr. Lau Kam Sen, Ms. Lau Kam Shim and Ms. Lau Yuk Wai, Amy is a beneficiary under the trust, and therefore each of them is deemed to be interested in such shares by virtue of the SFO.
- (3) As at the Latest Practicable Date, the issued share capital of the Guarantor was HK\$7,509,580 consisting of 1,501,916,000 shares of HK\$0.005 each.

Long positions in debentures of associated corporations of the Guarantor

(a) LS Finance (2025) Limited

- 4.50% guaranteed bonds due 2025

Name of Director	Nature of interest	Amount of debentures held (U.S.\$)
Mr. Thomas Lau	Beneficial owner	4,000,000
	Interest of controlled corporation (Note 1)	
Mr. Lau Kam Sen	Interest of controlled corporation (Note 2)	15,000,000
Ms. Lau Kam Shim	Interest held jointly with spouse	
Mr. Ip Yuk Keung		500,000

(b) LS Finance (2022) Limited

- 4.25% guaranteed bonds due 2022

Name of Director	Nature of interest	Amount of debentures held (U.S.\$)
Mr. Doo Wai Hai, William	Interest of controlled corporation (Note 3)	10,000,000

(c) LS Finance (2022) Limited

- 4.875% guaranteed bonds due 2022

Name of Director	Nature of interest	Amount of debentures held (U.S.\$)
Mr. Lau Kam Sen	Interest of controlled corporation (Note 1)	10,000,000
Ms. Lau Kam Shim	Interest of controlled corporation (Note 2)	10,000,000
Mr. Doo Wai Hai, William	Interest of controlled corporation (Note 3)	10,000,000

Notes:

- (1) These debentures are held by Magic Achieve Limited (“**Magic Achieve**”), which is wholly owned by Mr. Lau Kam Sen. By virtue of the SFO, Mr. Lau Kam Sen is deemed to be interested in the same parcel of debentures in which Magic Achieve is interested.
- (2) These debentures are held by Dynasty Sky Limited (“**Dynasty Sky**”), which is wholly owned by Ms. Lau Kam Shim. By virtue of the SFO, Ms. Lau Kam Shim is deemed to be interested in the same parcel of debentures in which Dynasty Sky is interested.
- (3) These debentures are held by a company which is wholly owned by Mr. Doo Wai Hoi, William. By virtue of the SFO, Mr. Doo Wai Hoi, William is deemed to be interested in the same parcel of debentures in which such company is interested.

Save as disclosed above, as at the Latest Practicable Date, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or which are required to be notified to the Company and the HKEX pursuant to the Model Code. Nor any of the directors and chief executive had any interest in, or had been granted any right to subscribe for the securities of the Company and its associated corporations (within the meaning of Part XV of the SFO) or had exercised any such right during the year under review.

Related Party Transactions

There exist no significant related party transactions and please see note 33 to the audited consolidated financial statements of the Guarantor for the year ended 31 December 2020 included elsewhere in this Offering Circular.

TAXATION

The following summary of certain British Virgin Islands, Cayman Islands and Hong Kong tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Bonds.

Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

British Virgin Islands

The Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands. Payments of principal, premium or distribution in respect of the Bonds to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

Capital gains realised with respect to the Bonds by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to the Bonds.

All instruments relating to transactions in respect of the Bonds are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

Cayman Islands

The Cayman Islands currently have no exchange control restrictions and no income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax applicable to the Issuer or any holder of Bonds. Accordingly, payment of principal of (including any premium) and interest on, and any transfer of, the Bonds will not be subject to taxation in the Cayman Islands, no Cayman Islands withholding tax will be required on such payments to any holder of a Bond and gains derived from the sale of Bonds will not be subject to Cayman Islands capital gains tax. The Cayman Islands is a party to a treaty entered into with the United Kingdom in 2010 but otherwise is not a party to any double taxation treaties.

There is no stamp, registration or similar tax or duty to be paid on or in relation to the Bonds provided that they are executed and remain outside the Cayman Islands. If it becomes necessary to bring the documents into the Cayman Islands for enforcement or otherwise, nominal stamp duty will be payable on the Bonds. In the case of the Bonds creating security over movable property situated in the Cayman Islands granted by an exempted company, an ordinary non-resident company or a foreign company, or over shares in an exempted company or an ordinary non-resident company, stamp duty will be payable on an ad valorem basis to a maximum of CI\$500.00 (U.S.\$600.00).

The Guarantor has, pursuant to Section 6 of the Tax Concessions Act (1999 Revision) of the Cayman Islands, obtained an undertaking from the Governor-in-Cabinet that:

- no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income or gains or appreciation shall apply to the Guarantor or its operations; and

- in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Guarantor:
 - (i) on or in respect of the shares, debentures or other obligations of the Guarantor; or
 - (ii) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (1999 Revision).

The undertaking that the Guarantor has obtained is for a period of twenty years from 6 January 2004.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or distributions on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profit Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Distributions on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) distribution on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) distribution on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) distribution on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) distribution on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of the Bonds.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Managers dated 9 June 2021 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Managers, and the Managers have agreed to severally, but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, U.S.\$350,000,000 in the aggregate principal amount of the Bonds as indicated in the following table at an issue price of 100 per cent. of their principal amount (the “**Issue Price**”). Any subsequent offering of the Bonds to investors may be at a price different from such Issue Price.

Managers	Principal amount of Bonds to be subscribed
J.P. Morgan Securities plc	U.S.\$150,000,000
Standard Chartered Bank	U.S.\$100,000,000
UBS AG Hong Kong Branch	U.S.\$100,000,000
Total	U.S.\$350,000,000

The Subscription Agreement provides that each of the Issuer and the Guarantor will indemnify the Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent, and entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Issuer and the Guarantor have agreed with the Managers that certain private banks will be paid a commission in connection with the distribution of the Bonds to their clients. This commission will be based on the principal amount of the Bonds so distributed, and will be paid by the Managers to the private banks in the manner agreed between them.

The Managers and certain of their respective affiliates have performed and may continue to perform certain investment banking, commercial banking and advisory services for the Guarantor and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Guarantor and/or its affiliates in the ordinary course of their business.

The Managers and certain of their respective affiliates may purchase the Bonds and be allocated the Bonds for asset management and/or proprietary purposes but not with a view to distribution. In addition, certain of the Issuer’s and the Guarantor’s directors and affiliates may purchase the Bonds and be allocated the Bonds for proprietary purposes, subject to compliance of the relevant Listing Rules.

The Managers or their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

In connection with the issue of the Bonds, any of the Managers appointed and acting in its capacity as stabilisation manager (the “**Stabilisation Manager**”) or any person acting on behalf of the Stabilisation

Manager may over-allot Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager shall act as principal and not as agent of the Issuer or the Guarantor. However, there is no assurance that Stabilisation Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilisation Manager.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Managers that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Manager has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Bonds or has in its possession or distributes this Offering Circular.

United States

The Bonds and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds and the Guarantee are being offered and sold outside the United States in reliance on Regulation S. Each Manager has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, any Bonds and the Guarantee constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Each Manager has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds and the Guarantee. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each Manager represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by the Offering Circular to any retail investor in the European Economic Area. For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:

- (1) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
- (2) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Prohibition of Sales to UK Retail Investors.

Each Manager represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by the Offering Circular to any retail investor in the United Kingdom. For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:

- (1) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (2) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

United Kingdom

Each Manager has represented and agreed that:

- (1) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom; and
- (2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.

Singapore

Each Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;

- (iv) as specified in Section 276(7) of the SFA;
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA -N16: Notice on Recommendations on Investment Products).

Hong Kong

Each of the Managers has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

PRC

Each Manager has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People’s Republic of China and approved by the competent authority of the People’s Republic of China.

British Virgin Islands

Each Manager has represented, warranted and agreed that it has not made and will not make any invitation to the public in the British Virgin Islands to offer or sell the Bonds.

Cayman Islands

Each Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any Bonds to the public or any member of the public in the Cayman Islands.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”) and, accordingly, each of the Managers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised

under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of or otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code number 235243652 and the International Securities Identification Number for the Bonds is XS2352436526.
2. **Listing of Bonds:** Application will be made for the listing of the Bonds on HKEX by way of debt issues to Professional Investors only.
3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer dated 7 June 2021. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Guarantee. The issue of the Guarantee was authorised by resolutions of the board of directors of the Guarantor on 7 June 2021.
4. **No Material Adverse Change:** Other than as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position or prospects of the Guarantor and the Group since 31 December 2020.
5. **Litigation:** Neither the Guarantor, the Issuer nor any of their subsidiaries is involved in any litigation or arbitration proceedings that the Group believes are material in the context of the Bonds nor is the Guarantor aware that any such proceedings are pending or threatened.
6. **Available Documents:** Copies of the Guarantor's audited consolidated financial statements for the years ended 31 December 2019 and 2020 and copies of the Fiscal Agency Agreement, the Deed of Covenant and the Deed of Guarantee, in respect of the issue of the Bonds, will be available for inspection from the Issue Date at the head office and principal place of business of the Guarantor at 20/F, East Point Centre, 555 Hennessy Road, Causeway Bay, Hong Kong during normal business hours, so long as any of the Bonds is outstanding.
7. **Financial Statements:** The Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020, which are included elsewhere in this Offering Circular, have been audited by PricewaterhouseCoopers, Certified Public Accountants, as stated in its report appearing herein.
8. **Legal Entity Identifier:** The Legal Entity Identifier of the Issuer is 549300Y02UWXNTIDKH68.

INDEX TO FINANCIAL STATEMENTS

References to page numbers in the following financial statements refer to the original page numbers in the 2019 annual report and the 2020 annual report, as the case may be, and cross-references to page numbers included in the independent auditor's report are to such original page numbering. The Guarantor's audited consolidated financial statements have not been prepared for inclusion in this Offering Circular

AUDITED FINANCIAL STATEMENTS OF THE GUARANTOR AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

	Page
Independent Auditor's Report	F-1
Consolidated statement of profit or loss and other comprehensive income	F-8
Consolidated statement of financial position	F-9
Consolidated statement of changes in equity	F-11
Consolidated statement of cash flows	F-12
Notes to the consolidated financial statements	F-14

AUDITED FINANCIAL STATEMENTS OF THE GUARANTOR AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019

	Page
Independent Auditor's Report	F-88
Consolidated statement of profit or loss and other comprehensive income	F-94
Consolidated statement of financial position	F-95
Consolidated statement of changes in equity	F-97
Consolidated statement of cash flows	F-98
Notes to the consolidated financial statements	F-100

Independent Auditor's Report

獨立核數師報告



**TO THE SHAREHOLDERS OF
LIFESTYLE INTERNATIONAL HOLDINGS LIMITED**
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Lifestyle International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 87 to 166, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

羅兵咸永道

致利福國際集團有限公司股東

(於開曼群島註冊成立的有限公司)

意見

我們已審計的內容

利福國際集團有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第87至166頁的綜合財務報表，包括：

- 於二零二零年十二月三十一日的綜合財務狀況表；
- 截至該日止年度的綜合損益及其他全面收益表；
- 截至該日止年度的綜合權益變動表；
- 截至該日止年度的綜合現金流量表；及
- 綜合財務報表附註，包括主要會計政策概要。

我們的意見

我們認為，該等綜合財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了貴集團於二零二零年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。



Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is related to valuation of investment properties.

意見的基礎

我們已根據香港會計師公會頒布的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

根據香港會計師公會頒布的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項與投資物業的估值有關。

Key Audit Matter
關鍵審計事項

Valuation of investment properties
投資物業的估值

Refer to notes 3 and 14 to the consolidated financial statements.

請參閱綜合財務報表附註3及14。

The Group's investment properties, represented its Kai Tak development project and UK Property, amounted to HK\$5,420 million and HK\$2,649 million respectively as at 31 December 2020 and a fair value loss of HK\$418 million was recognised under "fair value changes on investment properties" in the consolidated financial statements. Management engaged independent professional valuers ("valuers") to evaluate the fair value of the investment properties.

於二零二零年十二月三十一日，本集團的投資物業（即啟德發展項目及英國物業）分別達5,420百萬港元及2,649百萬港元，並於綜合財務報表「投資物業公平值變動」確認公平值虧損418百萬港元。管理層委聘獨立專業估值師（「估值師」）評估投資物業的公平值。

We focused on the valuation of investment properties because the estimation of fair value is subject to estimation uncertainty. It is inherently subjective due to, among other factors, the individual nature of each property, its location, capitalisation rates, prevailing market rents and the estimated costs to completion, where appropriate.

我們專注於投資物業的估值，因為公平值的估計存在估計不確定性，其本身涉及主觀性，此乃由於（其中包括）各項物業的個別性質、位置、資本化比率、現行市場租金及估計竣工成本（如適用）所致。

How our audit addressed the Key Audit Matter
我們的審計如何處理關鍵審計事項

Our procedures in relation to the assessment of the key assumptions used in management's valuation of the investment properties included:

就管理層對投資物業所進行之估值中採用的關鍵假設，我們的程序包括：

- Understanding management's controls and processes for determining the valuation of investment properties and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied;
瞭解了管理層與投資物業估值相關的內部控制和評估流程，並通過考慮估計不確定性的程度和其他固有風險因素的水準，評估了重大錯報的固有風險；
- Evaluating the competence, capability and objectivity of the valuers;
評估估值師的資歷、能力和客觀性；
- Discussing with the valuers key assumptions applied and assessing the methodologies used by the valuers with the involvement of our in-house valuation experts;
與估值師討論估值師所應用的關鍵假設，並讓我們內部估值專家參與評估估值師所採用的方法；
- Assessing key assumptions used by the valuers by comparing them with our own expectation using evidence from comparable market transactions, historical records and approved budgets with the involvement of our in-house valuation experts, including:
透過本所內部估值專家的參與，基於可比市場交易、歷史記錄及已批核預算成本等憑證得出的預期值，與估值師所使用的關鍵假設進行比較，當中包括：
 - Comparing capitalisation rates to published market yields;
將資本化比率與公佈的市場收益率進行比較；
 - Comparing market rents to leasing transactions of comparable properties; and
將市場租金與可比物業的租賃交易進行比較；及

+



Key Audit Matter
關鍵審計事項

How our audit addressed the Key Audit Matter
我們的審計如何處理關鍵審計事項

Valuation of investment properties
投資物業的估值

The fair value of the completed investment property was derived using income approach, and the fair value of the investment property under development, the valuation was derived using the residual method. In determining a property's valuation, valuers took into account property-specific information such as current tenancy agreements and rental income, where appropriate. They applied assumptions for capitalisation rates, prevailing market rents and the estimated costs to completion, which were influenced by prevailing market yields, comparable market transactions and approved development budgets, to arrive at the final valuation.

已竣工投資物業的公平值以收入法得出，而在建投資物業的公平值以餘值法進行估值。在釐定物業估值時，估值師考慮特定物業信息，例如當前的租賃協議及租金收入(如適用)。他們就資本化比率、現行市場租金及估計竣工成本的應用假設，該等假設受現行市場收益率、可比市場交易及已批核預算之影響，以得出最終估值。

The existence of significant judgments in the assumptions used in the properties valuation warrants specific audit focus and attention on this area.

物業估值所使用的假設存在重大判斷，故審計過程中需著重關注相關領域。

— Comparing estimated costs to completion to approved budgets.
將估計竣工成本與已批核預算進行比較。

— Reviewing the valuation reports prepared by the valuers;
審閱估值師編製的估值報告；

— Checking, on a sample basis, over the property information, such as rental income schedule covering the rental information and lease period, used by the valuers in the valuation, to the underlying lease arrangements in order to satisfy ourselves of the accuracy and reasonableness of the property information used by the valuers; and
抽樣檢查物業信息，例如估值師在估值中使用的涵蓋租金信息和租賃期限的租金收入明細表，以評估相關租賃安排，以使我們確信估值師所使用的物業資料租賃信息的準確性和合理性；及

— Assessing the adequacy of the disclosures related to the valuation of investment properties in the context of HKFRS disclosure requirements.
評估了在香港財務報告準則披露要求下，投資物業估值相關的披露的充分性。

— Based on the procedures performed, we considered that the risk assessment of valuation of investment properties remained appropriate and the methods, significant assumptions and data used in management's valuation of investment properties were supported by the available evidence.
基於已實施的程序，我們認為投資物業估值的風險評估仍然適當，管理層對投資物業進行估值時所採用的方法、重要假設和數據是有據可依。

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及治理層就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒布的《香港財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

董事負責監督 貴集團的財務報告過程。

治理層須負責監督 貴集團的財務報告過程。



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下(作為整體)報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheng Woon Yin, Michael.

除其他事項外，我們與董事溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向董事提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，用以消除對獨立性產生威脅的行動或採取的防範措施。

從與董事溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是鄭煥然。

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 2 March 2021

羅兵咸永道會計師事務所
執業會計師

香港，二零二一年三月二日



Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

for the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

		Note 附註	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Revenue	收入	4	1,993,024	3,542,032
Cost of sales	銷售成本		(519,387)	(888,869)
Gross profit	毛利		1,473,637	2,653,163
Other income, gains and losses	其他收入、收益及虧損	6	218,878	147,165
Selling and distribution costs	銷售及分銷成本		(578,107)	(697,344)
Administrative expenses	行政開支		(114,634)	(137,787)
Interest income and investment gains/(losses)	利息收入及投資收益/(虧損)	7	34,559	740,176
Fair value changes on investment properties	投資物業公平值變動	14	(418,056)	(173,959)
Finance costs	融資成本	8	(369,314)	(365,238)
Profit before taxation	除稅前溢利	10	246,963	2,166,176
Taxation	稅項	9	(108,453)	(275,500)
Profit for the year	本年度溢利		138,510	1,890,676
Profit for the year attributable to owners of the Company	本公司擁有人應佔本年度溢利		138,510	1,890,676
Other comprehensive (loss)/income	其他全面(虧損)/收益			
Item that may be reclassified to profit or loss:	隨後可能重新分類至損益之項目：			
Exchange differences arising from translation of foreign operation	換算海外業務時產生之匯兌差額		(1,911)	—
Item that will not be reclassified to profit or loss:	隨後不會重新分類至損益之項目：			
Fair value change on financial assets at fair value through other comprehensive (loss)/income	按公平值計入其他全面(虧損)/收益之金融資產的公平值變動		(132,779)	25,528
Other comprehensive (loss)/income for the year (net of tax)	本年度其他全面(虧損)/收益(扣除稅項)		(134,690)	25,528
Total comprehensive income for the year	本年度全面收益總額		3,820	1,916,204
Total comprehensive income attributable to:	應佔全面收益總額：			
Owners of the Company	本公司擁有人		3,820	1,916,204
			3,820	1,916,204
Earnings per share — Basic and diluted	每股盈利 — 基本及攤薄	13	HK\$0.09	HK\$1.26

Consolidated Statement of Financial Position

綜合財務狀況表

at 31 December 2020 於二零二零年十二月三十一日

		Note	31 December 2020 二零二零年 十二月三十一日 HK\$'000 千港元	31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元
Non-current assets	非流動資產			
Investment properties	投資物業	14	8,068,559	5,420,000
Property, plant and equipment	物業、廠房及設備	15	6,541,161	6,291,532
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之金融資產	18	1,320,281	633,121
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	19	16,538	15,871
Deposits	按金		82,839	72,248
Deferred tax assets	遞延稅項資產	25	87,451	—
			16,116,829	12,432,772
Current assets	流動資產			
Inventories	存貨	16	25,795	38,615
Trade and other receivables	應收賬款及其他應收款項	17	644,878	102,811
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	19	4,814,485	3,306,082
Bank deposits	銀行定期存款	20	—	1,508,698
Cash and cash equivalents	現金及現金等價物	20	4,175,789	7,112,561
			9,660,947	12,068,767
Current liabilities	流動負債			
Trade and other payables	應付賬款及其他應付款項	21	662,249	826,275
Contract liabilities	合約負債	22	121,824	138,294
Lease liabilities	租賃負債	15	86,574	76,144
Tax payable	應繳稅項		105,162	490,926
Bank borrowings — due within one year	銀行借貸 — 一年內到期	23	9,628,937	4,070,966
Financial liabilities at fair value through profit or loss	按公平值計入損益之金融負債	19	220,836	12
			10,825,582	5,602,617
Non-current liabilities	非流動負債			
Bank borrowings — due after one year	銀行借貸 — 一年後到期	23	3,874,125	7,641,212
Bonds — due after one year	債券 — 一年後到期	24	6,836,181	6,962,233
Lease liabilities	租賃負債	15	136,697	210,876
Deferred tax liabilities	遞延稅項負債	25	260,067	243,297
			11,107,070	15,057,618
			3,845,124	3,841,304

Consolidated Statement of Financial Position (continued) 綜合財務狀況表(續)
at 31 December 2020 於二零二零年十二月三十一日

		Note	31 December 2020 二零二零年 十二月三十一日 HK\$'000 千港元	31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元
Capital and reserves	資本及儲備			
Share capital	股本	26	7,510	7,510
Reserves	儲備		3,837,614	3,833,794
Equity attributable to owners of the Company	本公司擁有人應佔權益		3,845,124	3,841,304

The consolidated financial statements on pages 87 to 166 were approved and authorised for issue by the Board of Directors on 2 March 2021 and are signed on its behalf by:

第87至166頁綜合財務報表獲董事會於二零二一年三月二日批准及授權刊發，並由下列董事代表簽署：

Ms. Lau Kam Shim
劉今蟾小姐
Executive Director
執行董事

Mr. Lau Kam Sen
劉今晨先生
Executive Director
執行董事

Consolidated Statement of Changes in Equity

綜合權益變動表

for the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔部分						
		Share capital	Capital redemption reserve	Asset revaluation reserve	Translation reserve	Investment revaluation reserve	Retained profits	Total
		股本	資本贖回儲備	資產重估儲備	換算儲備	投資重估儲備	保留溢利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2019	於二零一九年一月一日	7,510	1,190	3,680	—	—	2,919,004	2,931,384
Profit for the year	本年度溢利	—	—	—	—	—	1,890,676	1,890,676
Other comprehensive income for the year	本年度其他全面收益	—	—	—	—	25,528	—	25,528
Transactions with owners in their Capacity as owners:	與擁有人以其擁有人身份進行的交易：							
Dividends paid (Note 12)	已派付股息(附註12)	—	—	—	—	—	(1,006,284)	(1,006,284)
At 31 December 2019	於二零一九年十二月三十一日	7,510	1,190	3,680	—	25,528	3,803,396	3,841,304
Profit the year	本年度溢利	—	—	—	—	—	138,510	138,510
Other comprehensive loss for the year	本年度其他全面虧損	—	—	—	(1,911)	(132,779)	—	(134,690)
At 31 December 2020	於二零二零年十二月三十一日	7,510	1,190	3,680	(1,911)	(107,251)	3,941,906	3,845,124

Consolidated Statement of Cash Flows

綜合現金流量表

for the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

	Note	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
OPERATING ACTIVITIES			
Profit before taxation		246,963	2,166,176
Adjustments for:			
Interest income on bank deposits		(105,605)	(201,670)
Finance costs		369,314	365,238
Depreciation of property, plant and equipment		252,336	271,384
Dividend income from financial assets at fair value through profit or loss	7	(24,796)	(59,650)
Dividend income from financial assets at fair value through other comprehensive income	7	(2,323)	(2,919)
Interest income from financial assets at fair value through profit or loss	7	(190,073)	(72,086)
Gain on disposal of property, plant and equipment		(447)	(168)
Fair value changes in respect of financial assets at fair value through profit or loss		333,758	(396,723)
Exchange differences in respect of financial assets at fair value through other comprehensive income		(45,520)	(7,128)
Changes in fair value of investment properties		418,056	173,959
Unrealised exchange gain		(27,708)	(19,703)
Provision of obsolete inventories		93	22
Provision/(reversal of provision) for trade and other receivables, net		23	(11)
Operating cash flows before movements in working capital		1,224,071	2,216,721
Decrease in inventories		12,727	6,146
(Increase)/decrease in trade and other receivables		(42,181)	48,751
Decrease in trade and other payables		(147,184)	(329,272)
Decrease in contract liabilities		(16,470)	(15,202)
Cash generated from operations		1,030,963	1,927,144
Interest received		135,408	204,900
Hong Kong Profits Tax paid		(564,898)	(103,008)
NET CASH FROM OPERATING ACTIVITIES		601,473	2,029,036

Consolidated Statement of Cash Flows (continued) 綜合現金流量表(續)

for the year ended 31 December 2020 截至二零二零年十二月三十一日止年度

	Note	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss		5,437,511	5,451,901
Interest received from financial assets at fair value through profit or loss		208,905	93,413
Dividend received from financial assets at fair value through profit or loss		24,796	59,650
Dividend received from financial assets at fair value through other comprehensive income		2,323	2,919
Purchase of financial assets at fair value through profit or loss		(6,573,886)	(5,289,201)
Purchase of financial assets at fair value through other comprehensive income		(1,268,108)	(607,593)
Purchase of property, plant and equipment		(300,965)	(239,343)
Deposit paid for acquisition of property, plant and equipment		(19,073)	(36,274)
Additions to investment properties		(3,041,247)	(218,170)
Payment of value-added-tax in relation to the acquisition of an investment property		(529,713)	—
Proceeds from disposal of property, plant and equipment		464	225
Decrease of bank deposits, net		1,508,698	3,274,179
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(4,550,295)	2,491,706
Financing activities	31		
New bank borrowings raised		3,423,578	1,233,237
Proceeds from new bonds issued		—	2,326,899
Repayment of bank borrowings		(1,679,647)	(765,589)
Redemption of bonds		(100,957)	—
Dividends paid		—	(1,006,284)
Repayment of lease liabilities		(71,515)	(65,988)
Finance costs paid		(559,991)	(529,871)
NET CASH GENERATED FROM FINANCING ACTIVITIES		1,011,468	1,192,404
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,937,354)	5,713,146
EFFECT OF FOREIGN EXCHANGE RATE DIFFERENCE		582	(13,700)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		7,112,561	1,413,115
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTING BANK BALANCES AND CASH		4,175,789	7,112,561

Notes to the Consolidated Financial Statements

綜合財務報表附註

1. General

Lifestyle International Holdings Limited (the “Company”) is incorporated as an exempted company with limited liability under the Companies Law in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report. The Company is an investment holding company. Its subsidiaries are principally engaged in the operation of department stores, property development and investment in Hong Kong and United Kingdom.

The Company’s ultimate controlling party is Mr. Lau Luen Hung, Thomas (“Mr. Lau”), who is the Chairman and a non-executive director of the Company.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of those consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and disclosure requirements of the Hong Kong Companies Ordinance (“HKCO”) (Cap. 622).

The consolidated financial statements have been prepared on a historical cost basis, except for the financial assets and liabilities (including derivative financial instruments) and investment properties, which are measured at fair value. The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

1. 一般事項

利福國際集團有限公司(「本公司」)為一間於開曼群島根據開曼群島公司法註冊成立為受豁免有限公司，其股份於香港聯合交易所有限公司(「聯交所」)上市。本公司的註冊辦事處及主要營業地點之地址於年報企業資料一節內披露。本公司為投資控股公司。其附屬公司主要於香港及英國從事百貨店經營、物業發展及投資。

本公司的最終控制方為本公司的主席兼非執行董事劉鑾鴻先生(「劉先生」)。

綜合財務報表以港元(「港元」)列值，該貨幣亦為本公司功能貨幣。

2. 主要會計政策概要

編製該等綜合財務報表所應用的主要會計政策載列如下。除另有指明外，此等政策於呈列的所有年度貫徹應用。

(a) 綜合基準

本集團的綜合財務報表乃根據香港會計師公會頒佈之香港財務報告準則(「香港財務報告準則」)及香港法例第622章《公司條例》(「香港公司條例」)的披露規定編製。

綜合財務報表乃根據歷史成本基準編製，惟金融資產及負債(包括衍生金融工具)以及投資物業按公平值計量則除外。遵照香港財務報告準則編製財務報表時，需使用若干重大會計估計。管理層亦須於應用本集團的會計政策時行使其判斷。涉及高度判斷或複雜性的範疇，或涉及對於綜合財務報表作出重大假設及估計的範疇於附註3披露。

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

As at 31 December 2020, the Group had net current liabilities of HK\$1.2 billion. The occurrence of net current liabilities was mainly due to the increase in current portion of bank borrowings as of 31 December 2020 as a bank loan of HK\$6 billion from the existing 5-year banking facility of HK\$8 billion will become due within one year, and therefore being classified as current liabilities. The Group has initiated and is in the process of negotiating a refinancing of this existing 5-year HK\$8 billion banking facility with the respective banks. The directors of the Company consider that the Group will be able to refinance its existing 5-year HK\$8 billion banking facility before its final maturity date in July 2021. In addition, the directors have reviewed the Group's cash flow projections covering a period of 12 months from 31 December 2020. Having considered the likelihood of a successful refinancing of the existing 5-year HK\$8 billion banking facility, the Group's other existing financial resources and banking facilities as well as the cash flows being generated from the Group's anticipated improving business operations, the directors believe that the Group will be able to meet its liabilities as and when they fall due within the next twelve months from the date of the statement of financial position. Accordingly, these financial statements of the Group have been prepared on a going concern basis.

Certain comparative figures have been reclassified to conform to the current year's presentation.

2. 主要會計政策概要(續)

(a) 綜合基準(續)

於二零二零年十二月三十一日，本集團的流動負債淨額為12億港元。流動負債淨額的產生主要是由於於二零二零年十二月三十一日銀行借貸的流動部分增加，現有的5年期80億港元銀行融資額度下提取之60億港元將在一年內到期，因此被歸類為流動負債。本集團已開始並正就有關現有的5年期80億港元銀行融資額度與各銀行進行再融資磋商。本公司董事認為，本集團將有能力在二零二一年七月的最終到期日之前為其現有的5年期80億港元銀行融資額度進行再融資。此外，董事已審閱了本集團由二零二零年十二月三十一日起計十二個月期間之現金流量預測。考慮到現有的5年期80億港元銀行融資成功再融資的可能性很高，本集團其他現有的財務資源和銀行融資額度，以及本集團因預期改善的經營活動而產生的現金流，董事認為自財務狀況表日期起的未來十二個月內，本集團將有能力於到期時償還其債務。因此，本集團該等財務報表是在持續經營的基礎上編製的。

若干比較數字已重新分類以符合本年度之呈列。



2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Amendments to HKFRSs that are mandatorily effective for the current year

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

HKAS 1 and HKAS 8 (Amendments)	Definition of material
HKFRS 3 (Amendments)	Definition of a business
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Hedge accounting
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting

In addition, the Group has early adopted the following amendment to the accounting standards for the accounting period commencing 1 January 2020:

HKFRS 16 (Amendments)	COVID-19-Related Rent Concessions
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The Group has assessed the impact of the adoption of these amended standards and considered that there was no significant impact on the Group's results and financial position.

2. 主要會計政策概要(續)

(a) 綜合基準(續)

(i) 於本年度強制生效之經修訂香港財務報告準則

本集團於本年度首次應用以下香港會計師公會頒佈之經修訂香港財務報告準則：

香港會計準則第1號及香港會計準則第8號(修訂本)	重大性的定義
香港財務報告準則第3號(修訂本)	業務的定義
香港會計準則第39號、香港財務報告準則第7號及香港財務報告準則第9號(修訂本)	對沖會計處理
二零一八年財務報告之概念框架	財務報告之經修訂概念框架

此外，本集團已提前採用了以下從二零二零年一月一日開始的會計期間生效之會計準則修訂本：

香港財務報告準則第16號(修訂本)	COVID-19 相關租金優惠
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本集團已評估了採用這些經修訂準則的影響，並認為對本集團的業績和財務狀況沒有重大影響。

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) **New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

New standards and amendments

新訂及經修訂準則

HKFRS 17 香港財務報告準則第17號	Insurance Contracts 保險合約	1 January 2021 二零二一年一月一日
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform — Phase 2	1 January 2021
香港財務報告準則第9號、香港會計準則第39號、香港財務報告準則第7號、香港財務報告準則第4號及香港財務報告準則第16號(修訂本)	利率基準改革 — 第二階段	二零二一年一月一日
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
香港財務報告準則第3號(修訂本)	引用概念框架	二零二二年一月一日
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
香港會計準則第16號(修訂本)	物業、廠房及設備： 達到預定用途前所得款項	二零二二年一月一日
HKAS 37 (Amendments)	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
香港會計準則第37號(修訂本)	撥備、或然負債及或然資產	二零二二年一月一日
Annual Improvements to 2018–2020 Cycle	Improvement to HKFRSs	1 January 2022
2018年至2020年週期之年度改進	香港財務報告準則之改進	二零二二年一月一日
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
香港會計準則第1號(修訂本)	將負債分類為流動或非流動	二零二三年一月一日
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營公司或合資企業之間的出售或注入資產	有待公佈

2. 主要會計政策概要(續)

(a) 綜合基準(續)

(ii) **已頒佈但未生效之新訂及經修訂香港財務報告準則**

本集團並無提早採用以下已頒佈但未生效之新訂及經修訂香港財務報告準則：

Effective for accounting periods beginning on or after 於以下日期或之後開始的會計期間生效

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) *New and amendments to HKFRSs in issue but not yet effective (continued)*

Management is in the process of making an assessment of the impact of these new standards and amendments in the period of initial application. These new standards and amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

2. 主要會計政策概要(續)

(a) 綜合基準(續)

(ii) *已頒佈但未生效之新訂及經修訂香港財務報告準則(續)*

管理層正評估該等新訂及經修訂準則對首次應用期間的影響。預期該等新訂及經修訂準則不會於目前或未來報告期間及對實體及可見未來交易有重大影響。

(b) 綜合入賬

綜合財務報表包括本公司與本公司所控制實體及其附屬公司的財務報表。控制得到實現是當本公司：

- 對被投資方有控制權；
- 對其因參與被投資方的可變回報之風險或權力；及
- 有能力運用其權力影響其回報。

倘事實及情況反映上文所列三項控制因素其中一項或多項改變，則本集團會重估是否仍然控制被投資方。

本集團獲得附屬公司控制權時便開始將附屬公司綜合入賬，於本集團喪失控制權時則終止入賬。具體而言，年內所收購或出售附屬公司之收入及開支於本集團獲得控制權日期起計入綜合損益及其他全面收益表，直至本集團不再控制該附屬公司為止。

必要時會調整附屬公司財務報表以使其會計政策與本集團會計政策一致。

所有有關本集團成員之間的集團內資產及負債、權益、收入、開支及現金流量會於綜合時全數對銷。

於附屬公司之非控股權益與本集團於當中的權益分開呈列，指現時擁有之權益且賦予持有人權利於清盤時按比例分佔相關附屬公司淨資產。

2. Summary of significant accounting policies (continued)

(b) Consolidation (continued)

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

(c) Revenue from contracts with customers

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The revenues are presented as revenue in the consolidated statement of profit or loss and other comprehensive income.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

2. 主要會計政策概要(續)

(b) 綜合入賬(續)

獨立財務報表

於附屬公司的投資按成本扣除減值入賬。成本包括投資的直接歸屬成本。本公司將附屬公司的業績按已收及應收股息基準入賬。

倘自附屬公司收取的股息超出該附屬公司於宣派股息期間的全面收益總額，或該項投資於獨立財務報表的賬面價值超出綜合財務報表所示被投資方的淨資產(包括商譽)的賬面價值，則須於收取該股息時對於附屬公司的該等投資進行減值測試。

抵銷金融工具

當本集團現時有法定可執行權力可抵銷已確認金額，並有意圖按淨額基準結算或同時變現資產和結算負債時，金融資產與負債可互相抵銷，並在財務狀況表報告其淨額。本集團亦訂立不符合抵銷標準的安排，但在部份情況下仍允許相關金額抵銷，例如破產或終止合約。

(c) 來自顧客合約之收入

根據香港財務報告準則第15號，本集團於完成履約責任時(或就此)確認收入，即於特定履約責任相關的商品或服務的「控制權」轉讓予顧客時。收入於綜合損益及其他全面收益表中以收入呈列。

履約責任代表可分別的或一系列可分別基本上相同的貨品或服務(或一摺子貨品或服務)。

控制權隨時間轉讓，而倘達成以下其中一個條件，則收入參照相關履約責任完成程度，隨時間確認：

- 本集團履約時，顧客同時收取及消耗本集團履約所提供的利益；

2. Summary of significant accounting policies (continued)

(c) Revenue from contracts with customers (continued)

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

For direct sales of goods, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the department stores.

For income from concessionaire and "After Purchase Order" ("APO") sales, the Group recognises commission income over time which it is entitled and is based on certain percentage of sales made by the concessionaires and the APO clients in accordance with the terms of contracts. When they fail to meet the minimum guarantee income in accordance with the terms of certain contracts, the minimum guarantee amount is recognised as income as it is the amount that the Group has the right to receive.

For service income, it represents advertisement and promotional income from customers and the revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations including obligation to provide goods or services to customers on complementary basis and customer's options to acquire additional goods or services for free or at a discount in future granted under loyalty reward program, the Group allocates the transaction price to each performance obligation on a relative standalone selling price basis.

2. 主要會計政策概要(續)

(c) 來自顧客合約之收入(續)

- 本集團履約以創造及提升顧客控制的資產；或
- 本集團履約並無創造對本集團另有用途的資產，及本集團對截至該日已履約的付款擁有強制執行的權利。

否則，當顧客對特定貨品或服務取得控制權時，即確認收入。

就自營銷售貨品而言，收入於貨品的控制權轉移時確認，即顧客於百貨公司購買貨品之時。

就來自特許專櫃及銷售後訂單(「銷售後訂單」)銷售收入而言，本集團於有權收取佣金收入，並按特許專櫃及銷售後訂單顧客根據合約條款作出的若干銷售百分比予以確認。倘彼等無法根據若干合約條款達成最低保證收入，因本集團有權收取該最低保證金額，該金額將會確認為收入。

就服務收入而言，其指來自顧客的廣告及宣傳收入，收入隨時間參考顧客同時收取及消耗本集團履約所提供的利益時完全履行有關履約責任的進度確認。

合約負債指本集團向顧客收取代價(或應收代價金額已到期)而向顧客轉移貨品或服務的責任。

擁有多重履約責任的合約(包括分配交易價格)

就包含多於一項履約責任(包括以補充形式向顧客提供貨品或服務)的合約，而顧客可選擇免費獲取額外貨品或服務，或根據忠誠獎勵計劃所授出的日後折扣，本集團以相關獨立售價基準，將交易價格分配至各項履約責任。

2. Summary of significant accounting policies (continued)

(c) Revenue from contracts with customers (continued)

Contracts with multiple performance obligations (including allocation of transaction price) (continued)

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Accounting for unredeemed gift certificates and reward points under customer loyalty program

The unredeemed gift certificates and reward points under customer loyalty program is recorded as contract liabilities, and reflect the value that is expected to be redeemed.

Breakage will need to be estimated considering the guidance on constraining estimates of variable consideration as well as the Group's historical experience with gift certificates and loyalty points under loyalty reward program. Revenue is recognised in regard to breakage in the proportion of gift certificates and loyalty points redeemed in that period and likely to result in the acceleration of revenue when the possibility of redemption becomes remote.

Variable consideration

For contracts that contain variable consideration, the Group recognises the amount of consideration to which it is entitled using the most likely amount, which better predicts the amount of consideration to which the Group is entitled.

The amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

2. 主要會計政策概要(續)

(c) 來自顧客合約之收入(續)

擁有多重履約責任的合約(包括分配交易價格)(續)

各項履約責任相關的特定貨品或服務獨立售價，乃於合約開始時釐定。有關獨立售價指本集團將承諾的貨品或服務獨立出售予顧客時的價格。

按時間確認收入：計量完成履約責任之進度

完成履約責任之進度乃根據產量法計量，即根據直接計量迄今已轉讓予顧客之貨品或服務價值與合約項下承諾提供之餘下貨品或服務價值相比較確認收入，此方法最能反映本集團於轉讓貨品或服務控制權方面之履約情況。

未兌換禮券及忠誠獎勵計劃下之獎賞積分的會計處理

尚未兌換之禮券及忠誠獎勵計劃下之獎賞積分記錄為合約負債，並反映預期兌換的價值。

考慮到可變代價估計之限制上的指引，以及本集團於禮券及忠誠獎勵計劃下之積分的過往經驗，因此將需要就撇賬作出估計。有關撇賬按與該期間已兌換的禮券及忠誠獎勵計劃下之積分的比例確認收入，當兌換的可能性變低時，可能導致收入增加。

可變代價

就包含可變代價的合約而言，本集團採用最可能的金額，就其有權收取的代價金額作出確認，更適合預測本集團有權收取的代價金額。

交易價格包括可變代價金額，惟僅以當與可變代價相關的不確定性於日後得到解決，而將可變代價金額納入交易價格中將極可能不會導致日後出現重大收入撥回下，方可作出有關納入。



2. Summary of significant accounting policies (continued)

(c) Revenue from contracts with customers (continued)

Variable consideration (continued)

The Group updates the estimated transaction price based on issued statements to consignors and concessionaires (including assessment of whether the variable consideration is constrained) to represent fairly the circumstances present at the end of the reporting period.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group acts as an agent for concessionaire and APO sales as the Group does not control the specific goods provided by the consignors and concessionaires before goods transferred to a customer.

2. 主要會計政策概要(續)

(c) 來自顧客合約之收入(續)

可變代價(續)

本集團根據已向寄售商及特許專櫃發出的月結單更新預計之交易價格(包括評估可變代價是否受到限制)，以公平地呈列於報告期末存在之情況。

委託人對代理人

當另一方亦有參與提供貨品或服務予顧客時，本集團釐定其應允之性質是否一項提供特定貨品或服務本身的履約責任(即本集團為委託人)，或有關應允之性質為由其他方提供該等貨品或服務的安排(即本集團為代理人)。

倘於特定貨品或服務轉讓予顧客前，本集團對有關貨品或服務擁有控制權，本集團即為委託人。

倘履約責任為安排另一方提供特定貨品或服務，本集團即為代理人。在此情況下，於該貨品或服務轉讓予顧客前，本集團並無對由另一方提供的特定貨品或服務擁有控制權。當本集團為代理人時，本集團因為另一方提供的特定貨品或服務作出安排，而預期有權收取的任何費用或佣金金額確認收入。

由於本集團於貨品轉讓予顧客前，並無由寄售商及特許專櫃提供的特定貨品擁有控制權，因此本集團就特許專櫃及銷售後訂單銷售充當代理人。

2. Summary of significant accounting policies (continued)

(d) Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Amortisation of prepaid lease payments provided during the construction period is included as part of costs of properties under construction.

Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Items of property, plant and equipment, other than construction in progress, are depreciated after taking into account their estimated residual value, using straight-line method over the following useful lives:

Leasehold land and buildings	Over the lease terms or 40 years
Leasehold improvements	Over the shorter of lease terms or 10 years
Plant and machinery	5 to 10 years
Furniture, fixtures and equipment	5 to 10 years
Motor vehicles	5 years

2. 主要會計政策概要(續)

(d) 物業、廠房及設備

物業、廠房及設備包括租賃土地(分類為融資租賃)及建築物持作用於生產或提供商品或服務,或用作行政用途(在建工程除外)於綜合財務狀況表中乃按成本減其後累計折舊及其後累計減值虧損(如有)列賬。

在建工程以供生產、供應或管理之物業乃按成本減任何已確認減值虧損列賬。成本包括專業費用及按本集團會計政策於合資格資產被資本化的借貸成本。施工期間提供的預付租賃付款攤銷已計入在建物業成本的一部分。

該等物業於落成及備妥作擬定用途時,將適當分類為物業、廠房及設備。當資產備妥作擬定用途時,該等資產的折舊按其他物業資產的相同基準開始計提折舊。

折舊乃按資產成本(除在建工程外)估計可使用年期,減其剩餘價值後,以平均等額法撇銷其成本計算。估計可使用年期、剩餘價值及折舊方法於每個報告期末審閱,而任何估計變動之影響以前瞻性基準列賬。

除在建工程外,物業、廠房及設備項目乃計及其估計剩餘價值後,以平均等額法按下列使用年期計算折舊:

租賃土地及樓宇	按租約年期或四十年
租賃裝修	按租約年期或十年(以較短者為準)
廠房及機器	五年至十年
傢俬、固定裝置及設備	五年至十年
汽車	五年



2. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(e) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment property under construction is capitalised as part of the carrying amount of the investment property under construction.

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

(f) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

Assets and liabilities arising from a lease are initially measured on a present value basis.

2. 主要會計政策概要(續)

(d) 物業、廠房及設備(續)

物業、廠房及設備項目於出售時或預期日後將不會自持續使用資產獲得經濟利益時剔除確認。出售或報廢物業、廠房及設備項目產生之任何收益或虧損(按出售所得款項與資產賬面值之差額計算)於損益確認。

(e) 投資物業

投資物業為持有以賺取租金及/或資本增值之物業(包括作該等用途之在建物業)。

投資物業初始按成本計算,包括任何直接應佔開支。於初步確認後,投資物業採用公平值計算。投資物業公平值變動產生之收益或虧損計入產生期間之損益。

在建投資物業產生的工程成本已資本化,作為在建投資物業賬面值的一部分。

投資物業於出售時或當投資物業永久不再使用及預期出售投資物業不會帶來未來經濟利益時剔除確認。剔除確認物業產生之任何收益或虧損(按該資產之出售所得款項淨額與賬面值間之差額計算)於該項目被剔除確認之期間計入損益。

(f) 租賃

倘本集團釐定一項安排(包括一項交易或一系列交易)為轉讓一項已識別資產在一段時間內的使用控制權,以換取代價,則該項安排即為或包含租賃成分。有關決定乃根據評估該項安排的實質作出,不論該項安排是否採用租賃的法律形式。

租賃產生的資產及負債按現值基礎進行初始計量。

2. Summary of significant accounting policies (continued)

(f) Leases (continued)

(i) Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar term and condition.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease.

2. 主要會計政策概要(續)

(f) 租賃(續)

(i) 租賃負債

租賃負債包括以下租賃付款額的淨現值：

- 固定付款(包括實質固定付款)減任何應收租賃優惠；
- 取決於指數或比率的可變租賃付款；及
- 終止租賃的罰款金額，前提是租賃期反映出本集團(作為承租人)將行使終止該租賃的選擇權。

在合理的若干延期選擇權下將予支付的租賃付款亦包括於負債的計量中。

租賃付款額按照租賃內含利率(如果可以確定該利率)或本集團的遞增借款利率(即本集團為在類似經濟環境下獲得價值相近的資產，以類似條款及條件借入資金而必須支付的利率)貼現。

為釐定遞增借款利率，本集團：

- 在可能情況下，以本集團最近獲得的第三方融資為出發點，並進行調整以反映融資條件自獲得第三方融資後的變化；
- 對於近期末獲得第三方融資下本集團所持有的租賃，採用以無風險利率為出發點的累加法，並按照租賃的信貸風險作出調整；及
- 針對租賃做出特定調整。



2. Summary of significant accounting policies (continued)

(f) Leases (continued)

(i) Lease liabilities (continued)

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until effective. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Right-of-use assets

Right-of-use assets are measured at cost comprising the followings:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs.

The right-of-use assets are amortised over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

The Group measures the right-of-use assets that meet the definition of investment properties using the fair value model applied to its investment properties. Right-of-use assets linked to owner occupied buildings are measured applying the cost model relevant to that specific class of property, plant and equipment.

All leases that meet the definition of investment properties are classified as investment properties and measured at fair value.

2. 主要會計政策概要(續)

(f) 租賃(續)

(i) 租賃負債(續)

本集團未來可能會根據指數或比率而增加可變租賃付款額，所增加之可變租賃付款額在實際發生前不會計入租賃負債。當根據指數或比率對租賃付款作出的調整生效時，租賃負債會根據使用權資產進行重新評估及調整。

租賃付款額在本金及財務費用之間分攤。財務費用在租賃期限內計入綜合收益表，以令各期負債餘額產生的利率保持一致。

(ii) 使用權資產

使用權資產按成本計量，其中成本包括以下項目：

- 租賃負債初始計量金額；
- 在租賃期開始日或之前支付的租賃付款額，扣除收到的租賃優惠；
- 任何初始直接費用；及
- 復原成本。

使用權資產按照平均等額法以資產可使用年期與租賃期(以較短者為準)計提攤銷。

本集團將應用於投資物業的公平值模式用於計量符合投資物業定義的使用權資產。與業主自用樓宇相連的使用權資產應用物業、廠房及設備特定類別相關的成本模式計量。

所有符合投資物業定義的租賃均分類為投資物業，並按公平值計量。

2. Summary of significant accounting policies (continued)

(f) Leases (continued)

(iii) Low value and short-term leases

Payments associated with all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(iv) The Group as lessor

Rental income which are derived from the Group's ordinary course of business are presented as revenue in the consolidated statement of profit or loss and other comprehensive income.

(g) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(h) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated using closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transactions.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

2. 主要會計政策概要(續)

(f) 租賃(續)

(iii) 低價值及短期租賃

與所有低價值資產租賃有關的付款按平均等額法於損益確認為開支。

(iv) 本集團作為出租人

來自本集團一般業務過程之租金收入於綜合損益及其他全面收益表呈列為收入。

(g) 撥備

倘本公司因過往事件須即時負上法定或推定責任，資源或須流出以履行有關責任，而相關金額能可靠估計時，則會確認撥備。

倘出現多項類似責任，經由考慮整體責任類別釐定清償責任會否導致資源流出。即使同類責任內任何一個項目導致資源流出的可能性不大，仍會確認撥備。

撥備以稅前利率按照預期需清償有關責任的開支的現值計量，該利率反映當前市場對金錢時間值和有關責任特定風險的評估。隨著時間過去而增加的撥備確認為利息開支。

(h) 外幣

於編製各個別集團實體之財務報表時，以該實體之功能貨幣以外貨幣(外幣)進行之交易按交易日期適用之匯率確認。於報告期末，以外幣結算之貨幣項目按結算日之匯率重新換算。按過往成本以外幣計算之非貨幣項目以交易日之匯率換算。

結算貨幣性項目，及重新換算貨幣項目引起匯兌差異，於其發生期間確認損益。



2. Summary of significant accounting policies (continued)

(i) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2. 主要會計政策概要(續)

(i) 稅項

所得稅支出指現行應繳稅項與遞延稅項之總和。現行應繳稅項乃按本年度應課稅溢利計算。應課稅溢利不計入其他年度的應課稅或可扣稅收支項目，亦不計入毋須課稅或不獲扣稅項目，故有別於稅前溢利。本集團有關現行稅項之負債按於報告期末已實施或大致上已實施之稅率計算。

遞延稅項按綜合財務報表中資產及負債賬面值與計算應課稅溢利所用相應稅基間的暫時差額確認。所有暫時應課稅差額一般都會確認為遞延稅項負債。遞延稅項資產則於應課稅溢利有可能抵銷可扣稅暫時差額予以確認。但倘若有關暫時差額是由初步確認(非業務合併)既不影響應課稅溢利亦不影響會計溢利的交易的資產和負債所引起，則不會確認該等遞延資產和負債。

遞延稅項負債乃就於附屬公司之投資所產生之暫時應課稅差額確認，惟倘本集團能控制暫時差額之撥回以及暫時差額有機會不會於可見將來撥回除外。可扣減暫時差額產生之遞延稅項資產(與該等投資有關)僅於可能將有足夠應課稅溢利可動用暫時差額之利益，且彼等預期於可預見將來撥回之情況下方予以確認。

遞延稅項資產賬面值於各報告期末檢討，並於不可能有足夠應課稅溢利以收回全部或部分資產時作出扣減。

遞延稅項資產及負債乃按照於報告期末已實施或大致實施之稅率及稅法，於清償有關負債或變現有關資產時，按預計有關期間適用稅率計算。

2. Summary of significant accounting policies (continued)

(i) Taxation (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(e), the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying value at the end of the reporting period, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets or liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. Current and deferred tax are recognised in profit or loss.

For the purpose of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time.

2. 主要會計政策概要(續)

(i) 稅項(續)

遞延稅項負債及資產之計量反映出於報告期末將依循本集團所預計以收回或清償其資產及負債賬面金額之方式之稅務後果。

當投資物業根據附註2(e)所載會計政策按公平值列賬，除非該物業是可予折舊及以商業模式持有，而其目的是透過時間使用而並非出售獲取隱合於該物業之絕大部分經濟利益，確認遞延稅項的金額按該等資產於報告期末的賬面值，以假設出售的稅率計算。在所有其他情況下，所確認的遞延稅項金額基於資產或負債賬面值的預期變現或結算方式，以報告期末已實施或大致上已實施的稅率計算。遞延稅項資產及負債不會貼現計算。

倘有法定可行使權利將即期稅項資產及即期稅項負債抵銷，且兩者與同一稅務機構徵收之所得稅有關，而本集團擬按淨額基準結算即期稅項資產及負債，則可抵銷遞延稅項資產及負債。即期及遞延稅項於損益確認。

就計量採用公平值模式計量的投資物業所產生遞延稅項而言，本公司董事已檢視本集團的投資物業組合，總結本集團的投資物業乃根據旨在將投資物業所包含絕大部分之經濟利益隨著時間消耗之商業模式持有。



2. Summary of significant accounting policies (continued)

(i) Taxation (continued)

Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. Accordingly, deferred tax relating to investment properties are determined on the basis of recovery through use.

The Group considers the lease as a single transaction in which the asset and liability are integrally linked, so there is no net temporary difference at inception. Subsequently, as differences arise on settlement of the liability and the amortisation of the leased asset, there will be a net temporary difference on which deferred tax is recognised.

(j) Impairment losses on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible assets are estimated individually, or when it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash generating unit) for which the estimates of future cash flows have not been adjusted.

2. 主要會計政策概要(續)

(i) 稅項(續)

因此，於釐定本集團投資物業的遞延稅項時，本公司董事認為按公平價值模式計量的投資物業賬面金額將透過出售方式全數收回的假設將被推翻。因此，有關投資物業的遞延稅項以透過使用收回基準釐定。

本集團將租賃視為資產及負債緊密相連的單一交易，因此開始時並無臨時差異淨額。隨後，由於結付負債及租賃資產攤銷產生差異，則就產生臨時差異淨額確認遞延稅項。

(j) 有形資產減值虧損

於各報告期末，本集團審閱其有限期有形資產之賬面值，以確定有否任何跡象顯示該等資產蒙受減值虧損。倘存在任何有關跡象，則會估計相關資產之可收回金額，以確定減值虧損(如有)的程度。

有形資產可收回金額會單獨評估，或於倘無法估計個別資產的可收回金額，則本集團將估計資產所屬現金產生單位之可收回金額。倘可識別合理一致的分配基準，公司資產亦會被分配至個別現金產生單位，否則會被分配至可識別合理一致的分配基準之最小現金產生單位組別中。

可收回金額為公平值減出售成本與使用價值之較高者。評估使用價值時，估計未來現金流量按稅前貼現率貼現至其現值。該貼現率反映現時市場對貨幣時間值及未調整未來現金流量估計之資產(或現金產生單位)特定風險的評估。

2. Summary of significant accounting policies (continued)

(j) Impairment losses on tangible assets (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated to reduce the carrying amount of the assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(k) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2. 主要會計政策概要(續)

(j) 有形資產減值虧損(續)

倘估計資產(或現金產生單位)的可收回金額低於其賬面值,則資產(或現金產生單位)賬面值扣減至其可收回金額。在分配減值損失時,減值虧損乃根據該單位各項資產的賬面值按比例分配以減少資產的賬面值。資產的賬面值不會被減值至低於其公平值減去處置費用(如可計量)、其使用價值(如可確定)和零價值之最高價值。原本已分配予該資產的減值損失金額按比例分配給該單位的其他資產。減值虧損即時於損益確認。

倘減值虧損其後撥回,則資產(或現金產生單位)賬面值須增至其重新估計之可回收金額,惟增加後之賬面值不得超過假設該項資產(或現金產生單位)於過往年度未有確認減值虧損而釐定的賬面值。減值虧損撥回即時於損益中確認。

(k) 金融工具

當本集團旗下實體成為金融工具合約條文之訂約方時確認金融資產及金融負債。所有以正常方式購買或出售之金融資產按交易日基準確認及剔除確認。正常購買或出售方式指須於規例或市場慣例設定之時限內以交付資產方式購買或出售金融資產。

金融資產及金融負債初步按公平值計量,除顧客合約產生的應收賬款初步根據香港財務報告準則第15號計量除外。收購或發行金融資產及金融負債(按公平值計入損益(「公平值計入損益」)之金融資產或金融負債除外)產生之直接應佔交易成本,於初步確認金融資產或金融負債之公平值加入或扣除(視適用情況而定)。

收購按公平值計入損益之金融資產或金融負債時產生之直接應佔交易成本即時於損益確認。



2. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("FVOCI") as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch.

2. 主要會計政策概要(續)

(k) 金融工具(續)

實際利率法

實際利率法是一種計算有關期間內金融資產或金融負債之攤銷成本及分配利息收入及利息開支的方法。實際利率指將金融資產或金融負債在預計年期或較短期間(倘適用)之估計未來現金收入及付款(包括構成實際利率的所有已付或已收費用和點數、交易成本及其他溢價或折讓)準確貼現至初步確認時賬面淨值之利率。

金融資產

金融資產的分類及其後計量

符合以下條件而其後按攤銷成本計量的金融資產：

- 於一個經營模式下持有之金融資產，而其持有的目的是為了收取合約現金流量；及
- 合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

所有其他金融資產其後按公平值計量。

倘符合下列條件，則金融資產乃分類為持作買賣：

- 購入的主要目的為於短期內出售；或
- 於初始確認時，其為本集團共同管理之可識別金融工具組合的一部分，並具有短期套利的近期實際模式；或
- 其屬並非指定及作為對沖工具生效的衍生工具。

此外，倘若可消除或大幅減少會計錯配，則本集團可不可撤銷地指定符合按攤銷成本或按公平值計入其他全面收益(「按公平值計入其他全面收益」)之金融資產按公平值計入損益。

2. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

Financial assets (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Financial assets at FVPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI or designated as FVOCI are measured at FVPL.

Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset which is included in the "interest income and investment gains/(losses)" line item.

Financial assets at FVOCI

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as "interest income and investment gains/(losses)" when the Group's right to receive payments is established.

2. 主要會計政策概要(續)

(k) 金融工具(續)

金融資產(續)

攤銷成本及利息收入

其後按攤銷成本計量的金融資產之利息收入乃使用實際利率法予以確認。利息收入乃對一項金融資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的金融資產除外。就其後出現信貸減值的金融資產而言，自下一報告期間起，利息收入乃對金融資產攤銷成本應用實際利率予以確認。倘信貸減值金融工具的信貸風險好轉，使金融資產不再出現信貸減值，於釐定資產不再出現信貸減值後，自報告期間初始起利息收入乃對金融資產賬面總值應用實際利率予以確認。

按公平值計入損益之金融資產

不符合按攤銷成本或按公平值計入其他全面收益或指定為按公平值計入其他全面收益標準的金融資產會以按公平值計入損益計量。

於每個報告期末按公平值計入損益之金融資產按公平值計量，任何公平值收益或虧損確認入損益。確認入損益中之淨收益或虧損不包括計入「利息收入及投資收益／(虧損)」項目的自金融資產賺取的任何股息或利息。

按公平值計入其他全面收益之金融資產

倘本集團管理層選擇於其他全面收益內呈列股本投資之公平值收益及虧損，則於終止確認投資後不會將公平值收益及虧損其後重新分類至損益。來自有關投資之股息將於本集團收取付款權利確立時繼續於損益中確認為「利息收入及投資收益／(虧損)」。

2. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit loss (“ECL”) on financial assets which are subject to impairment requirements under HKFRS 9 (including trade and other receivables, bank deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 30 for further details.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;

2. 主要會計政策概要(續)

(k) 金融工具(續)

金融資產減值

本集團就金融資產的預期信貸損失(「預期信貸損失」)確認虧損撥備，有關撥備受香港財務報告準則第9號之減值要求(包括應收賬款及其他應收款項、銀行定期存款及銀行結存)所限。預期信貸損失金額於各報告日更新，以反映自初始確認以來信貸風險的變動。

本集團對其按攤銷成本列賬及按公平值計入其他全面收益列賬的債務工具的相關預期信貸損失將會作出前瞻性基準評估。所用的減值方法取決於信用風險有否顯著增加。

就應收賬款而言，本集團應用香港財務報告準則第9號允許的簡化法，規定自初始確認應收款項起確認預期全期虧損，進一步詳情請參閱附註30。

信貸風險大幅增加

於評估信貸風險是否自初始確認以來已大幅增加時，本集團將於報告日金融工具發生違約的風險，與於初始確認日期金融工具發生違約的風險進行比較。於進行此評估時，本集團考慮合理而具理據的定量及定質資料，包括過往經驗及可在毋須付出不必要成本或資源即可取得的前瞻性資料。

尤其是，當評估信貸風險是否已大幅增加時，將會考慮以下資料：

- 金融工具的外部(如有)或內部信貸評級實際或預期發生重大惡化；
- 外在市場信貸風險指標顯著惡化，例如信貸利差大幅增加、債務人的信貸違約掉期價格；
- 目前或預測業務、財務或經濟狀況出現不利變動，預期會大幅削弱債務人履行其債務責任的能力；

2. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

Impairment of financial assets (continued)

Significant increase in credit risk (continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. 主要會計政策概要(續)

(k) 金融工具(續)

金融資產減值(續)

信貸風險大幅增加(續)

- 債務人營運業績實際或預期出現大幅惡化；
- 法規、經濟或債務人的技術環境實際或預期出現重大不利變動，導致大幅削弱債務人履行其債務責任的能力。

除非本集團有合理及具理據的資料另有所指，不論上述評估的結果為何，當合約款項逾期超過30日，本集團即假設信貸風險自初始確認以來已大幅增加。

儘管如上文所述，倘債務工具於報告日釐定為具低信貸風險，本集團假設債務工具信貸風險自初始確認以來並無大幅增加。倘出現以下情況，債務工具即釐定為具低信貸風險：i) 其違約風險低；ii) 借款人於近期擁有強健能力，以滿足其合約現金流的責任；及iii) 於較長遠的時期內，經濟及業務狀況的不利變動可能但不一定降低借款人滿足其合約現金流責任的能力。當債務工具的內部或外部信貸評級獲得符合全球公認的「投資級別」定義時，本集團即認為債務工具的信貸風險為低。

本集團定期監控用以識別信貸風險有否顯著增加的標準之效益，且修訂標準(如適當)來確保標準能在金額逾期前識別信貸風險顯著增加。

違約定義

就內部信貸風險管理而言，本集團認為，違約事件在內部制訂或得自外界來源的資料顯示債務人不大可能悉數向債權人(包括本集團)還款(未計及本集團所持任何抵押品)時發生。

不論以上所述，本集團認為除非本集團有合理及具理據資料來顯示更加滯後的違約標準更為恰當，工具逾期超過90日後即產生違約。

2. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

Impairment of financial assets (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

2. 主要會計政策概要(續)

(k) 金融工具(續)

金融資產減值(續)

信貸減值金融資產

金融資產在一項或以上對該金融資產估計未來現金流量構成不利影響之違約事件發生時已屬信貸減值。金融資產已信貸減值的證據包括有關下列事件的可觀察數據：

- (a) 發行人或借款人的重大財困；
- (b) 違反合約(如違約或逾期事件)；
- (c) 借款人的貸款人因有關借款人財困，以經濟或合約理由而向借款人批出在其他情況不會考慮之寬免；
- (d) 借款人將可能陷入破產或其他財務重組；或
- (e) 金融資產的活躍市場因財政困難而消失。

撤銷政策

當資料顯示對手方處於嚴重財困及無實際收回可能時(例如對手方被清盤或已進入破產程序時，或倘為應收賬款，則當金額已逾期超過一年(以較早發生者為準))，本集團則撤銷金融資產。經考慮法律意見後(倘合適)，遭撤銷的金融資產可能仍須按本集團收回程序進行強制執行活動。撤銷構成剔除確認事項。任何其後收回於損益中確認。

預期信貸損失的計量及確認

預期信貸損失的計量為違約概率、違約損失率(即出現違約時的損失程度)以及違約之風險的函數。違約概率及違約損失率的評估乃根據經前瞻性資料調整的歷史數據而作出。預期信貸損失的估算乃無偏概率加權平均金額，以各自發生違約的風險為權重確定。

2. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

Impairment of financial assets (continued)

Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVPL.

2. 主要會計政策概要(續)

(k) 金融工具(續)

金融資產減值(續)

預期信貸損失的計量及確認(續)

一般而言，預期信貸損失為本集團根據合約應收的所有合約現金流，與本集團預期收取的現金流之間的差異，並經於初始確認時釐定的實際利率進行貼現。

利息收入乃根據金融資產的賬面總值計算，除非金融資產已作信貸減值，在此情況下，利息收入根據金融資產的攤銷成本計算。

剔除確認金融資產

當只有資產現金流量的合約權利屆滿，或轉移金融資產及幾乎所有該資產的風險和回報所有權給另一個實體時，本集團才剔除確認金融資產。

於全面剔除確認一項金融資產時，資產賬面值與已收及應收代價之總和間之差額於損益確認。

金融負債及股本工具

分類為債務或權益

本集團旗下實體發行之債務及股本工具按所訂立訂約安排內容以及金融負債及股本工具之定義分類。

股本工具

股本工具為體現實體資產經扣除所有負債後餘下權益之任何合約。由本公司發行的股本工具在已收所得款項扣除直接發行成本後確認。

購回本公司的股本工具直接在權益中確認及扣除。購買、出售、發行或註銷本公司的股本工具並不會於損益中確認任何收益或虧損。

金融負債

所有金融負債隨後使用實際利率法按攤銷成本或按公平值計入損益計量。

2. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at amortised cost

Financial liabilities including bank borrowings, bonds and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(l) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities unless payment is not due within 12 months after the reporting period.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. 主要會計政策概要(續)

(k) 金融工具(續)

金融負債及股本工具(續)

按攤銷成本計量之金融負債

金融負債包括銀行借貸、債券、應付賬款及其他應付款項，其後採用實際利率法按攤銷成本計量。

衍生金融工具

衍生工具初始於衍生合約訂立之日按公平值確認，其後在報告期末重新計量其公平值。所產生的收益或虧損立即於損益中確認。

剔除確認金融負債

本集團之金融負債會於及只會於本集團之責任遭免除、註銷或屆滿時剔除確認。剔除確認之金融負債賬面值與已付及應付代價間之差額於損益確認。

(l) 應付賬款及其他應付款項

應付賬款及其他應付款項初始按公平值確認及其後使用實際利率法按攤銷成本計量。除非付款並非報告期間後12個月內到期，否則應付賬款及其他應付款項會分類為流動負債。

(m) 存貨

存貨以成本及可變現淨值較低者入賬。存貨成本以加權平均法計算。可變現淨值指存貨估計售價減所有估計完成成本及銷貨所需成本。

(n) 借貸成本

因收購、建設或生產合資格資產(即需相當長時間準備方可作擬定用途或出售的資產)而直接產生的借貸成本計入該等資產的成本，直至該等資產實質大致可作擬定用途或出售為止。

所有其他借貸成本均於產生期間於損益確認。

2. Summary of significant accounting policies (continued)

(o) Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset. A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

(p) Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company that makes strategic decisions.

(r) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for ECL. Trade and other receivables are generally due for settlement within 30 days and therefore are all classified as current.

(s) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and short-term bank deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. 主要會計政策概要(續)

(o) 短期僱員福利

短期僱員福利在僱員提供服務時以預計須支付的未貼現福利金額確認。所有短期僱員福利確認為費用，除非另一項香港財務報告準則要求或允許將該利益納入資產成本。在扣除已經支付的任何金額後，對僱員應得的福利(如工資、薪金和年假)確認為負債。

(p) 退休福利成本

定額供款退休福利計劃供款，在僱員提供服務而有權獲得供款時列作支出。

(q) 分部報告

經營分部與呈報予主要營運決策者(「主要營運決策者」)的內部報告方式一致。資源分配及對營運分部表現評估之主要營運決策者，已確定為作出主要營運決策之本公司執行董事。

(r) 應收賬款及其他應收款項

應收賬款及其他應收款項初始按公平值確認及其後使用實際利率法按攤銷成本，扣除預期信貸損失撥備而計量。應收賬款及其他應收款項一般於30天內到期，因此全部分類為流動。

(s) 現金及現金等價物

就於綜合現金流量表呈列而言，現金及現金等價物包括持有現金及隨時可轉換已知金額現金及承受不重大價值變動風險，且原到期日為三個月或以下的短期銀行定期存款。

(t) 股本

普通股分類為權益。直接歸屬於發行新股份或購股權的新增成本在權益中列為所得款項的扣減項目(扣除稅項)。



2. Summary of significant accounting policies (continued)

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(v) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(w) Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(x) Government grant

Government grant is recognised at its fair value where there is reasonable assurance that the Group will comply with all conditions attaching it and that the grant will be received. Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

2. 主要會計政策概要(續)

(u) 借貸

借貸最初乃按公平值(扣除已產生的交易成本)確認。借貸其後按攤銷成本列賬。如扣除交易成本之後的所得款項與贖回價值之間出現差額,則於借貸期內以實際利率法確認。在貸款將很有可能部份或全部將獲提取的情況下,就設立貸款融資支付的費用乃確認為貸款交易成本。在此情況下,該費用將遞延至提取貸款發生時。

在並無跡象顯示該融資將很有可能部份或全部將獲提取的情況下,該費用撥充資本作為流動資金服務的預付款項,並於其相關融資期間內予以攤銷。

當合約列明的債務被解除、取消或到期時,借貸自財務狀況表中刪除。已消除或轉撥至另一方的金融負債的賬面值與已付代價的差額,包括任何已轉撥的非現金資產或已承擔負債,在損益中確認為融資成本。

除非本集團擁有無條件權利將負債之結算遞延至報告期間後最少12個月,否則借貸分類為流動負債。

(v) 利息收入

利息收入採用實際利率法按時間比例確認。

(w) 股息分派

就於報告期末或之前已宣派但於報告期末並未分派之任何股息金額(已經適當授權及再不由實體酌情決定)作出撥備。

(x) 政府補貼

政府補貼在本集團能夠滿足其所附的條件以及能夠收到時,予以公平值確認。與成本相關的政府補貼於期內在綜合全面收益表遞延確認,以對應其計劃補償的成本。

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant estimates and assumptions concerning the future may be required in selecting and applying accounting methods and policies in these financial statements. The Group bases its estimates and assumptions on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates or assumptions.

The following is a review of the more significant estimates and assumptions used in the preparation of these financial statements.

(a) Fair value of financial assets at FVPL and financial assets at FVOCI

The fair value of financial assets at FVPL and financial assets at FVOCI that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and determine the fair values primarily based on the purchase price paid by the Group, net asset value and taking into account of the analysis of the investees' financial trends and results, risk profile, prospects, industry trends and other factors. The key assumptions adopted on projected cash flow are based on management's best estimates.

(b) Valuation of investment properties

As described in note 14, the completed investment property and investment property under development are stated at fair value based on valuation performed by independent firm of professional surveyors. For the Group's investment property under development, the fair value reflects the expectations of market participants of the value of the property when it is completed, less deductions for the costs required to complete the project and appropriate adjustments for profit and risk. The valuation and all key assumptions used in the valuation should reflect market conditions at the end of each reporting period. The key assumptions include relevant market rents, capitalisation rates, estimated total construction costs for the proposed development and the cost that have been expended on the development works in arriving at the market value of the property.

3. 關鍵會計估計及判斷

根據過往經驗及其他因素，包括在有關情況下相信為合理之對未來事件之預測，估計和判斷會被持續評估。

在選擇會計方法及政策以及將其應用於財務報表時，可能需要作出有關未來的關鍵估計及假設。本集團乃根據過往經驗及其認為在當時情況下屬於合理之多項其他假設作出其估計及假設。實際結果可能會與該等估計及假設不同。

以下概述於編製財務報表時較重要的估計及假設。

(a) 按公平值計入損益的金融資產及按公平值計入其他全面收益的金融資產的公平值

非於活躍市場交易的按公平值計入損益的金融資產及按公平值計入其他全面收益的金融資產之公平值乃使用估值技術釐定。本集團按其判斷選擇多項方法，主要按本集團支付的收購價、資產淨值，經考慮對投資對象的財務趨勢及業績、風險狀況、前景、行業趨勢的分析及其他因素後釐定公平值。預期現金流量所採納的主要假設乃根據管理層的最佳估算。

(b) 投資物業估值

如附註14所述，已竣工的投資物業及在建投資物業根據獨立專業測量師行的估值以公平值列賬。就本集團的在建投資物業而言，公平值反映市場參與者對該物業於竣工時價值的預期，扣減完成該項目所需的成本及就溢利及風險作出適當調整。估值及進行估值時採用之所有主要假設應反映於每個報告期末之市場狀況。主要假設包括相關市場租金、資本化比率、估計建議發展的總建設成本及開發工作已支付的成本而釐定物業市值。



3. Critical accounting estimates and judgements (continued)

(b) Valuation of investment properties (continued)

For the Group's completed investment property, the fair value relied on the capitalisation of income approach as its primary method, supported by the direct comparison method. Management also determines fair value based on active market prices and adjusted if necessary for any difference in nature, location or conditions of the specific asset, and uses alternative valuation methods such as recent prices on less active markets. These methodologies are based upon estimates of future results and a set of assumptions specific to the property to reflect its tenancy and cash flow profile. The fair value of the completed investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

4. Revenue

Revenue represents the amount received and receivable for goods sold by the Group to the customers (net of discounts), income from concessionaire sales, income from APO sales, service income and rental income during the year, and is analysed as follows:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Recognised at a point in time:	在某個時間點確認：		
Sales of goods — direct sales	貨品銷售 — 自營銷售	687,039	1,212,022
Recognised over time:	隨著時間確認：		
Income from concessionaire sales	來自特許專櫃銷售之收入	919,561	1,698,204
Income from APO sales	來自銷售後訂單銷售之收入	267,826	461,455
Service income	服務收入	70,519	129,404
Revenue from contracts with customers	來自顧客合約的收入	1,944,945	3,501,085
Rental income	租金收入	48,079	40,947
Total Revenue	總收入	1,993,024	3,542,032

The Group recognises revenue from the following major sources which arise from contracts with customers:

For direct sales of goods, revenue is recognised when control of the goods is transferred, being at the point the customer purchases the goods at the department stores. Payment of the transaction price is due immediately at the point the customer purchases the goods.

3. 關鍵會計估計及判斷(續)

(b) 投資物業估值(續)

就本集團已竣工之投資物業，公平值依賴收入資本化方式為主要估值方法，並以直接比較法作輔助評估。管理層亦會以活躍市場價格為基準以評估公平值，並在有需要之情況下根據特定資產的性質、地點或狀況調整公平值，及採用備選估值方法，例如在較不活躍市場下採用近期價格。此等方法採用乃根據日後業績估算及一系列特定假設以反映物業租賃及現金流量概況。已竣工之投資物業的公平值反映(其中包括)來自現有租約及按現有市況假設未來租約之租金收入。公平值亦按相同基準反映任何預期有關物業之現金流出。

4. 收入

收入指本集團年內向顧客出售貨品的已收及應收款項減折扣、特許專櫃銷售之收入及來自「銷售後訂單」銷售之收入、服務收入以及租金收入，茲分析如下：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Recognised at a point in time:	在某個時間點確認：		
Sales of goods — direct sales	貨品銷售 — 自營銷售	687,039	1,212,022
Recognised over time:	隨著時間確認：		
Income from concessionaire sales	來自特許專櫃銷售之收入	919,561	1,698,204
Income from APO sales	來自銷售後訂單銷售之收入	267,826	461,455
Service income	服務收入	70,519	129,404
Revenue from contracts with customers	來自顧客合約的收入	1,944,945	3,501,085
Rental income	租金收入	48,079	40,947
Total Revenue	總收入	1,993,024	3,542,032

本集團確認來自以下主要來源(與顧客的合約)的收入：

就自營銷售貨品而言，收入於貨品的控制權轉移時確認，即顧客於百貨公司購買貨品之時。交易價格付款於顧客購買貨品之時立刻到期。

4. Revenue (continued)

For income from concessionaire and APO sales, the concessionaires and consignors will pay the Group at the higher of minimum guarantee commission and certain percentage of their sales in accordance with the terms of contracts. The Group receives the entire sales proceeds from ultimate customers on behalf of the concessionaires and consignors and reimburse the sales proceeds back to concessionaires and consignors after deducting the commission income.

5. Segment information

The Group's operating activities are attributable to a single operating segment under HKFRS 8 "Operating Segments" which focuses on the operation of department stores, property development and investment in Hong Kong and the United Kingdom. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies that conform to HKFRSs as disclosed in note 2, that are regularly reviewed by the chief operating decision makers ("CODM") (i.e. the executive directors of the Company). The CODM regularly reviews revenue analysis and profit for the year of the Group as a whole to make decisions about resource allocation. Accordingly, no separate segment information other than entity level information is prepared.

The Group's operations are located in Hong Kong and the United Kingdom. The Group's non-current assets are based in Hong Kong, except the completed investment property in the United Kingdom of HK\$2,648,559,000 as at 31 December 2020 (2019: The Group's operations are located in Hong Kong and the non-current assets are all based in Hong Kong). The Group has no customers that contributed over 10% of the total revenue of the Group for the current year (2019: Same).

6. Other income, gains and losses

4. 收入(續)

就來自特許專櫃及銷售後訂單銷售收入而言，特許專櫃及寄售商將根據合約條款按最低保證佣金及若干銷售百分比(以較高者為準)支付佣金。本集團代表特許專櫃及寄售商向最終顧客全數收取銷售所得款項，並於扣除佣金收入後將銷售所得款項退還予特許專櫃及寄售商。

5. 分部資料

根據香港財務報告準則第8號「經營分部」，本集團的經營活動歸屬於單一經營分部，在香港和英國專注於百貨店的經營、物業發展及投資。該經營分部乃根據符合香港財務報告準則(如附註2所露)的會計政策編製的內部管理報告確定，並由主要營運決策者(「主要營運決策者」)(即本公司執行董事)定期審閱。主要營運決策者定期審閱本集團整體收入分析及年內溢利，以作出資源分配決策。因此，並無編製實體資料以外的個別分部資料。

本集團的業務位於香港及英國。於二零二零年十二月三十一日，除位於英國之2,648,559,000港元已竣工投資物業外，本集團的非流動資產以香港為基地(二零一九年：本集團的業務位於香港，而非流動資產全部以香港為基地)。於本年度，本集團並無客戶貢獻超過本集團總收入10%(二零一九年：相同)。

6. 其他收入、收益及虧損

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Management fee income	管理費收入	78,887	76,463
Credit card recharge	信用卡費用回扣	9,501	25,295
Net exchange gain	淨匯兌收益	45,918	20,531
Government subsidies related to Coronavirus disease ("COVID-19")	冠狀病毒病(「COVID-19」)相關 政府資助	37,367	—
COVID-19 related rent concessions	COVID-19相關租金優惠	3,224	—
Others	其他	43,981	24,876
		218,878	147,165

7. Interest income and investment gains/(losses)

7. 利息收入及投資收益/(虧損)

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Interest income on bank deposits	銀行定期存款之利息收入	105,605	201,670
Dividend income from financial assets at FVPL	按公平值計入損益之金融資產之股息收入	24,796	59,650
Dividend income from financial assets at FVOCI	按公平值計入其他全面收益之金融資產之股息收入	2,323	2,919
Interest income from financial assets/liabilities at FVPL	按公平值計入損益之金融資產/負債之利息收入	190,073	72,086
Fair value change of financial assets/liabilities at FVPL	按公平值計入損益之金融資產/負債之公平值變動	(333,758)	403,851
Net exchange gain of financial assets at FVOCI	按公平值計入其他全面收益之金融資產之匯兌收益淨額	45,520	—
		34,559	740,176

8. Finance costs

8. 融資成本

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Interest expenses on:	以下項目之利息支出：		
Bank borrowings	銀行借貸	252,538	340,011
Bonds	債券	324,037	266,956
Lease liabilities	租賃負債	10,069	12,355
		586,644	619,322
Less: Amounts capitalised in construction in progress and investment property under development	減：在建工程及在建投資物業之資本化金額	(217,330)	(254,084)
		369,314	365,238

Borrowing costs capitalised are interest expenses incurred for financing the development of qualifying assets. The capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 2.7% (2019: 3.5%) per annum.

已資本化之借貸成本為就發展中的合資格資產之融資所產生的利息支出。用於釐定合資格資本化的借貸成本之金額之資本化年利率為2.7% (二零一九年：3.5%)。

9. Taxation

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Current tax:	本期稅項：		
Hong Kong Profits Tax	香港利得稅	192,184	334,021
United Kingdom Corporate Income Tax	英國企業所得稅	1,526	—
		193,710	334,021
Overprovision in prior years:	過往年度過多撥備：		
Hong Kong Profits Tax	香港利得稅	(14,576)	(30,546)
Deferred tax credit (note 25)	遞延稅項抵扣(附註25)	(70,681)	(27,975)
		108,453	275,500

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Pursuant to the rules and regulations of the United Kingdom, the Group is subject to corporate income tax at 19% on the estimated assessable profit of the subsidiary which carries on business in the United Kingdom (2019: Nil).

The taxation for the year can be reconciled to the profit before taxation in the consolidated statement of profit or loss and other comprehensive income as follows:

9. 稅項

香港利得稅乃根據兩個年度之估計應課稅溢利按16.5%計算。

根據英國法律及規例，本集團須就在英國經營業務的附屬公司的估計應課稅溢利，按19%的稅率繳納企業所得稅(二零一九年：無)。

本年度稅項與綜合損益及其他全面收益表所示除稅前溢利之對賬如下：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Profit before taxation	除稅前溢利	246,963	2,166,176
Tax at Hong Kong Profits Tax rate	按香港利得稅率計算之稅項	40,749	357,419
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	在其他司法管轄區營運的附屬公司的不同稅率之稅項影響	201	—
Tax effect of income not taxable for tax purposes	毋須課稅收入之稅項影響	(35,891)	(109,228)
Tax effect of expense not deductible for tax purposes	不可扣稅開支之稅項影響	79,084	38,480
Tax effect on utilisation of tax losses previously not recognised	動用早前未確認稅項虧損之稅項影響	(1,376)	(1,327)
Tax effect of tax losses not recognised	不確認稅項虧損之稅項影響	5,744	21,278
Tax effect of temporary differences not recognised	不確認暫時性差異之稅項影響	39,132	—
Overprovision in prior years	過往年度過多撥備	(14,576)	(30,546)
Tax effect of recognition of previously unrecognised temporary differences	確認早前未確認的臨時差異之稅項影響	1,369	—
Tax effect of recognition of previously unrecognised tax losses	確認早前未確認的稅項虧損之稅項影響	(5,818)	—
Others	其他	(165)	(576)
Taxation for the year	本年度稅項	108,453	275,500

10. Profit before taxation

10. 除稅前溢利

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Profit before taxation has been arrived at after charging/(crediting):	除稅前溢利已扣除/(計入)下列項目：		
Directors' remuneration (note 11)	董事酬金(附註11)	8,956	11,036
Staff costs, excluding directors' remuneration	除董事酬金外之員工成本		
Salaries and wages	薪酬及工資	203,774	211,949
Retirement benefits scheme contributions, net of forfeited contributions for staff	退休福利計劃供款減沒收員工供款	8,322	8,725
Total staff costs	總員工成本	221,052	231,710
Auditor's remuneration	核數師酬金	2,287	2,376
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	252,336	271,384
(Reversal of rental expenses)/rental expenses relating to variable lease payments	可變租賃付款相關之(租金支出撥回)/租金支出	(9,461)	62,811
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	(447)	(168)
Cost of inventories recognised as expenses	確認為支出之存貨成本	519,387	888,869
Provision/(reversal of provision) for trade and other receivables, net	應收賬款及其他應收款項撥備/(撥回)淨額	23	(11)
Provision for write-down of obsolete inventories (included in cost of sales)	撇減滯銷存貨撥備(計入銷售成本)	93	22

11. Directors' and employees' remuneration

Directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and HKCO, are as follows:

11. 董事及僱員酬金

年內董事的酬金已根據適用的上市規則及香港公司條例披露，酬金如下：

		Directors' fees	Salaries and allowances	Bonus*	Contributions to retirement benefits scheme	Total
		董事袍金	薪金及津貼	花紅*	退休福利計劃供款	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
For the year ended 31 December 2020	截至二零二零年十二月三十一日止年度					
Executive directors	執行董事					
Ms. Lau Kam Shim	劉今蟾小姐	200	3,160	—	18	3,378
Mr. Lau Kam Sen	劉今晨先生	200	3,160	—	18	3,378
Non-executive directors	非執行董事					
Mr. Lau Luen Hung, Thomas	劉鑾鴻先生	1,000	—	—	—	1,000
Mr. Doo Wai Hoi, William	杜惠愷先生	200	—	—	—	200
Ms. Lau Yuk Wai, Amy	劉玉慧女士	200	—	—	—	200
Independent non-executive directors	獨立非執行董事					
Mr. Lam Siu Lun, Simon	林兆麟先生	200	—	—	—	200
Mr. Shek Lai Him, Abraham	石禮謙先生	200	—	—	—	200
Mr. Hui Chiu Chung	許照中先生	200	—	—	—	200
Mr. Ip Yuk Keung	葉毓強先生	200	—	—	—	200
		2,600	6,320	—	36	8,956
For the year ended 31 December 2019	截至二零一九年十二月三十一日止年度					
Executive directors	執行董事					
Ms. Lau Kam Shim	劉今蟾小姐	200	4,200	—	18	4,418
Mr. Lau Kam Sen	劉今晨先生	200	4,200	—	18	4,418
Non-executive directors	非執行董事					
Mr. Lau Luen Hung, Thomas	劉鑾鴻先生	1,000	—	—	—	1,000
Mr. Doo Wai Hoi, William	杜惠愷先生	200	—	—	—	200
Ms. Lau Yuk Wai, Amy	劉玉慧女士	200	—	—	—	200
Independent non-executive directors	獨立非執行董事					
Mr. Lam Siu Lun, Simon	林兆麟先生	200	—	—	—	200
Mr. Shek Lai Him, Abraham	石禮謙先生	200	—	—	—	200
Mr. Hui Chiu Chung	許照中先生	200	—	—	—	200
Mr. Ip Yuk Keung	葉毓強先生	200	—	—	—	200
		2,600	8,400	—	36	11,036

The executive directors' emoluments shown above were for their services in connection with management of the affairs of the Company and the Group.

上述執行董事酬金乃彼等向本公司及本集團管理事務上提供服務之董事酬金。

The non-executive directors' emoluments shown above were for their services as directors of the Company.

上述非執行董事酬金乃彼等作為本公司之董事所提供服務之酬金。

11. Directors' and employees' remuneration (continued)

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

* The bonus was determined with reference to performance and market trends.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years.

Of the five highest paid individuals of the Group for the year ended 31 December 2020, two of them (2019: two) were directors of the Company whose remuneration are disclosed above. The remaining three (2019: three) are employees of the Group, details of whose remuneration are as follows:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Employees:	僱員：		
Salaries, allowances and other benefits	薪金、津貼及其他福利	5,071	5,700
Retirement benefits scheme contributions	退休福利計劃供款	54	54
Performance related incentive payments	與表現掛鈎獎金	275	—
		5,400	5,754

The emoluments of the remaining three (2019: three) were within the following bands:

		2020 二零二零年 Number of individuals 人數	2019 二零一九年 Number of individuals 人數
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	1	1
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	1	1
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	1	—
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	—	1

During the year ended 31 December 2020, no remuneration was paid by the Group to the directors of the Company or the three (2019: three) highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

11. 董事及僱員酬金(續)

上述獨立非執行董事酬金乃彼等作為本公司董事所提供服務之酬金。

* 花紅取決於集團業績及市場趨勢。

於年內，沒有董事放棄或同意放棄任何酬金之安排。

截至二零二零年十二月三十一日止年度，本集團五名最高薪人士中，兩名(二零一九年：兩名)為本公司董事，彼之酬金於上文披露。另外三名(二零一九年：三名)則為本集團僱員，彼等之酬金詳情載列如下：

其餘三名(二零一九年：三名)最高薪人士之薪酬介乎以下範圍：

截至二零二零年十二月三十一日止年度，本集團並無向本公司董事或三名(二零一九年：三名)最高薪僱員支付酬金，以吸引彼等加入本集團或作為加入本集團之獎金或離職補償。

12. Dividends

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Dividends paid in cash and recognised as distributions during the year:	年內以現金派付及確認為分派的股息：		
No final dividend for the prior year: (2019: HK cents 37.0 per share)	過往年度並無末期股息： (二零一九年：每股37.0港仙)	—	555,709
No interim dividend for the current year: (2019: HK cents 30.0 per share)	本年度並無中期股息： (二零一九年：每股30.0港仙)	—	450,575
Total	總計	—	1,006,284

Note: Subsequent to the end of the reporting period, the directors of the Company resolved not to recommend payment of a final dividend (2019: Same).

附註：在報告期末後，本公司董事決定不建議派付末期股息(二零一九年：相同)。

12. 股息

13. Earnings per share

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

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Earnings:	盈利：		
Earnings for the purpose of basic and diluted earnings per share	用於計算每股基本及攤薄盈利之盈利	138,510	1,890,676

		2020 二零二零年 '000 千股	2019 二零一九年 '000 千股
Number of shares	股份數目		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	用於計算每股基本及攤薄盈利之普通股加權平均數	1,501,916	1,501,916

		2020 二零二零年 HK\$0.09	2019 二零一九年 HK\$1.26
Basic and diluted earnings per share	每股基本及攤薄盈利		

The diluted earnings per share for the year ended 31 December 2020 equals to the basic earnings per share as there are no potential dilutive ordinary shares to issue during the year (2019: Same).

截至二零二零年十二月三十一日止年度的每股攤薄盈利等於每股基本盈利，乃由於年內沒有任何潛在可攤薄普通股(二零一九年：相同)。

13. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利乃根據以下數據計算：



14. Investment properties

14. 投資物業

		Completed Investment property 已竣工投資物業 HK\$'000 千港元	Investment property under development 在建投資物業 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2019	於二零一九年一月一日	—	5,132,000	5,132,000
Additions	添置	—	382,736	382,736
Adjustments	調整	—	79,223	79,223
Fair value change	公平值變動	—	(173,959)	(173,959)
At 31 December 2019	於二零一九年 十二月三十一日	—	5,420,000	5,420,000
Additions	添置	—	342,560	342,560
Acquisition of a property	購置一項物業	2,814,712	—	2,814,712
Adjustments	調整	—	(88,617)	(88,617)
Translation differences	換算差異	(2,040)	—	(2,040)
Fair value change	公平值變動	(164,113)	(253,943)	(418,056)
At 31 December 2020	於二零二零年 十二月三十一日	2,648,559	5,420,000	8,068,559

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The additions to the completed investment property for the year ended 31 December 2020 represented the acquisition of a property located in London, the United Kingdom.

The Group measures its investment properties at fair value. The investment properties were revalued by Cushman & Wakefield Limited and Cushman and Wakefield Debenham Tie Leung Limited, independent qualified valuers, who hold recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, at 31 December 2020 on an open market value basis. For all investment properties, their current use equates to the highest and best use.

Fair value of the completed investment property as at 31 December 2020 is derived using the income approach based on recent comparable rental transactions in the relevant market.

Fair value of the investment property under development as at 31 December 2019 and 31 December 2020 is derived using the residual method. The valuation is based on the assumption that the property had already been completed at the valuation date, which takes into account the estimated total construction costs for the proposed development and the cost that have been expended on the development works plus the developer's estimated profit and margin for risk.

本集團以賺取租金收入或以資本增值為目的之經營租賃下持有的所有物業權益採用公平值模式計量，並分類及入賬為投資物業。

截至二零二零年十二月三十一日止年度的已竣工投資物業添置乃購置位於英國倫敦的一項物業。

本集團以公平值計量其投資物業。獨立合資格估值師高緯環球有限公司及高緯環球戴德梁行有限公司，其具有公認的相關專業資格及獲估值的投資物業地點及分類方面之近期經驗，對該等投資物業於二零二零年十二月三十一日以公開市場基礎進行重估。就所有投資物業而言，最高和最佳使用為該等物業當前使用用途。

於二零二零年十二月三十一日的已竣工投資物業之公平值乃根據近期相關市場的可比租賃交易使用收入法進行估值而釐定。

於二零一九年十二月三十一日及二零二零年十二月三十一日的在建投資物業之公平值採用餘值法確定。估值乃基於假設該物業於評估日已竣工，其已考慮到估計建議發展的總建設成本及就發展工程已產生的成本，再加上開發商的估算利潤和風險。

14. Investment properties (continued)

The following table gives information about how the fair values of investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Fair value hierarchy 公平值等級架構	Valuation technique(s) and key input(s) 估值方法和主要輸入參數	Significant unobservable input(s) 重大無法觀察的輸入參數	Relationship of unobservable inputs to fair value 無法觀察的輸入參數與公平值的關係
Investment property under development: HK\$5,420 million (2019: HK\$5,420 million) 在建投資物業：5,420百萬港元(二零一九年：5,420百萬港元)			
Level 3 第三級	Income approach The key inputs are: 收入法 主要輸入參數：		
	(1) Capitalisation rate; and 資本化比率：及	Capitalisation rates: 資本化比率： Office: 3.125% (2019: 3.125%) 辦公室：3.125%(二零一九年：3.125%) Retail: 4.000% (2019: 4.000%) 零售：4.000%(二零一九年：4.000%)	The higher the capitalisation rate, the lower the fair value. 資本化比率越高，公平值越低。
	(2) Market rent 市場租金：	Monthly market rent: 每月市場租金： Office: HK\$38 p.s.f. (2019: HK\$39 p.s.f.) 辦公室：每平方呎38港元 (二零一九年：每平方呎39港元) Retail: HK\$47 p.s.f. (2019: HK\$58 p.s.f.) 零售：每平方呎47港元 (二零一九年：每平方呎58港元)	The higher the rent per square foot, the higher the fair value. 每平方呎租金越高，公平值越高。
		Estimated project development cost of the property is HK\$5,829 million (2019: HK\$5,829 million) 估算項目發展的物業成本為5,829百萬港元 (二零一九年：5,829百萬港元)	The higher the estimated project development cost, the lower the fair value. 估算項目發展成本越高，公平值越低。
		Developer's estimated profit and margin for risk: 10% (2019: 10%) 開發商的估算利潤和邊際風險：10% (二零一九年：10%)	The higher the developer's estimated profit and margin for risk, the lower the fair value. 開發商的估算利潤和邊際風險越高，公平值越低。
Completed investment property: HK\$2,649 million (2019: Nil) 已竣工投資物業：2,649百萬港元(二零一九年：無)			
Level 3 第三級	Income approach The key inputs are: 收入法 主要輸入參數：		
	(1) Capitalisation rate; and 資本化比率：及	Capitalisation rates: 資本化比率： Office: 4.200%. (2019: N/A) 辦公室：4.200%(二零一九年：不適用)	The higher the capitalisation rate, the lower the fair value. 資本化比率越高，公平值越低。
	(2) Market rent 市場租金：	Monthly market rent: 每月市場租金： £9.0 p.s.f. (2019: N/A) 每平方呎9.0英鎊(二零一九年：不適用)	The higher the rent per square foot, the higher the fair value. 每平方呎租金越高，公平值越高。

Details of the pledge of assets are set out in note 32.

14. 投資物業(續)

下表載列如何釐定投資物業公平值(尤其是估值方法及所使用輸入參數)的資料以及公平值等級架構，根據公平值等級，公平值計量基於公平值計量參數的可觀察程度分為一至三級。

有關資產抵押詳情載於附註32。

15. Property, plant and equipment

15. 物業、廠房及設備

		Leasehold land and buildings 租賃土地及樓宇	Store and leasehold improvements 店舖及租賃物業裝修 (note) (附註)	Plant and machinery 廠房及機器	Furniture, fixtures and equipment 傢俬、固定裝置及設備	Motor vehicles 汽車	Construction in progress 在建工程 (note) (附註)	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
COST	成本							
At 1 January 2019	於二零一九年一月一日	2,538,642	891,203	244,025	451,863	14,635	4,053,700	8,194,068
Additions	添置	—	19,861	2,899	21,556	802	367,762	412,880
Adjustments	調整	—	—	—	—	—	(79,223)	(79,223)
Disposals	出售	—	(306)	(99)	(466)	(954)	—	(1,825)
At 31 December 2019	於二零一九年十二月三十一日	2,538,642	910,758	246,825	472,953	14,483	4,342,239	8,525,900
Additions	添置	—	15,621	3,320	48,419	3,443	342,562	413,365
Adjustments	調整	—	—	—	—	—	88,617	88,617
Disposals	出售	—	—	—	(934)	(2,540)	—	(3,474)
At 31 December 2020	於二零二零年十二月三十一日	2,538,642	926,379	250,145	520,438	15,386	4,773,418	9,024,408
DEPRECIATION	折舊							
At 1 January 2019	於二零一九年一月一日	1,206,539	356,175	167,376	221,437	13,225	—	1,964,752
Provided for the year	年內撥備	47,975	150,589	13,448	58,428	944	—	271,384
Disposals	出售	—	(306)	(99)	(409)	(954)	—	(1,768)
At 31 December 2019	於二零一九年十二月三十一日	1,254,514	506,458	180,725	279,456	13,215	—	2,234,368
Provided for the year	年內撥備	47,976	137,376	14,299	51,645	1,040	—	252,336
Disposals	出售	—	—	—	(917)	(2,540)	—	(3,457)
At 31 December 2020	於二零二零年十二月三十一日	1,302,490	643,834	195,024	330,184	11,715	—	2,483,247
NET BOOK VALUES	賬面淨值							
At 31 December 2020	於二零二零年十二月三十一日	1,236,152	282,545	55,121	190,254	3,671	4,773,418	6,541,161
At 31 December 2019	於二零一九年十二月三十一日	1,284,128	404,300	66,100	193,497	1,268	4,342,239	6,291,532

Notes:

Included in construction in progress are borrowing costs capitalised during the year amounting to approximately HK\$114,935,000 (2019: HK\$120,911,000).

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

附註：

在建工程包括年內已資本化之借貸成本約為114,935,000港元(二零一九年：120,911,000港元)。

(i) 於綜合財務狀況表內確認之金額

綜合財務狀況表呈列以下與租賃有關的金額：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Right-of-use assets	使用權資產		
Leasehold land — completed properties	租賃土地 — 已竣工的物業	953,286	978,260
Leasehold land — construction in progress	租賃土地 — 在建工程	3,328,564	3,400,967
Store and leasehold improvements	店舖及租賃物業裝修	196,750	274,160
		4,478,600	4,653,387

15. Property, plant and equipment (continued)**(i) Amounts recognised in the consolidated statement of financial position (continued)**

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Lease liabilities	租賃負債		
Current	流動	86,574	76,144
Non-current	非流動	136,697	210,876
		223,271	287,020

(ii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Depreciation charge of right-of-use assets	使用權資產折舊支出		
Leasehold land — completed properties	租賃土地 — 已竣工的物業	24,974	24,974
Leasehold land — construction in progress	租賃土地 — 在建工程	72,403	72,402
Store and leasehold improvements	店舖及租賃物業裝修	85,176	84,313
		182,553	181,689

Addition of right-of-use assets amounted to HK\$7,766,000 during the year (2019: Nil).

In 2020, the cash outflow related to principal elements of lease liabilities and finance cost were HK\$71,515,000 (2019: HK\$65,988,000) and HK\$10,069,000 (2019: HK\$12,355,000) respectively.

Details of the pledge of assets are set out in note 32.

15. 物業、廠房及設備(續)**(i) 於綜合財務狀況表內確認之金額(續)**

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Lease liabilities	租賃負債		
Current	流動	86,574	76,144
Non-current	非流動	136,697	210,876
		223,271	287,020

(ii) 於綜合損益及其他全面收益表內確認之金額

綜合損益及其他全面收益表呈列以下與租賃有關之金額：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Depreciation charge of right-of-use assets	使用權資產折舊支出		
Leasehold land — completed properties	租賃土地 — 已竣工的物業	24,974	24,974
Leasehold land — construction in progress	租賃土地 — 在建工程	72,403	72,402
Store and leasehold improvements	店舖及租賃物業裝修	85,176	84,313
		182,553	181,689

年內添置使用權資產為7,766,000港元(二零一九年：無)。

於二零二零年，租賃負債本金部分及融資成本相關之現金流出分別為71,515,000港元(二零一九年：65,988,000港元)及10,069,000港元(二零一九年：12,355,000港元)。

有關資產抵押詳情，載於附註32。



16. Inventories

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Finished goods	製成品	25,917	38,644
Less: provision for obsolete inventories	減：滯銷存貨撥備	(122)	(29)
		25,795	38,615

17. Trade and other receivables

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Trade receivables, gross	應收賬款，總額	27,560	37,322
Less: Provision for expected credit loss	減：預期信貸損失撥備	(2,224)	(2,201)
		25,336	35,121
Prepayments	預付賬款	25,907	30,348
Deposits paid	已付按金	1,325	2,847
Interest receivable	應收利息	1,267	31,070
Value-added-tax ("VAT") recoverable (note)	可退回增值稅(「增值稅」) (附註)	527,506	—
Others	其他	63,537	3,425
		644,878	102,811

Note: The VAT recoverable arose from the acquisition of a property in London in November 2020 and the property is disclosed in note 14 as completed investment property.

As at 31 December 2020, trade receivables from contracts with customers amounted to HK\$27,560,000 (2019: HK\$37,322,000).

The Group's retail sales to customers are mainly made in cash, through debit card or credit card payments. Its major trade receivables arising from credit card sales which are normally settled in one to two business days in arrears and the rental income receivables are normally settled 30 days in arrears. The following is an aged analysis of trade receivables net of provision for expected credit loss presented based on the invoice date:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
0-30 days	0日至30日	20,736	27,989
31-60 days	31日至60日	3,394	4,335
61-90 days	61日至90日	498	1,703
Over 90 days	超過90日	708	1,094
		25,336	35,121

16. 存貨

17. 應收賬款及其他應收款項

附註：可退回的增值稅產生於附註14所披露於二零二零年十一月在倫敦購置的一項物業，並作為已竣工投資物業。

於二零二零年十二月三十一日，來自顧客合約的應收賬款為27,560,000港元(二零一九年：37,322,000港元)。

本集團向顧客作出的零售銷售主要以現金、透過記賬卡或信用卡付款。本集團主要應收賬款來自一般於一至兩個工作日結付的信用卡銷售及通常於三十日內收回應收租金收入。以下為應收賬款(扣除預期信貸損失撥備)根據發票日期呈列之賬齡分析：

17. Trade and other receivables (continued)**Movement in the provision for expected credit loss on trade receivables**

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Balance at beginning of the reporting period	報告期初結餘	2,201	2,212
Provision/(reversal of provision) for expected credit loss recognised	已確認預期信貸損失撥備/(撥回)	23	(11)
Balance at the end of the reporting period	報告期末結餘	2,224	2,201

The fair value of the trade and other receivables approximates its carrying value.

應收賬款及其他應收款項之公平值與其賬面值相若。

18. Financial assets at fair value through other comprehensive income**18. 按公平值計入其他全面收益之金融資產**

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Non-current assets	非流動資產		
Financial assets at FVOCI:	按公平值計入其他全面收益之金融資產：		
— Equity securities listed overseas	— 於海外上市股票	932,781	243,621
— Unlisted equity securities (note)	— 非上市股票(附註)	387,500	389,500
		1,320,281	633,121

Note:

Financial assets at FVOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

At 31 December 2020, certain financial assets at FVOCI were pledged as security for short-term loan facilities granted to the Group. Details of the pledge of assets are set out in note 32.

附註：

按公平值計入其他全面收益之金融資產包括並非持作買賣之股票，而本集團已於初始確認時不可撤銷地選擇於此類別確認有關股票。此乃策略性投資，本集團認為此分類較具關聯。

於二零二零年十二月三十一日，若干按公平值計入其他全面收益之金融資產乃抵押作為獲取授予本集團短期貸款融資。有關資產抵押詳情，載於附註32。

19. Financial assets/liabilities at fair value through profit or loss

19. 按公平值計入損益之金融資產／負債

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Non-current assets	非流動資產		
Financial assets at FVPL:	按公平值計入損益之金融資產：		
— Club debentures	— 會所債券	16,538	15,871
Current assets	流動資產		
Financial assets at FVPL:	按公平值計入損益之金融資產：		
— Equity securities listed in Hong Kong	— 於香港上市股票	891,939	756,990
— Equity securities listed overseas	— 於海外上市股票	54,701	750,450
— Listed debt securities (note a)	— 上市債券(附註a)	1,815,394	1,203,759
— Money market fund	— 貨幣市場基金	1,542,853	111,960
— Unlisted hedge funds	— 非上市對沖基金	—	18,666
— Unlisted investment funds	— 非上市投資基金	430,008	146,721
— Unlisted debt securities	— 非上市債券	—	234,583
— Cross currency and interest rate swaps (notes d and e)	— 交叉貨幣及利率掉期(附註d及e)	—	51,738
— Unlisted equity-linked notes (note c)	— 非上市股權掛鉤債券(附註c)	76,304	31,215
— Warrant	— 認股證	54	—
— Target redemption forward contracts (note f)	— 目標贖回遠期合約(附註f)	3,232	—
		4,814,485	3,306,082
Current liabilities	流動負債		
Financial liabilities at FVPL:	按公平值計入損益之金融負債：		
— Interest rate swaps (note d)	— 利率掉期(附註d)	220,807	—
— Target redemption forward contract (note f)	— 目標贖回遠期合約(附註f)	29	—
— Written put options (note b)	— 認沽期權(附註b)	—	12
		220,836	12

Notes:

- (a) The listed debt securities mainly represent investment in corporate bonds which are listed in Hong Kong, China and Singapore.
- (b) The written put options are derivative financial instruments. Details of the written put options are as follows:

附註：

- (a) 上市債券主要指在香港、中國及新加坡上市之企業債券投資。
- (b) 認沽期權屬金融衍生工具。認沽期權的詳情如下：

Underlying variables 相關變數	Exercise price 行使價	Notional amount 名義金額	Expiry date 到期日
At 31 December 2019			
於二零一九年十二月三十一日			
1 Month GBP Put US\$ Call 1個月英鎊認沽／美元認購期權	1.2900	GBP 5 million 5百萬英鎊	09 January 2020 二零二零年一月九日

19. Financial assets/liabilities at fair value through profit or loss (continued)

- (c) As at 31 December 2020, the unlisted equity-linked notes were denominated in United States Dollars ("US\$") with a principal amount of US\$7,000,000 and Hong Kong Dollars ("HK\$") with a principal amount of HK\$22,000,000 (2019: the unlisted equity-linked notes were denominated in US\$ with principal amount of US\$4,000,000). They had a tenor of 3 to 4 months (2019: 4 to 5 months). The unlisted equity-linked notes were linked with shares listed (the "Underlying Shares") in the United Kingdom and Hong Kong (2019: the United Kingdom). The final redemption amount at the maturity date was with reference to the performance of the share price of the Underlying Shares. The maturity dates of the unlisted equity-linked notes outstanding as at 31 December 2020 were within one year of the date of the consolidated statement of financial position, and therefore classified as current assets (2019: Same).
- (d) Major terms of the interest rate swaps are as follows:

Notional amount	Period	Pay fixed interest rate 支付固定 利息之利率	Receive floating interest rate 收取浮動利息之利率
名義金額	期間		
At 31 December 2020			
於二零二零年 十二月三十一日			
HK\$500,000,000 each contract 每張合約500,000,000港元	23 July 2019 to 23 April 2025 二零一九年七月二十三日 至二零二五年四月二十三日	1.05% p.a.– 1.64% p.a. 年息1.05厘至 年息1.64厘	1-month HIBOR 一個月之香港銀行同業拆息
HK\$300,000,000 300,000,000港元	4 Mar 2020 to 4 Mar 2025 二零二零年三月四日至二零二五年三月四日	1.15% p.a. 年息1.15厘	1-month HIBOR 一個月之香港銀行同業拆息
At 31 December 2019			
於二零一九年 十二月三十一日			
HK\$500,000,000 each contract 每張合約500,000,000港元	15 July 2019 to 5 September 2024 二零一九年七月十五日至二零二四年九月五日	1.48% p.a.– 1.65% p.a. 年息1.48厘至 年息1.65厘	1-month HIBOR 一個月之香港銀行同業拆息

The Group will pay fixed interest on the notional amount quarterly and receive floating interest on the notional amount monthly based on the interest rate swaps contracts (2019: Same).

These interest rate swap contracts can be terminated by the Group at any time before the maturity date (2019: Same).

19. 按公平值計入損益之金融資產／負債(續)

- (c) 於二零二零年十二月三十一日，非上市股權掛鈎債券以美元(「美元」)及港元(「港元」)計值，本金額為7,000,000美元及22,000,000港元(二零一九年：以美元計值，本金額為4,000,000美元非上市股權掛鈎債券)。該等債券年期為3至4個月(二零一九年：4至5個月)。非上市股權掛鈎債券與英國及香港(二零一九年：英國)的上市股份(「相關股份」)掛鈎。於到期日的最終贖回金額乃參考相關股份的股價表現。於二零二零年十二月三十一日以及於綜合財務狀況表之日，非上市股權掛鈎債券之到期日在一年內，因此分類為流動資產(二零一九年：相同)。
- (d) 利率掉期之主要條款如下：

按利率掉期合約，本集團將於每季度按名義金額支付固定利息和按名義金額收取每月浮動利息(二零一九年：相同)。

本集團可以於到期日前任何時間終止該等利率掉期合約(二零一九年：相同)。

19. Financial assets/liabilities at fair value through profit or loss (continued)

(e) Major terms of the cross currency swap contracts are as follows:

Notional amount	Maturity	Pay fixed interest rate	Receive fixed interest rate	Exchange rate
名義金額	到期日	支付固定利息之利率	收取固定利息之利率	匯率
At 31 December 2019				
於二零一九年十二月三十一日				
US\$50,000,000/HK\$387,500,000 each contract	26 June 2025 二零二五年六月二十六日	4.32% p.a.– 4.38% p.a. 年息4.32厘至 年息4.38厘	4.5% p.a. 年息4.5厘	US\$1: HK\$7.75 1美元兌7.75港元
每張合約50,000,000美元/ 387,500,000港元				

These cross currency swap contracts can be terminated by the Group at any time before the maturity date.

本集團可以在到期日之前的任何時候終止該等交叉貨幣掉期合約。

(f) Major terms of the target redemption forward contracts are as follows:

Notional amount	Maturity date	Strike price	Knock-out price	Leverage
名義金額	到期日	行使價	剔除價	槓桿
At 31 December 2020				
於二零二零年十二月三十一日				
Buy GBP Call USD Put GBP113,183,000/ Sell USD Call GBP Put USD 287,185,000	7 December 2021 to 29 December 2021	GBP/USD 1.25 to 1.29	GBP/USD 1.35 to 1.37	2.0
買入英鎊認購/美元認沽期權113,183,000 英鎊/賣出美元認購/英鎊認沽期權 287,185,000美元	二零二一年十二月七日 至二零二一年十二月 二十九日	英鎊/美元 1.25至1.29	英鎊/美元 1.35至1.37	

At 31 December 2020, certain financial assets at FVPL were pledged as security for short-term loan facilities granted to the Group. Details of the pledge of assets are set out in note 32.

於二零二零年十二月三十一日，若干按公平值計入損益之金融資產已作抵押以獲取授予本集團短期貸款融資。有關資產抵押詳情載於附註32。

20. Cash and cash equivalents and bank deposits

Bank deposits represent bank deposits with original maturity date of over three months and within one year. The balance as at 31 December 2019 carried fixed interest rates ranging from 2.83% to 3.55% per annum. Cash and cash equivalents and bank deposits carried interest at prevailing market rates ranging from 0.01% to 3.2% per annum (2019: 0.01% to 3.78% per annum).

19. 按公平值計入損益之金融資產/負債(續)

(e) 交叉貨幣掉期之主要條款如下：

(f) 目標贖回遠期合約之主要條款如下：

20. 現金及現金等價物以及銀行定期存款

銀行定期存款為原定到期日超過三個月及於一年內的銀行定期存款。於二零一九年十二月三十一日之結餘按固定年利率2.83厘至3.55厘計息。現金及現金等價物以及銀行定期存款按現行市場利率計息，年利率介乎0.01厘至3.2厘(二零一九年：年利率介乎0.01厘至3.78厘)。

20. Cash and cash equivalents and bank deposits (continued)

Included in bank deposits and cash and cash equivalents are the following significant amounts denominated in currencies other than the functional currencies of the respective Group entities:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
US\$	美元	470,295	2,752,628
GBP	英鎊	11,670	42,645
RMB	人民幣	30,276	27,481

21. Trade and other payables

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Trade payables	應付賬款	40,799	43,674
Concessionaire sales payables	應付特許專櫃銷售款項	245,067	347,085
APO sales payables	應付銷售後訂單銷售款項	61,338	94,262
Rental deposits received	已收租賃按金	14,785	16,193
Accrued expenses	應計支出	161,590	168,873
Interest payables	應付利息	79,286	90,974
Deferred rental income	遞延租金收入	32,934	—
Others	其他	26,450	65,214
		662,249	826,275

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
0–30 days	0日至30日	32,762	16,128
31–60 days	31日至60日	4,993	23,996
61–90 days	61日至90日	178	2
Over 90 days	超過90日	2,866	3,548
		40,799	43,674

The average credit period of trade payables, concessionaire sales payables and APO sales payables is within 45 days from the invoice date. The Group has financial risk management policies in place to ensure that payables are settled within the credit time frame.

20. 現金及現金等價物以及銀行定期存款(續)

銀行定期存款以及現金及現金等價物包括下列以相關集團實體功能貨幣以外貨幣計算的重大款項：

21. 應付賬款及其他應付款項

以下為於報告期末應付賬款根據發票日期呈列之賬齡分析：

應付賬款、應付特許專櫃銷售款項及應付銷售後訂單銷售款項之平均信貸期為由發票日期起計45日以內。本集團設有財務風險管理政策，確保應付款項於信貸期限內支付。



22. Contract liabilities

22. 合約負債

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Gift certificates	禮券	114,881	134,181
Deferred advertising income	遞延廣告收入	2,064	2,524
Reward points under customer loyalty program	忠誠獎勵計劃下之積分獎賞	4,879	1,589
		121,824	138,294

		Gift certificates 禮券		Deferred advertising income 遞延廣告收入		Reward points under customer loyalty program 忠誠獎勵計劃下之積分獎賞	
		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Revenue recognised out of the contract liabilities at the beginning of the year	年初已計入合約負債之 確認收入	81,272	91,964	2,524	13,123	1,589	3,302

Typical payment terms which have impact on the amount of contract liabilities recognised are as follows:

對經確認合約負債金額構成影響的一般支付條款如下：

— **Gift certificates**

Gift certificates can be bought or redeemed using reward points under customer loyalty program by the customers who redeem the gift certificates for goods and services offered at the department stores. The gift certificates are non-refundable and valid for three years from the date of issue.

— **禮券**

顧客可購買或使用忠誠獎勵計劃下之積分獎賞兌換禮券，而該禮券可兌換百貨公司提供之貨品及服務。禮券是不可退回及自發出日期起三年內有效。

— **Deferred advertising income**

The Group receives consideration in advance from customers for using the Group's product displaying and advertising services at a future date. The future obligation to deliver the services result in contract liabilities being recognised until the customers receive the service.

— **遞延廣告收入**

當顧客就未來日期使用本集團產品展示和廣告服務時，本集團會向顧客預先收取代價。於未來提供服務的責任，導致合約負債被確認，直至顧客取得該等服務。

— **Reward points under customer loyalty program**

Under the Group's customer loyalty program, customers who participate in the loyalty program can earn one reward point for every dollar of their spending. For 10,000 points earned, customers can redeem gift certificate with the face value of HK\$50, which can be redeemed for goods or services offered at the department stores. Rewards points earned from preceding twelve months to 30 June expire on 30 September every year.

— **忠誠獎勵計劃下之積分獎賞**

在本集團之忠誠獎勵計劃下，參與忠誠獎勵計劃之顧客每消費1港元可賺取1分。賺取每滿10,000分後，顧客可兌換面值50港元之禮券，該禮券可兌換百貨公司提供之貨品或服務。每年由六月三十日前十二個月賺取之積分獎賞於其後九月三十日到期。

22. Contract liabilities (continued)

The following table shows the amount of unsatisfied performance obligations resulting from reward points under customer loyalty program with an original expected duration of one year or more:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Expected to be recognised within one year	預期於一年內確認	4,879	1,589

The following table shows the amount of unsatisfied performance obligations resulting from unredeemed gift certificates with an original expected duration of one year or more:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Expected to be recognised within one year	預期於一年內確認	64,161	77,825
Expected to be recognised after one year	預期於一年後確認	50,720	56,356

22. 合約負債(續)

下表所示為產生自忠誠獎勵計劃(原定預期期限為一年或以上)下之積分獎賞之未達成履約責任金額:

下表所示為產生自未兌換禮券(原定預期期限為一年或以上)之未達成履約責任金額:

23. Bank borrowings**23. 銀行借貸**

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Bank borrowings (note a):	銀行借貸(附註a):	13,503,062	11,712,178
Carrying amount repayable based on contractual repayment dates:	按合約中償還日期分類之應償還賬面值:		
Within one year (note b)	一年內償還(附註b)	9,628,937	4,070,966
More than one year, but not exceeding two years	一年後但不超過兩年	3,874,125	3,980,587
More than two years, but not exceeding three years	兩年後但不超過三年	—	3,660,625
		13,503,062	11,712,178
Less: Amount due within one year shown under current liabilities	減: 列入流動負債於一年內到期之款項	(9,628,937)	(4,070,966)
Amount due after one year	一年後到期之款項	3,874,125	7,641,212

Note:

- (a) All bank borrowings outstanding as at 31 December 2020 carried interest at variable rates and were secured by certain leasehold land and buildings and certain shares of the Company's subsidiaries and certain financial assets at FVOCI/FVPL (2019: Same) (Details of the pledged of assets are set out in note 32).
- (b) Bank borrowings of approximately HK\$3,636.2 million (2019: HK\$573.4 million) are subject to repayable on demand clauses. The remaining amount of HK\$5,992.7 million (2019: HK\$3,497.6 million) represents the current portion of the bank borrowings.

附註:

- (a) 於二零二零年十二月三十一日,所有未償還的銀行借貸均按浮動利率計息,並以若干租賃土地及樓宇以及本公司若干附屬公司股份及若干按公平值計入其他全面收益/按公平值計入損益之金融資產作抵押(二零一九年:相同)(資產抵押詳情載於附註32)。
- (b) 約3,636.2百萬港元(二零一九年:573.4百萬港元)之銀行借貸須受限於按要求償還條款。餘下金額5,992.7百萬港元(二零一九年:3,497.6百萬港元)為銀行借貸的即期部分。

23. Bank borrowings (continued)

Variable rate borrowings comprise:

		Carrying amount 賬面值	
		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
HK\$ bank loan at Hong Kong Interbank Offered Rate ("HIBOR") + 0.81% per annum ⁽¹⁾	港元銀行貸款，按香港銀行同業拆息加年息0.81厘計息 ⁽¹⁾	5,992,720	7,478,160
HK\$ bank loan at HIBOR + 0.85% per annum ⁽²⁾	港元銀行貸款，按香港銀行同業拆息加年息0.85厘計息 ⁽²⁾	3,874,125	3,660,625
Japanese Yen ("JPY") bank loan at London Interbank Offered Rate ("LIBOR") + 0.65% per annum ⁽³⁾	日元銀行貸款，按倫敦銀行同業拆息加年息0.65厘計息 ⁽³⁾	324,365	340,912
British Pound ("GBP") bank loan at LIBOR + 0.65% per annum ⁽³⁾	英鎊銀行貸款，按倫敦銀行同業拆息加年息0.65厘計息 ⁽³⁾	3,311,852	85,273
US\$ bank loan at LIBOR + 0.65% per annum ⁽³⁾	美元銀行貸款，按倫敦銀行同業拆息加年息0.65厘計息 ⁽³⁾	—	6,100
		13,503,062	11,571,070

(1) The amount represents a bank loan of HK\$6,000.0 million (2019: approximately HK\$7,500.0 million) being net off by approximately HK\$7.3 million (2019: approximately HK\$21.8 million) amortised upfront arrangement fee paid to financial institutions. The amount is repayable in one year (2019: two years) and interest rate will be repriced every one to three months.

(2) The amount represents a bank loan of HK\$3,891.0 million (2019: approximately HK\$3,691.0 million) being net off by approximately HK\$16.9 million (2019: approximately HK\$30.4 million) amortised upfront arrangement fees paid to financial institutions. The amount is repayable in two years (2019: three years) and interest rate will be repriced every one to three months.

(3) Repayable in one year and interest rate will be repriced every one to three months.

The range of effective interest rate of the borrowings is 0.88% to 2.46% (2019: 1.78% to 3.29%) per annum.

At the end of the reporting period, the Group had undrawn banking facilities as follows:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Floating rate	浮息		
— expiring within one year	— 一年內到期	1,000,000	—
— expiring beyond one year	— 一年後到期	7,091,533	7,228,407

23. 銀行借貸(續)

浮動利率借貸包括：

		Carrying amount 賬面值	
		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
HK\$ bank loan at Hong Kong Interbank Offered Rate ("HIBOR") + 0.81% per annum ⁽¹⁾	港元銀行貸款，按香港銀行同業拆息加年息0.81厘計息 ⁽¹⁾	5,992,720	7,478,160
HK\$ bank loan at HIBOR + 0.85% per annum ⁽²⁾	港元銀行貸款，按香港銀行同業拆息加年息0.85厘計息 ⁽²⁾	3,874,125	3,660,625
Japanese Yen ("JPY") bank loan at London Interbank Offered Rate ("LIBOR") + 0.65% per annum ⁽³⁾	日元銀行貸款，按倫敦銀行同業拆息加年息0.65厘計息 ⁽³⁾	324,365	340,912
British Pound ("GBP") bank loan at LIBOR + 0.65% per annum ⁽³⁾	英鎊銀行貸款，按倫敦銀行同業拆息加年息0.65厘計息 ⁽³⁾	3,311,852	85,273
US\$ bank loan at LIBOR + 0.65% per annum ⁽³⁾	美元銀行貸款，按倫敦銀行同業拆息加年息0.65厘計息 ⁽³⁾	—	6,100
		13,503,062	11,571,070

(1) 此金額乃銀行貸款6,000.0百萬港元(二零一九年：約7,500.0百萬港元)扣減已向金融機構支付的攤銷前期安排費用約7.3百萬港元(二零一九年：約21.8百萬港元)。此金額需於一年(二零一九年：兩年)內償還，而利率每隔一至三個月重新定價。

(2) 此金額乃銀行貸款3,891.0百萬港元(二零一九年：約3,691.0百萬港元)扣減已向金融機構支付的攤銷前期安排費用約16.9百萬港元(二零一九年：約30.4百萬港元)。此金額需於兩年(二零一九年：三年)內償還，而利率每隔一至三個月重新定價。

(3) 需於一年內償還，而利率將每隔一至三個月重新定價。

借貸實際利率幅度介乎年息0.88厘至2.46厘(二零一九年：1.78厘至3.29厘)。

於報告期末，本集團之未提取銀行融資額度如下：

24. Bonds

24. 債券

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Carrying amount repayable:	應償還賬面值：		
More than one year, but not more than two years	超過一年但不超過兩年	2,216,861	—
More than two years, but not more than three years	超過兩年但不超過三年	—	2,325,778
More than three years, but not more than four years	超過三年但不超過四年	2,313,286	—
More than four years, but not more than five years	超過四年但不超過五年	2,306,034	2,322,256
After five years	超過五年	—	2,314,199
		6,836,181	6,962,233
US\$287.0 million bond with a fixed coupon rate of 4.25% per annum, payable semi-annually, maturing in October 2022	287.0百萬美元債券，固定票面年利率為4.25厘，每半年支付一次，直至二零二二年十月到期為止	2,216,861	2,325,778
US\$300.0 million bond with a fixed coupon rate of 4.875% per annum, payable semi-annually, maturing in July 2024	300.0百萬美元債券，固定票面年利率為4.875厘，每半年支付一次，直至二零二四年七月到期為止	2,313,286	2,322,256
US\$300.0 million bond with a fixed coupon rate of 4.50% per annum, payable semi-annually, maturing in June 2025	300.0百萬美元債券，固定票面年利率為4.50厘，每半年支付一次，直至二零二五年六月到期為止	2,306,034	2,314,199
		6,836,181	6,962,233

In October 2012, LS Finance (2022) Limited, a wholly owned subsidiary of the Company, concluded a public offering of US\$300.0 million bonds (equivalent to approximately HK\$2,325.0 million). The bonds carry a fixed coupon rate of 4.25% per annum, payable semi-annually in arrears. The bonds, issued at discount, have an effective interest rate of 4.43% per annum. The principal amount of the bonds is repayable 10 years from the date of issue of the bonds, i.e. October 2022 and are unconditionally and irrevocably guaranteed by the Company.

In June 2015, LS Finance (2025) Limited, a wholly owned subsidiary of the Company, concluded a public offering of US\$300.0 million bonds (equivalent to approximately HK\$2,325.0 million). The bonds carry a fixed coupon rate of 4.50% per annum, payable semi-annually in arrears. The bonds, issued at discount, have an effective interest rate of 4.70% per annum. The principal amount of the bonds is repayable 10 years from the date of issue of the bonds, i.e. June 2025 and are unconditionally and irrevocably guaranteed by the Company.

於二零一二年十月，本公司的全資附屬公司LS Finance (2022) Limited完成公開發售300.0百萬美元之債券（等值約為2,325.0百萬港元）。債券之固定票面年利率為4.25厘，每半年期末支付一次。債券以折讓價發行，實際年利率為4.43厘。債券的本金將會在以債券之發行日期起計的十年後償還，即二零二二年十月，並且是由本公司無條件及不可撤回地作擔保。

於二零一五年六月，本公司的全資附屬公司LS Finance (2025) Limited完成公開發售300.0百萬美元之債券（等值約為2,325.0百萬港元）。債券之固定票面年利率為4.50厘，每半年期末支付一次。債券以折讓價發行，實際年利率為4.70厘。債券的本金將會在以債券之發行日期起計的十年後償還，即二零二五年六月，並且是由本公司無條件及不可撤回地作擔保。

24. Bonds (continued)

In July 2019, LS Finance (2017) Limited, a wholly owned subsidiary of the Company, concluded a public offering of US\$300.0 million bonds (equivalent to approximately HK\$2,326.0 million). The bonds carry a fixed coupon rate of 4.875% per annum, payable semi-annually in arrears. The bonds, issued at par, have an effective interest rate of 5.03% per annum. The principal amount of the bonds is repayable 5 years from the date of issue of the bonds, i.e. July 2024 and are unconditionally and irrevocably guaranteed by the Company.

The purpose of the bonds is to satisfy funding requirements for capital expenditure relating to store renovation and new department store projects. The bonds are subject to redemption, in whole but not in part, at their principal amounts, together with interest accrued to the date of redemption, at the option of LS Finance (2022) Limited, LS Finance (2025) Limited and LS Finance (2017) Limited at any time in the event of certain changes affecting taxes of the British Virgin Islands and the Cayman Islands. The Bonds also contain a provision for redemption at the option of the bondholders under certain conditions at 101% of the principal amount of each bond, together with interest accrued to the date for redemption, upon a change of controlling shareholder with respect to LS Finance (2022) Limited, LS Finance (2025) Limited or LS Finance (2017) Limited.

25. Deferred tax assets/liabilities

The following are the major deferred tax assets/liabilities recognised and movements thereon during the current and prior year:

Deferred tax assets/(liabilities) represents:

		2020 二零二零年 HK\$'000 千港元	2019 二零十九年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	87,451	—
Deferred tax liabilities	遞延稅項負債	(260,067)	(243,297)
		(172,616)	(243,297)

24. 債券(續)

於二零一九年七月，本公司的全資附屬公司LS Finance (2017) Limited完成公開發售300.0百萬美元之債券(等值約為2,326.0百萬港元)。債券之固定票面年利率為4.875厘，每半年期末支付一次。債券以平價發行，實際年利率為5.03厘。債券的本金將會在以債券之發行日期起計的五年後償還，即二零二四年七月，並且是由本公司無條件及不可撤回地作擔保。

發行債券的目的是滿足有關店舖裝修及新百貨店項目資本開支的資金需求。當任何時間出現若干改變而影響英屬維爾京群島和開曼群島的稅項時，LS Finance (2022) Limited、LS Finance (2025) Limited及LS Finance (2017) Limited有權選擇贖回全部而非部分的債券之本金連同直至贖回日的應付利息。另外，債券包含一條款，當LS Finance (2022) Limited、LS Finance (2025) Limited或LS Finance (2017) Limited的控股股東有變化的時候，債券持有人於若干條件下可選擇以各債券之101%本金連同直至贖回日的應計利息贖回債券。

25. 遞延稅項資產／負債

以下為已確認之主要遞延稅項資產／負債以及於本年度及上年度的變動：

遞延稅項資產／(負債)為：

25. Deferred tax assets/liabilities (continued)

		Accelerated tax depreciation	Revaluation of investment properties	Revaluation of financial assets at FVPL 按公平值計入 損益之 金融資產重估	Total 總計
		加快稅項 折舊 HK\$'000 千港元	投資物業 重新估值 HK\$'000 千港元	金融資產重估 HK\$'000 千港元	總計 HK\$'000 千港元
At 1 January 2019	於二零一九年一月一日	(93,976)	(177,296)	—	(271,272)
Credited to profit or loss (note 9)	於損益抵扣(附註9)	876	27,099	—	27,975
At 31 December 2019	於二零一九年 十二月三十一日	(93,100)	(150,197)	—	(243,297)
(Charged)/credited to profit or loss (note 9)	於損益(扣除)/抵扣 (附註9)	(4,958)	43,511	32,128	70,681
At 31 December 2020	於二零二零年 十二月三十一日	(98,058)	(106,686)	32,128	(172,616)

At the end of the reporting period, the Group did not recognise deferred tax assets of approximately HK\$92.7 million (2019: HK\$55.0 million) in respect of unused tax losses of approximately HK\$324.5 million (2019: HK\$333.3 million) and temporary differences arising from revaluation of financial assets at FVPL and revaluation of investment properties of approximately HK\$237.2 million (2019: Nil) due to unpredictability of future profit streams. Tax losses in Hong Kong may be carried forward indefinitely.

於報告期末，由於未來利潤流的不可預測性，本集團並無就未使用稅項虧損約324.5百萬港元(二零一九年：333.3百萬港元)，及按公平值計入損益之金融資產重估和投資物業重估產生之約237.2百萬港元(二零一九年：無)暫時差額，確認遞延稅項資產約92.7百萬港元(二零一九年：55.0百萬港元)。香港稅項虧損可無限期結轉。

26. Share capital

Details of the changes in the Company's share capital during both years are as follows:

26. 股本

於兩個年度，本公司之股本變動詳情如下：

		Number of shares 股份數目	Amount 金額 HK\$'000 千港元
Authorised:	法定：		
Ordinary shares of HK\$0.005 each as at 1 January 2019, 31 December 2019 and 31 December 2020	於二零一九年一月一日、二零一九 年十二月三十一日及二零二零 年十二月三十一日每股面值 0.005港元之普通股	4,000,000,000	20,000
Issued and fully paid:	已發行及繳足：		
At 1 January 2019, 31 December 2019, and 31 December 2020	於二零一九年一月一日、二零一九 年十二月三十一日及二零二零 年十二月三十一日	1,501,916,000	7,510

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year.

本公司附屬公司於本年度概無購買、出售或贖回本公司任何上市股份。

27. Share option scheme

The Company's share option scheme was adopted pursuant to a resolution passed on 3 March 2009 for a period of 10 years for the primary purpose of providing incentives to directors and eligible employees. Under the scheme, the directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

In 2019, the Group did not grant any share option under the share option scheme, which ceased in March 2019, and there was no outstanding share option as at 31 December 2019.

28. Commitments**(a) Non-cancellable operating leases commitments*****The Group as lessor***

All of the properties held for rental purposes have committed lessees for the next one to two years.

Minimum lease payments receivable on leases are as follows:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Within one year	一年內	121,270	1,468
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	106,037	1,633
		227,307	3,101

Leases are generally negotiated for terms ranging from one year to three years.

(b) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities are as follows:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
For property, plant and equipment and investment property in relation to the property development project	物業、廠房及設備以及有關物業發展項目之投資物業	4,310,340	4,713,089

27. 購股權計劃

根據於二零零九年三月三日通過的決議案，本公司之購股權計劃獲採納，為期10年，主要目的為獎勵董事及合資格僱員。根據該計劃，本公司董事可向合資格僱員，包括本公司及其附屬公司董事授出購股權，以認購本公司股份。此外，本公司可不時向外部第三方授出購股權，以結算向本公司提供的商品或服務。

於二零一九年，本集團並無根據本公司於二零一九年三月終止的購股權計劃授出任何購股權，且於二零一九年十二月三十一日亦無任何尚未行使之購股權。

28. 承擔**(a) 不可撤銷之經營租賃承擔*****本集團作為出租人***

所有用於出租目的之物業於未來一至兩年內已有承諾承租人。

租賃應收最低租約款項如下：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Within one year	一年內	121,270	1,468
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	106,037	1,633
		227,307	3,101

租賃一般按介乎一至三年之年期協商達成。

(b) 資本承擔

於報告期末已訂約惟未確認為負債之重大資本支出如下：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
For property, plant and equipment and investment property in relation to the property development project	物業、廠房及設備以及有關物業發展項目之投資物業	4,310,340	4,713,089

29. 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 stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of bank borrowings, bonds and equity attributable to owners of the Company, comprising issued share capital and reserves including retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new shares issue and share buybacks as well as the issue of new debt or the redemption of existing debt.

30. Financial instruments

Categories of financial instruments

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Financial assets			
Financial assets measured at amortised cost (including cash and cash equivalents)	金融資產 按攤銷成本計量之金融資產(包括現金及現金等價物)	4,308,453	8,690,875
Financial assets at FVOCI (note 18)	按公平值計入其他全面收益之金融資產(附註18)	1,320,281	633,121
Financial assets at FVPL (note 19)	按公平值計入損益之金融資產(附註19)	4,831,023	3,321,953
		10,459,757	12,645,949
Financial liabilities			
Financial liabilities measured at amortised cost	金融負債 按攤銷成本計量之金融負債	21,189,525	19,600,370
Financial liabilities at FVPL (note 19)	按公平值計入損益之金融負債(附註19)	220,836	12
		21,410,361	19,600,382

Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, bank deposits, financial assets at FVPL and FVOCI, trade and other receivables, trade and other payables, lease liabilities, bank borrowings and bonds. Details of these financial instruments are disclosed in the respective notes of the financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

29. 資本風險管理

本集團管理其資本，以確保本集團之實體能繼續持續經營，同時透過優化債務及股本結餘，為持份者提供最佳回報。本集團之整體策略與去年相同。

本集團之資本架構包括銀行借貸、債券及本公司擁有人應佔權益(包括已發行股本及儲備(包括保留溢利))。

本公司董事定期檢討資本架構。作為該檢討之一部分，本公司董事會考慮資本成本及各類資本相關之風險。根據本公司董事之建議，本集團將透過派付股息、發行新股及股份購回以及發行新債項或贖回現有債項以平衡其整體資本架構。

30. 金融工具

金融工具類別

財務風險管理目的及政策

本集團之主要金融工具包括現金及現金等價物、銀行定期存款、按公平值計入損益及按公平值計入其他全面收益之金融資產、應收賬款及其他應收款項、應付及其他應付款項、租賃負債、銀行借貸及債券。該等金融工具之詳情披露於財務報表相關附註。該等金融工具相關風險及如何減低有關風險之政策載於下文。管理層會管理及監控該等風險，以確保及時與有效地採取適當措施。

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Currency risk

The functional currency of the Company and its majority subsidiaries is HK\$ in which most of the transactions are denominated.

The Group has certain bank balances and bank deposits which are denominated in US\$, GBP and RMB (being currencies other than the functional currency of the respective group entities) amounting to HK\$470,295,000 (2019: HK\$2,752,628,000), HK\$11,670,000 (2019: HK\$42,645,000) and HK\$30,276,000 (2019: HK\$27,481,000), respectively. Furthermore, the Group has certain bank borrowings which are denominated in JPY, GBP and US\$ (being currencies other than the functional currency of the respective group entities) amounting to HK\$324,365,000 (2019: HK\$340,912,000), HK\$3,311,852,000 (2019: HK\$85,273,000) and HK\$nil (2019: HK\$147,208,000), respectively. Moreover, the Group has bonds which are denominated in US\$ (being currency other than the functional currency of the respective Group entities) amounting to HK\$6,836,181,000 (2019: HK\$6,962,233,000).

In addition, certain financial assets at FVPL are denominated in US\$, EUR, GBP and JPY (being currencies other than the functional currency of the respective group entities) amounting to approximately HK\$3,649,650,000 (2019: HK\$2,099,824,000), HK\$nil (2019: HK\$47,500,000), HK\$450,000 (2019: HK\$15,070,000), and HK\$247,524,000 (2019: HK\$348,580,000) respectively. Certain financial assets at FVOCI are denominated in US\$ and GBP (being currencies other than the functional currency of the respective group entities) amounting to approximately HK\$387,500,000 (2019: HK\$389,500,000) and HK\$932,781,000 (2019: HK\$243,621,000) respectively.

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Notwithstanding HK\$ is effectively pegged to US\$ under the pegged exchange rate system in Hong Kong, given the Group's large amount of net liabilities denominated in US\$, the Group is still exposed to the exchange risk of US\$ against HK\$ within the band of US\$1 to HK\$7.75 and 7.85. The Group is also exposed to foreign currency risk of US\$/JPY/GBP against the HK\$ and, in the opinion of the directors of the Company, other foreign currency risks are not significant to the consolidated financial statements and hence no sensitivity analysis is presented.

30. 金融工具(續) 財務風險管理目的及政策(續)

外幣風險

本公司及其大部分附屬公司之功能貨幣為港元，當中大部分交易以港元計值。

本集團有若干以美元、英鎊及人民幣(相關集團實體的功能貨幣以外之貨幣)計值的銀行結存及銀行定期存款，分別為470,295,000港元(二零一九年：2,752,628,000港元)、11,670,000港元(二零一九年：42,645,000港元)及30,276,000港元(二零一九年：27,481,000港元)。此外，本集團有若干以日圓、英鎊及美元(相關集團實體的功能貨幣以外之貨幣)計值的銀行借貸，分別為324,365,000港元(二零一九年：340,912,000港元)、3,311,852,000港元(二零一九年：85,273,000港元)及零港元(二零一九年：147,208,000港元)。此外，本集團以美元(相關集團實體的功能貨幣以外之貨幣)計值的債券，金額為6,836,181,000港元(二零一九年：6,962,233,000港元)。

此外，以美元、歐羅、英鎊及日圓(相關集團實體的功能貨幣以外之貨幣)計值的按公平值計入損益的若干金融資產，分別約為3,649,650,000港元(二零一九年：2,099,824,000港元)、零港元(二零一九年：47,500,000港元)、450,000港元(二零一九年：15,070,000港元)及247,524,000港元(二零一九年：348,580,000港元)。以美元及英鎊(相關集團實體的功能貨幣以外之貨幣)計值的按公平值計入其他全面收益的若干金融資產分別約為387,500,000港元(二零一九年：389,500,000港元)及932,781,000港元(二零一九年：243,621,000港元)。

本集團現時並無外幣對沖政策。然而，管理層會監控外匯風險，並於需要時考慮對沖重大外幣風險。

儘管港元在香港聯繫匯率制下與美元掛鈎，鑑於本集團有大量以美元計價的淨負債，本集團仍面對美元兌港元匯率在1美元兌7.75至7.85港元區間之風險。本集團也面對美元/日圓/英鎊兌港元的外幣風險，而本公司董事認為，其他外幣風險對綜合財務報表並沒有重大影響，故並無呈報敏感度分析。

30. Financial instruments (continued)**Financial risk management objectives and policies (continued)****Currency risk (continued)**

The following table details the Group's sensitivity to a reasonably possible change of 0.5% (2019: 0.5%) for exchange rate of US\$ against HK\$, and 3% (2019: 3%) in the exchange rate of JPY/GBP against the HK\$, while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 0.5% (2019: 0.5%) change in US\$ against HK\$ and a 3% (2019: 3%) change in JPY/GBP against HK\$. A positive number below indicates an increase in profit for the year where the HK\$ weakens against the relevant foreign currency. Where the HK\$ strengthens against the relevant foreign currency, there would be an equal and opposite impact on the post-tax profit for the year and the balances below would be negative.

		Year ended 31 December	
		截至十二月三十一日止年度	
		2020	2019
		二零二零年	二零一九年
		HK\$'000	HK\$'000
		千港元	千港元
US\$ against HK\$	美元兌港元	(9,722)	(7,797)
JPY against HK\$	日圓兌港元	(1,923)	194
GBP against HK\$	英鎊兌港元	(59,291)	5,412

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits and fixed coupon rate bonds (2019: fixed rate bank deposits and fixed coupon rate bonds). The Group is also exposed to cash flow interest rate risk relating to the Group's variable-rate bank deposits and bank borrowings. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

30. 金融工具(續)**財務風險管理目的及政策(續)****外幣風險(續)**

下表詳列本集團於美元兌港元之匯率可能出現0.5% (二零一九年: 0.5%)，以及日圓/英鎊兌港元之匯率可能出現3% (二零一九年: 3%) 合理變動時之敏感度，而所有其他變數維持不變。敏感度分析僅包括於報告期末以外幣計值的貨幣性項目，並以0.5% (二零一九年: 0.5%) 作美元兌港元及3% (二零一九年: 3%) 作日圓/英鎊兌港元變動進行換算。下列正數表示港元兌相關外幣匯率減弱，使年度溢利增加。當港元兌相關外幣匯率增強時，對年度的除稅後溢利會有相等及相反的影響，使下列結餘成負數。

管理層認為，由於年結日之風險並無反映年內風險，故敏感度分析並不代表固有外匯風險。

利率風險

本集團對有關的固定利率銀行定期存款及固定票面利率債券面對公平值利率風險。(二零一九年: 固定利率銀行定期存款及固定票面利率債券)。本集團亦對有關其浮息銀行定期存款及銀行借貸面對現金流量利率風險。本集團現時並無任何利率對沖政策。然而，管理層會監控利率風險，並於需要時考慮對沖重大利率風險。



30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Interest rate risk (continued)

The Group's sensitivity to cash flow interest rate risk has been determined based on the exposure to interest rates for bank borrowings (excluding the specific bank borrowings for construction purposes) at the end of the reporting period and the reasonably possible change taking place at the beginning of each year and held constant throughout the year. No sensitivity analysis is presented in relation to bank balances as management considers the impact is insignificant. 50 basis points (2019: 50 basis points) increase or decrease is used for variable-rate balances when reporting interest rate risk internally to key management personnel and represents management's assessment of reasonably possible change in interest rates. The Group's sensitivity to interest rate risk at the end of the reporting period while all other variables were held constant after taking into account the impact of the tax and excluding finance costs capitalised in construction in progress and investment property under development is as follows:

		Year ended 31 December 截至十二月三十一日止年度	
		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
(Decrease)/increase in post-tax profit for the year	年內除稅後溢利(減少)/增加		
— as a result of increase in interest rate	— 由於利率上升	(32,262)	(23,060)
— as a result of decrease in interest rate	— 由於利率下降	32,262	23,060

In management's opinion, the sensitivity is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

Credit risk and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2020 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

30. 金融工具(續) 財務風險管理目的及政策(續)

利率風險(續)

本集團對現金流利率風險之敏感度，乃根據於報告期末銀行借貸(不包括特定作建築用途之銀行借貸)以及於每年年初合理地可能出現之變動而於全年維持不變釐定。銀行結存之敏感度分析並無呈報乃由於管理層認為並無重大影響。當向主要管理人員內部匯報利率風險時，50個基點(二零一九年：50基點)增加或減少用於浮息結餘，並代表管理層對利率可能合理變動的評估。當所有其他變數維持不變，經考慮稅項及扣除資本化於在建工程及在建投資物業之融資成本後，本集團於報告期末對利率風險敏感度如下：

管理層認為，由於年結日之風險並不反映年內風險，故敏感度分析並不代表固有利率風險。

信貸風險及減值評估

於二零二零年十二月三十一日，本集團就對手方未能履行其責任而按各類別已確認金融資產面對之最高信貸風險，乃指綜合財務狀況表所述該等資產之賬面值。

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables

Retail sales are mainly on a cash basis, either in cash, debit card or credit card payments. In order to minimise the credit risk, management of the Group has formulated a defined fixed credit policy and delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2019: ECL model) on trade balances individually or based on provision matrix. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced.

The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for bank credit card receivables at the gross carrying amount of HK\$22,796,000 and those credit-impaired Sogo card receivables at the gross carrying amount of HK\$2,224,000, the Group determines the expected credit loss on the remaining balances at the gross carrying amount of HK\$4,764,000 by using a provision matrix, grouped by internal credit rating.

The credit risk on bank credit card receivables is limited because the counterparties are banks/financial institutions with high external credit ratings assigned by international credit-rating agencies ranging from Aa1 to Baa2. In addition, the directors of the Group consider those not credit-impaired trade receivables were collectible based on historical observed default rates over the expected life of the debtors and adjusted for forward-looking information that is available without undue cost or effort. Therefore, allowance for impairment was insignificant and thus negligible to be made.

30. 金融工具(續) 財務風險管理目的及政策(續)

信貸風險及減值評估(續)

應收賬款

零售銷售主要以現金進行，可以現金、記賬卡或信用卡付款。為盡量減低信貸風險，本集團管理層已制定明確之既定信貸政策，並委任一組人員，專責釐定信貸限額、批核信貸額及進行其他監管程序，以確保能跟進有關逾期債務之追討事宜。此外，於應用香港財務報告準則第9號後，本集團進行預期信貸損失模式下(二零一九年：預期信貸損失模式)的減值評估，個別評估或按撥備矩陣評估貿易結餘。就此，本集團董事認為，本集團之信貸風險已大幅減少。

本集團已就香港財務報告準則第9號應用簡化法，計量存續期預期信貸損失的虧損撥備。除賬面總值為22,796,000港元的銀行信用卡應收賬款及賬面總值為2,224,000港元的該等信貸減值應收崇光卡賬款外，本集團透過撥備矩陣釐定賬面總值為4,764,000港元的餘下結餘的預期信貸損失，並由內部信貸評級歸類。

由於對手方為國際信貸評級機構評為Aa1至Baa2的高外部信貸評級的銀行／金融機構，因此銀行信用卡應收賬款的信貸風險有限。此外，本集團董事認為，根據債務人於預期年期的過往觀察所得的違約率及按無需不必要成本及努力即可獲得的前瞻性資料作出調整，該等非信貸減值應收賬款可予收回。因此，減值撥備並不重大，且無提供撥備。



30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables (continued)

For the credit-impaired trade receivables, a provision of impairment allowance of HK\$23,000 was made during the year ended 31 December 2020. The following table shows the movement in loss allowance that has been recognised for trade receivables under the simplified approach.

		Life-time ECL (credit impaired) 存續期預期 信貸損失 (信貸減值) HK\$'000 千港元
As at 1 January 2019 under HKFRS 9	根據香港財務報告準則第9號 於二零一九年一月一日	2,212
— expected credit losses reversed	— 已撥回預期信貸損失	(11)
As at 31 December 2019	於二零一九年十二月三十一日	2,201
— expected credit losses recognised	— 已確認預期信貸損失	23
As at 31 December 2020	於二零二零年十二月三十一日	2,224

The Group did not write off any trade receivables during the year.

Other receivables, deposits, bank deposits and bank balances

Other receivables mainly comprise a VAT recoverable, a receivable from a property management company in the United Kingdom, and interest receivables due from banks. The credit risk on other receivables, deposits, bank deposits and bank balances is limited because the counterparties are the United Kingdom government's authority, an established UK property management company, which is a certified member of Royal Institution of Chartered Surveyor, banks/financial institutions with high external credit ratings assigned by international credit-rating agencies ranging from Aa1 to Baa2 and established Hong Kong companies. Allowance for impairment was insignificant and thus negligible to be made since the management considers the probability of default is negligible.

The Group has no significant concentration of credit risk in relation to trade and other receivables, with exposure spread over a number of counterparties and customers.

30. 金融工具(續) 財務風險管理目的及政策(續)

信貸風險及減值評估(續)

應收賬款(續)

就信貸減值應收賬款而言，截至二零二零年十二月三十一日止年度已計提23,000港元的減值撥備。下表列示根據簡化法已就應收賬款確認的虧損撥備變動。

年內，本集團並無撇銷任何應收賬款。

其他應收款項、按金、銀行定期存款及銀行結存

其他應收款項主要包括可退回增值稅、應收一間位於英國物業管理公司的款項及應收銀行利息。由於對手方為英國政府機構、一間英國具規模及為皇家特許測量師學會會員的物業管理公司、國際信貸評級機構評為Aa1至Baa2的高外部信貸評級的銀行/金融機構及具規模的香港公司，因此其他應收款項、按金、銀行定期存款及銀行結存的信貸風險有限。由於管理層認為拖欠的機會極微，減值撥備並不重大，因此無提供撥備。

本集團並無應收賬款及其他應收款項的重大且集中的信貸風險，而風險分佈於多個對手方及顧客。

30. Financial instruments (continued)**Financial risk management objectives and policies (continued)****Price risk**

The Group's financial assets at FVPL are measured at fair value at the end of the reporting period. Therefore, the Group is exposed to price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles. Details of the financial assets at FVPL are set out in note 19.

The Group's sensitivity to price risk on the financial assets at FVPL at the end of the reporting period while all other variables were held constant is as follows:

		HK\$'000 千港元
2020	二零二零年	
Reasonably possible change in price	價格之可能合理變動	5%
Increase/(decrease) in post-tax profit for the year	年內除稅後溢利增加/(減少)	
— as a result of increase in price	— 由於價格增加	207,834
— as a result of decrease in price	— 由於價格減少	(207,834)
2019	二零一九年	
Reasonably possible change in price	價格之可能合理變動	5%
Increase/(decrease) in post-tax profit for the year	年內除稅後溢利增加/(減少)	
— as a result of increase in price	— 由於價格增加	153,591
— as a result of decrease in price	— 由於價格減少	(153,591)

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings and bonds as a significant source of liquidity. As at 31 December 2020, the Group had available unutilised borrowing facilities of approximately HK\$8,091.5million (2019: 7,228.4 million). Details of bank borrowings are set out in note 23.

30. 金融工具(續)**財務風險管理目的及政策(續)****價格風險**

本集團按公平值計入損益之金融資產乃按報告期末之公平值計量。因此，本集團面對價格風險。管理層透過維持具不同風險之投資組合以管理是項風險。按公平值計入損益之金融資產之詳情載於附註19。

在其他變數維持不變下，本集團於報告期末對按公平值計入損益之金融資產之價格風險敏感度如下：

流動資金風險

於管理流動資金風險時，本集團監察及維持管理層視為足以應付本集團業務所需資金水平之現金及現金等價物，並減低現金流量波動影響。管理層監察銀行借貸之運用，確保遵守貸款契諾。

本集團依靠銀行借貸及債券作為重要的流動資金來源。於二零二零年十二月三十一日，本集團之未動用借貸融資額度約為8,091.5百萬港元(二零一九年：7,228.4百萬港元)。有關銀行借貸之詳情載於附註23。

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest rates are floating rate, the undiscounted amount is derived from an interest rate curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates/exchange rates as illustrated by the interest rate/exchange rate existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

30. 金融工具(續) 財務風險管理目的及政策(續)

流動資金風險(續)

下表詳列本集團非衍生金融負債餘下合約到期日。下表乃按照本集團可能被要求還款之最早日期，以金融負債之非貼現現金流量顯示。

具體而言，不論銀行選擇行使其權利之可能性，載有按要求償還條款之銀行貸款計入最早時段。其他非衍生金融負債之到期日根據協定還款日期釐定。

下表已載列利息及本金現金流。若利率為浮動利率，未貼現金額根據在報告期末利率曲線計算所得。

此外，下表詳列本集團的衍生金融工具的流動性分析。該表根據需總額結算之衍生工具未貼現總(流入)及流出量制定。當應付金額不固定，披露金額參考預計利率/匯率(如在報告期末現行利率/匯率所示)釐定。本集團的衍生金融工具的流動性分析基於合約到期日編製，因為管理層認為，合約到期日對了解衍生工具的現金流量時間非常重要。

30. Financial instruments (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables

30. 金融工具(續)

財務風險管理目的及政策(續)

流動資金風險(續)

流動資金及利息風險表

		Weighted average Effective interest rate 加權平均 實際利率 %	On demand/ less than 1 month 按要求/ 一個月內 HK\$'000 千港元	1-3 months 一至三個月 HK\$'000 千港元	3 months to 1 year 三個月至 一年 HK\$'000 千港元	1-5 years 一至五年 HK\$'000 千港元	Total undiscounted cash flows 總非貼現 現金流量 HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元
31 December 2020	二零二零年十二月三十一日							
Non-derivative financial liabilities	非衍生金融負債							
Trade and other payables	應付賬款及其他應付款項		560,665	64,622	1,724	—	627,011	627,011
Lease liabilities	租賃負債		—	24,324	71,223	132,472	228,019	223,271
Bank borrowings — variable rate (note a)	銀行借貸 — 浮動利率(附註a)	0.91%	5,896,059	13,221	3,790,107	3,910,583	13,609,970	13,503,062
Bonds	債券	4.54%	56,672	—	260,109	7,780,031	8,096,812	6,836,181
			6,513,396	102,167	4,123,163	11,823,086	22,561,812	21,189,525
Derivative — gross settlement	衍生工具 — 總額結算							
Target redemption forward contract	目標可贖回遠期合約							
— Inflow	— 流入		8,146	32,583	59,057	—	99,786	
— Outflow	— 流出		(7,657)	(30,629)	(55,515)	—	(93,801)	
			489	1,954	3,542	—	5,985	29
Derivative — gross settlement	衍生工具 — 總額結算							
Interest rate swaps	利率掉期							
— Inflow	— 流入		—	—	—	—	—	
— Outflow	— 流出		(3,146)	(6,291)	(28,834)	(108,072)	(146,343)	
			(3,146)	(6,291)	(28,834)	(108,072)	(146,343)	220,807
31 December 2019	二零一九年十二月三十一日							
Non-derivative financial liabilities	非衍生金融負債							
Trade and other payables	應付賬款及其他應付款項		571,253	65,963	1,724	—	638,940	638,940
Lease liabilities	租賃負債		—	19,566	66,624	223,350	309,540	287,020
Bank borrowings — fixed rate (note a)	銀行借貸 — 固定利率(附註a)	2.35%	141,317	—	—	—	141,317	141,108
Bank borrowings — variable rate (note a)	銀行借貸 — 浮動利率(附註a)	3.40%	2,715,882	1,062,810	393,197	8,028,738	12,200,627	11,571,070
Bonds	債券	4.54%	56,964	—	261,452	8,138,603	8,457,019	6,962,232
			3,485,416	1,148,339	722,997	16,390,691	21,747,443	19,600,370

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

Note:

- (a) Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2020, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$3,636.2 million (2019: HK\$573.4 million). Taking into account the Group's financial position, the directors of the Group do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Group believe that such bank loans will be repaid within one year from the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK\$3,637.4 million (2019: HK\$573.8 million).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ from the estimates of interest rates determined at the end of the reporting period.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

30. 金融工具(續) 財務風險管理目的及政策(續)

流動資金風險(續)

流動資金及利息風險表(續)

附註：

- (a) 附帶按要求還款條款的銀行借貸在上述到期分析被歸類為「按要求或一個月內」到期。於二零二零年十二月三十一日，該等非貼現的銀行貸款本金合共3,636.2百萬港元(二零一九年：573.4百萬港元)。考慮到本集團的財務狀況，本集團董事相信銀行可能不會行使酌情權要求即時償還上述的借貸。本集團董事亦認為該等銀行貸款會於由報告期末起計一年內按照貸款協議所載的預定還款日期償還。屆時合計的本金與利息現金流出將為3,637.4百萬港元(二零一九年：573.8百萬港元)。

上文就非衍生金融負債之浮動利率工具包括之金額，會因浮動利率變動有別於報告期末所釐定的估計利率而有變。

本集團經常性按公平值計量的金融資產及金融負債之公平值

本集團部分金融資產及金融負債在每個報告期末按公平值計量。下表提供有關如何確定該等金融資產及金融負債的公平值之資料(尤其是估值方法和使用的輸入參數)。

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

30. 金融工具(續) 財務風險管理目的及政策(續)

流動資金風險(續)

流動資金及利息風險表(續)

Financial assets/liabilities 金融資產/負債	Fair value as at 公平值於		Fair value hierarchy 公平值等級架構	Valuation technique(s) and key input(s) 估值方法和主要輸入參數
	31 December 2020 二零二零年 十二月三十一日 HK\$'000 千港元	31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元		
Financial assets at FVPL/FVOCI 按公平值計入損益/按公平值計入其他 全面收益之金融資產				
1. Listed equity securities 上市股票	1,879,421	1,751,061	Level 1 等級一	Quoted bid prices in active markets. 於活躍市場中的買入價。
2. Listed debt securities 上市債券	1,815,394	1,203,759	Level 2 等級二	Quoted prices in over-the-counter markets. 場外交易市場報價。
3. Money market fund 貨幣市場基金	1,542,853	111,960	Level 1 等級一	Quoted market prices provided by brokers which are financial institutions. 作為經紀的金融機構提供的市場報價。
4. Unlisted equity security 非上市股票	387,500	389,500	Level 3 等級三	Note 附註
5. Unlisted investment funds 非上市投資基金	430,008	146,721	Level 3 等級三	Note 附註
6. Unlisted hedge funds 非上市對沖基金	—	18,666	Level 3 等級三	Note 附註
7. Unlisted debt security 非上市債券	—	234,583	Level 3 等級三	Note 附註
8. Unlisted equity-linked notes 非上市股權掛鈎債券	76,304	31,215	Level 3 等級三	Note 附註
9. Cross currency and interest rate swaps 交叉貨幣及利率掉期	—	51,738	Level 2 等級二	Discounted cash flow: Future cash flows are estimated based on i) forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates for interest rate swaps, and ii) difference between predetermined forward exchange rate at the end of reporting period and discounted at a rate that reflects the credit risk of various counterparties for cross currency swaps. 貼現現金流量：未來現金流量乃基於(i)利率掉期以遠期利率(從報告期末時可觀察收益率曲線)和合約利率計算，及(ii)交叉貨幣掉期以在報告期末約定遠期利率及反映各交易對手信貸風險的貼現率之差額作出估計。
10. Warrant 認股證	54	—	Level 2 等級二	Quoted prices in over-the-counter markets. 場外交易市場的報價。

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

Financial assets/liabilities 金融資產/負債	Fair value as at 公平值於		Fair value hierarchy 公平值等級架構	Valuation technique(s) and key input(s) 估值方法和主要輸入參數
	31 December 2020 二零二零年 十二月三十一日 HK\$'000 千港元	31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元		
11. Club debentures 會所債券	16,538	15,871	Level 2 等級二	Quoted prices in over-the-counter markets. 場外交易市場的報價。
12. Target redemption forward contracts 目標贖回遠期合約	3,232	—	Level 2 等級二	Discounted cash flow: Future cash flows are estimated based on difference between predetermined strike and knock out rate and foreign exchange forward market rate at the end of the reporting period. 貼現現金流量：未來現金流量乃基於約定行使價及剔除價以及在報告期末的市場遠期匯率之間的差額作出估計。
Financial liabilities at FVPL 按公平值計入損益之金融負債				
13. Written put options 認沽期權	—	—	Level 2 等級二	Quoted prices in over-the-counter markets. 場外交易市場的報價。
14. Interest rate swaps 利率掉期	220,807	—	Level 2 等級二	Discounted cash flow: Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates. 貼現現金流量：未來現金流量乃基於以遠期利率(從報告期末可觀察收益率曲線)和合約利率計算。
15. Target redemption forward contracts 目標贖回遠期合約	29	—	Level 2 等級二	Discounted cash flow: Future cash flows are estimated based on difference between predetermined strike and knock out rate and foreign exchange forward market rate at the end of the reporting period. 貼現現金流量：未來現金流量乃基於約定行使價及剔除價以及在報告期末的市場遠期匯率之間的差額作出估計。

Note: Given majority of the Level 3 instruments comprised unlisted investment funds, unlisted debt security, unlisted equity security, unlisted hedge funds and unlisted equity-linked notes, the fair value is determined primarily based on the purchase price paid by the Group and/or taking into account of the analysis of the investees' financial position and results, risk profile, prospects, industry trend and other factors, it is not practical to quote a range of key unobservable inputs.

There were no transfers between Level 1, 2 and 3 during both years.

30. 金融工具(續) 財務風險管理目的及政策(續)

流動資金風險(續)

流動資金及利息風險表(續)

附註：鑑於大部分第三級之工具包括非上市投資基金、非上市債券、非上市股票、非上市對沖基金及非上市股權掛鈎債券，公平值乃主要按本集團所付之購買價及/或經計及被投資方之財務狀況及業績、風險概況、前景、行業趨勢及其他因素後釐定，列報一系列主要不可觀察輸入參數並不實際。

第一級、第二級和第三級之間在兩個年度並無任何轉移。

30. Financial instruments (continued)**Fair value measurements and valuation processes**

Except as detailed in the following table, the directors of the Group consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values:

		2020 二零二零年		2019 二零一九年	
		Carrying amount 賬面值 HK\$'000 千港元	Fair value 公平值 HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元	Fair value 公平值 HK\$'000 千港元
Financial liabilities	金融負債				
Bonds	債券	6,836,181	6,872,513	6,962,233	6,927,964

30. 金融工具(續)**公平值計量及估值流程**

除載於下表，本集團董事認為，在綜合財務報表按攤銷成本列賬的金融資產和金融負債的賬面值與其公平值相若：

Fair value hierarchy**公平值等級架構**

		2020 二零二零年			
		Level 1 第一級 HK\$'000 千港元	Level 2 第二級 HK\$'000 千港元	Level 3 第三級 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Financial assets at FVPL/FVOCI:	按公平值計入損益/按公平值計入其他全面收益之金融資產：				
— Listed equity securities	— 上市股票	1,879,421	—	—	1,879,421
— Listed debt securities	— 上市債券	—	1,815,394	—	1,815,394
— Money market fund	— 貨幣市場基金	1,542,853	—	—	1,542,853
— Unlisted equity security	— 非上市股票	—	—	387,500	387,500
— Unlisted investment funds	— 非上市投資基金	—	—	430,008	430,008
— Unlisted equity-linked notes	— 非上市股權掛鈎債券	—	—	76,304	76,304
— Warrant	— 認股證	—	54	—	54
— Club debentures	— 會所債券	—	16,538	—	16,538
— Target redemption forward contracts	— 目標贖回遠期合約	—	3,232	—	3,232
Total	總計	3,422,274	1,835,218	893,812	6,151,304
Financial liabilities at FVPL:	按公平值計入損益之金融負債：				
— Interest rate swaps	— 利率掉期	—	220,807	—	220,807
— Target redemption forward contract	— 目標贖回遠期合約	—	29	—	29
Total	總計	—	220,836	—	220,836

30. Financial instruments (continued) Fair value hierarchy (continued)

		2019 二零一九年			Total
		Level 1 第一級	Level 2 第二級	Level 3 第三級	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Financial assets at FVPL/FVOCI:	按公平值計入損益/ 按公平值計入其他 全面收益之金融資產：				
— Listed equity securities	— 上市股票	1,751,061	—	—	1,751,061
— Listed debt securities	— 上市債券	—	1,203,759	—	1,203,759
— Money market fund	— 貨幣市場基金	111,960	—	—	111,960
— Unlisted equity security	— 非上市股票	—	—	389,500	389,500
— Unlisted investment funds	— 非上市投資基金	—	—	146,721	146,721
— Unlisted hedge funds	— 非上市對沖基金	—	—	18,666	18,666
— Unlisted debt security	— 非上市債券	—	—	234,583	234,583
— Unlisted equity-linked notes	— 非上市股權掛鈎 債券	—	—	31,215	31,215
— Cross currency and interest rate swaps	— 交叉貨幣及利率 掉期	—	51,738	—	51,738
— Club debentures	— 會所債券	—	15,871	—	15,871
Total	總計	1,863,021	1,271,368	820,685	3,955,074
Financial liabilities at FVPL:	按公平值計入損益之 金融負債：				
— Written put options	— 認沽期權	—	12	—	12
Total	總計	—	12	—	12

31. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

30. 金融工具(續) 公平值等級架構(續)

		2019 二零一九年			Total
		Level 1 第一級	Level 2 第二級	Level 3 第三級	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Financial assets at FVPL/FVOCI:	按公平值計入損益/ 按公平值計入其他 全面收益之金融資產：				
— Listed equity securities	— 上市股票	1,751,061	—	—	1,751,061
— Listed debt securities	— 上市債券	—	1,203,759	—	1,203,759
— Money market fund	— 貨幣市場基金	111,960	—	—	111,960
— Unlisted equity security	— 非上市股票	—	—	389,500	389,500
— Unlisted investment funds	— 非上市投資基金	—	—	146,721	146,721
— Unlisted hedge funds	— 非上市對沖基金	—	—	18,666	18,666
— Unlisted debt security	— 非上市債券	—	—	234,583	234,583
— Unlisted equity-linked notes	— 非上市股權掛鈎 債券	—	—	31,215	31,215
— Cross currency and interest rate swaps	— 交叉貨幣及利率 掉期	—	51,738	—	51,738
— Club debentures	— 會所債券	—	15,871	—	15,871
Total	總計	1,863,021	1,271,368	820,685	3,955,074
Financial liabilities at FVPL:	按公平值計入損益之 金融負債：				
— Written put options	— 認沽期權	—	12	—	12
Total	總計	—	12	—	12

31. 融資活動產生的負債對賬

下表詳述本集團來自融資活動的負債變動，包括現金及非現金變動。融資活動產生的負債是指在本集團綜合現金流量表中分類為融資活動之現金流的以往或未來的現金流以作撥付之負債。

31. Reconciliation of liabilities arising from financing activities (continued)

		Bank borrowings	Bonds	Interest payable	Accruals of commitment fee for bank borrowings	Dividend payable	Lease payable	Total
		銀行借貸	債券	應付利息	承諾費用	應付股息	應付租賃	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2019	於二零一九年一月一日	11,214,249	4,656,499	37,956	3,833	—	—	15,912,537
Adoption of HKFRS 16	採納香港財務報告準則第16號	—	—	—	—	—	353,008	353,008
Financing cash flows	融資現金流	467,648	2,326,899	(502,215)	(15,301)	(1,006,284)	(78,343)	1,192,404
Exchange difference	匯兌差額	2,142	(21,165)	(8,627)	—	—	—	(27,650)
Interest expenses	利息支出	28,139	—	309,776	14,968	—	12,355	365,238
Capitalisation of interest expenses	已資本化利息支出	—	—	254,084	—	—	—	254,084
Dividends declared	已宣派股息	—	—	—	—	1,006,284	—	1,006,284
At 31 December 2019	於二零一九年十二月三十一日	11,712,178	6,962,233	90,974	3,500	—	287,020	19,055,905
Financing cash flows	融資現金流	1,743,931	(100,957)	(536,273)	(13,649)	—	(81,584)	1,011,468
Exchange difference	匯兌差額	18,893	(25,095)	(10,025)	—	—	—	(16,227)
Interest expenses	利息支出	28,060	—	317,280	13,905	—	10,069	369,314
Capitalisation of interest expenses	已資本化利息支出	—	—	217,330	—	—	—	217,330
Addition to lease payable	增添應付租賃	—	—	—	—	—	7,766	7,766
At 31 December 2020	於二零二零年十二月三十一日	13,503,062	6,836,181	79,286	3,756	—	223,271	20,645,556

32. Pledge of assets

At 31 December 2020, the Group pledged certain leasehold land and buildings in Hong Kong with carrying values of approximately HK\$1,126.6 million (2019: HK\$1,172.0 million), together with shares of the Company's certain subsidiaries, to secure banking facilities of HK\$8,000 million (2019: HK\$8,000 million) granted to the Group. In addition, financial assets at FVOCI/FVPL with a carrying value of approximately HK\$5,091.3 million (2019: HK\$1,391.8 million) have been pledged to secure loan facilities in the amount of approximately US\$725 million (equivalent to approximately HK\$5,618.8 million) (2019: US\$320 million (equivalent to approximately HK\$2,492.8 million)).

Moreover, the entire Kai Tak Project, comprising the construction in progress and investment property under development, with an aggregate carrying value of HK\$10,193.4 million (31 December 2019: HK\$9,762.2 million) was pledged to secure the HK\$9,000 million (31 December 2019: HK\$9,000 million) loan facility granted to the Group for financing the development of the Kai Tak Project. As at 31 December 2020, HK\$3,891.0 million was utilised (2019: HK\$3,691.0 million).

31. 融資活動產生的負債對賬(續)

		Bank borrowings	Bonds	Interest payable	Accruals of commitment fee for bank borrowings	Dividend payable	Lease payable	Total
		銀行借貸	債券	應付利息	承諾費用	應付股息	應付租賃	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2019	於二零一九年一月一日	11,214,249	4,656,499	37,956	3,833	—	—	15,912,537
Adoption of HKFRS 16	採納香港財務報告準則第16號	—	—	—	—	—	353,008	353,008
Financing cash flows	融資現金流	467,648	2,326,899	(502,215)	(15,301)	(1,006,284)	(78,343)	1,192,404
Exchange difference	匯兌差額	2,142	(21,165)	(8,627)	—	—	—	(27,650)
Interest expenses	利息支出	28,139	—	309,776	14,968	—	12,355	365,238
Capitalisation of interest expenses	已資本化利息支出	—	—	254,084	—	—	—	254,084
Dividends declared	已宣派股息	—	—	—	—	1,006,284	—	1,006,284
At 31 December 2019	於二零一九年十二月三十一日	11,712,178	6,962,233	90,974	3,500	—	287,020	19,055,905
Financing cash flows	融資現金流	1,743,931	(100,957)	(536,273)	(13,649)	—	(81,584)	1,011,468
Exchange difference	匯兌差額	18,893	(25,095)	(10,025)	—	—	—	(16,227)
Interest expenses	利息支出	28,060	—	317,280	13,905	—	10,069	369,314
Capitalisation of interest expenses	已資本化利息支出	—	—	217,330	—	—	—	217,330
Addition to lease payable	增添應付租賃	—	—	—	—	—	7,766	7,766
At 31 December 2020	於二零二零年十二月三十一日	13,503,062	6,836,181	79,286	3,756	—	223,271	20,645,556

32. 資產抵押

於二零二零年十二月三十一日，本集團將賬面值約為1,126.6百萬港元(二零一九年：1,172.0百萬港元)位於香港之若干租賃土地及樓宇，連同本公司若干附屬公司股份抵押，以取得授予本集團的銀行融資額8,000百萬港元(二零一九年：8,000百萬港元)。此外，賬面值約為5,091.3百萬港元(二零一九年：1,391.8百萬港元)之按公平值計入其他全面收益/按公平值計入損益之金融資產已作抵押以取得約725百萬美元(相當於約5,618.8百萬港元)(二零一九年：320百萬美元(相當於約2,492.8百萬港元))貸款融資額。

此外，賬面總值10,193.4百萬港元(二零一九年十二月三十一日：9,762.2百萬港元)的整個啟德項目(包括在建工程及在建投資物業)已作抵押，以取得授予本集團的貸款融資額9,000百萬港元(二零一九年十二月三十一日：9,000百萬港元)，用作撥付啟德項目發展的資金。於二零二零年十二月三十一日，已動用3,891.0百萬港元之融資額(二零一九年：3,691.0百萬港元)。

33. Related party disclosures

(a) Transactions

During the year, there were no significant related party transactions.

(b) Compensation of key management personnel

The remuneration of executive directors being the key management personnel, were determined by the remuneration committee of the Group having regard to the performance of the individuals and market, details of which, together with the other three (2019: three) highest paid employees, are disclosed in note 11.

34. Retirement benefits schemes

The total cost charged to profit or loss in respect of the above mentioned schemes amounted to HK\$8,358,000 (2019: HK\$8,761,000).

Hong Kong

The Group participates in a defined contribution scheme under Occupational Retirement Schemes Ordinance ("ORSO Scheme") and Mandatory Provident Fund Scheme ("MPF Scheme").

For members of the MPF Scheme, both the Group and the employee contribute 5% of the employee's relevant income, subject to a cap of monthly relevant income of HK\$30,000. No forfeited contribution was available to reduce the contribution payable in the future years.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at 5% of the employee's remuneration.

Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

33. 有關連人士披露

(a) 交易

年內，概無與有關連人士進行重大交易。

(b) 主要管理人員薪酬

執行董事為主要管理人員，其薪金乃由本集團薪酬委員會按個別表現及市場狀況釐定，彼等之薪金連同其餘三名(二零一九年：三名)最高收入員工之薪金詳情於附註11披露。

34. 退休福利計劃

有關上述的計劃中計入損益的總成本為8,358,000港元(二零一九年：8,761,000港元)。

香港

本集團參與職業退休計劃條例下定額供款計劃(「職業退休計劃」)及強制性公積金計劃(「強積金計劃」)。

作為強積金計劃成員，本集團及員工均以5%有關入息向計劃供款，有關每月入息上限為30,000港元。無沒收供款可用作減低將來年度應付供款。

職業退休計劃由員工及本集團每月按員工薪酬之5%出資供款。

倘僱員於可全數獲得供款前退出職業退休計劃，則所沒收供款將用作扣減本集團之應付供款。

35. Particulars of principal subsidiaries

At 31 December 2020 and 2019, the details of the Company's principal subsidiaries are as follows:

35. 主要附屬公司詳情

於二零二零年及二零一九年十二月三十一日，本公司之主要附屬公司詳情如下：

Name of company 公司名稱	Place/Date of incorporation/ establishment and operation 註冊成立/營業地點 及註冊成立日期	Issued and fully paid share capital/registered capital 已發行及實繳/註冊股本		Attributable equity interest of the Group (note) 本集團應佔權益(附註)		Principal activities 主要業務
		2020 二零二零年	2019 二零一九年	2020 二零二零年	2019 二零一九年	
Ambitious Global Limited	British Virgin Islands/Hong Kong 9 July 2019 英屬維爾京群島/香港 二零一九年七月九日	US\$1 1美元	US\$1 1美元	100%	100%	Financial investment 金融投資
Blossom Atlas Limited	British Virgin Islands/Hong Kong 6 March 2018 英屬維爾京群島/香港 二零一八年三月六日	US\$1 1美元	US\$1 1美元	100%	100%	Financial investment 金融投資
Broad Shine Investments Limited	British Virgin Islands/Hong Kong 2 January 2013 英屬維爾京群島/香港 二零一三年一月二日	US\$1 1美元	US\$1 1美元	100%	100%	Financial investment 金融投資
Eastlord Development Limited 加諾發展有限公司	Hong Kong 21 August 1987 香港 一九八七年八月二十一日	HK\$500,000 500,000港元	HK\$500,000 500,000港元	100%	100%	Property holding and leasing 物業持有及租賃
Everwin Worldwide Limited 永盛環球有限公司	Hong Kong 17 November 2000 香港 二零零零年十一月十七日	HK\$2 2港元	HK\$2 2港元	100%	100%	Property holding and leasing 物業持有及租賃
Forceworld Investments Limited 可偉投資有限公司	Hong Kong 15 July 1988 香港 一九八八年七月十五日	HK\$500,000 500,000港元	HK\$500,000 500,000港元	100%	100%	Property holding and leasing 物業持有及租賃
Future Develop Limited	British Virgin Islands/Hong Kong 12 December 2003 英屬維爾京群島/香港 二零零三年十二月十二日	US\$3 3美元	US\$3 3美元	100%	100%	Investment holding 投資控股

35. Particulars of principal subsidiaries (continued)

35. 主要附屬公司詳情(續)

Name of company 公司名稱	Place/Date of incorporation/ establishment and operation 註冊成立/營業地點 及註冊成立日期	Issued and fully paid share capital/registered capital 已發行及實繳/註冊股本		Attributable equity interest of the Group (note) 本集團應佔權益(附註)		Principal activities 主要業務
		2020 二零二零年	2019 二零一九年	2020 二零二零年	2019 二零一九年	
Global Top Limited 世高有限公司	Hong Kong 12 January 2006 香港 二零零六年一月十二日	HK\$1 1港元	HK\$1 1港元	100%	100%	Restaurant operator 餐廳經營
Grand Kinetic Limited 堅享有限公司	Hong Kong 7 February 2001 香港 二零零一年二月七日	HK\$2 2港元	HK\$2 2港元	100%	100%	Property holding and leasing 物業持有及租賃
Knight Prosper Limited	British Virgin Islands/Hong Kong 6 March 2018 英屬維爾京群島/香港 二零一八年三月六日	US\$1 1美元	US\$1 1美元	100%	100%	Financial investment 金融投資
Leader Bright Limited 領耀有限公司	Hong Kong 18 December 2015 香港 二零一五年十二月十八日	HK\$1 1港元	HK\$1 1港元	100%	100%	Properties development 物業發展
Leading Rainbow Limited 領彩有限公司	Hong Kong 2 September 2016 香港 二零一六年九月二日	HK\$1 1港元	HK\$1 1港元	100%	100%	Advertising 廣告
LS Finance (2017) Limited	British Virgin Islands/Hong Kong 1 November 2011 英屬維爾京群島/香港 二零一一年十一月一日	US\$1 1美元	US\$1 1美元	100%	100%	Financing 融資
LS Finance (2022) Limited	British Virgin Islands/Hong Kong 27 September 2012 英屬維爾京群島/香港 二零一二年九月二十七日	US\$1 1美元	US\$1 1美元	100%	100%	Financing 融資
LS Finance (2025) Limited	British Virgin Islands/Hong Kong 2 June 2015 英屬維爾京群島/香港 二零一五年六月二日	US\$1 1美元	US\$1 1美元	100%	100%	Financing 融資
Pacific Trump Development Limited 沛駿發展有限公司	Hong Kong 6 July 1995 香港 一九九五年七月六日	HK\$2 2港元	HK\$2 2港元	100%	100%	Property holding and leasing 物業持有及租賃

35. Particulars of principal subsidiaries (continued)

35. 主要附屬公司詳情(續)

Name of company 公司名稱	Place/Date of incorporation/ establishment and operation 註冊成立/營業地點 及註冊成立日期	Issued and fully paid share capital/registered capital 已發行及實繳/註冊股本		Attributable equity interest of the Group (note) 本集團應佔權益(附註)		Principal activities 主要業務
		2020 二零二零年	2019 二零一九年	2020 二零二零年	2019 二零一九年	
Public Might Limited 群量有限公司	Hong Kong 30 August 1984 香港 一九八四年八月三十日	HK\$1,000 1,000港元	HK\$1,000 1,000港元	100%	100%	Property holding and leasing 物業持有及租賃
Ronson Kwok Asia Pacific Limited	Hong Kong 5 October 1993 香港 一九九三年十月五日	HK\$1,000,000 1,000,000港元	HK\$1,000,000 1,000,000港元	100%	100%	Club operator 會所營運
Sogo Hong Kong Company Limited 崇光(香港)百貨有限公司	Hong Kong 23 September 1983 香港 一九八三年九月二十三日	HK\$4,000,000 4,000,000港元	HK\$4,000,000 4,000,000港元	100%	100%	Retailing business 零售業務
Super Expert Investments Limited	British Virgin Islands/ United Kingdom 3 March 2020 英屬維爾京群島/英國 二零二零年三月三日	US\$1 1美元	N/A 不適用	100%	N/A 不適用	Property holding and leasing 物業持有及租賃
Superlite Limited	British Virgin Islands/Hong Kong 3 April 2001 英屬維爾京群島/香港 二零零一年四月三日	US\$1 1美元	US\$1 1美元	100%	100%	Property holding and leasing 物業持有及租賃
Tycoon Achieve Limited	British Virgin Islands /Hong Kong 23 October 2014 英屬維爾京群島/香港 二零一四年十月二十三日	US\$1 1美元	US\$1 1美元	100%	100%	Financial investment 金融投資

Note: LS Finance (2017) Limited, LS Finance (2022) Limited and LS Finance (2025) Limited are directly held by the Company. Other subsidiaries are indirectly held by the Company.

附註：LS Finance (2017) Limited、LS Finance (2022) Limited及LS Finance(2025) Limited乃由本公司直接持有。其他附屬公司乃由本公司間接持有。

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

上述列表列出本公司董事認為主要影響本集團業績或資產之本集團附屬公司。本公司董事認為，提供其他附屬公司資料會導致詳情過長。

36. Statement of financial position and reserves of the Company

Information about the statement of financial position of the Company at the end of the reporting period includes:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司投資	4,194	4,194
Amounts due from subsidiaries (note a)	應收附屬公司款項(附註a)	10,706,837	10,791,412
		10,711,031	10,795,606
Current assets	流動資產		
Other receivables	其他應收款項	557	248
Amounts due from subsidiaries (note b)	應收附屬公司款項(附註b)	2,179	549
Cash and cash equivalents	現金及現金等價物	146,028	37,236
		148,764	38,033
Current liabilities	流動負債		
Other payables	其他應付款項	4,116	3,607
Amounts due to subsidiaries (note c)	應付附屬公司款項(附註c)	8,184,216	9,635,834
Tax payable	應繳稅項	—	22,739
		8,188,332	9,662,180
Net current liabilities	流動負債淨值	(8,039,568)	(9,624,147)
Net assets	資產淨值	2,671,463	1,171,459
Capital and reserves	資本及儲備		
Share capital	股本	7,510	7,510
Reserves (note d)	儲備(附註d)	2,663,953	1,163,949
		2,671,463	1,171,459

Movement of the reserves of the Company is as follows:

本公司的儲備變動如下：

		Capital redemption reserve 資本贖回儲備 HK\$'000 千港元	Retained profits 保留溢利 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2019	於二零一九年一月一日	1,190	1,184,529	1,185,719
Profit and total comprehensive income for the year	本年度溢利及全面收益總額	—	984,514	984,514
Dividends paid	已派付股息	—	(1,006,284)	(1,006,284)
At 31 December 2019	於二零一九年十二月三十一日	1,190	1,162,759	1,163,949
Profit and total comprehensive income for the year	本年度溢利及全面收益總額	—	1,500,004	1,500,004
At 31 December 2020	於二零二零年十二月三十一日	1,190	2,662,763	2,663,953

36. Statement of financial position and reserves of the Company (continued)

Notes:

- a. As at 31 December 2020, the amounts due from subsidiaries are unsecured and have no fixed repayment terms. An amount of HK\$5,698,000,000 (2019: HK\$3,698,000,000) bears prevailing interest rate and the remaining amount of HK\$5,008,837,000 (2019: HK\$7,093,412,000) is interest-free. In the opinion of the directors, based on their assessment as at the end of the reporting period of the estimated future cash flows from the subsidiaries, the amounts due from subsidiaries will not be repayable within one year from the end of the reporting period, accordingly the amount is classified as non-current.
- b. The amounts due from subsidiaries are unsecured, interest-free, and repayable on demand.
- c. As at 31 December 2020, the amounts due to subsidiaries are unsecured and repayable on demand. An amount of HK\$3,716,886,000 (2019: HK\$5,408,880,000) is interest bearing and the remaining amount of HK\$4,467,330,000 (2019: HK\$4,226,954,000) is interest-free.
- d. The Company's reserves available for distribution as at 31 December 2020 consisted of retained profits of HK\$2,662,763,000 (2019: HK\$1,162,759,000).

36. 本公司財務狀況表及儲備(續)

附註：

- a. 於二零二零年十二月三十一日，應收附屬公司之款項乃無抵押，沒有固定還款條款。金額5,698,000,000港元(二零一九年：3,698,000,000港元)以現行利率計息，剩餘金額5,008,837,000港元(二零一九年：7,093,412,000港元)免息。董事認為，根據彼等在報告期末評估附屬公司的估算未來現金流，應收附屬公司款項將不會在報告期末一年以內償還，故此被分類為非流動。
- b. 應收附屬公司款項乃無抵押、免息及按要求償還。
- c. 於二零二零年十二月三十一日，應付附屬公司之款項乃無抵押及按要求償還。3,716,886,000港元(二零一九年：5,408,880,000港元)為計息，而剩餘金額4,467,330,000港元(二零一九年：4,226,954,000港元)為免息。
- d. 於二零二零年十二月三十一日，本公司可供分派儲備包括保留溢利2,662,763,000港元(二零一九年：1,162,759,000港元)。



Independent Auditor's Report

獨立核數師報告



**TO THE SHAREHOLDERS OF
LIFESTYLE INTERNATIONAL HOLDINGS LIMITED**
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Lifestyle International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 82 to 170, which comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

羅兵咸永道

致利福國際集團有限公司股東

(於開曼群島註冊成立的有限公司)

意見

我們已審計的內容

利福國際集團有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第82至170頁的綜合財務報表，包括：

- 於二零一九年十二月三十一日的綜合財務狀況表；
- 截至該日止年度的綜合損益及其他全面收益表；
- 截至該日止年度的綜合權益變動表；
- 截至該日止年度的綜合現金流量表；及
- 綜合財務報表附註，包括主要會計政策概要。

我們的意見

我們認為，該等綜合財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了貴集團於二零一九年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

意見的基礎

我們已根據香港會計師公會頒布的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matter identified in our audit is related to valuation of investment property.

Key Audit Matter

關鍵審計事項

Valuation of investment property

投資物業的估值

Refer to note 3 and 14 to the consolidated financial statements.
請參閱綜合財務報表附註3及14。

The Group's investment property, represented its Kai Tak development project, amounted to HK\$5,420 million as at 31 December 2019 and a fair value loss of HK\$174 million was recognised under "fair value changes on investment property" in the consolidated financial statements.

於二零一九年十二月三十一日，本集團的投資物業（即啟德發展項目）達5,420百萬港元，並於綜合財務報表「投資物業的公平值變動」確認公平值虧損174百萬港元。

Management engaged an independent professional valuer ("valuer") to evaluate the fair value of the investment property. The valuation was derived using income approach. The valuation is dependent on certain key assumptions that require significant management judgements including capitalisation rates, prevailing market rents and estimated costs to completion.

管理層委聘獨立專業估值師（「估值師」）評估投資物業的公平值。估值乃使用收入法得出。估值取決於若干關鍵假設，規定重大管理層判斷，包括資本化比率、現行市場租金及估計竣工成本。

The existence of significant judgments in the assumptions used in the property valuation warrants specific audit focus and attention on this area. 物業估值所使用的假設存在重大判斷，故審計過程中需著重關注相關領域。

獨立性

根據香港會計師公會頒布的《專業會計師道德守則》（以下簡稱「守則」），我們獨立於貴集團，並已履行守則中的其他專業道德責任。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。我們在審計中識別的關鍵審計事項與投資物業的估值有關。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

Our procedures in relation to the assessment of the key assumptions used in management's valuation of the investment property included: 就管理層對投資物業所進行之估值中採用的關鍵假設，我們的程序包括：

- Evaluating the competence, capability and objectivity of the valuer;
評估估值師的資歷、能力和客觀性；
- Reviewing the valuation report prepared by the valuer;
審閱估值師編製的估值報告；
- Discussing with the valuer key assumptions applied and assessing the methodologies used by the valuer with the involvement of our in-house valuation experts;
與估值師討論估值師所應用的關鍵假設，並讓我們內部估值專家參與評估估值師所採用的方法；

Key Audit Matter
關鍵審計事項

How our audit addressed the Key Audit Matter
我們的審計如何處理關鍵審計事項

- Assessing key assumptions used by the valuer by comparing them with our own expectation using evidence from comparable market transactions, historical records and approved budgets with the involvement of our in-house valuation experts, including:
透過本所內部估值專家的參與，基於可比市場交易、歷史記錄及已批核預算成本等憑證得出的預期值，與估值師所使用的關鍵假設進行比較，當中包括：
 - Comparing capitalisation rates to published market yields; and
將資本化比率與公佈的市場收益率進行比較；及
 - Comparing market rents to leasing transactions of comparable properties.
將市場租金與可比物業的租賃交易進行比較。
- Comparing estimated costs to completion to approved budgets.
將估計竣工成本與已批核預算進行比較。

We found the key assumptions used in management's valuation of investment property were supported by the available evidence.

我們發現，管理層對投資物業進行估值時所採用的關鍵假設有據可依。

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及治理層就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒布的《香港財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

治理層須負責監督 貴集團的財務報告過程。

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向 閣下(作為整體)報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
 - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：
- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
 - 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對 貴集團內部控制的有效性發表意見。
 - 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
 - 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
 - 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
 - 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheng Woon Yin Michael.

除其他事項外，我們與治理層溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向治理層提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

從與治理層溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是鄭煥然。

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 9 March 2020

羅兵咸永道會計師事務所
執業會計師

香港，二零二零年三月九日



Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

for the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Turnover	營業額	4	3,542,032	4,358,010
Cost of sales	銷售成本		(888,869)	(1,142,748)
Gross profit	毛利		2,653,163	3,215,262
Other income, gains and losses	其他收入、收益及虧損	6	147,165	108,507
Selling and distribution costs	銷售及分銷成本		(697,344)	(721,950)
Administrative expenses	行政開支		(137,787)	(137,485)
Interest and investment gains/(losses)	利息及投資收益/(虧損)	7	740,176	(270,971)
Fair value changes on investment property	投資物業公平值變動	14	(173,959)	251,200
Finance costs	融資成本	8	(365,238)	(282,187)
Profit before taxation	除稅前溢利		2,166,176	2,162,376
Taxation	稅項	9	(275,500)	(472,306)
Profit for the year	本年度溢利	10	1,890,676	1,690,070
Profit for the year attributable to owners of the Company	本公司擁有人應佔 本年度溢利		1,890,676	1,690,070
Other comprehensive income	其他全面收益			
<i>Items that will not be reclassified to profit or loss:</i>	<i>隨後不會重新分類至損益 之項目：</i>			
Fair value change on financial assets at fair value through other comprehensive income	按公平值計入其他全面 收益之金融資產的公 平值變動		25,528	—
Other comprehensive income for the year (net of tax)	本年度其他全面收益 (扣除稅項)		25,528	—
Total comprehensive income for the year attributable to owners of the Company	本公司擁有人應佔本年度 全面收入總額		1,916,204	1,690,070
Earnings per share for profit attributable to owners of the Company — Basic and diluted	本公司擁有人應佔溢利 之每股盈利 — 基本 及攤薄	13	HK\$1.26	HK\$1.08

Consolidated Statement of Financial Position

綜合財務狀況表

at 31 December 2019 於二零一九年十二月三十一日

	Note 附註	31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元
Non-current assets			
		非流動資產	
Investment property	14	投資物業	5,420,000
Property, plant and equipment	15	物業、廠房及設備	5,132,000
Financial assets at fair value through other comprehensive income	18	按公平值計入其他全面收益之金融資產	5,876,308
Financial assets at fair value through profit or loss	19	按公平值計入損益之金融資產	633,121
Deposits		按金	15,871
			19,137
			72,248
			63,503
			12,432,772
			11,090,948
Current assets			
		流動資產	
Inventories	16	存貨	38,615
Trade and other receivables	17	應收賬款及其他應收款項	44,783
Financial assets at fair value through profit or loss	19	按公平值計入損益之金融資產	102,811
Time deposits	20	定期存款	3,306,082
Cash and cash equivalents	20	現金及現金等價物	3,080,999
			4,782,877
			7,112,561
			1,413,115
			12,068,767
			9,476,555
Current liabilities			
		流動負債	
Trade and other payables	21	應付賬款及其他應付款項	826,275
Contract liabilities	22	合約負債	1,046,371
Lease liabilities		租賃負債	138,294
Tax payable		應繳稅項	76,144
Bank borrowings — due within one year	23	銀行借貸 — 一年內到期	490,926
Financial liabilities at fair value through profit or loss	19	按公平值計入損益之金融負債	4,070,966
			3,099,958
			12
			3,773
			5,602,617
			4,594,057
Non-current liabilities			
		非流動負債	
Bank borrowings — due after one year	23	銀行借貸 — 一年後到期	7,641,212
Bonds — due after one year	24	債券 — 一年後到期	8,114,291
Lease liabilities		租賃負債	6,962,233
Deferred tax liabilities	25	遞延稅項負債	210,876
			243,297
			271,272
			15,057,618
			13,042,062
			3,841,304
			2,931,384

Consolidated Statement of Financial Position (continued) 綜合財務狀況表(續)

at 31 December 2019 於二零一九年十二月三十一日

		Note 附註	31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元
Capital and reserves	資本及儲備			
Share capital	股本	26	7,510	7,510
Reserves	儲備		3,833,794	2,923,874
Equity attributable to owners of the Company	本公司擁有人應佔權益		3,841,304	2,931,384

The consolidated financial statements on pages 82 to 170 were approved and authorised for issue by the Board of Directors on 9 March 2020 and are signed on its behalf by:

第82至170頁綜合財務報表獲董事會於二零二零年三月九日批准及授權刊發，並由下列董事代表簽署：

Ms. Lau Kam Shim

劉今蟾小姐

Executive Director

執行董事

Mr. Lau Kam Sen

劉今晨先生

Executive Director

執行董事

Consolidated Statement of Changes in Equity

綜合權益變動表

for the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔部分						
		Share capital	Capital redemption reserve	Asset revaluation reserve	Merger reserve	Investment revaluation reserve	Retained profits	Total
		股本	資本贖回儲備	資產重估儲備	合併儲備	投資重估儲備	保留溢利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2018	於二零一八年一月一日	8,013	687	3,680	—	—	3,866,286	3,878,666
Profit and total comprehensive income for the year	本年度溢利及全面收益總額	—	—	—	—	—	1,690,070	1,690,070
Share repurchase	股份購回							
— repurchase of shares	— 購回股份	(503)	—	—	—	—	—	(503)
— premium on repurchase of shares	— 購回股份溢價	—	—	—	—	—	(1,542,403)	(1,542,403)
— transfer	— 轉讓	—	503	—	—	—	(503)	—
Dividend paid to Majestic Eagle Limited	支付予Majestic Eagle Limited的股息	—	—	—	—	—	(36,258)	(36,258)
Acquisition of an entity under common control	收購一間受共同控制實體公司	—	—	—	(52,000)	—	—	(52,000)
Transfer from retained profits	自保留溢利轉移	—	—	—	52,000	—	(52,000)	—
Transactions with owners in their capacity as owners:	與擁有人以其擁有人身份進行的交易							
Dividends paid (Note 12)	已派付股息(附註12)	—	—	—	—	—	(1,006,188)	(1,006,188)
At 31 December 2018	於二零一八年十二月三十一日	7,510	1,190	3,680	—	—	2,919,004	2,931,384
Profit for the year	本年度溢利	—	—	—	—	—	1,890,676	1,890,676
Other comprehensive income for the year	本年度其他全面收益	—	—	—	—	25,528	—	25,528
Transactions with owners in their capacity as owners:	與擁有人以其擁有人身份進行的交易							
Dividends paid (Note 12)	已派付股息(附註12)	—	—	—	—	—	(1,006,284)	(1,006,284)
At 31 December 2019	於二零一九年十二月三十一日	7,510	1,190	3,680	—	25,528	3,803,396	3,841,304

Note:

a. Merger reserve arose from the application of merger accounting method in relation to the acquisition of an entity under common control.

附註：

a. 合併儲備乃因收購一間受共同控制實體公司而採用合併會計處理而產生。

Consolidated Statement of Cash Flows

綜合現金流量表

for the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
OPERATING ACTIVITIES	經營業務		
Profit before taxation	除稅前溢利	2,166,176	2,162,376
Adjustments for:	經作出以下調整：		
Interest income on bank deposits	銀行存款之利息收入	(201,670)	(159,022)
Finance costs	融資成本	365,238	282,187
Depreciation of property, plant and equipment	物業、廠房及設備折舊	271,384	185,078
Dividend income from financial assets at fair value through profit or loss	按公平值計入損益之金融資產之股息收入	(59,650)	(74,934)
Dividend income from financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之金融資產之股息收入	(2,919)	—
Interest income from financial assets at fair value through profit or loss	按公平值計入損益之金融資產之利息收入	(72,086)	(11,052)
(Gain)/loss on disposal/write off of property, plant and equipment	出售／撤銷物業、廠房及設備(收益)／虧損	(168)	2,922
Fair value changes in respect of financial assets at fair value through profit or loss	按公平值計入損益之金融資產之公平值變動	(403,851)	515,979
Fair value changes on investment property	投資物業之公平值變動	173,959	(251,200)
Unrealised exchange (gain)/loss	未變現之匯兌(收益)／虧損	(19,703)	13,598
Provision/(reversal of provision) for obsolete inventories	滯銷存貨撥備／(撥回)	22	(26)
(Reversal of provision)/provision for trade and other receivables, net	就應收賬款及其他應收款項(撥回)／撥備，淨額	(11)	18
Operating cash flows before movements in working capital	營運資金變動前經營現金流量	2,216,721	2,665,924
Decrease/(increase) in inventories	存貨減少／(增加)	6,146	(6,452)
Decrease in trade and other receivables	應收賬款及其他應收款項減少	48,751	8,724
Decrease in trade and other payables	應付賬款及其他應付款項減少	(329,272)	(13,277)
Decrease in contract liabilities	合約負債減少	(15,202)	(3,290)
Cash generated from operations	經營業務所得現金	1,927,144	2,651,629
Interest received	已收利息	204,900	136,733
Hong Kong Profits Tax paid	已繳香港利得稅	(103,008)	(344,847)
NET CASH FROM OPERATING ACTIVITIES	經營業務所得現金淨額	2,029,036	2,443,515

Consolidated Statement of Cash Flows (continued) 綜合現金流量表(續)
for the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
INVESTING ACTIVITIES	投資活動		
Proceeds from disposal of financial assets at fair value through profit or loss	出售按公平值計入損益之金融資產所得款	5,451,901	1,833,116
Interest received from financial assets at fair value through profit or loss	按公平值計入損益之金融資產之已收利息	93,413	11,052
Dividend received from financial assets at fair value through profit or loss	從按公平值計入損益之金融資產之已收股息	59,650	74,934
Dividend received from financial assets at fair value through other comprehensive income	從按公平值計入其他全面收益之金融資產之已收股息	2,919	—
Purchase of financial assets at fair value through profit or loss	購買按公平值計入損益之金融資產	(5,289,201)	(2,075,559)
Purchase of financial assets at fair value through other comprehensive income	購買按公平值計入其他全面收益之金融資產	(607,593)	—
Purchase of property, plant and equipment	購買物業、廠房及設備	(239,343)	(265,825)
Deposit paid for acquisition of property, plant and equipment	收購物業、廠房及設備之已付按金	(36,274)	—
Additions to investment property	購買投資物業	(218,170)	(154,528)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備之所得款	225	11
Decrease/(increase) of time deposits, net	定期存款減少/(增加)淨額	3,274,179	(4,782,877)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	投資活動所得/(所用)現金淨額	2,491,706	(5,359,676)
FINANCING ACTIVITIES	融資活動		
New bank borrowings raised	新借銀行貸款	1,233,237	39,343
Proceeds from new bonds issued	新發行債券之所得款	2,326,899	—
Shares repurchased	已購回股份	—	(1,542,906)
Cash consideration paid upon acquisition of an entity under common control	收購一間受共同控制的實體公司時支付之現金代價	—	(52,000)
Repayment of bank borrowings	償還銀行貸款	(765,589)	(40,926)
Dividends paid	已派付股息	(1,006,284)	(1,006,188)
Repayment of principal elements of lease liabilities	償還租賃負債之本金部分	(65,988)	—
Dividend paid to Majestic Eagle	支付予Majestic Eagle之股息	—	(36,258)
Finance costs paid	已付融資成本	(529,871)	(454,934)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	融資活動所得/(所用)現金淨額	1,192,404	(3,093,869)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加/(減少)淨額	5,713,146	(6,010,030)
EFFECT OF FOREIGN EXCHANGE RATE DIFFERENCE	匯率差異之影響	(13,700)	77
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初現金及現金等價物	1,413,115	7,423,068
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	年終現金及現金等價物	7,112,561	1,413,115

Notes to the Consolidated Financial Statements

綜合財務報表附註

for the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. General

Lifestyle International Holdings Limited (the “Company”) is incorporated as an exempted company with limited liability under the Companies Law in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report. The Company is an investment holding company. Its subsidiaries are principally engaged in the operation of department stores, property development and investment in Hong Kong.

The Company’s ultimate controlling party is Mr. Lau Luen Hung, Thomas (“Mr. Lau”), who is the Chairman and a non-executive director of the Company.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of those consolidated financial statements are set out below. These policies have been consistently applied to all the years presently unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and disclosure requirements of the Hong Kong Companies Ordinance (“HKCO”) (Cap. 622).

The consolidated financial statements have been prepared on a historical cost basis, except for the financial assets and liabilities at fair value through profit or loss/other comprehensive income and investment property, which are measured at fair value. The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Certain comparative figures have been reclassified to conform to the current year’s presentation.

1. 一般事項

利福國際集團有限公司(「本公司」)為一間於開曼群島根據開曼群島公司法註冊成立為受豁免有限公司，其股份於香港聯合交易所有限公司(「聯交所」)上市。本公司的註冊辦事處及香港主要營業地點之地址於年報企業資料一節內披露。本公司為投資控股公司。其附屬公司主要於香港從事百貨店經營、物業發展及投資。

本公司的最終控制方為本公司的主席兼非執行董事劉鑾鴻先生(「劉先生」)。

綜合財務報表以港元(「港元」)列值，該貨幣亦為本公司功能貨幣。

2. 主要會計政策概要

編製該等綜合財務報表所應用的主要會計政策載列如下。除另有指明外，此等政策於呈列的所有年度貫徹應用。

(a) 綜合基準

本集團的綜合財務報表乃根據香港會計師公會頒佈之香港財務報告準則(「香港財務報告準則」)及香港法例第622章《香港公司條例》(「香港公司條例」)的披露規定編製。

綜合財務報表乃根據歷史成本基準編製，惟以公平值計入損益/其他全面收益之金融資產及負債以及投資物業按公平值計量則除外。遵照香港財務報告準則編製財務報表時，需使用若干重大會計估計。管理層亦須於應用本集團的會計政策時行使其判斷。涉及高度判斷或複雜性的範疇，或涉及對於綜合財務報表作出重大假設及估計的範疇於附註3披露。

若干比較數字已重新分類以符合本年度之呈列。

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKAS 19 (Amendment)	Plan amendment, curtailment or settlement
HKAS 28 (Amendment)	Long-term investments in associates and joint ventures
HKFRS 9 (Amendment)	Prepayment features with negative compensation
HKFRS 16	Leases
HK (IFRIC)-Int 23	Uncertainty over income tax treatments
Annual improvement project	Annual improvement 2015-2017 cycle

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

HKFRS 16 "Leases" — Impact of adoption

The Group has adopted HKFRS 16 from 1 January 2019, resulting in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transition provisions in HKFRS 16, the Group has adopted the simplified approach for transition to the new lease standard. The reclassification and the adjustments arising from the new rules are therefore not reflected in the consolidated statement of financial position as at 31 December 2018, but are recognised in the opening consolidated statement of financial position on 1 January 2019.

2. 主要會計政策概要 (續)

(a) 綜合基準 (續)

(i) 於本年度強制生效之新訂及經修訂香港財務報告準則

本集團於本年度首次應用以下香港會計師公會頒佈之新訂及經修訂香港財務報告準則以及詮釋：

香港會計準則第19號 (修訂本)	計劃修改、縮減或解決
香港會計準則第28號 (修訂本)	於聯營公司和合資企業的長期投資
香港財務報告準則第9號(修訂本)	具有負補償的提前還款特徵
香港財務報告準則第16號	租賃
香港(國際財務報告詮釋委員會)一詮釋第23號	所得稅處理的不確定性
年度改善項目	二零一五年至二一七年週期之年度改善

除下文所述外，於本年度應用之新訂及經修訂香港財務報告準則以及詮釋，對本集團於本年度及過往年度之財務表現及狀況及／或於該等綜合財務報表所載列之披露並無重大影響。

香港財務報告準則第16號「租賃」— 應用之影響

從二零一九年一月一日，本集團應用香港財務報告準則第16號，導致會計政策變更以及於綜合財務報表中對已確認金額作出調整。根據香港財務報告準則第16號的過渡條文，本集團已採用簡化方法過渡至新租賃準則。因此，根據新規則產生的重新分類和調整未反映在二零一八年十二月三十一日之綜合財務狀況表中，而是於二零一九年一月一日的期初綜合財務狀況表中確認。

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) **New and amendments to HKFRSs that are mandatorily effective for the current year (continued)**

HKFRS 16 "Leases" — Impact of adoption (continued)

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.5%.

2. 主要會計政策概要(續)

(a) 綜合基準(續)

(i) 於本年度強制生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號「租賃」— 應用之影響(續)

於應用香港財務報告準則第16號，本集團就先前根據香港會計準則第17號「租賃」的原則分類為「經營租賃」的租賃確認租賃負債。該等負債以剩餘租賃付款金額的現值計量，並使用承租人於二零一九年一月一日的增量借款利率進行折現。於二零一九年一月一日適用於租賃負債之承租人加權平均增量借款利率為3.5%。

		2019 二零一九年 HK\$'000 千港元
Operating lease commitments disclosed as at 31 December 2018	於二零一八年十二月三十一日披露的經營租賃承擔	390,807
Discounted using the lessee's incremental borrowing rate at the date of initial application Less: low-value leases not recognised as a liability	於首次應用日期時，以承租人的增量借款利率折現 減：不確認為負債之低價值租賃	356,203 (3,195)
Lease liability recognised as at 1 January 2019	於二零一九年一月一日確認之租賃負債	353,008

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

相關使用權資產按相等於租賃負債的金額計量，並以於二零一八年十二月三十一日在財務狀況表確認有關租賃的任何預付或應計租賃付款的金額作出調整。於初次應用日期，並無具限制條件之租賃合約，須就使用權資產作出調整。

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) **New and amendments to HKFRSs that are mandatorily effective for the current year (continued)**

HKFRS 16 "Leases" — Impact of adoption (continued)

From 1 January 2019, leases are recognised as a right-of-use asset (included in property, plant and equipment which are presented in the consolidated statement of financial position) and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

2. 主要會計政策概要(續)

(a) 綜合基準(續)

(i) 於本年度強制生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號「租賃」— 應用之影響(續)

自二零一九年一月一日起，在本集團可使用租賃資產之日，租賃確認為一項使用權資產(計入綜合財務狀況表呈列的物業、廠房及設備)及相應負債。每筆租賃付款均在負債與融資成本之間分攤。融資成本在租賃期內計入損益，以使各期負債餘額產生一致的定期利率。使用權資產按平均等額法在資產可使用年期與租賃期(以較短者為準)內計提折舊。

於首次應用香港財務報告準則第16號時，本集團已使用該準則所允許的以下可行權宜方法：

- 對具有合理相似特徵的租賃組合使用單一貼現率；
- 根據前期評估判斷租賃是否具限制條件；
- 撇除於初始應用日期計量使用權資產的初始直接成本。

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

HKFRS 16 "Leases" — Impact of adoption (continued)

The adjustments on the consolidated statement of financial position as at 1 January 2019 are summarised below:

Consolidated Statement of Financial Position (extract)	綜合財務狀況表 (摘錄)	At 31 December 2018 於二零一八年十二月三十一日 HK\$'000 千港元 (as originally presented) (原本列賬)	Effect of adoption of HKFRS 16 應用香港財務報告準則第16號之影響 HK\$'000 千港元	At 1 January 2019 於二零一九年一月一日 HK\$'000 千港元 (restated) (重列)
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	5,876,308	353,008	6,229,316
Non-current liabilities	非流動負債			
Lease liabilities	租賃負債	—	(287,019)	(287,019)
Current liabilities	流動負債			
Lease liabilities	租賃負債	—	(65,989)	(65,989)
		5,876,308	—	5,876,308

2. 主要會計政策概要(續)

(a) 綜合基準(續)

(i) 於本年度強制生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號「租賃」— 應用之影響(續)

於二零一九年一月一日對綜合財務狀況表作出以下調整，概括如下：

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) *New and amendments to HKFRSs in issue but not yet effective*

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

New standards and amendments

新訂及經修訂準則

新訂及經修訂準則	Definition of material	Effective for accounting periods beginning on or after 1 January 2020
HKAS 1 and HKAS 8 (amendments) 香港會計準則第1號及香港會計準則第8號(修訂本)	重大性的定義	二零二零年一月一日
HKAS 39, HKFRS 7 and HKFRS 9 (amendments) 香港會計準則第39號、香港財務報告準則第7號及香港財務報告準則第9號(修訂本)	Hedge accounting 對沖會計處理	1 January 2020 二零二零年一月一日
HKFRS 3 (amendment) 香港財務報告準則第3號(修訂本)	Definition of a business 業務的定義	1 January 2020 二零二零年一月一日
Conceptual Framework for Financial Reporting 2018 二零一八年財務報告之概念框架	Revised conceptual framework for financial reporting 財務報告之經修訂概念框架	1 January 2020 二零二零年一月一日
HKFRS 17 香港財務報告準則第17號	Insurance contracts 保險合約	1 January 2021 二零二一年一月一日
HKFRS 10 and HKAS 28 (amendments) 香港財務報告準則第10號及香港會計準則第28號(修訂本)	Sale or contribution of assets between an investor and its associate or joint venture 投資者與其聯營公司或合資企業之間的出售或注入資產	To be announced 有待公佈

Management is in the process of making an assessment of the impact of these new standards and amendments in the period of initial application. These new standards and amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. 主要會計政策概要(續)

(a) 綜合基準(續)

(ii) *已頒佈但未生效之新訂及經修訂香港財務報告準則*

本集團並無提早採用以下已頒佈但未生效之新訂及經修訂香港財務報告準則：

Effective for accounting periods beginning on or after 於以下日期或之後開始的會計期間生效

管理層正評估該等新訂及經修訂準則對首次應用期間的影響。預期該等新訂及經修訂準則不會於目前或未來報告期間及對本集團及可見未來交易有重大影響。

2. Summary of significant accounting policies (continued)

(b) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

2. 主要會計政策概要(續)

(b) 綜合入賬

綜合財務報表包括本公司與本公司所控制實體及其附屬公司的財務報表。控制得到實現是當本公司：

- 對被投資方有控制權；
- 對其因參與被投資方的可變回報之風險或權力；及
- 有能力運用其權力影響其回報。

倘事實及情況反映上文所列三項控制因素其中一項或多項改變，則本集團會重估是否仍然控制被投資方。

本集團獲得附屬公司控制權時便開始將附屬公司綜合入賬，於本集團喪失控制權時則終止入賬。具體而言，年內所收購或出售附屬公司之收入及開支於本集團獲得控制權日期綜計入綜合損益及其他全面收益表，直至本集團不再控制該附屬公司為止。

必要時會調整附屬公司財務報表以使其會計政策與本集團會計政策一致。

所有有關本集團成員之間的集團內資產及負債、權益、收入、開支及現金流量會於綜合時全數對銷。

於附屬公司之非控股權益與本集團於當中的權益分開呈列，指現時擁有之權益且賦予持有人權利於清盤時按比例分佔相關附屬公司淨資產。

2. Summary of significant accounting policies (continued)

(b) Consolidation (continued)

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

(c) Revenue from contracts with customers

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The revenues are presented as turnover in the consolidated statement of profit or loss and other comprehensive income.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

2. 主要會計政策概要(續)

(b) 綜合入賬(續)

獨立財務報表

於附屬公司的投資按成本扣除減值入賬。成本包括投資的直接歸屬成本。本公司將附屬公司的業績按已收及應收股息基準入賬。

倘自附屬公司收取的股息超出該附屬公司於宣派股息期間的綜合收益總額，或該項投資於獨立財務報表的賬面價值超出合併財務狀況表所示被投資方的淨資產(包括商譽)的賬面價值，則須於收取該股息時對於附屬公司的該等投資進行減值測試。

抵銷金融工具

當本集團現時有法定可執行權力可抵銷已確認金額，並有意圖按淨額基準結算或同時變現資產和結算負債時，金融資產與負債可互相抵銷，並在財務狀況表報告其淨額。本集團亦訂立不符合抵銷標準的安排，但在部份情況下仍允許相關金額抵銷，例如破產或終止合約。

(c) 來自顧客合約之收益

根據香港財務報告準則第15號，本集團於完成履約責任時(或就此)確認收益，即於特定履約責任相關的商品或服務的「控制權」轉讓予顧客時。收入於綜合損益及其他全面收益表中以營業額呈列。

履約責任代表可分別的或一系列可分別的貨品或服務(或一捆子貨品或服務)。

2. Summary of significant accounting policies (continued)

(c) Revenue from contracts with customers (continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

For direct sales of goods, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the department stores.

For income from concessionaire and "After Purchase Order" ("APO") sales, the Group recognises commission income over time which it is entitled and is based on certain percentage of sales made by the concessionaires and the APO clients in accordance with the terms of contracts. When they fail to meet the minimum guarantee income in accordance with the terms of certain contracts, the minimum guarantee amount is recognised as income as it is the amount that the Group has the right to receive.

For service income, it represents advertisement and promotional income from customers and the revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2. 主要會計政策概要(續)

(c) 來自顧客合約之收益(續)

控制權隨時間轉讓，而倘達成以下其中一個條件，則收益參照相關履約責任完成程度，隨時間確認：

- 本集團履約時，顧客同時收取及消耗本集團履約所提供的利益；
- 本集團履約以創造及提升顧客控制的資產；或
- 本集團履約並無創造對本集團另有用途的資產，及本集團對截至該日已履約的付款擁有強制執行的權利。

否則，當顧客對特定貨品或服務取得控制權時，即確認收益。

就自營銷售貨品而言，收益於貨品的控制權轉移時確認，即顧客於百貨公司購買貨品之時。

就來自特許專櫃及銷售後訂單(「銷售後訂單」)銷售收入而言，本集團於有權收取佣金收入，並按特許專櫃及銷售後訂單顧客根據合約條款作出的若干銷售百分比予以確認。倘彼等無法根據若干合約條款達成最低保證收入，因本集團有權收取該最低保證金額，該金額將會確認為收入。

就服務收入而言，其指來自顧客的廣告及宣傳收入，收益隨時間參考顧客同時收取及消耗本集團履約所提供的利益時完全履行有關履約責任的進度確認。

合約負債指本集團向顧客收取代價(或應收代價金額已到期)而向顧客轉移貨品或服務的責任。

2. Summary of significant accounting policies (continued)

(c) Revenue from contracts with customers (continued)

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations including obligation to provide goods or services to customers on complementary basis and customer's options to acquire additional goods or services for free or at a discount in future granted under loyalty reward program, the Group allocates the transaction price to each performance obligation on a relative standalone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Accounting for unredeemed gift certificate and reward points under customer loyalty program

The unredeemed gift certificate and reward points under customer loyalty program is recorded as contract liabilities, and reflect the value that is expected to be redeemed, i.e. anticipated breakage.

Breakage will need to be estimated considering the guidance on constraining estimates of variable consideration as well as the Group's historical experience with gift certificate and loyalty points under loyalty reward program. Revenue is recognised in regard to breakage in the proportion of gift certificate and loyalty points redeemed in that period and likely to result in the acceleration of revenue when the possibility of redemption becomes remote.

2. 主要會計政策概要(續)

(c) 來自顧客合約之收益(續)

擁有多重履約責任的合約(包括分配交易價格)

就包含多於一項履約責任(包括以補充形式向顧客提供貨品或服務)的合約,而顧客可選擇免費獲取額外貨品或服務,或根據忠誠獎勵計劃所授出的日後折扣,本集團以相關獨立售價基準,將交易價格分配至各項履約責任。

各項履約責任相關的特定貨品或服務獨立售價,乃於合約開始時釐定。有關獨立售價指本集團將承諾的貨品或服務獨立出售予顧客時的價格。

按時間確認收益:計量完成履約責任之進度

完成履約責任之進度乃根據產量法計量,即根據直接計量迄今已轉讓予顧客之貨品或服務價值與合約項下承諾提供之餘下貨品或服務價值相比較確認收益,此方法最能反映本集團於轉讓貨品或服務控制權方面之履約情況。

未兌換禮券及忠誠獎勵計劃下之獎賞積分的會計處理

尚未兌換之禮券及忠誠獎勵計劃下之獎賞積分記錄為合約負債,並反映預期兌換的價值,即預期撇賬。

考慮到可變代價估計之限制上的指引,以及本集團於禮券及忠誠獎勵計劃下之積分的過往經驗,因此將需要就撇賬作出估計。有關撇賬按與該期間已兌換的禮券及忠誠獎勵計劃下之積分的比例確認收益,當兌換的可能性變低時,可能導致收入加快。

2. Summary of significant accounting policies (continued)

(c) Revenue from contracts with customers (continued)

Variable consideration

For contracts that contain variable consideration, the Group recognises the amount of consideration to which it is entitled using the most likely amount, which better predicts the amount of consideration to which the Group is entitled.

The amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

The Group updates the estimated transaction price based on issued statements to consignors and concessionaires (including assessment of whether the variable consideration is constrained) to represent fairly the circumstances present at the end of the reporting period.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified goods or services before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that goods or services is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group acts as an agent for concessionaire and APO sales as the Group does not control the specific goods provided by the consignors and concessionaires before goods transferred to a customer.

2. 主要會計政策概要(續)

(c) 來自顧客合約之收益(續)

可變代價

就包含可變代價的合約而言，本集團採用最可能的金額，就其有權收取的代價金額作出確認，更適合預測本集團有權收取的代價金額。

交易價格包括可變代價金額，惟僅以當與可變代價相關的不確定性於日後得到解決，而將可變代價金額納入交易價格中將極可能不會導致日後出現重大收益撥回下，方可作出有關納入。

本集團根據已向寄售商及特許專櫃發出的月結單更新預計之交易價格(包括評估可變代價是否受到限制)，以公平地呈列於報告期末存在之情況。

委託人對代理人

當另一方亦有參與提供貨品或服務予顧客時，本集團釐定其應允之性質是否一項提供特定貨品或服務本身的履約責任(即本集團為委託人)，或有關應允之性質為由其他方提供該等貨品或服務的安排(即本集團為代理人)。

倘於特定貨品或服務轉讓予顧客前，本集團對有關貨品或服務擁有控制權，本集團即為委託人。

倘履約責任為安排另一方提供特定貨品或服務，本集團即為代理人。在此情況下，於該貨品或服務轉讓予顧客前，本集團並無對由另一方提供的特定貨品或服務擁有控制權。當本集團為代理人時，本集團因為另一方提供的特定貨品或服務作出安排，而預期有權收取的任何費用或佣金金額確認收益。

由於本集團於貨品轉讓予顧客前，並無由寄售商及特許專櫃提供的特定貨品擁有控制權，因此本集團就特許專櫃及銷售後訂單充當代理人。

2. Summary of significant accounting policies (continued)

(d) Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Items of property, plant and equipment, other than construction in progress, are depreciated after taking into account their estimated residual value, using straight-line method over the following useful lives:

Leasehold land and buildings	Over the lease terms or 40 years
Store and leasehold improvements	Over the shorter of lease terms or 10 years
Plant and machinery	5 to 10 years
Furniture, fixtures and equipment	5 to 10 years
Motor vehicles	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2. 主要會計政策概要 (續)

(d) 物業、廠房及設備

物業、廠房及設備包括建築物持作用於生產或提供商品或服務，或用作行政用途（在建工程除外）於綜合財務狀況表中乃按成本減其後累計折舊及其後累計減值虧損（如有）列賬。

在建工程以供生產、供應或管理之物業乃按成本減任何已確認減值虧損列賬。成本包括專業費用及按本集團會計政策於合資格資產被資本化借貸成本。

該等物業於落成及備妥作擬定用途時，將適當分類為物業、廠房及設備。

折舊乃按資產成本（除在建工程外）估計可使用年期，減其估計剩餘價值後，以平均等額法撇銷其成本計算。估計可使用年期、估計剩餘價值及折舊方法於每個報告結算日審閱，而任何估計變動之影響以前瞻性基準列賬。

除在建工程外，物業、廠房及設備項目乃計及其估計剩餘價值後，以平均等額法按下列使用年期計算折舊：

租賃土地及樓宇	按租約年期或四十年
店舖及租賃物業裝修	按租約年期或十年（以較短者為準）
廠房及機器	五年至十年
傢俬、固定裝置及設備	五年至十年
汽車	五年

物業、廠房及設備項目於出售時或預期日後將不會自持續使用資產獲得經濟利益時剔除確認。出售或報廢物業、廠房及設備項目產生之任何收益或虧損（按出售所得款與資產賬面值之差額計算）於損益確認。

2. Summary of significant accounting policies (continued)

(e) Investment property

Investment property is property held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is measured at their fair values. Gains or losses arising from changes in the fair value of investment property is included in profit or loss for the period in which they arise.

Construction costs incurred for investment property under construction is capitalised as part of the carrying amount of the investment property under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

(f) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

From 1 January 2019, leases are recognised as right-of-use assets and the corresponding lease liabilities at the dates at which the leased assets are available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

2. 主要會計政策概要(續)

(e) 投資物業

投資物業為持有以賺取租金及/或資本增值之物業(包括作該等用途之在建築中的物業)。

投資物業初始按成本計算,包括任何直接應佔開支。於初步確認後,投資物業採用公平值計算。投資物業公平值變動產生之收益或虧損計入產生期間之損益。

在建投資物業產生的工程成本已資本化,作為在建投資物業賬面值的一部分。

投資物業於出售時或當投資物業永久不再使用及預期出售投資物業不會帶來未來經濟利益時剔除確認。剔除確認物業產生之任何收益或虧損(按該資產之出售所得款淨額與賬面值間之差額計算)於該項目被剔除確認之期間計入損益。

(f) 租賃

倘本集團釐定一項安排(包括一項交易或一系列交易)為轉讓一項已識別資產在一段間內的使用控制權,以換取代價,則該項安排即為或包含租賃成分。有關決定乃根據評估該項安排的實質作出,不論該項安排是否採用租賃的法律形式。

自二零一九年一月一日起,在本集團可使用租賃資產之日,租賃應被確認為使用權資產和相應租賃負債。

租賃產生的資產及負債按現值基礎進行初始計量。

2. Summary of significant accounting policies (continued)

(f) Leases (continued)

(i) Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar term and condition.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until effective. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

2. 主要會計政策概要(續)

(f) 租賃(續)

(i) 租賃負債

租賃負債包括以下租賃付款額的淨現值：

- 固定付款(包括實質固定付款)減任何應收租賃優惠；及
- 終止租賃的罰款金額，前提是租賃期反映出本集團(作為承租人)將行使終止該租賃的選擇權。

租賃付款額按照租賃內含利率(如果可以確定該利率)或本集團的遞增借款利率(即本集團為在類似經濟環境下獲得價值相近的資產，以類似條款及條件借入資金而必須支付的利率)折現。

為釐定遞增借款利率，本集團：

- 在可能情況下，以本集團最近獲得的第三方融資為出發點，並進行調整以反映融資條件自獲得第三方融資後的變化；
- 對於近期末獲得第三方融資下本集團所持有的租賃，採用以無風險利率為出發點的累加法，並按照租賃的信貸風險作出調整；及
- 針對租賃做出特定調整。

本集團未來可能會根據指數或比率而增加可變租賃付款額，所增加之可變租賃付款額在實際發生前不會計入租賃負債。當根據指數或比率對租賃付款作出的調整生效時，租賃負債會根據使用權資產進行重新評估及調整。

2. Summary of significant accounting policies (continued)

(f) Leases (continued)

(i) Lease liabilities (continued)

Lease payments are allocated between the principal and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Right-of-use assets

Right-of-use assets are measured at cost comprising the followings:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs.

The right-of-use assets are amortised over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

The Group measures the right-of-use assets that meet the definition of investment property using the fair value model applied to its investment property. Right-of-use assets linked to owner occupied buildings are measured applying the cost model relevant to that specific class of property, plant and equipment.

After 1 January 2019, all leases that meet the definition of investment property are classified as investment property and measured at fair value.

(iii) Low value and short-term leases

Payments associated with all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

2. 主要會計政策概要(續)

(f) 租賃(續)

(i) 租賃負債(續)

租賃付款額在本金及財務費用之間分攤。財務費用在租賃期限內計入綜合收益表，以令各期負債餘額產生的利率保持一致。

(ii) 使用權資產

使用權資產按成本計量，其中成本包括以下項目：

- 租賃負債初始計量金額；
- 在租賃期開始日或之前支付的租賃付款額，扣除收到的租賃優惠；
- 任何初始直接費用；及
- 復原成本。

使用權資產按照平均等額法以資產可使用年期與租賃期(以較短者為準)計提攤銷。

本集團將應用於投資物業的公平值模式用於計量符合投資物業定義的使用權資產。與業主自用樓宇相連的使用權資產應用物業、廠房及設備特定類別相關的成本模式計量。

自二零一九年一月一日後，所有符合投資物業定義的租賃均分類為投資物業，並按公平值計量。

(iii) 低價值及短期租賃

與所有低價值資產租賃有關的付款按平均等額法於損益確認為開支。

2. Summary of significant accounting policies (continued)

(f) Leases (continued)

(iv) The Group as lessor

Rental income which are derived from the Group's ordinary course of business are presented as turnover in the consolidated statement of profit or loss and other comprehensive income.

Accounting policies applied until 31 December 2018

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset. Other than investment property measured under fair value model, such costs are recognised as an expense on a straight-line basis over the lease term.

Rental income which are derived from the Group's ordinary course of business are presented as turnover.

The Group as lessee

Operating lease payments, including the cost of acquiring land under operating leases, are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

2. 主要會計政策概要(續)

(f) 租賃(續)

(iv) 本集團作為出租人

來自本集團一般業務過程之租金收入於綜合損益及其他全面收益表呈列為營業額。

應用至二零一八年十二月三十一日為止的會計政策

當租賃條款將涉及擁有權之絕大部分風險及回報轉讓予承租人時，該租賃乃分類為融資租賃。所有其他租賃均分類為經營租賃。

本集團作為出租人

經營租賃之租金收入乃按相關租賃年期以平均等額法於損益確認。於磋商及安排經營租賃產生之初始直接成本，加以租賃資產之賬面值。除按公平值計量之投資物業外，其成本則按租賃年期以平均等額法確認作開支。

來自本集團一般業務過程之租金收入呈列為營業額。

本集團作為承租人

經營租賃款項(包括以經營租賃購入之土地成本)於有關租賃期間按平均等額法確認為開支。於經營租賃產生或然租金於產生期間確認為支出。

若訂立經營租賃時獲得租賃優惠，該優惠將被確認為負債。該優惠總利益將按平均等額法扣減租金支出確認。

2. Summary of significant accounting policies (continued)

(f) Leases (continued)

(iv) The Group as lessor (continued)

Accounting policies applied until 31 December 2018 (continued)

Leasehold land and buildings

When the Group makes payment for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

(g) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2. 主要會計政策概要(續)

(f) 租賃(續)

(iv) 本集團作為出租人(續)

應用至二零一八年十二月三十一日為止的會計政策(續)
租賃土地及樓宇

當本集團就一項包含租賃土地及樓宇兩元素之物業權益付款時，本集團會將按每個元素擁有權附帶的絕大部分風險和回報是否已轉移到本集團，以獨立評估各元素的分類。除非很明顯地該兩個元素均是經營租賃，在這種情況下，整項物業則列作為經營租賃入賬。具體來說，整項代價(包括任何一次性提前預付款)於初始確認時將按土地元素及樓宇元素內土地權益相關的公平值，按比例分配到土地及樓宇。

倘在一定程度上相關付款能可靠地作分配，租賃土地權益可以「預付租賃款項」形式在綜合財務狀況報表列賬為經營租賃，並在租賃期內按平均等額法攤銷，惟在公平值模式下分類和列賬為投資物業除外。當付款無法可靠地分配在租賃土地及樓宇元素時，整項物業一般將視該租賃土地為融資租賃作歸類。

(g) 撥備

倘本公司因過往事件須即時負上法定或推定責任，資源或須流出以履行有關責任，而相關金額能可靠估計時，則會確認撥備。

倘出現多項類似責任，經由考慮整體責任類別釐定清償責任會否導致資源流出。即使同類責任內任何一個項目導致資源流出的可能性不大，仍會確認撥備。

2. Summary of significant accounting policies (continued)

(g) Provisions (continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(h) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated using closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transactions.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

2. 主要會計政策概要(續)

(g) 撥備(續)

撥備以稅前利率按照預期需清償有關責任的開支的現值計量，該利率反映當前市場對金錢時間值和有關責任特定風險的評估。隨著時間過去而增加的撥備確認為利息開支。

(h) 外幣

於編製各個別集團實體之財務報表時，以該實體之功能貨幣以外貨幣(外幣)進行之交易按交易日期適用之匯率確認。於報告期間結算日，以外幣結算之貨幣項目按結算日之匯率重新換算。按過往成本以外幣計算之非貨幣項目以交易日之匯率換算。

結算貨幣性項目，及重新換算貨幣項目引起匯兌差異，於其發生期間確認損益。

2. Summary of significant accounting policies (continued)

(i) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2. 主要會計政策概要(續)

(i) 稅項

所得稅支出指現行應繳稅項與遞延稅項之總和。現行應繳稅項乃按本年度應課稅溢利計算。應課稅溢利不計入其他年度的應課稅或可扣稅收支項目，亦不計入毋須課稅或不獲扣稅項目，故有別於稅前溢利。本集團有關現行稅項之負債按於結算日已實施或大致上已實施之稅率計算。

遞延稅項按綜合財務報表中資產及負債賬面值與計算應課稅溢利所用相應稅基間差額確認。所有暫時應課稅差額一般都會確認為遞延稅項負債。遞延稅項資產則於應課稅溢利有可能抵銷可扣稅暫時差額予以確認。但倘若有關暫時差額是由初步確認(非業務合併)既不影響應課稅溢利亦不影響會計溢利的交易的資產和負債所引起，則不會確認該等遞延資產和負債。

遞延稅項負債乃就於附屬公司之投資所產生之暫時應課稅差額確認，惟倘本集團能控制暫時差額之撥回以及暫時差額有機會不會於可見將來撥回除外。可扣減暫時差額產生之遞延稅項資產(與該等投資有關)僅於可能將有足夠應課稅溢利可動用暫時差額之利益，且彼等預期於可預見將來撥回之情況下予以確認。

遞延稅項資產賬面值於報告期間結算日檢討，並於不可能有足夠應課稅溢利以收回全部或部分資產時作出扣減。

遞延稅項資產及負債乃按照於報告期間結算日已實施或大致實施之稅率及稅法，於清償有關負債或變賣有關資產時，按預計有關期間適用稅率計算。

2. Summary of significant accounting policies (continued)

(i) Taxation (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred taxes for investment property that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. Current and deferred tax are recognised in profit or loss.

For the purpose of measuring deferred tax arising from investment property that is measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolio and concluded that the Group's investment property is held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time.

Therefore, in determining the Group's deferred taxation on investment property, the directors of the Company have determined that the presumption that the carrying amounts of investment property measured using the fair value model are recovered entirely through sale is rebutted. Accordingly, deferred tax relating to investment property is determined on the basis of recovery through use.

The Group considers the lease as a single transaction in which the asset and liability are integrally linked, so there is no net temporary difference at inception. Subsequently, as differences arise on settlement of the liability and the amortisation of the leased asset, there will be a net temporary difference on which deferred tax is recognised.

2. 主要會計政策概要(續)

(i) 稅項(續)

遞延稅項負債及資產之計量反映出於報告期間結算日將依循本集團所預計以收回或清償其資產及負債賬面金額之方式之稅務後果。

在計算以公平值計量之投資物業的遞延稅項資產時，其賬面價值假定是從出售中全部收回，除非被駁回。當投資物業是可折舊的，以及是透過按隨時間消耗大部分含於該等投資物業經濟利益的商業模式持有，而不是通過出售，以上假設將被駁回。

倘有法定可行使權利將即期稅項資產及即期稅項抵銷，且兩者與同一稅務機構徵收之所得稅有關，而本集團擬按淨額基準結算即期稅項資產及負債，則可抵銷遞延稅項資產及負債。即期及遞延稅項於損益確認。

就計量採用公平價值模式計量的投資物業所產生遞延稅項而言，本公司董事已檢視本集團的投資物業組合，總結本集團的投資物業乃根據旨在將投資物業所包含絕大部分之經濟利益隨著時間消耗之商業模式持有。

因此，於釐定本集團投資物業的遞延稅項時，本公司董事認為按公平價值模式計量的投資物業賬面金額將透過出售方式全數收回的假設將被推翻。因此，有關投資物業的遞延稅項以透過使用收回基準釐定。

本集團將租賃視為資產及負債緊密相連的單一交易，因此開始時並無臨時差異淨額。隨後，由於結付負債及租賃資產攤銷產生差異，則就產生臨時差異淨額確認遞延稅項。

2. Summary of significant accounting policies (continued)

(j) Impairment losses on non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of non-financial assets are estimated individually, or when it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated to reduce the carrying amount of the assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2. 主要會計政策概要(續)

(j) 非金融資產減值虧損

於各呈報期結算日，本集團審閱其有限期非金融資產之賬面值，以確定有否任何跡象顯示該等資產蒙受減值虧損。倘存在任何有關跡象，則會估計相關資產之可收回金額，以確定減值虧損(如有)的程度。

非金融資產可收回金額會單獨評估，或於倘無法估計個別資產的可收回金額，則本集團將估計資產所屬現金產生單位之可收回金額。倘可識別合理一致的分配基準，公司資產亦會被分配至個別現金產生單位，否則會被分配至可識別合理一致的分配基準之最小現金產生單位組別中。

可收回金額為公平值減出售成本與使用價值之較高者。評估使用價值時，估計未來現金流量按稅前貼現率貼現至其現值。該貼現率反映現時市場對貨幣時間值及未調整未來現金流量估計之資產(或現金產生單位)特定風險的評估。

倘估計資產(或現金產生單位)的可收回金額低於其賬面值，則資產(或現金產生單位)賬面值扣減至其可收回金額。在分配減值損失時，減值虧損乃根據該單位各項資產的賬面值按比例分配以減少資產的賬面值。資產的賬面值不會被減值至低於其公平價值減去處置費用(如可計量)，其使用價值(如可確定)和零價值之最高價值。原本已分配予該資產的減值損失金額按比例分配給該單位的其他資產。減值虧損即時於損益確認。

倘減值虧損其後撥回，則資產(或現金產生單位)賬面值須增至其重新估計之可回收金額，惟增加後之賬面值不得超過假設該項資產(或現金產生單位)於過往年度未有確認減值虧損而會釐定的賬面值。減值虧損撥回即時於損益中確認。

2. Summary of significant accounting policies (continued)

(k) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets
Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. 主要會計政策概要(續)

(k) 金融工具

當本集團旗下實體成為金融工具合約條文之訂約方時確認金融資產及金融負債。所有以正常方式購買或出售之金融資產按交易日基準確認及剔除確認。正常購買或出售方式指須於規例或市場慣例設定之時限內以交付資產方式購買或出售金融資產。

金融資產及金融負債初步按公平值計量，除顧客合約產生的應收賬款初步根據香港財務報告準則第15號計量除外。收購或發行金融資產及金融負債(按公平值計入損益(「公平值計入損益」)之金融資產或金融負債除外)產生之直接應佔交易成本，於初步確認金融資產或金融負債之公平值加入或扣除(視適用情況而定)。

收購按公平值計入損益之金融資產或金融負債時產生之直接應佔交易成本即時於損益確認。

實際利率法

實際利率法是一種計算有關期間內金融資產或金融負債之攤銷成本及分配利息收入及利息開支的方法。實際利率指將金融資產或金融負債在預計年期或較短期間(倘適用)之估計未來現金收入及付款(包括構成實際利率的所有已付或已收費用和點數、交易成本及其他溢價或折讓)準確貼現至初步確認時賬面淨值之利率。

金融資產

金融資產的分類及期後計量
符合以下條件而其後按攤銷成本計量的金融資產：

- 於一個經營模式下持有之金融資產，而其持有的目的是為了收取合約現金流量；及
- 合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

2. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

Financial assets (continued)

All other financial assets are subsequently measured at fair value.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("FVOCI") as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

2. 主要會計政策概要(續)

(k) 金融工具(續)

金融資產(續)

所有其他金融資產其後按公平值計量。

倘符合下列條件，則金融資產乃分類為持作買賣：

- 購入的主要目的以於短期內出售；或
- 於初始確認時，其為本集團共同管理之可識別金融工具組合的一部分，並具有短期套利的近期實際模式；或
- 其屬並非指定及作為對沖工具生效的衍生工具。

此外，倘若可消除或大幅減少會計錯配，則本集團可不可撤銷地指定符合按攤銷成本或按公平值計入其他全面收益(「按公平值計入其他全面收益」)之金融資產按公平值計入損益。

攤銷成本及利息收入

其後按攤銷成本計量的金融資產乃使用實際利息法予以確認。利息收入乃對一項金融資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的金融資產除外。就其後出現信貸減值的金融資產而言，自下一報告期間起，利息收入乃對金融資產攤銷成本應用實際利率予以確認。倘信貸減值金融工具的信貸風險好轉，使金融資產不再出現信貸減值，於釐定資產不再出現信貸減值後，自報告期間初始起利息收入乃對金融資產賬面總值應用實際利率予以確認。

2. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

Financial assets (continued)

Financial assets at FVPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI or designated as FVOCI are measured at FVPL.

Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset which is included in the “interest and investment gains/(losses)” line item.

Financial assets at FVOCI

Where the Group’s management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as “interest and investment gains/(losses)” when the Group’s right to receive payments is established.

Impairment of financial assets

The Group recognises a loss allowance for expected credit loss (“ECL”) on financial assets which are subject to impairment requirements under HKFRS 9 (including trade and other receivables, time deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 30 for further details.

2. 主要會計政策概要(續)

(k) 金融工具(續)

金融資產(續)

按公平值計入損益之金融資產

不符合按攤銷成本或按公平值計入其他全面收益或指定為按公平值計入其他全面收益標準的金融資產會以按公平值計入損益計量。

於每個報告期間末按公平值計入損益之金融資產按公平值計量，任何公平值收益或虧損確認入損益。確認入損益中之淨收益或虧損不包括計入「利息及投資收益／(虧損)」項目的自金融資產賺取的任何股息或利息。

按公平值計入其他全面收益之金融資產

倘本集團管理層選擇於其他全面收益內呈列股本投資之公平值收益及虧損，則於終止確認投資後不會將公平值收益及虧損其後重新分類至損益。來自有關投資之股息將於本集團收取付款權利確立時繼續於損益中確認為「利息及投資收益／(虧損)」。

金融資產減值

本集團就金融資產的預期信貸損失(「預期信貸損失」)確認虧損撥備，有關撥備受香港財務報告準則第9號之減值要求(包括應收賬款及其他應收款項、定期存款及銀行結存)所限。預期信貸損失金額於各報告日更新，以反映自初始確認以來信貸風險的變動。

本集團對其按攤銷成本列賬及按公平值計入其他全面收益列賬的債務工具的相關預期信貸損失將會作出前瞻性基準評估。所用的減值方法取決於信用風險有否顯著增加。

就應收賬款而言，本集團應用香港財務報告準則第9號允許的簡化方法，規定自初始確認應收款項起確認預期全期虧損，進一步詳情請參閱附註30。

2. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

Impairment of financial assets (continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

2. 主要會計政策概要(續)

(k) 金融工具(續)

金融資產減值(續)

信貸風險大幅增加

於評估信貸風險是否自初始確認以來已大幅增加時，本集團將於報告日金融工具發生違約的風險，與於初始確認日期金融工具發生違約的風險進行比較。於進行此評估時，本集團考慮合理而具理據的定量及定質資料，包括過往經驗及可在毋須付出不必要成本或資源即可取得的前瞻性資料。

尤其是，當評估信貸風險是否已大幅增加時，將會考慮以下資料：

- 金融工具的外部(如有)或內部信貸評級實際或預期發生重大惡化；
- 外在市場信貸風險指標顯著惡化，例如信貸利差大幅增加、債務人的信貸違約掉期價格；
- 目前或預測業務、財務或經濟狀況出現不利變動，預期會大幅削弱債務人履行其債務責任的能力；
- 債務人營運業績實際或預期出現大幅惡化；
- 法規、經濟或債務人的技術環境實際或預期出現重大不利變動，導致大幅削弱債務人履行其債務責任的能力。

除非本集團有合理及具理據的資料另有所指，不論上述評估的結果為何，當合約款項逾期超過30日，本集團即假設信貸風險自初始確認以來已大幅增加。

2. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

Impairment of financial assets (continued)

Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. 主要會計政策概要(續)

(k) 金融工具(續)

金融資產減值(續)

信貸風險大幅增加(續)

儘管如上文所述，倘債務工具於報告日釐定為具低信貸風險，本集團假設債務工具信貸風險自初始確認以來並無大幅增加。倘出現以下情況，債務工具即釐定為具低信貸風險：i) 其違約風險低；ii) 借款人於近期擁有強健能力，以滿足其合約現金流的責任；及iii) 於較長遠的時期內，經濟及業務狀況的不利變動可能但不一定降低借款人滿足其合約現金流責任的能力。當債務工具的內部或外部信貸評級獲得符合全球公認的「投資級別」定義時，本集團即認為債務工具的信貸風險為低。

本集團定期監控用以識別信貸風險有否顯著增加的標準之效益，且修訂標準(如適當)來確保標準能在金額逾期前識別信貸風險顯著增加。

違約定義

就內部信貸風險管理而言，本集團認為，違約事件在內部制訂或得自外界來源的資料顯示債務人不大可能悉數向債權人(包括本集團)還款(未計及本集團所持任何抵押品)時發生。

不論以上所述，本集團認為除非本集團有合理及具理據資料來顯示更加滯後的違約標準更為恰當，工具逾期超過90日後即產生違約。

2. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

Impairment of financial assets (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

2. 主要會計政策概要(續)

(k) 金融工具(續)

金融資產減值(續)

信貸減值金融資產

金融資產在一項或以上違約事件(對該金融資產估計未來現金流量構成不利影響)發生時已屬信貸減值。金融資產已信貸減值的證據包括有關下列事件的可觀察數據:

- (a) 發行人或借款人的重大財困;
- (b) 違反合約(如違約或逾期事件);
- (c) 借款人的貸款人因有關借款人財困,以經濟或合約理由而向借款人批出在其他情況不會考慮之寬免;
- (d) 借款人將可能陷入破產或其他財務重組;或
- (e) 金融資產的活躍市場因財政困難而消失。

撇銷政策

當資料顯示對手方處於嚴重財困及無實際收回可能時(例如對手方被清盤或已進入破產程序時,或倘為應收賬款,則當金額已逾期超過一年(以較早發生者為準)),本集團則撇銷金融資產。經考慮法律意見後(倘合適),遭撇銷的金融資產可能仍須按本集團收回程序進行強制執行活動。撇銷構成取消確認事項。任何其後收回於損益中確認。

預期信貸損失的計量及確認

預期信貸損失的計量為違約概率、違約損失率(即出現違約時的損失程度)以及違約之風險的函數。違約概率及違約損失率的評估乃根據經前瞻性資料調整的歷史數據而作出。預期信貸損失的估算乃無偏概率加權平均金額,以各自發生違約的風險為權重確定。

2. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

Impairment of financial assets (continued)

Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVPL.

2. 主要會計政策概要(續)

(k) 金融工具(續)

金融資產減值(續)

預期信貸損失的計量及確認(續)

一般而言，預期信貸損失為本集團根據合約應收的所有合約現金流，與本集團預期收取的現金流之間的差異，並經於初始確認時釐定的實際利率進行折現。

利息收入乃根據金融資產的賬面總值計算，除由金融資產已作信貸減值，在此情況下，利息收入根據金融資產的攤銷成本計算。

剔除確認金融資產

當只有資產現金流量的合同權利屆滿，或轉移金融資產及幾乎所有該資產的風險和回報所有權給另一個實體時，本集團才剔除確認金融資產。

於全面剔除確認一項金融資產時，資產賬面值與已收及應收代價之總和間之差額於損益確認。

金融負債及股本工具

分類為債務或權益

本集團旗下實體發行之債務及股本工具按所訂立訂約安排內容以及金融負債及股本工具之定義分類。

股本工具

股本工具為體現實體資產經扣除所有負債後餘下權益之任何合約。由本公司發行的股本工具在已收所得款項扣除直接發行成本後確認。

購回本公司股本直接在權益中確認及扣除。購買、出售、發行或註銷本公司的股本工具並不會於損益中確認任何收益或虧損。

金融負債

所有金融負債隨後使用實際利率法按攤銷成本或按公平值計入損益計量。

2. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at amortised cost

Financial liabilities including bank borrowings, bonds and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(l) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities unless payment is not due within 12 months after the reporting period.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. 主要會計政策概要(續)

(k) 金融工具(續)

金融負債及股本工具(續)

按攤銷成本計量之金融負債

金融負債包括銀行借貸、債券、應付賬款及其他應付款項，其後採用實際利率法按攤銷成本計量。

衍生金融工具

衍生工具初始於衍生合同訂立之日按公平值確認，其後在報告期間末重新計量其公平價值。所產生的收益或虧損立即於損益中確認。

剔除確認金融負債

本集團之金融負債會於及只會於本集團之責任遭免除、註銷或屆滿時剔除確認。剔除確認之金融負債賬面值與已付及應付代價間之差額於損益確認。

(l) 應付賬款及其他應付款項

應付賬款及其他應付款項初始按公平值確認及其後使用實際利率法按攤銷成本計量。除非付款並非報告期間後12個月內到期，否則應付賬款及其他應付款項會分類為流動負債。

(m) 存貨

存貨以成本及可變現淨值較低者入賬。存貨成本以加權平均方法計算。可變現淨值指存貨估計售價減所有估計完成成本及銷貨所需成本。

(n) 借貸成本

因收購、建設或生產合資格資產(即需相當長時間準備方可作擬定用途或出售的資產)而直接產生的借貸成本計入該等資產的成本，直至該等資產實質可作擬定用途或出售為止。

所有其他借貸成本均於產生期間於損益確認。

2. Summary of significant accounting policies (continued)

(o) Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset. A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

(p) Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company that makes strategic decisions.

(r) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit loss. Trade and other receivables are generally due for settlement within 30 days and therefore are all classified as current.

(s) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial instruments and short-term bank deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. 主要會計政策概要(續)

(o) 短期僱員福利

短期僱員福利在僱員提供服務時以預計須支付的未折現福利金額確認。所有短期僱員福利確認為費用，除非另一項香港財務報告準則要求或允許將該利益納入資產成本。在扣除已經支付的任何金額後，對僱員應得的福利(如工資、薪金和年假)確認為負債。

(p) 退休福利成本

定額供款退休福利計劃供款，在僱員提供服務而有權獲得供款時列作支出。

(q) 分部報告

經營分部與呈報予主要營運決策者(「主要營運決策者」)的內部報告方式一致。資源分配及對營運分部表現評估之主要營運決策者，已確定為作出主要營運決策之本公司執行董事。

(r) 應收賬款及其他應收款項

應收賬款及其他應收款項初始按公平值確認及其後使用實際利率法按攤銷成本，扣除預期信貸損失撥備而計量。應收賬款及其他應收款項一般於30天內到期，因此全部分類為流動。

(s) 現金及現金等值物

就於綜合現金流量表呈列而言，現金及現金等值物包括手頭現金、金融工具之通知存款及隨時可轉換已知金額現金及承受不重大價值變動風險，且原到期日為三個月或以下的短期銀行存款。

(t) 股本

普通股分類為權益。直接歸屬於發行新股份或購股權的新增成本在權益中列為所得款項的扣減項目(扣除稅項)。

2. Summary of significant accounting policies (continued)

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(v) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(w) Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2. 主要會計政策概要(續)

(u) 借貸

借貸最初乃按公平值(扣除已產生的交易成本)確認。借貸其後按攤銷成本列賬。如扣除交易成本之後的所得款項與贖回價值之間出現差額，則於借貸期內以實際利率法確認。在貸款將很有可能部份或全部將獲提取的情況下，就設立貸款融資支付的費用乃確認為貸款交易成本。在此情況下，該費用將遞延至提取貸款發生時。

在並無跡象顯示該融資將很有可能部份或全部將獲提取的情況下，該費用撥充資本作為流動資金服務的預付款項，並於其相關融資期間內予以攤銷。

當合約列明的債務被解除、取消或到期時，借貸自財務狀況表中刪除。已消除或轉撥至另一方的金融負債的賬面值與已付代價的差額，包括任何已轉撥的非現金資產或已承擔負債，在損益中確認為融資成本。

除非本集團擁有無條件權利將負債之結算遞延至報告期間後最少12個月，否則借貸分類為流動負債。

(v) 利息收入

利息收入採用實際利率法按時間比例確認。

(w) 股息分派

就於報告期間末或之前已宣派但於報告期末間並未分派之任何股息金額(已經適當授權及再不由實體酌情決定)作出撥備。

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant estimates and assumptions concerning the future may be required in selecting and applying accounting methods and policies in these financial statements. The Group bases its estimates and assumptions on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates or assumptions.

The following is a review of the more significant estimates and assumptions used in the preparation of these financial statements.

(a) Fair value of financial assets at FVPL and financial assets at FVOCI

The fair value of financial assets at FVPL and financial assets at FVOCI that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and determine the fair values primarily based on the purchase price paid by the Group, net asset value and taking into account of the analysis of the investees' financial trends and results, risk profile, prospects, industry trends and other factors. The key assumptions adopted on projected cash flow are based on management's best estimates.

(b) Valuation of investment property

The fair value of investment property under development is determined by reference to independent valuation. For the Group's investment property under development, the fair value reflects the expectations of market participants of the value of the property when it is completed, less deductions for the costs required to complete the project and appropriate adjustments for profit and risk. The valuation and all key assumptions used in the valuation should reflect market conditions at the end of each reporting period. The key assumptions include relevant market rents, capitalisation rates, estimated total construction costs for the proposed development and the cost that have been expended on the development works in arriving at the market value of the property.

3. 關鍵會計估計及判斷

根據過往經驗及其他因素，包括在有關情況下相信為合理之對未來事件之預測，估計和判斷會被持續評估。

在選擇會計方法及政策以及將其應用於集團之財務報表時，可能需要作出有關未來的關鍵估計及假設。本集團乃根據過往經驗及其認為在當時情況下屬於合理之多項其他假設作出其估計及假設。實際結果可能會與該等估計及假設不同。

以下概述於編製財務報表時較重要的估計及假設。

(a) 按公平值計入損益的金融資產及按公平值計入其他全面收益的金融資產的公平值

非於活躍市場交易的按公平值計入損益的金融資產及按公平值計入其他全面收益的金融資產之公平值乃使用估值技術釐定。本集團按其判斷選擇多項方法，主要按本集團支付的收購價、資產淨值，經考慮對投資對象的財務趨勢及業績、風險組合、前景、行業趨勢的分析及其他因素後釐定公平值。預期現金流量所採納的主要假設乃根據管理層的最佳估算。

(b) 投資物業估值

在建投資物業的公平值乃參照獨立估值釐定。就本集團的在建投資物業而言，公平值反映市場參與者對該物業於竣工時價值的預期，扣減完成該項目所需的成本及就溢利及風險作出適當調整。估值及進行估值時採用之所有主要假設應反映於每個報告期末日之市場狀況。主要假設包括相關市場租金、資本化比率、估計建議發展的總建設成本及開發工作已支付的成本而釐定物業市值。

4. Turnover

Turnover represents the amount received and receivable for goods sold by the Group to the customers (net of discounts), income from concessionaire sales, income from APO sales, service income and rental income during the year in Hong Kong, and is analysed as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Recognised at a point in time:	在某個時間點確認：		
Sales of goods — direct sales	貨品銷售 — 自營銷售	1,212,022	1,562,484
Recognised over time:	隨著時間確認：		
Income from concessionaire sales	來自特許專櫃銷售之收入	1,698,204	2,095,041
Income from APO sales	來自銷售後訂單銷售之收入	461,455	535,326
Service income	服務收入	129,404	125,470
Revenue from contracts with customers	與顧客合約的收益	3,501,085	4,318,321
Rental income	租金收入	40,947	39,689
Total turnover	總營業額	3,542,032	4,358,010

The Group recognises revenue from the following major sources which arise from contracts with customers:

For direct sales of goods, revenue is recognised when control of the goods is transferred, being at the point the customer purchases the goods at the department stores. Payment of the transaction price is due immediately at the point the customer purchases the goods.

For income from concessionaire and APO sales, the concessionaires and consignors will pay the Group at the higher of minimum guarantee commission and certain percentage of their sales in accordance with the terms of contracts. The Group receives the entire sales proceeds from customers on behalf of the concessionaires and consignors and reimburse the sales proceeds back to concessionaires and consignors after deducting its share of the income.

4. 營業額

營業額指本集團年內於香港向顧客出售貨品的已收及應收款項減折扣、來自特許專櫃銷售之收入、來自銷售後訂單銷售之收入、服務收入以及租金收入，茲分析如下：

本集團確認來自以下主要來源(與顧客的合約)的收益：

就自營銷售貨品而言，收益於貨品的控制權轉移時確認，即顧客於百貨公司購買貨品之時。交易價格付款於顧客購買貨品之時立刻到期。

就來自特許專櫃及銷售後訂單銷售收入而言，特許專櫃及寄售商將根據合約條款按最低保證佣金及若干銷售百分比(以較高者為準)支付佣金。本集團代表特許專櫃及寄售商向顧客全數收取銷售所得款，並於扣除佣金收入後將銷售所得款退還予特許專櫃及寄售商。

5. Segment information

The Group's operating activities are attributable to a single operating segment under HKFRS 8 "Operating Segments" which focuses on the operation of department stores, property development and investment in Hong Kong. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies that conform to HKFRSs as disclosed in note 2, that are regularly reviewed by the chief operating decision makers ("CODM") (i.e. the executive directors of the Company). The CODM regularly reviews revenue analysis and profit for the year of the Group as a whole to make decisions about resource allocation. Accordingly, no separate segment information other than entity level information is prepared.

The Group's operations are located in Hong Kong. The Group's non-current assets are all based in Hong Kong. The Group has no customers that contributed over 10% of the total revenue of the Group for the current year (2018: Same).

6. Other income, gains and losses

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Management fee income	管理費收入	76,463	64,953
Credit card recharge	信用卡費用回扣	25,295	28,107
Net exchange gain/(loss)	淨匯兌收益/(虧損)	20,531	(10,091)
Others	其他	24,876	25,538
		147,165	108,507

7. Interest and investment gains/(losses)

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Interest income on bank deposits	銀行存款之利息收入	201,670	159,022
Dividend income from financial assets at FVPL	按公平值計入損益之金融資產之股息收入	59,650	74,934
Dividend income from financial assets at FVOCI	按公平值計入其他全面收益之金融資產之股息收入	2,919	—
Interest income from financial assets at FVPL	按公平值計入損益之金融資產之利息收入	72,086	11,052
Fair value change of financial assets/liabilities at FVPL	按公平值計入損益之金融資產/負債之公平值變動	403,851	(515,979)
		740,176	(270,971)

5. 分部資料

根據香港財務報告準則第8號「經營分部」，本集團的經營活動歸屬於單一經營分部，在香港專注於百貨店的經營、物業發展及投資。該經營分部乃根據符合香港財務報告準則(如附註2所露)的會計政策編製的內部管理報告確定，並由主要營運決策者(「主要營運決策者」)(即本公司執行董事)定期審閱。主要營運決策者定期審閱本集團整體收益分析及年內溢利，以作出資源分配決策。因此，並無編製實體資料以外的個別分部資料。

本集團的業務位於香港。本集團的非流動資產以香港為基地。於本年度，本集團並無顧客貢獻超過本集團總收益10%。(二零一八年：相同)

6. 其他收入、收益及虧損

7. 利息及投資收益/(虧損)

8. Finance costs

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Interest expenses on:	以下項目之利息：		
Bank borrowings	銀行借貸	340,011	281,896
Bonds	債券	266,956	212,676
Lease liabilities	租賃負債	12,355	—
		619,322	494,572
Less: Amounts capitalised in construction in progress and investment property under development	減：在建工程及在建投資物業之資本化金額	(254,084)	(212,385)
		365,238	282,187

Borrowing costs capitalised are interest expenses incurred for financing the development of qualifying assets. The capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 3.5% (2018: 2.7%) per annum.

已資本化之借貸成本為就發展中的合資格資產之融資所產生的利息支出。用於合資格資本化的借貸成本之資本化年利率為3.5% (二零一八年：2.7%)。

9. Taxation

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Hong Kong Profits Tax:	香港利得稅：		
Current tax	本期稅項	334,021	423,874
Overprovision in prior years	過往年度過多撥備	(30,546)	(454)
		303,475	423,420
Deferred tax (credit)/charge (note 25)	遞延稅項(抵扣)/支出(附註25)	(27,975)	48,886
		275,500	472,306

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "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%. 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%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

9. 稅項

於二零一八年三月二十一日，香港立法會通過《2017年稅務(修訂)(第7號)條例草案》(「條例草案」)，引入利得稅兩級制。該條例草案於二零一八年三月二十八日經簽署成為法律，並於翌日刊憲。根據利得稅兩級制，合資格集團實體首2百萬港元溢利的稅率為8.25%，而超過2百萬港元溢利的稅率為16.5%。集團實體之溢利不符合利得稅兩級制將繼續以單一16.5%稅率納稅。

本公司董事認為，於實施利得稅兩級制後涉及之金額就綜合財務報表而言並不重大。香港利得稅乃根據兩個年度之估計應課稅溢利按16.5%計算。

9. Taxation (continued)

The taxation for the year can be reconciled to the profit before taxation in the consolidated statement of profit or loss and other comprehensive income as follows:

9. 稅項(續)

本年度稅項與綜合損益及其他全面收益表所示除稅前溢利之對賬如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Profit before taxation	除稅前溢利	2,166,176	2,162,376
Tax at Hong Kong Profits Tax rate	按香港利得稅率計算之稅項	357,419	356,792
Tax effect of income not taxable for tax purposes	毋須課稅收入之稅項影響	(109,228)	(45,017)
Tax effect of expense not deductible for tax purposes	不可扣稅開支之稅項影響	38,480	153,489
Tax effect on utilisation of tax losses previously not recognised	動用早前未確認稅項虧損之稅項影響	(1,327)	(192)
Tax effect of tax losses not recognised	未確認稅項虧損之稅項影響	21,278	7,642
Overprovision in prior years	過往年度過多撥備	(30,546)	(454)
Others	其他	(576)	46
Taxation for the year	本年度稅項	275,500	472,306

10. Profit for the year

10. 本年度溢利

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Profit for the year has been arrived at after charging/(crediting):	本年度之溢利已扣除/(計入)下列項目：		
Directors' remuneration (note 11):	董事酬金(附註11)：		
Fees	袍金	2,600	2,600
Salaries and allowances	薪酬及津貼	8,400	7,500
Bonus	花紅	—	15,000
Retirement benefits scheme contributions	退休福利計劃供款	36	36
Staff costs, excluding directors' remuneration	除董事酬金外之員工成本	11,036	25,136
Salaries and wages	薪酬及工資	211,949	229,036
Retirement benefits scheme contributions, net of forfeited contributions for staff	退休福利計劃供款減沒收員工供款	8,725	8,888
Total staff costs	總員工成本	231,710	263,060
Auditor's remuneration	核數師酬金	2,376	2,364
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	271,384	185,078
Rental expenses relating to variable lease payments	可變租賃付款相關之租金支出	62,811	—
Rental payments paid under operating lease in respect of leasehold land and buildings	就經營租約下租賃土地及樓宇支付之租金款項	—	171,739
(Gain)/loss on disposal/write-off of property, plant and equipment	出售/撇銷物業、廠房及設備之(收益)/虧損	(168)	2,922
Cost of inventories recognised as expenses (Reversal of provision)/provision for trade and other receivables, net	確認為支出之存貨成本 應收賬款及其他應收款項 (撥回)/撥備，淨額	888,869	1,142,748
Provision/(reversal of provision) for obsolete inventories, net (included in cost of sales)	滯銷存貨撥備/(撥回)，淨額 (計入銷售成本)	(11)	18
		22	(26)

11. Directors' and employees' remuneration

Directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and HKCO, are as follows:

		Directors' fees	Salaries and allowances	Bonus*	Contributions to retirement benefits scheme	Total
		董事袍金	薪金及津貼	花紅*	退休福利計劃供款	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
For the year ended 31 December 2019	截至二零一九年十二月三十一日止年度					
Executive directors	執行董事					
Ms. Lau Kam Shim	劉今蟾小姐	200	4,200	—	18	4,418
Mr. Lau Kam Sen	劉今晨先生	200	4,200	—	18	4,418
Non-executive directors	非執行董事					
Mr. Lau Luen Hung, Thomas	劉鑾鴻先生	1,000	—	—	—	1,000
Mr. Doo Wai Hoi, William	杜惠愷先生	200	—	—	—	200
Ms. Lau Yuk Wai, Amy	劉玉慧女士	200	—	—	—	200
Independent non-executive directors	獨立非執行董事					
Mr. Lam Siu Lun, Simon	林兆麟先生	200	—	—	—	200
Mr. Shek Lai Him, Abraham	石禮謙先生	200	—	—	—	200
Mr. Hui Chiu Chung	許照中先生	200	—	—	—	200
Mr. Ip Yuk Keung	葉毓強先生	200	—	—	—	200
		2,600	8,400	—	36	11,036
For the year ended 31 December 2018	截至二零一八年十二月三十一日止年度					
Executive directors	執行董事					
Ms. Lau Kam Shim	劉今蟾小姐	200	3,750	7,500	18	11,468
Mr. Lau Kam Sen	劉今晨先生	200	3,750	7,500	18	11,468
Non-executive directors	非執行董事					
Mr. Lau Luen Hung, Thomas	劉鑾鴻先生	1,000	—	—	—	1,000
Mr. Doo Wai Hoi, William	杜惠愷先生	200	—	—	—	200
Ms. Lau Yuk Wai, Amy	劉玉慧女士	200	—	—	—	200
Independent non-executive directors	獨立非執行董事					
Mr. Lam Siu Lun, Simon	林兆麟先生	200	—	—	—	200
Mr. Shek Lai Him, Abraham	石禮謙先生	200	—	—	—	200
Mr. Hui Chiu Chung	許照中先生	200	—	—	—	200
Mr. Ip Yuk Keung	葉毓強先生	200	—	—	—	200
		2,600	7,500	15,000	36	25,136

The executive directors' emoluments shown above were for their services in connection with management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were for their services as directors of the Company.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

* The bonus was determined with reference to performance and market trends.

11. 董事及僱員酬金

年內董事的酬金已根據適用的上市規則及香港公司條例披露，酬金如下：

上述執行董事酬金乃彼等向本公司及本集團管理事務上提供服務之董事酬金。

上述非執行董事酬金乃彼等作為本公司之董事所提供服務之酬金。

上述獨立非執行董事酬金乃彼等作為本公司董事所提供服務之酬金。

* 花紅取決於集團業績及市場趨勢。

11. Directors' and employees' remuneration (continued)

There was no arrangement under which a director waived or agreed to waive any remuneration during the years.

Of the five highest paid individuals of the Group for the year ended 31 December 2019, two of them (2018: two) were directors of the Company whose remuneration are disclosed above. The remaining three (2018: three) are employees of the Group, details of whose remuneration are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Employees:	僱員：		
Salaries, allowances and other benefits	薪金、津貼及其他福利	5,700	5,986
Retirement benefits scheme contributions	退休福利計劃供款	54	54
Performance related incentive payments	與表現掛鈎獎金	—	778
		5,754	6,818

The emoluments of the remaining three (2018: three) were within the following bands:

		2019 二零一九年 HK\$'000 人數	2018 二零一八年 HK\$'000 人數
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	1	—
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	1	1
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	—	1
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	1	1

During the year ended 31 December 2019, no remuneration was paid by the Group to the directors of the Company or the three (2018: three) highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

11. 董事及僱員酬金(續)

於年內，沒有董事放棄或同意放棄任何酬金之安排。

截至二零一九年十二月三十一日止年度，本集團五名最高薪人士中，兩名(二零一八年：兩名)為本公司董事，彼之酬金於上文披露。另外三名(二零一八年：三名)則為本集團僱員，彼等之酬金詳情載列如下：

其餘三名(二零一八年：三名)最高薪人士之薪酬介乎以下範圍：

截至二零一九年十二月三十一日止年度，本集團並無向本公司董事或三名(二零一八年：三名)最高薪僱員支付酬金，以吸引彼等加入本集團或作為加入本集團之獎金或離職補償。

12. Dividends

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Dividends paid in cash and recognised as distributions during the year:	年內以現金派付及確認為分派的股息：		
Final dividend for prior year: HK cents 37.0 per share (2018: HK cents 34.3 per share)	過往年度末期股息： 每股37.0港仙(二零一八年： 每股34.3港仙)	555,709	549,687
Interim dividend for current year: HK cents 30.0 per share (2018: HK cents 29.5 per share)	本年度中期股息： 每股30.0港仙(二零一八年： 每股29.5港仙)	450,575	456,501
Total	總計	1,006,284	1,006,188

Note: Subsequent to the end of the reporting period, the directors of the Company resolved not to recommend payment of a final dividend (2018: HK cents 37.0 per share).

附註：於報告期間結束後，本公司董事決定不建議派付末期股息(二零一八年：每股37.0港仙)。

13. Earnings per share

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

13. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利乃根據以下數據計算：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Earnings for the year attributable to owners of the Company	本年度本公司擁有人應佔盈利		
Earnings for the year attributable to owners of the Company	本年度本公司擁有人應佔盈利	1,890,676	1,690,070

		2019 二零一九年 '000 千股	2018 二零一八年 '000 千股
Number of shares	股份數目		
Weighted average number of ordinary shares	普通股加權平均數	1,501,916	1,567,701

		2019 二零一九年 HK\$1.26	2018 二零一八年 HK\$1.08
Basic and diluted earnings per share	每股基本及攤薄盈利		

13. Earnings per share (continued)

The diluted earnings per share for the year ended 31 December 2019 equals to the basic earnings per share as there are no potential dilutive ordinary shares to issue during the year (2018: Same).

14. Investment property

At 1 January 2018	於二零一八年一月一日	4,620,000
Additions	添置	260,800
Fair value change	公平值變動	251,200
At 31 December 2018	於二零一八年十二月三十一日	5,132,000
Additions	添置	382,736
Adjustments	調整	79,223
Fair value change	公平值變動	(173,959)
At 31 December 2019	於二零一九年十二月三十一日	5,420,000

All of the Group's property interests held under leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment property.

The fair values of the Group's investment property at 31 December 2019 and 31 December 2018 were arrived at based on a valuation using income approach carried out on that date by Cushman & Wakefield was determined based on recent comparable rental transactions in the relevant market (on the assumption that the property had already been completed at the valuation date). It also takes into account the estimated total construction costs for the proposed development and the cost that have been expended on the development works plus the developer's estimated profit and margin for risk. In estimating the fair value of the property, the highest and best use of the property is their current use (2018: Same).

13. 每股盈利(續)

截至二零一九年十二月三十一日止年度的每股攤薄盈利等於每股基本盈利，乃由於年內沒有任何潛在可攤薄普通股(二零一八年：相同)。

14. 投資物業

**Under
development
在建
HK\$'000
千港元**

本集團以賺取租金收入或以資本增值為目的之租賃下持有的所有物業權益採用公平值模式計量，並分類及入賬為投資物業。

本集團投資物業於二零一九年十二月三十一日及二零一八年十二月三十一日的公平值乃根據戴德梁行於該日使用收入法進行估值而釐定，並根據近期相關物業市場的可比租賃交易(假設該物業已在估值日期完成)。其已考慮到估計建議發展的總建設成本及就發展工程已產生的成本，再加上開發商的估算利潤和風險。在估算物業的公平值時，最高和最佳使用為該等物業當前使用用途(二零一八年：相同)。

14. Investment property (continued)

The following table gives information about how the fair values of investment property are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Fair value hierarchy 公平值等級 架構	Valuation technique(s) and key input(s) 估值方法和主要輸入的參數	Significant unobservable input(s) 重大無法觀察的輸入參數	Relationship of unobservable inputs to fair value 無法觀察的輸入參數與公平值的關係
Investment property under development: HK\$5,420 million (2018: HK\$5,132 million) 在建投資物業：5,420百萬港元(二零一八年：5,132百萬港元)			
Level 3 第三級	Income approach The key inputs are: 收入法主要輸入：		
	(1) Capitalisation rate; and 資本化比率；及	Capitalisation rates: 資本化比率： Office: 3.125% (2018: 3.125%) 辦公室：3.125%(二零一八年：3.125%) Retail: 4.000% (2018: 4.000%) 零售：4.000%(二零一八年：4.000%)	The higher the capitalisation rate, the lower the fair value. 資本化比率越高，公平值越低。
	(2) Market rent: 每月市場租金：	Market rent: 市場租金： Office: HK\$39 p.s.f. (2018: HK\$41 p.s.f.) 辦公室：每平方呎39港元 (二零一八年：每平方呎41港元) Retail: HK\$58 p.s.f.(2018: HK\$60 p.s.f.). 零售：每平方呎58港元 (二零一八年：每平方呎60港元)	The higher the price per square foot, the higher the fair value 每平方呎價格越高，公平值越高。
		Estimated project development cost of the property is HK\$5,829 million (2018: HK\$5,829 million) 估算項目發展的物業成本為5,829百萬港元 (二零一八年：5,829百萬港元)	The higher the estimated project development cost, the lower the fair value. 估算項目發展成本越高，公平值越低。
		Developer's estimated profit and margin for risk: 10% (2018: 10%) 開發商的估算利潤和風險：10%(二零一八年：10%)	The higher the developer's estimated profit and margin for risk, the lower the fair value. 開發商的估算利潤和風險越高，公平值越低。

Details of the pledge of assets are set out in note 32.

14. 投資物業(續)

下表載列如何釐定投資物業公平值(尤其是估值方法及所使用輸入參數)的資料以及公平值等級架構，根據公平值等級，公平值計量基於公平值計量參數的可觀察程度分為一至三級。

有關資產抵押詳情載於附註32。

15. Property, plant and equipment

15. 物業、廠房及設備

		Leasehold land and buildings 租賃土地及樓宇 (Note) (附註) HK\$'000 千港元	Store and leasehold improvements 店舖及 租賃物業裝修 (Note) (附註) HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Furniture, fixtures and equipment 傢俬、固定裝置 及設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Construction in progress 在建工程 (Note) (附註) HK\$'000 千港元	Total 總計 HK\$'000 千港元
COST	成本							
At 1 January 2018	於二零一八年一月一日	2,538,642	506,126	235,553	422,550	14,635	3,796,185	7,513,691
Additions	添置	—	50,096	11,625	37,007	—	257,515	356,243
Disposals/write-offs	出售/撤銷	—	(18,027)	(3,153)	(7,694)	—	—	(28,874)
At 31 December 2018	於二零一八年十二月三十一日	2,538,642	538,195	244,025	451,863	14,635	4,053,700	7,841,060
Impact of HKFRS 16 adoption	採納香港財務報告準則第16號影響	—	353,008	—	—	—	—	353,008
At 1 January 2019 (restated)	於二零一九年一月一日(重列)	2,538,642	891,203	244,025	451,863	14,635	4,053,700	8,194,068
Additions	添置	—	19,861	2,899	21,556	802	367,762	412,880
Adjustments	調整	—	—	—	—	—	(79,223)	(79,223)
Disposals/write-offs	出售/撤銷	—	(306)	(99)	(466)	(954)	—	(1,825)
At 31 December 2019	於二零一九年十二月三十一日	2,538,642	910,758	246,825	472,953	14,483	4,342,239	8,525,900
DEPRECIATION	折舊							
At 1 January 2018	於二零一八年一月一日	1,158,564	309,872	155,264	170,236	11,679	—	1,805,615
Provided for the year	年內撥備	47,975	63,527	13,961	58,069	1,546	—	185,078
Disposals/write-offs	出售/撤銷	—	(17,224)	(1,849)	(6,868)	—	—	(25,941)
At 31 December 2018	於二零一八年十二月三十一日	1,206,539	356,175	167,376	221,437	13,225	—	1,964,752
Provided for the year	年內撥備	47,975	150,589	13,448	58,428	944	—	271,384
Disposals/write-offs	出售/撤銷	—	(306)	(99)	(409)	(954)	—	(1,768)
At 31 December 2019	於二零一九年十二月三十一日	1,254,514	506,458	180,725	279,456	13,215	—	2,234,368
NET BOOK VALUES	賬面淨值							
At 31 December 2019	於二零一九年十二月三十一日	1,284,128	404,300	66,100	193,497	1,268	4,342,239	6,291,532
At 1 January 2019 (restated)	於二零一九年一月一日(重列)	1,332,103	535,028	76,649	230,426	1,410	4,053,700	6,229,316
At 31 December 2018	於二零一八年十二月三十一日	1,332,103	182,020	76,649	230,426	1,410	4,053,700	5,876,308

Notes:

Included in construction in progress are borrowing costs capitalised during the year amounting to approximately HK\$120,911,000 (2018: HK\$106,113,000).

From 1 January 2019, leases are recognised as a right-of-use asset (in which leasehold land and properties leases are presented within property, plant and equipment in the consolidated statement of financial position) and a corresponding liability at the date at which the leased asset is available for use by the Group.

附註:

在建工程包括年內已資本化之借貸成本約為120,911,000港元(二零一八年:106,113,000港元)。

自二零一九年一月一日起,租賃乃於租賃資產可供本集團使用日期確認為使用權資產(當中租賃土地及物業租賃乃呈列於綜合財務狀況表之物業、廠房及設備中)及相應負債。

15. Property, plant and equipment (continued)

Details of the right-of-use assets are as follows:

		31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元	1 January 2019 二零一九年 一月一日 HK\$'000 千港元
Right-of-use assets	使用權資產		
Leasehold land	租賃土地	978,260	1,003,235
Store and leasehold improvements	店舖及租賃物業裝修	274,160	358,472
Construction in progress	在建物業	3,400,967	3,473,369
		4,653,387	4,835,076

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Depreciation charge of right-of-use assets	使用權資產折舊支出		
Leasehold land	租賃土地	24,974	—
Store and leasehold improvements	店舖及租賃物業裝修	84,313	—
Construction in progress	在建物業	72,402	—
		181,689	—

There are no addition of right-of-use assets during the year.

In 2019, the cash outflow related to principal elements of lease liabilities and finance cost were HK\$65,988,000 and HK\$12,355,000 respectively.

Details of the pledge of assets are set out in note 32.

年內並無添置使用權資產。

於二零一九年，租賃負債本金部分及融資成本相關之現金流出分別為65,988,000港元及12,355,000港元。

有關資產抵押詳情，載於附註32。

16. Inventories

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Finished goods	製成品	38,644	44,790
Less: provision for obsolete inventories	減：滯銷存貨撥備	(29)	(7)
		38,615	44,783

16. 存貨

17. Trade and other receivables

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Trade receivables, gross	應收賬款，總額	37,322	91,633
Less: Provision for expected credit loss	減：預期信貸損失撥備	(2,201)	(2,212)
		35,121	89,421
Prepayments	預付賬款	30,348	24,892
Deposits paid	已付按金	2,847	2,293
Interest receivables	應收利息	31,070	34,300
Others	其他	3,425	3,875
		102,811	154,781

As at 31 December 2019, trade receivables from contracts with customers amounted to HK\$37,322,000 (2018: HK\$91,633,000).

The Group's retail sales to customers are mainly made in cash, through debit card or credit card payments. Its major trade receivables arising from credit card sales which are normally settled in one to two business days in arrears and the rental income receivables are normally settled 30 days in arrears. The following is an aged analysis of trade receivables net of the expected credit loss presented based on the invoice date:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
0-30 days	0日至30日	27,989	86,079
31-60 days	31日至60日	4,335	3,276
61-90 days	61日至90日	1,703	59
Over 90 days	超過90日	1,094	7
		35,121	89,421

17. 應收賬款及其他應收款項

於二零一九年十二月三十一日，來自顧客合約的應收賬款為37,322,000港元(二零一八年：91,633,000港元)。

本集團向顧客作出的零售銷售主要以現金、透過記賬卡或信用卡付款。本集團主要應收賬款來自一般於一至兩個工作日收回的信用卡銷售及通常於三十日內收回應收租金收入。以下為應收賬款(扣除預期信貸損失)根據發票日期之賬齡分析：

17. Trade and other receivables (continued)
Movement in the provision for expected credit loss on trade receivables

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Balance at beginning of the reporting period	報告期初結餘	2,212	2,194
(Reversal of provision)/provision for expected credit loss recognised	已確認預期信貸損失(撥回)/撥備	(11)	18
Balance at end of the reporting period	報告期末結餘	2,201	2,212

The fair value of the trade and other receivables approximates to its carrying value.

17. 應收賬款及其他應收款項(續)
應收賬款預期信貸損失撥備之變動

應收賬款及其他應收款項之公平值與其賬面值相若。

18. Financial assets at fair value through other comprehensive income

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Non-current assets	非流動資產		
Financial assets at FVOCI:	按公平值計入其他全面收益之金融資產：		
— Equity securities listed overseas	— 於海外上市股票	243,621	—
— Unlisted equity security	— 非上市股票	389,500	—
		633,121	—

Note:

Financial assets at FVOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

At 31 December 2019, certain financial assets at FVOCI were pledged as security for short-term loan facilities granted to the Group. Details of the pledge of assets are set out in note 32.

18. 按公平值計入其他全面收益之金融資產

附註：

按公平值計入其他全面收益之金融資產包括並非持作買賣之股票，而本集團已於初始確認時不可撤銷地選擇於此類別確認有關股票。此乃策略性投資，本集團認為此分類較具關聯。

於二零一九年十二月三十一日，若干按公平值計入其他全面收益之金融資產乃抵押作為獲取授予本集團短期貸款融資。有關資產抵押詳情，載於附註32。

19. Financial assets/liabilities at fair value through profit or loss

19. 按公平值計入損益之金融資產／負債

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Non-current assets	非流動資產		
Financial assets at FVPL:	按公平值計入損益之金融資產：		
— Club debentures	— 會所債券	15,871	19,137
Current assets	流動資產		
Financial assets at FVPL:	按公平值計入損益之金融資產：		
— Equity securities listed in Hong Kong	— 於香港上市股票	756,990	814,245
— Equity securities listed overseas	— 於海外上市股票	750,450	922,514
— Listed debt securities (note a)	— 上市債券(附註a)	1,203,759	434,833
— Listed investment funds	— 上市投資基金	111,960	455,275
— Unlisted hedge funds	— 非上市對沖基金	18,666	161,017
— Unlisted investment funds	— 非上市投資基金	146,721	280,082
— Unlisted debt security	— 非上市債券	234,583	—
— Cross currency and interest rate swaps (notes d and e)	— 交叉貨幣及利率掉期(附註d及e)	51,738	153
— Unlisted equity-linked notes (note c)	— 非上市股權掛鈎債券(附註c)	31,215	—
— Written put options (note b)	— 認沽期權(附註b)	—	12,880
		3,306,082	3,080,999
Current liabilities	流動負債		
Financial liabilities at FVPL:	按公平值計入損益之金融負債：		
— Written put options (note b)	— 認沽期權(附註b)	12	—
— Cross currency and interest rate swaps (notes d and e)	— 交叉貨幣及利率掉期(附註d及e)	—	3,773
		12	3,773

Notes:

- (a) The listed debt securities mainly represent investment in corporate bonds which are mainly listed in Hong Kong and Singapore.

附註：

- (a) 上市債券主要指在香港及新加坡上市之企業債券投資。

19. Financial assets/liabilities at fair value through profit or loss (continued)

Notes: (continued)

- (b) The written put options are derivative financial instruments. Details of the written put options are as follows:

Underlying variables 相關資產	Strike 行使價	Notional amount/ unit 名義金額/ 單位	Expiry date 到期日
At 31 December 2019 於二零一九年十二月三十一日			
1 Month GBP Put US\$ Call 1個月英鎊認沽/美元認購期權	1.2900	GBP 5 million 5百萬英鎊	09 January 2020 二零二零年一月九日
At 31 December 2018 於二零一八年十二月三十一日			
EURO STOXX 50 Index (exercisable only at expiry date) 歐洲斯托克50指數(於到期日才能夠行使)	2,975 to 3,200 points 2,975點至3,200點	643	18 January 2019 to 15 March 2019 二零一九年一月十八日至 二零一九年三月十五日
S&P 500 ETF Trust (exercisable anytime until the expiry date) 標準普爾500指數ETF基金(可於到期日前任何時間行使)	US\$230 to US\$267 230美元至267美元	39,400	18 January 2019 to 15 February 2019 二零一九年一月十八日至 二零一九年二月十五日
Nikkei 225 Index (exercisable only at expiry date) 日經平均指數(於到期日才能夠行使)	20,750 to 22,000 points 20,750點至22,000點	51,000	11 January 2019 to 8 March 2019 二零一九年一月十一日至 二零一九年三月八日

- (c) As at 31 December 2019, the unlisted equity-linked notes were denominated in United States Dollars ("US\$") with a principal amount of US\$4,000,000. They had a tenor of 4 to 5 months. The unlisted equity-linked notes were linked with shares listed in the United Kingdom (the "Underlying Shares"). The final redemption amount at the maturity date was with reference to the performance of the share price of the Underlying Shares. The maturity dates of the unlisted equity-linked notes outstanding as at 31 December 2019 were within one year and were therefore classified as current assets (2018: Nil).

19. 按公平值計入損益之金融資產/負債(續)

附註：(續)

- (b) 認沽期權屬金融衍生工具。認沽期權的詳情如下：

- (c) 於二零一九年十二月三十一日，非上市股權掛鈎債券以美元(「美元」)計值，本金額為4,000,000美元。該等債券年期為4至5個月。非上市股權掛鈎債券與英國的上市股份(「相關股份」)掛鈎。於到期日的最終贖回金額乃參考相關股份的股價表現。於二零一九年十二月三十一日，非上市股權掛鈎債券之到期日在一年內，因此分類為流動資產(二零一八年：無)。

19. Financial assets/liabilities at fair value through profit or loss (continued)

Notes: (continued)

(d) Major terms of the interest rate swaps are as follows:

Notional amount	Period	Pay fixed	Receive floating
名義金額	期間	支付固定 利息之利率	收取浮動利息之利率
At 31 December 2019			
於二零一九年 十二月三十一日			
HK\$500,000,000 each contract 每張合約500,000,000港元	15 July 2019 to 5 September 2024 二零一九年七月十五日至二零二四年九月五日	1.48% p.a. -1.65% p.a. 年息1.48厘至年 息1.65厘	1-month HIBOR 一個月之香港銀行同業拆息
At 31 December 2018			
於二零一八年 十二月三十一日			
HK\$1,300,000,000 each contract 每張合約1,300,000,000港元	3 April 2018 to 3 April 2019/ 29 March 2018 to 29 March 2019 二零一八年四月三日至二零一九年四月三日/ 二零一八年三月二十九日至二零一九年 三月二十九日	1.66% p.a. 年息1.66厘	1-month HIBOR 一個月之香港銀行同業拆息

The Group will pay fixed interest on the notional amount quarterly and receive floating interest on the notional amount monthly based on the interest rate swaps contracts (2018: Same).

These interest rate swap contracts can be terminated by the Group at any time before the maturity date (2018: Same).

19. 按公平值計入損益之金融資產／負債(續)

附註：(續)

(d) 利率掉期之主要條款如下：

按利率掉期合約，本集團將於每季度按名義金額支付固定利息和按名義金額收取每月浮動利息(二零一八年：相同)。

本集團可以於到期日前任何時間終止該等利率掉期合約(二零一八年：相同)。

19. Financial assets/liabilities at fair value through profit or loss (continued)

Notes: (continued)

(e) Major terms of the cross currency swaps are as follows:

Notional amount	Maturity	Pay fixed	Receive fixed	Exchange rate
名義金額	到期日	支付固定 利息之利率	收取固定 利息之利率	匯率

At 31 December 2019

於二零一九年十二月三十一日

US\$50,000,000/HK\$387,500,000 each contract 每張合約50,000,000美元/ 387,500,000港元	26 June 2025 二零二五年六月二十五日	4.32% p.a. -4.38% p.a. 年息4.32厘至年 息4.38厘	4.5% p.a. 年息4.5厘	US\$1:HK\$7.75 1美元兌7.75港元
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The Group will pay fixed interest of 4.32% p.a. to 4.38 p.a. on notional amount of HK\$387,500,000 quarterly and receive fixed interest of 4.5% p.a. on notional amount of US\$50,000,000 semi-annually.

本集團將於每季度按名義金額387,500,000港元支付年息4.32厘至年息4.38厘固定利息和按名義金額50,000,000美元收取半年年息4.5厘固定利息。

At 31 December 2018

於二零一八年十二月三十一日

US\$50,000,000/HK\$387,500,000 each contract 每張合約50,000,000美元/ 387,500,000港元	26 June 2025 二零二五年六月二十六日	4.38% p.a. 年息4.38厘	4.5% p.a. 年息4.5厘	US\$1:HK\$7.75 1美元兌7.75港元
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The Group will pay fixed interest of 4.38% p.a. on notional amount of HK\$387,500,000 quarterly and receive fixed interest of 4.5% p.a. on notional amount of US\$50,000,000 semi-annually.

本集團將於每季度按名義金額387,500,000港元支付年息4.38厘固定利息和按名義金額50,000,000美元收取半年年息4.5厘固定利息。

These cross currency swap contracts can be terminated by the Group at any time before the maturity date. (2018: Same)

本集團可以於到期日前任何時間終止該等交叉貨幣掉期合約(二零一八年:相同)。

At 31 December 2019, certain financial assets at FVPL were pledged as security for short-term loan facilities granted to the Group. Details of the pledge of assets are set out in note 32.

於二零一九年十二月三十一日,若干按公平值計入損益之金融資產已抵押作為獲取授予本集團短期貸款融資。有關資產抵押詳情載於附註32。

20. Cash and cash equivalents and time deposits

Time deposits represent bank deposits with original maturity date of over three months and within one year. The balance as at 31 December 2019 carried fixed interest rates ranging from 2.83% to 3.55% per annum (2018: 2.51% to 4.45% per annum). Cash and cash equivalents and time deposits carried interest at prevailing market rates ranging from 0.01% to 3.78% per annum (2018: 0.01% to 4.35% per annum).

Included in time deposits and cash and cash equivalents are the following amounts denominated in currencies other than the functional currencies of the respective Group entities:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
US\$	美元	2,752,628	621,448
GBP	英鎊	42,645	4,489
RMB	人民幣	27,481	26,569

21. Trade and other payables

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Trade payables	應付賬款	43,674	72,082
Concessionaire sales payables	應付特許專櫃銷售款項	347,085	540,500
APO sales payables	應付銷售後訂單銷售款項	94,262	126,659
Rental deposits received	已收租賃按金	16,193	16,831
Accrued expenses	應計支出	168,873	224,967
Interest payables	應付利息	90,974	37,956
Others	其他	65,214	27,376
		826,275	1,046,371

20. 現金及現金等值物以及定期存款

定期存款為原定到期日超過三個月及於一年內的銀行存款。於二零一九年十二月三十一日之結餘按固定年利率2.83厘至3.55厘計息(二零一八年：年利率2.51厘至4.45厘)。現金及現金等值物以及定期存款按現行市場利率計息，年利率介乎0.01厘至3.78厘(二零一八年：年利率介乎0.01厘至4.35厘)。

定期存款以及現金及現金等值物包括下列以相關集團實體功能貨幣以外貨幣計算的款項：

21. 應付賬款及其他應付款項

21. Trade and other payables (continued)

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
0-30 days	0日至30日	16,128	46,376
31-60 days	31日至60日	23,996	23,114
61-90 days	61日至90日	2	777
Over 90 days	超過90日	3,548	1,815
		43,674	72,082

The average credit period of trade payables and concessionaire sales payables is within 45 days from the invoice date. The Group has financial risk management policies in place to ensure that most payables are settled within the credit time frame.

21. 應付賬款及其他應付款項(續)

以下為於報告期間末應付賬款根據發票日期之賬齡分析：

應付賬款及應付特許專櫃銷售款項之平均信貸期為由發票日期計起45日以內。本集團設有財務風險管理政策，確保大部分應付款項於信貸期限內支付。

22. Contract liabilities

22. 合約負債

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Gift certificates	禮券	134,181	137,071
Deferred advertising income	遞延廣告收入	2,524	13,123
Reward points under customer loyalty program	忠誠獎勵計劃下之積分獎賞	1,589	3,302
		138,294	153,496

		Gift certificates 禮券		Deferred advertising income 遞延廣告收入		Reward points under customer loyalty program 忠誠獎勵計劃下之積分獎賞	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Revenue recognised from contract liabilities at the beginning of the year	年初確認自合約負債之收益	91,964	115,043	13,123	3,480	3,302	8,131

22. Contract liabilities (continued)

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

— Gift certificates

The Group sells gift certificates to customers who redeem them for goods and services offered at the department stores. The gift certificates are non-refundable and valid for three years from the date of issue.

— Deferred advertising income

The Group receives consideration in advance from customers for using the Group's product displaying and advertising services at a future date. The future obligation to deliver the services result in contract liabilities being recognised until the customers receive the service.

— Reward points under customer loyalty program

Under the Group's customer loyalty program, customers who participate in the loyalty program can earn one reward point for every dollar of their spending. For 10,000 points earned, customers can redeem gift certificate with the face value of HK\$50, which can be redeemed for goods or services offered at the department stores. Rewards points earned from preceding twelve months to 30 June expire on 30 September every year.

The following table shows the amount of unsatisfied performance obligations resulting from reward points under customer loyalty program with an original expected duration of one year or more:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Expected to be recognised within one year	預期於一年內確認	1,589	3,302

The following table shows the amount of unsatisfied performance obligations resulting from gift certificates sold to customers with an original expected duration of one year or more:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Expected to be recognised within one year	預期於一年內確認	77,825	79,501
Expected to be recognised after one year	預期於一年後確認	56,356	57,570

22. 合約負債(續)

對經確認合約負債金額構成影響的一般支付條款如下：

— 禮券

本集團向顧客出售禮券，而該禮券可兌換百貨公司提供之貨品及服務。禮券是不可退回及自發出日期起三年內有效。

— 遞延廣告收入

當顧客就未來日期使用本集團產品展示和廣告服務時，本集團會向顧客預先收取代價。於未來提供服務的責任，導致合約負債被確認，直至顧客取得該等服務。

— 忠誠獎勵計劃下之積分獎賞

在本集團之忠誠獎勵計劃下，參與忠誠獎勵計劃之顧客每消費1港元可賺取1分。賺取每滿10,000分後，顧客可兌換面值50港元之禮券，該禮券可兌換百貨公司提供之貨品或服務。每年由六月三十日前十二個月賺取之積分獎賞於其後九月三十日到期。

下表所示為產生自忠誠獎勵計劃(原定預期期限為一年或以上)下之積分獎賞之未達成履約責任金額：

下表所示為產生自向顧客出售之禮券(原定預期期限為一年或以上)之未達成履約責任金額：

23. Bank borrowings

23. 銀行借貸

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Bank borrowings comprise bank loans and are analysed as follows:	銀行借貸由銀行貸款組成，並按以下分析：		
Secured	有抵押	11,712,178	11,214,249
Carrying amount repayable based on contractual repayment dates:	按合約中償還日期分類之應償還賬面值：		
Within one year (Note)	一年內償還(附註)	4,070,966	3,099,958
More than one year, but not exceeding two years	一年後但不超過兩年	3,980,587	496,355
More than two years, but not exceeding three years	兩年後但不超過三年	3,660,625	3,970,841
More than three years, but not exceeding four years	三年後但不超過四年	—	3,647,095
		11,712,178	11,214,249
Less: Amount due within one year shown under current liabilities	減：列入流動負債於一年內到期之款項	(4,070,966)	(3,099,958)
Amount due after one year	一年後到期之款項	7,641,212	8,114,291

Note:

An amount of approximately HK\$573.4 million (2018: HK\$603.6 million) was subject to repayable on demand clauses.

附註：

約573.4百萬港元(二零一八年：603.6百萬港元)款項須受限於按要求償還條款。

23. Bank borrowings (continued)

Variable rate borrowings comprise:

23. 銀行借貸(續)

浮息借貸包括：

		Carrying amount 賬面值	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
HK\$ bank loans at Hong Kong Interbank Offered Rate ("HIBOR") + 0.81% per annum ⁽¹⁾	港元銀行貸款，按香港銀行同業拆息加年息0.81厘計息 ⁽¹⁾	7,478,160	6,963,551
HK\$ bank loans at HIBOR + 0.85% per annum ⁽²⁾	港元銀行貸款，按香港銀行同業拆息加年息0.85厘計息 ⁽²⁾	3,660,625	3,647,095
Swiss franc ("CHF") bank loans at London Interbank Offered Rate ("LIBOR") + 0.65% per annum ⁽³⁾	瑞士法郎銀行貸款，按倫敦銀行同業拆息加年息0.65厘計息 ⁽³⁾	—	5,795
Euro bank loans at Euro Interbank Offered Rate ("EURIBOR") + 0.65% per annum ⁽³⁾	歐羅銀行貸款，按歐洲銀行同業拆息加年息0.65厘計息 ⁽³⁾	—	193,202
Japanese Yen ("JPY") bank loans at LIBOR + 0.65% per annum ⁽³⁾	日元銀行貸款，按倫敦銀行同業拆息加年息0.65厘計息 ⁽³⁾	340,912	404,606
British Pound ("GBP") bank loans at LIBOR + 0.65% per annum ⁽³⁾	英鎊銀行貸款，按倫敦銀行同業拆息加年息0.65厘計息 ⁽³⁾	85,273	—
US\$ bank loans at LIBOR + 0.65% per annum ⁽³⁾	美元銀行貸款，按倫敦銀行同業拆息加年息0.65厘計息 ⁽³⁾	6,100	—
		11,571,070	11,214,249

⁽¹⁾ The bank borrowings comprised approximately HK\$7,500.0 million (2018: approximately HK\$7,000.0 million) and were set off by approximately a HK\$21.8 million (2018: approximately HK\$36.4 million) amortised upfront arrangement fee paid to financial institution. The amount is repayable within two years (2018: three years) and interest rates will be repriced every one month to three months.

⁽²⁾ The bank borrowings comprised approximately HK\$3,691.0 million (2018: approximately HK\$3,691.0 million) and were set off by approximately HK\$30.4 million (2018: approximately HK\$43.9 million) of upfront arrangement fees paid to a financial institution. The amount is repayable in three years (2018: four years) and interest rates will be repriced every one month to three months.

⁽³⁾ Repayable in one year and interest rate will be repriced one to three months.

The range of effective interest rates of the borrowings is 1.78% to 3.29% (2018: 1.54% to 2.89%) per annum.

⁽¹⁾ 此銀行貸款包括約7,500.0百萬港元(二零一八年：約7,000.0百萬港元)，並已由向金融機構支付的攤銷前期安排費用約21.8百萬港元(二零一八年：約36.4百萬港元)抵銷。此金額需於兩年(二零一八年：三年)內償還，而利率每隔一至三個月重新定價。

⁽²⁾ 此銀行貸款包括約3,691.0百萬港元(二零一八年：約3,691.0百萬港元)，並已由向金融機構支付的攤銷前期安排費用約30.4百萬港元(二零一八年：約43.9百萬港元)抵銷。此金額需於三年(二零一八年：四年)內償還，而利率每隔一至三個月重新定價。

⁽³⁾ 需於一年內償還，而利率將每隔一至三個月重新定價。

借貸實際利率幅度介乎年息1.78厘至3.29厘(二零一八年：1.54厘至2.89厘)。

23. Bank borrowings (continued)

At the end of the reporting period, the Group had undrawn banking facilities as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Floating rate	浮息		
— expiring beyond one year	— 一年後到期	7,228,407	7,702,047

24. Bonds

23. 銀行借貸(續)

於報告期間末，本集團之未提取銀行融資額如下：

24. 債券

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Carrying amount repayable:	應償還賬面值：		
More than two years, but not more than three years	超過兩年但不超過三年	2,325,778	—
More than three years, but not more than four years	超過三年但不超過四年	—	2,334,004
More than four years, but not more than five years	超過四年但不超過五年	2,322,256	—
After five years	超過五年	2,314,199	2,322,495
		6,962,233	4,656,499
US\$300.0 million bond with a fixed coupon rate of 4.25% per annum, payable semi-annually, maturing in October 2022	300.0百萬美元債券，固定票面年利率為4.25厘，每半年支付一次，直至二零二二年十月到期為止	2,325,778	2,334,004
US\$300.0 million bond with a fixed coupon rate of 4.875% per annum, payable semi-annually, maturing in July 2024	300.0百萬美元債券，固定票面年利率為4.875厘，每半年支付一次，直至二零二四年七月到期為止	2,322,256	—
US\$300.0 million bond with a fixed coupon rate of 4.50% per annum, payable semi-annually, maturing in June 2025	300.0百萬美元債券，固定票面年利率為4.50厘，每半年支付一次，直至二零二五年六月到期為止	2,314,199	2,322,495
		6,962,233	4,656,499

24. Bonds (continued)

In October 2012, LS Finance (2022) Limited, a wholly owned subsidiary of the Company, concluded a public offering of US\$300.0 million bonds (equivalent to approximately HK\$2,325.0 million). The bonds carry a fixed coupon rate of 4.25% per annum, payable semi-annually in arrears. The bonds, issued at discount, have an effective interest rate of 4.43% per annum. The principal amount of the bonds is repayable 10 years from the date of issue of the bonds, i.e. October 2022 and are unconditionally and irrevocably guaranteed by the Company.

In June 2015, LS Finance (2025) Limited, a wholly owned subsidiary of the Company, concluded a public offering of US\$300.0 million bonds (equivalent to approximately HK\$2,325.0 million). The bonds carry a fixed coupon rate of 4.50% per annum, payable semi-annually in arrears. The bonds, issued at discount, have an effective interest rate of 4.70% per annum. The principal amount of the bonds is repayable 10 years from the date of issue of the bonds, i.e. June 2025 and are unconditionally and irrevocably guaranteed by the Company.

In July 2019, LS Finance (2017) Limited, a wholly owned subsidiary of the Company, concluded a public offering of US\$300.0 million bonds (equivalent to approximately HK\$2,326.0 million). The bonds carry a fixed coupon rate of 4.875% per annum, payable semi-annually in arrears. The bonds, issued at par, have an effective interest rate of 5.03% per annum. The principal amount of the bonds is repayable 5 years from the date of issue of the bonds, i.e. July 2024 and are unconditionally and irrevocably guaranteed by the Company.

The purpose of the bonds is to satisfy funding requirements for capital expenditure relating to store renovation and new department store projects. The bonds are subject to redemption, in whole but not in part, at their principal amounts, together with interest accrued to the date of redemption, at the option of LS Finance (2022) Limited, LS Finance (2025) Limited and LS Finance (2017) Limited at any time in the event of certain changes affecting taxes of the British Virgin Islands and the Cayman Islands. The Bonds also contain a provision for redemption at the option of the bondholders under certain conditions at 101% of the principal amount of each bond, together with interest accrued to the date for redemption, upon a change of controlling shareholder with respect to LS Finance (2022) Limited, LS Finance (2025) Limited or LS Finance (2017) Limited.

24. 債券(續)

於二零一二年十月，本公司的全資附屬公司LS Finance (2022) Limited完成公開發售300.0百萬美元之債券(等值約為2,325.0百萬港元)。債券之固定票面年利率為4.25厘，每半年支付一次。債券以折讓價發行，實際年利率為4.43厘。債券的本金將會在以債券之發行日期計起的十年後償還，即二零二二年十月，並且是由本公司無條件及不可撤回地作擔保。

於二零一五年六月，本集團的全資附屬公司LS Finance (2025) Limited完成公開發售300.0百萬美元之債券(等值約為2,325.0百萬港元)。債券之固定票面年利率為4.50厘，每半年支付一次。債券以折讓價發行，實際年利率為4.70厘。債券的本金將會在以債券之發行日期計起的十年後償還，即二零二五年六月，並且是由本公司無條件及不可撤回地作擔保。

於二零一九年七月，本集團的全資附屬公司LS Finance (2017) Limited完成公開發售300.0百萬美元之債券(等值約為2,326.0百萬港元)。債券之固定票面年利率為4.875厘，每半年支付一次。債券以平價發行，實際年利率為5.03厘。債券的本金將會在以債券之發行日期計起的五年後償還，即二零二四年七月，並且是由本公司無條件及不可撤回地作擔保。

發行債券的目的是滿足有關店舖裝修及新百貨店項目資本開支的資金需求。當任何時間出現改變而影響英屬維爾京群島和開曼群島的稅項時，LS Finance (2022) Limited、LS Finance (2025) Limited及LS Finance (2017) Limited有權選擇贖回全部而非部分的債券之本金連同直至贖回日的應付利息。另外，債券包含一條款，當LS Finance (2022) Limited、LS Finance (2025) Limited或LS Finance (2017) Limited的控股股東有變化的時候，債券持有人於若干條件下可選擇以各債券之101%本金連同直至贖回日的應付利息贖回債券。

25. Deferred tax liabilities

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

		Accelerated tax depreciation 加快稅項 折舊 HK\$'000 千港元	Revaluation of investment property 投資物業 重新估值 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	86,549	135,837	222,386
Charged to profit or loss (note 9)	於損益扣除 (附註9)	7,427	41,459	48,886
At 31 December 2018	於二零一八年 十二月三十一日	93,976	177,296	271,272
Credit to profit or loss (note 9)	於損益抵扣 (附註9)	(876)	(27,099)	(27,975)
At 31 December 2019	於二零一九年 十二月三十一日	93,100	150,197	243,297

At the end of the reporting period, the Group had unused tax losses of approximately HK\$189.8 million (2018: approximately HK\$76.4 million) available for offset against future profits. No deferred tax asset was recognised in respect of tax losses due to unpredictability of future profit streams. Tax losses in Hong Kong may be carried forward indefinitely.

25. 遞延稅項負債

以下為已確認之主要遞延稅項負債以及於本年度及過往年度的變動：

於報告期間末，本集團有未動用稅項虧損約189.8百萬港元(二零一八年：約76.4百萬港元)可用作抵銷日後溢利。由於日後溢利流量難以預測，故並無就此稅項虧損確認遞延稅項資產。香港的稅項虧損均可無限期結轉。

26. Share capital

Details of the changes in the Company's share capital during both years are as follows:

		Number of shares 股份數目	Amount 金額 HK\$'000 千港元
Authorised:	法定：		
Ordinary shares of HK\$0.005 each as at 1 January 2018, 31 December 2018, and 31 December 2019	於二零一八年一月一日、 二零一八年十二月三十一日及 二零一九年十二月三十一日 每股面值0.005港元之普通股	4,000,000,000	20,000
Issued and fully paid:	已發行及繳足：		
At 1 January 2018	於二零一八年一月一日	1,602,586,500	8,013
Shares repurchased and cancelled	股份購回及註銷	(100,670,500)	(503)
At 31 December 2018, and 31 December 2019	於二零一八年十二月三十一日及 二零一九年十二月三十一日	1,501,916,000	7,510

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

26. 股本

於兩個年度，本公司之股本變動詳情如下：

本公司附屬公司於本年度概無購買、出售或贖回本公司任何上市證券。

26. Share capital (continued)

In 2018, the Company repurchased its own ordinary shares through The Stock Exchange as follows:

Month of repurchase	購回月份	No. of ordinary shares of HK\$0.005 each 每股面值0.005港元 普通股數目	Price per share 每股價格		Aggregate consideration paid 已付代價總額 HK\$'000 千港元
			Lowest 最低 HK\$ 港元	Highest 最高 HK\$ 港元	
June	六月	11,420,500	15.6	16.7	185,921
July	七月	11,710,500	15.8	17.1	194,405
August	八月	25,151,000	14.4	15.8	379,813
September	九月	32,112,500	14.7	15.7	489,317
October	十月	20,276,000	13.3	15.5	293,450
		100,670,500			1,542,906

The above ordinary shares were cancelled at 31 December 2018.

26. 股本(續)

於二零一八年，本公司透過聯交所購回其自有普通股如下：

上述普通股於二零一八年十二月三十一日已註銷。

27. Share option scheme

The Company's share option scheme was adopted pursuant to a resolution passed on 3 March 2009 for a period of 10 years for the primary purpose of providing incentives to directors and eligible employees. Under the scheme, the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company. Details of the share option scheme are disclosed in the Directors' Report of this annual report.

The Group did not grant any share option under the share option scheme of the Company for the year and there was no outstanding share option as at 31 December 2019 (2018: Same).

27. 購股權計劃

根據於二零零九年三月三日通過的決議案，本公司之購股權計劃獲採納，為期10年，主要目的為獎勵董事及合資格僱員。根據該計劃，本公司可向合資格僱員，包括本公司及其附屬公司董事授出購股權，以認購本公司股份。此外，本公司可不時向外部第三方授出購股權，以結算向本公司提供的商品或服務。購股權計劃詳情披露於本年報董事會報告。

本集團於本年度內並無根據本公司的購股權計劃授出任何購股權，且於二零一九年十二月三十一日亦無任何尚未行使之購股權(二零一八年：相同)。

28. Commitments

(a) Non-cancellable operating leases

Minimum lease payments receivable on leases are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within one year	一年內	1,468	2,264
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	1,633	254
		3,101	2,518

Leases are generally negotiated for terms ranging from one year to three years.

(b) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
For property, plant and equipment and investment property in relation to the property development project	物業、廠房及設備以及有關物業發展項目之投資物業	4,713,089	918,934

29. 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 stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of bank borrowings and bonds and equity attributable to owners of the Company, comprising issued share capital and reserves including retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and shares buyback as well as issue of new debt or redemption of existing debt.

28. 承擔

(a) 不可撤銷之經營租賃

租賃應收最低租約款項如下：

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within one year	1,468	2,264
In the second to fifth year inclusive	1,633	254
	3,101	2,518

租賃一般按介乎一至三年之年期協商達成。

(b) 資本承擔

於報告期末已訂約惟未確認為負債之重大資本支出如下：

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
For property, plant and equipment and investment property in relation to the property development project	4,713,089	918,934

29. 資本風險管理

本集團管理其資本，以確保本集團之實體能繼續持續經營，同時透過優化債務及股本結餘，為持份者提供最佳回報。本集團之整體策略與去年相同。

本集團之資本架構包括銀行借貸及債券及本公司擁有人應佔權益(包括已發行股本及儲備(包括保留溢利))。

本公司董事定期檢討資本架構。作為該檢討之一部分，本公司董事會考慮資本成本及各類資本相關之風險。根據本公司董事之建議，本集團將透過派付股息、發行新股及股份購回以及發行新債項或贖回現有債項以平衡其整體資本架構。

30. Financial instruments Categories of financial instruments

30. 金融工具 金融工具類別

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Financial assets	金融資產		
Financial assets measured at amortised cost (including cash and cash equivalents)	按攤銷成本計量之金融資產 (包括現金及現金等值物)	8,690,875	6,323,588
Financial assets of FVOCI (note 18)	按公平值計入其他全面收益之金融資產(附註18)	633,121	—
Financial assets at FVPL (note 19)	按公平值計入損益之金融資產 (附註19)	3,321,953	3,100,136
		12,645,949	9,423,724
Financial liabilities	金融負債		
Financial liabilities measured at amortised cost	按攤銷成本計量之金融負債	19,313,350	16,664,410
Financial liabilities at FVPL (note 19)	按公平值計入損益之金融負債 (附註19)	12	3,773
		19,313,362	16,668,183

Financial risk management objectives and policies

The Group's major financial instruments include bank balances and cash, time deposits, financial assets at FVPL and FVOCI, trade and other receivables, trade and other payables, bank borrowings and bonds. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The functional currency of the Company and its majority subsidiaries is HK\$ in which most of the transactions are denominated.

財務風險管理目的及政策

本集團之主要金融工具包括銀行結存及現金、定期存款、按公平值計入損益及按公平值計入其他全面收益之金融資產、應收賬款及其他應收款項、應付及其他應付款項、銀行借貸及債券。該等金融工具之詳情披露於相關附註。該等金融工具相關風險及如何減低有關風險之政策載於下文。管理層會管理及監控該等風險，以確保及時與有效地採取適當措施。

外幣風險

本公司及其大部分附屬公司之功能貨幣為港元，當中大部分交易以港元計值。

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Currency risk (continued)

The Group has certain bank balances and time deposits which are denominated in US\$, GBP and RMB (being currencies other than the functional currency of the respective group entities) amounting to HK\$2,752,628,000 (2018: HK\$621,448,000), HK\$42,645,000 (2018: HK\$4,489,000) and HK\$27,481,000 (2018: HK\$26,569,000), respectively. Furthermore, the Group has certain bank borrowings which are denominated in EUR, JPY, CHF, GBP and US\$ (being currencies other than the functional currency of the respective group entities) amounting to HK\$nil (2018: HK\$193,202,000), HK\$340,912,000 (2018: HK\$404,606,000), HK\$nil (2018: HK\$5,795,000), HK\$85,273,000 (2018: HK\$nil) and HK\$147,208,000 (2018: HK\$nil), respectively. Moreover, the Group has bonds which are denominated in US\$ (being currency other than the functional currency of the respective group entities) amounting to HK\$6,962,233,000 (2018: HK\$4,656,499,000).

In addition, certain financial assets at FVPL are denominated in US\$, EUR, GBP, JPY and RMB (being currencies other than the functional currency of the respective group entities) amounting to approximately HK\$2,099,824,000 (2018: HK\$1,653,322,000), HK\$47,500,000 (2018: HK\$218,061,000), HK\$15,070,000 (2018: HK\$17,181,000), HK\$348,580,000 (2018: HK\$359,191,000) and HK\$nil (2018: HK\$10,137,000), respectively. Certain financial assets at FVOCI are denominated in US\$ and GBP (being currencies other than the functional currency of the respective group entities) amounting to approximately HK\$389,500,000 (2018: HK\$nil), HK\$243,621,000 (2018: HK\$nil).

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Notwithstanding HK\$ is effectively pegged to US\$ under the pegged exchange rate system in Hong Kong, given the Group's large amount of net liabilities denominated in US\$, the Group is still exposed to the exchange risk of US\$ against HK\$ within the band of US\$1 to HK\$7.75 and 7.85. The Group is also exposed to foreign currency risk of US\$/EUR/JPY/GBP against the HK\$ and, in the opinion of the directors of the Company, other foreign currency risks are not significant to the consolidated financial statements and hence no sensitivity analysis is presented.

30. 金融工具(續) 財務風險管理目的及政策(續)

外幣風險(續)

本集團有若干以美元、英鎊及人民幣計值的銀行結存及定期存款(相關集團實體的功能貨幣以外之貨幣),分別為2,752,628,000港元(二零一八年:621,448,000港元)、42,645,000港元(二零一八年:4,489,000港元)及27,481,000港元(二零一八年:26,569,000港元)。此外,本集團有若干以歐羅、日圓、瑞士法郎、英鎊及美元(相關集團實體的功能貨幣以外之貨幣)計值的銀行借貸,分別為零港元(二零一八年:193,202,000港元)、340,912,000港元(二零一八年:404,606,000港元)、零港元(二零一八年:5,795,000港元)、85,273,000港元(二零一八年:零港元)及147,208,000港元(二零一八年:零港元)。此外,本集團以美元(相關集團實體的功能貨幣以外之貨幣)計值的債券,金額為6,962,233,000港元(二零一八年:4,656,499,000港元)。

此外,以美元、歐羅、英鎊、日圓及人民幣(相關集團實體的功能貨幣以外之貨幣)計值的按公平值計入損益的若干金融資產,分別約為2,099,824,000港元(二零一八年:1,653,322,000港元)、47,500,000港元(二零一八年:218,061,000港元)、15,070,000港元(二零一八年:17,181,000港元)、348,580,000港元(二零一八年:359,191,000港元)及零港元(二零一八年:10,137,000港元)。以美元及英鎊(相關集團實體的功能貨幣以外之貨幣)計值的按公平值計入其他全面收益的若干金融資產約為389,500,000港元(二零一八年:零港元)及243,621,000港元(二零一八年:零港元)。

本集團現時並無外幣對沖政策。然而,管理層會監控外匯風險,並於需要時考慮對沖重大外幣風險。

儘管港元在香港聯繫匯率制下與美元掛鉤,鑑於本集團有大量以美元計價的淨負債,本集團仍面對美元兌港元匯率在1美元兌7.75至7.85港元區間之風險。本集團也面對美元/歐羅/日圓/英鎊兌港元的外幣風險,而本公司董事認為,其他外幣風險對綜合財務報表並沒有重大影響,故並無呈報敏感度分析。

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Currency risk (continued)

The following table details the Group's sensitivity to a reasonably possible change of 0.5% (2018: 0.5%) for exchange rate of US\$ against HK\$, and 3% (2018: 3%) in the exchange rate of EUR/JPY/GBP against the HK\$, while all other variables are held constant. Those sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents the management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 0.5% (2018: 0.5%) change in US\$ against HK\$ and a 3% (2018: 3%) change in EUR/JPY/GBP against the HK\$. A positive number below indicates an increase in profit for the year where the HK\$ weakens against the relevant foreign currency. Where the HK\$ strengthens against the relevant foreign currency, there would be an equal and opposite impact on the post-tax profit for the year and the balances below would be negative.

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
US\$ against HK\$	美元兌港元	(9,337)	(11,909)
EUR against HK\$	歐羅兌港元	1,614	746
JPY against HK\$	日圓兌港元	232	(1,362)
GBP against HK\$	英鎊兌港元	6,482	650

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits and fixed coupon rate bonds (2018: fixed rate bank deposits and fixed coupon rate bonds). The Group is also exposed to cash flow interest rate risk relating to the Group's variable-rate bank deposits and bank borrowings. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

30. 金融工具(續) 財務風險管理目的及政策(續)

外幣風險(續)

下表詳列本集團於美元兌港元之匯率可能出現0.5%(二零一八年:0.5%)，以及歐羅/日圓/英鎊兌港元之匯率可能出現3%(二零一八年:3%)合理變動時之敏感度，而所有其他變數維持不變。向主要管理人員內部匯報外幣風險時將使用該等外幣風險敏感率，亦代表管理層對外幣匯率可能合理變動的評估。敏感度分析僅包括於報告期末以外幣計值的貨幣性項目，並以0.5%(二零一八年:0.5%)作美元兌港元及3%(二零一八年:3%)作歐羅/日圓/英鎊兌港元變動進行換算。下列正數表示港元兌相關外幣匯率減弱，使年度溢利增加。當港元兌相關外幣匯率增強時，對年度的除稅後溢利會有相等及相反的影響，使下列結餘成負數。

管理層認為，由於年結日之風險並無反映年內風險，故敏感度分析並不代表固有外匯風險。

利率風險

本集團對有關的固定利率銀行定期存款及固定票面利率債券面對公平值利率風險。(二零一八年:固定利率銀行定期存款及固定票面利率債券)。本集團亦對有關其浮息銀行存款及銀行借貸面對現金流量利率風險。本集團現時並無任何利率對沖政策。然而，管理層會監控利率風險，並於需要時考慮對沖重大利率風險。

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Interest rate risk (continued)

The Group's sensitivity to cash flow interest rate risk has been determined based on the exposure to interest rates for bank borrowings (excluding the specific bank borrowings for construction purposes) at the end of the reporting period and the reasonably possible change taking place at the beginning of each year and held constant throughout the year. No sensitivity analysis is presented in relation to bank balances as management considers the impact is insignificant. 50 basis points (2018: 50 basis points) increase or decrease is used for variable-rate balances when reporting interest rate risk internally to key management personnel and represents management's assessment of reasonably possible change in interest rates. The Group's sensitivity to interest rate risk at the end of the reporting period while all other variables were held constant after taking into account the impact of the tax and excluding finance costs capitalised in construction in progress and investment property under development is as follows:

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
(Decrease)/increase in post-tax profit for the year	年內除稅後溢利(減少)/增加		
— as a result of increase in interest rate	— 由於利率上升	(23,060)	(19,600)
— as a result of decrease in interest rate	— 由於利率下降	23,060	19,600

In management's opinion, the sensitivity is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

30. 金融工具(續) 財務風險管理目的及政策(續)

利率風險(續)

本集團對現金流利率風險之敏感度，乃根據於報告期間結算日銀行借貸(不包括特定作建築用途之銀行借貸)以及於每年年初合理地可能出現之變動而於全年維持不變釐定。銀行結存之敏感度分析並無呈報乃由於管理層認為並無重大影響。當向主要管理人員內部匯報利率風險時，50個基點(二零一八年：50基點)增加或減少用於浮息結餘，並代表管理層對利率可能合理變動的評估。當所有其他變數維持不變，經考慮稅項及扣除資本化於在建工程及在建投資物業之融資成本後，本集團於報告期間結算日對利率風險敏感度如下：

管理層認為，由於年結日之風險並不反映年內風險，故敏感度分析並不代表固有利率風險。

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2019 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

Trade receivables

Retail sales are mainly on a cash basis, either in cash, debit card or credit card payments. In order to minimise the credit risk, management of the Group has formulated a defined fixed credit policy and delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for bank credit card receivables at the gross carrying amount of HK\$31,304,000 and those credit-impaired trade receivables at the gross carrying amount of HK\$2,201,000, the Group determines the expected credit loss on the remaining balances at the gross carrying amount of HK\$6,018,000 by using a provision matrix, grouped by internal credit rating.

The credit risk on bank credit card receivables is limited because the counterparties are banks/financial institutions with high external credit ratings assigned by international credit-rating agencies ranging from Aa1 to Baa2. In addition, the directors of the Company consider those not credit-impaired trade receivables were collectible based on historical observed default rates over the expected life of the debtors and adjusted for forward-looking information that is available without undue cost or effort. Therefore, provision for expected credit loss was insignificant and thus negligible to be made.

30. 金融工具(續) 財務風險管理目的及政策(續)

信貸風險及減值評估

於二零一九年十二月三十一日，本集團就對手方未能履行其責任而按各類別已確認金融資產面對之最高信貸風險，乃指綜合財務狀況表所述該等資產之賬面值。

應收賬款

零售銷售主要以現金進行，可以現金、記賬卡或信用卡付款。為盡量減低信貸風險，本集團管理層已制定明確之既定信貸政策，並委任一組人員，專責釐定信貸限額、批核信貸額及進行其他監管程序，以確保能跟進有關逾期債務之追討事宜。此外，本集團進行預期信用損失模式下的減值評估，個別評估或按撥備矩陣評估貿易結餘。就此，本公司董事認為，本集團之信貸風險已大幅減少。

本集團已就香港財務報告準則第9號應用簡化法，計量存續期預期信貸損失的虧損撥備。除賬面總值為31,304,000港元的銀行信用卡應收款及賬面總值為2,201,000港元的該等信貸減值應收賬款外，本集團透過撥備矩陣釐定賬面總值為6,018,000港元的餘下結餘的預期信貸損失，並由內部信貸評級歸類。

由於對手方為國際信貸評級機構評為Aa1至Baa2的高外部信貸評級的銀行/金融機構，因此銀行信用卡應收款的信貸風險有限。此外，本公司董事認為，根據債務人於預期年期的過往觀察所得的違約率及按無需不必要成本及努力即可獲得的前瞻性資料作出調整，該等非信貸減值應收賬款可予收回。因此，預期信貸損失撥備並不重大，且無提供撥備。

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables (continued)

For the credit-impaired trade receivables, a reversal of provision for expected credit loss of HK\$11,000 was made during the year ended 31 December 2019. The following table shows the movement in loss allowance that has been recognised for trade receivables under the simplified approach.

		Life-time ECL (credit impaired) 存續期預期 信貸損失 (信貸減值) HK\$'000 千港元
As at 1 January 2018 under HKFRS 9	根據香港財務報告準則第9號 於二零一八年一月一日	2,194
— change in expected credit loss	— 預期信貸損失變動	18
As at 31 December 2018	於二零一八年十二月三十一日	2,212
— change in expected credit loss	— 預期信貸損失變動	(11)
As at 31 December 2019	於二零一九年十二月三十一日	2,201

The Group did not write off any trade receivables during the year.

Other receivables, time deposits and bank balances

Other receivables mainly comprise interest receivables due from banks. The credit risk on other receivables, time deposits and bank balances is limited because the counterparties are banks/financial institutions with high external credit ratings assigned by international credit-rating agencies ranging from Aa1 to Baa2. Provision for expected credit loss was insignificant and thus negligible to be made since the management considers the probability of default is negligible.

The Group has no significant concentration of credit risk in relation to trade and other receivables, with exposure spread over a number of counterparties and customers.

30. 金融工具(續) 財務風險管理目的及政策(續)

信貸風險及減值評估(續)

應收賬款(續)

就信貸減值應收賬款而言，截至二零一九年十二月三十一日止年度已撥回11,000港元的預期信貸損失撥備。下表列示根據簡化法已就應收賬款確認的虧損撥備變動。

年內，本集團並無撇銷任何應收賬款。

其他應收款項、定期存款及銀行結存

其他應收款項主要包括應收銀行利息。由於對手方為國際信貸評級機構評為Aa1至Baa2的高外部信貸評級的銀行/金融機構，因此其他應收款項、定期存款及銀行結存的信貸風險有限。由於管理層認為拖欠的機會極微，預期信貸損失撥備並不重大，因此無提供撥備。

本集團並無應收賬款及其他應收款項的重大且集中的信貸風險，而風險分佈於多個對手方及顧客。

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Price risk

The Group's financial assets at FVPL are measured at fair value at the end of the reporting period. Therefore, the Group is exposed to price risk. Management manages this exposure by maintaining a portfolio of investments with different risk profiles. Details of the financial assets at FVPL are set out in note 19.

The Group's sensitivity to price risk on the financial assets at FVPL at the end of the reporting period while all other variables were held constant is as follows:

		HK\$'000 千港元
2019	二零一九年	
Reasonably possible change in price Increase/(decrease) in post-tax profit for the year	價格之可能合理變動 年內除稅後溢利增加/(減少)	5%
— as a result of increase in price	— 由於價格增加	153,591
— as a result of decrease in price	— 由於價格減少	(153,591)
2018	二零一八年	
Reasonably possible change in price Increase/(decrease) in post-tax profit for the year	價格之可能合理變動 年內除稅後溢利增加/(減少)	5%
— as a result of increase in price	— 由於價格增加	143,674
— as a result of decrease in price	— 由於價格減少	(143,674)

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings and bonds as a significant source of liquidity. As at 31 December 2019, the Group had available unutilised borrowing facilities of approximately HK\$7,228.4 million (2018: HK\$7,702.0 million). Details of bank borrowings are set out in note 23.

30. 金融工具(續) 財務風險管理目的及政策(續)

價格風險

本集團按公平值計入損益之金融資產乃按報告期間結算日之公平值計量。因此，本集團面對價格風險。管理層透過維持具不同風險之投資組合以管理是項風險。按公平值計入損益之金融資產之詳情載於附註19。

在其他變數維持不變下，本集團於報告期間結算日對按公平值計入損益之金融資產之價格風險敏感度如下：

流動資金風險

於管理流動資金風險時，本集團監察及維持管理層視為足以應付本集團業務所需資金水平之現金及現金等價物，並減低現金流量波動影響。管理層監察銀行借貸之運用，確保遵守貸款契諾。

本集團依靠銀行借貸及債券作為重要的流動資金來源。於二零一九年十二月三十一日，本集團之未提取銀行借貸融資額度為約7,228.4百萬港元(二零一八年：7,702.0百萬港元)。有關銀行借貸之詳情載於附註23。

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

In relation to the coronavirus epidemic since early January 2020, the Group expects there would be a net cash outflow for the next 12 months. However, given the Group has a strong cash and bank position of HK\$7,112.6 million as at 31 December 2019 and available unutilised borrowing facilities of HK\$7,228.4 million, the Group is able to meet its obligation in the ordinary course of business.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest rates are floating rate, the undiscounted amount is derived from an interest rate curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates/exchange rates as illustrated by the interest rate/exchange rate existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

30. 金融工具(續) 財務風險管理目的及政策(續)

流動資金風險(續)

因應自二零二零年一月初起蔓延之冠狀病毒，本集團預期未來12個月將出現現金淨流出。然而，鑑於在二零一九年十二月三十一日，本集團具備7,112.6百萬港元的強勁現金及銀行狀況及未動用借貸融資7,228.4百萬港元可供使用，本集團能夠於正常業務過程中履行其責任。

下表詳列本集團非衍生金融負債餘下合約到期日。下表乃按照本集團可能被要求還款之最早日期，以金融負債之非貼現現金流量顯示。

具體而言，不論銀行選擇行使其權利之可能性，載有應還款要求條款之銀行貸款計入最早時段。其他非衍生金融負債之到期日根據協定還款日期釐定。

下表已載列利息及本金現金流。若利率為浮動利率，未貼現金額根據在報告期末利率曲線計算所得。

此外，下表詳列本集團的衍生金融工具的流動性分析。該表根據需總額結算之衍生工具未貼現總(流入)及流出量制定。當應付金額不固定，披露金額參考預計利率/匯率(如在報告期末現行利率/匯率所示)釐定。本集團的衍生金融工具的流動性分析基於合約到期日編製，因為管理層認為，合約到期日對了解衍生工具的現金流量時間非常重要。

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables

30. 金融工具(續) 財務風險管理目的及政策(續)

流動資金風險(續)

流動資金及利息風險表

		Weighted average Effective interest rate 加權平均 實際利率 %	On demand/ less than 1 month 按要求/ 一個月內 HK\$'000 千港元	1-3 months 一至三個月 HK\$'000 千港元	3 months to 1 year 三個月至一年 HK\$'000 千港元	1-5 years 一至五年 HK\$'000 千港元	Over 5 years 五年以上 HK\$'000 千港元	Total undiscounted cash flows 總非貼現 現金流量 HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元
31 December 2019	二零一九年十二月三十一日								
Non-derivative financial liabilities	非衍生金融負債								
Trade and other payables	應付賬款及其他應付款項		571,253	65,963	1,724	—	—	638,940	638,940
Lease liabilities	租賃負債		—	19,566	66,624	223,350	—	309,540	287,020
Bank borrowings — fixed rate (note a)	銀行借貸 — 固定利率(附註a)	2.35%	141,317	—	—	—	—	141,317	141,108
Bank borrowings — variable rate (note a)	銀行借貸 — 浮動利率(附註a)	3.40%	2,715,882	1,062,810	393,197	8,028,738	—	12,200,627	11,571,070
Bonds	債券	4.54%	56,964	—	261,452	8,138,603	—	8,457,019	6,962,232
			3,485,416	1,148,339	722,997	16,390,691	—	21,747,443	19,600,370
Derivative — gross settlement	衍生工具 — 總額結算								
Interest rate swaps	利率掉期								
— Inflow	— 流入		(7,512)	(14,681)	(44,802)	(222,503)	—	(289,498)	
— Outflow	— 流出		4,657	9,217	41,900	201,257	—	257,031	
			(2,855)	(5,464)	(2,902)	(21,246)	—	(32,467)	(38,106)
Derivative — gross settlement	衍生工具 — 總額結算								
Cross currency swaps	交叉貨幣掉期								
— Inflow	— 流入		—	—	(35,023)	(139,762)	(792,391)	(967,176)	
— Outflow	— 流出		—	8,255	25,408	133,920	791,602	959,185	
			—	8,255	(9,615)	(5,842)	(789)	(7,991)	(13,632)
31 December 2018	二零一八年十二月三十一日								
Non-derivative financial liabilities	非衍生金融負債								
Trade and other payables	應付賬款及其他應付款項		729,224	62,742	1,696	—	—	793,662	793,662
Bank borrowings — variable rate (note a)	銀行借貸 — 浮動利率(附註a)	2.98%	2,881,888	43,851	454,391	8,663,922	—	12,044,052	11,214,249
Bonds	債券	4.38%	—	—	205,538	3,177,022	2,401,853	5,784,413	4,656,499
			3,611,112	106,593	661,625	11,840,944	2,401,853	18,622,127	16,664,410
Derivative — gross settlement	衍生工具 — 總額結算								
Interest rate swaps	利率掉期								
— Inflow	— 流入		(1,881)	(8,343)	(2,478)	—	—	(12,702)	
— Outflow	— 流出		118	3,957	5,321	—	—	9,396	
			(1,763)	(4,386)	2,843	—	—	(3,306)	112
Derivative — gross settlement	衍生工具 — 總額結算								
Cross currency swaps	交叉貨幣掉期								
— Inflow	— 流入		—	—	(17,862)	(71,498)	(26,867)	(116,227)	
— Outflow	— 流出		—	4,181	12,966	68,638	25,698	111,483	
			—	4,181	(4,896)	(2,860)	(1,169)	(4,744)	3,508
Derivative — gross settlement	衍生工具 — 總額結算								
Written put options	認沽期權								
— Outflow (note b)	— 流出(附註b)		180,206	153,420	—	—	—	333,626	(12,880)

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

Notes:

- (a) Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2019, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$573.4 million (2018: HK\$603.6 million). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid within one year from the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK\$573.8 million (2018: HK\$603.8 million).
- (b) The amount included above for written put options is the maximum amount the Group is obliged to settle under the written put option arrangements if the underlying index or ETF goes to zero upon the exercise or expiry of the written put options. In 2018, certain written put options amounting to HK\$77,574,000 are included in the "on demand" time band in the above maturity analysis as those options could be exercised at any time before the expiration dates. The remaining written put options are included in the respective time bands according to the expiration dates of the options since the options could only be exercised on those dates. Based on expectations at the end of the reporting period, the Group considers that it is very unlikely that such an amount will be payable under the written put option arrangements as the chance of the index or ETF dropping to zero is remote. However, this estimate is subject to change depending on the market volatility of underlying index and ETF of the written put options, and final settlement price of the options along with other factors.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ from the estimates of interest rates determined at the end of the reporting period.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

30. 金融工具(續) 財務風險管理目的及政策(續)

流動資金風險(續)

流動資金及利息風險表(續)

附註:

- (a) 附帶按要求還款條款的銀行借貸在上述到期分析被歸類為「按要求或一個月內」到期。於二零一九年十二月三十一日，該等非貼現的銀行貸款本金合共573.4百萬港元(二零一八年：603.6百萬港元)。考慮到本集團的財務狀況，本公司董事相信銀行可能不會行使酌情權要求即時償還上述的借貸。本公司董事亦認為該等銀行貸款會於由報告期期末起一年內按照貸款協議所載的預定還款日期償還。屆時合計的本金與利息現金流出將為573.8百萬港元(二零一八年：603.8百萬港元)。
- (b) 當行使認沽期權或認沽期權到期，如相關指數或交易所買賣基金跌至零，上述金額為本集團就認沽期權合約所需結算之最大金額。於二零一八年，若干價值77,574,000港元認沽期權在上述到期分析歸類為「按要求」是由於該等認沽期權可於到期日前任何時間行使。其餘認沽期權則根據期權到期日分類至所屬時間範圍，因該期權只能於這些日期行使。根據於報告期期末時推算，因有關指數及交易所買賣基金會跌至零的機會很微，本集團認為根據認沽期權合約需要支付該金額的可能性很低。然而，此估計會因認沽期權有關指數及交易所買賣基金之市場波動及期權最終結算價以及其他因素而改變。

上文就非衍生金融負債之浮動利率工具包括之金額，會因浮動利率變動有別於報告期間結算日所釐定利率估計而有變。

本集團經常性按公平值計量的金融資產及金融負債之公平值

本集團部分金融資產及金融負債在每個報告期末時按公平值計量。下表提供有關如何確定該等金融資產及金融負債的公平值(尤其是估值方法和使用的輸入參數)。

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

30. 金融工具(續) 財務風險管理目的及政策(續)

流動資金風險(續)

本集團經常性按公平值計量的金融資產及金融負債之公平值(續)

Financial assets/liabilities 金融資產/負債	Fair value as at 公平值於		Fair value hierarchy 公平值等級架構	Valuation technique(s) and key input(s) 估值方法和主要輸入參數
	31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元		
Financial assets at FVPL/FVOCI 按公平值計入損益/按公平值計入其他 全面收益之金融資產				
1. Listed equity securities 上市股票	1,751,061	1,736,759	Level 1 等級一	Quoted bid prices in active markets. 於活躍市場中的買入價。
2. Listed debt securities 上市債券	1,203,759	434,833	Level 2 等級二	Quoted prices in over-the-counter markets. 場外交易市場報價。
3. Listed investment funds 上市投資基金	111,960	455,275	Level 2 等級二	Quoted market prices provided by brokers which are financial institutions 作為經紀的金融機構提供的市場價格
4. Unlisted equity security 非上市股票	389,500	—	Level 3 等級三	Note 附註
5. Unlisted investment funds 非上市投資基金	146,721	280,082	Level 3 等級三	Note 附註
6. Unlisted hedge funds 非上市對沖基金	18,666	161,017	Level 3 等級三	Note 附註
7. Unlisted debt security 非上市債券	234,583	—	Level 3 等級三	Note 附註
8. Unlisted equity-linked notes 非上市股權掛鈎債券	31,215	—	Level 3 等級三	Note 附註
9. Cross currency and interest rate swaps 交叉貨幣及利率掉期	51,738	153	Level 2 等級二	Discounted cash flow: Future cash flows are estimated based on i) forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates for interest rate swaps, and ii) difference between predetermined forward exchange rate at the end of reporting period and discounted at a rate that reflects the credit risk of various counterparties for cross currency swaps. 貼現現金流量：未來現金流量乃基於(i)利率掉期以遠期利率(從報告期末時可 觀察收益率曲線)和合約利率計算，及(ii)交叉貨幣掉期以在報告期末約定 遠期利率及反映各交易對手信貸風險的折扣率之差別計算。
10. Written put options 認沽期權	—	12,880	Level 2 等級二	Quoted prices in over-the-counter markets. 場外交易市場的報價。
11. Club debentures 會所債券	15,871	19,137	Level 2 等級二	Quoted prices in over-the-counter markets. 場外交易市場的報價。
Financial liabilities at FVPL 按公平值計入損益之金融負債				
12. Cross currency and interest rate swaps 交叉貨幣及利率掉期	—	3,773	Level 2 等級二	Discounted cash flow: Future cash flows are estimated based on i) forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates for interest rate swaps, and ii) difference between predetermined forward exchange rate at the end of reporting period and discounted at a rate that reflects the credit risk of various counterparties for cross currency swaps. 貼現現金流量：未來現金流量乃基於(i)利率掉期以遠期利率(從報告期末時可 觀察收益率曲線)和合約利率計算，及(ii)交叉貨幣掉期以在報告期末約定 遠期利率及反映各交易對手信貸風險的折扣率之差別計算。
13. Written put options 認沽期權	12	—	Level 2 等級二	Quoted prices in over-the-counter markets. 場外交易市場的報價。

30. Financial instruments (continued) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Note: Given majority of the Level 3 instruments comprised unlisted investment funds, unlisted debt security, unlisted equity security, unlisted hedge funds and unlisted equity-linked notes, the fair value is determined primarily based on the purchase price paid by the Group and/or taking into account of the analysis of the investees' financial position and results, risk profile, prospects, industry trend and other factors, it is not practical to quote a range of key unobservable inputs.

There were no transfers between Level 1, 2 and 3 during both years.

Fair value measurements and valuation processes

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

		2019 二零一九年		2018 二零一八年	
		Carrying amount 賬面值 HK\$'000 千港元	Fair value 公平值 HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元	Fair value 公平值 HK\$'000 千港元
Financial liabilities	金融負債				
Bonds	債券	6,962,233	6,927,964	4,656,499	4,423,729

30. 金融工具(續) 財務風險管理目的及政策(續)

流動資金風險(續)

本集團經常性按公平值計量的金融資產及金融負債之公平值(續)

附註：鑑於大部分等級三之工具包括非上市投資基金、非上市債券、非上市股票、非上市對沖基金及非上市股權掛鈎債券，公平值乃主要按本集團所付之購買價及／或經計及投資方之財務狀況及業績、風險概況、前景、行業趨勢及其他因素後釐定，列報一系列主要不可觀察輸入參數並不實際。

第一級、第二級和第三級之間在兩個年度並無任何轉移。

公平值計量及估值流程

除載於下表，本公司董事認為，在綜合財務報表按攤銷成本列賬的金融資產和金融負債的賬面值與其公平值相若：

30. Financial instruments (continued)
Fair value hierarchy

30. 金融工具(續)
公平值等級架構

		2019 二零一九年			
		Level 1 第一級 HK\$'000 千港元	Level 2 第二級 HK\$'000 千港元	Level 3 第三級 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Financial assets at FVPL/FVOCI:	按公平值計入損益/按公平值計入其他全面收益之金融資產:				
— Listed equity securities	— 上市股票	1,751,061	—	—	1,751,061
— Listed debt securities	— 上市債券	—	1,203,759	—	1,203,759
— Listed investment funds	— 上市投資基金	—	111,960	—	111,960
— Unlisted equity security	— 非上市股票	—	—	389,500	389,500
— Unlisted investment funds	— 非上市投資基金	—	—	146,721	146,721
— Unlisted hedge funds	— 非上市對沖基金	—	—	18,666	18,666
— Unlisted debt security	— 非上市債券	—	—	234,583	234,583
— Unlisted equity-linked notes	— 非上市股權掛鈎債券	—	—	31,215	31,215
— Cross currency and interest rate swaps	— 交叉貨幣及利率掉期	—	51,738	—	51,738
— Club debentures	— 會所債券	—	15,871	—	15,871
Total	總計	1,751,061	1,383,328	820,685	3,955,074
Financial liabilities at FVPL:	按公平值計入損益之金融負債:				
— Written put options	— 認沽期權	—	12	—	12
Total	總計	—	12	—	12

30. Financial instruments (continued)
Fair value hierarchy (continued)

30. 金融工具(續)
公平值等級架構(續)

		2018 二零一八年			
		Level 1 第一級	Level 2 第二級	Level 3 第三級	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Financial assets at FVPL:	按公平值計入損益之金融 資產：				
— Listed equity securities	— 上市股票	1,736,759	—	—	1,736,759
— Listed debt securities	— 上市債券	—	434,833	—	434,833
— Listed investment funds	— 上市投資基金	—	455,275	—	455,275
— Unlisted investment funds	— 非上市投資基金	—	—	280,082	280,082
— Unlisted hedge funds	— 非上市對沖基金	—	—	161,017	161,017
— Cross currency and interest rate swaps	— 交叉貨幣及利率掉期	—	153	—	153
— Written put options	— 認沽期權	—	12,880	—	12,880
— Club debentures	— 會所債券	—	19,137	—	19,137
Total	總計	1,736,759	922,278	441,099	3,100,136
Financial liabilities at FVPL:	按公平值計入損益之金融 負債：				
— Cross currency and interest rate swaps	— 交叉貨幣及利率掉期	—	3,773	—	3,773
Total	總計	—	3,773	—	3,773

31. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

31. 融資活動產生的負債對賬

下表詳述本集團來自融資活動的負債變動，包括現金及非現金變動。融資活動產生的負債是指在本集團綜合現金流量表中分類為融資活動之現金流的以往或未來的現金流以作撥付之負債。

		Bank borrowings	Bonds	Interest payable	Accruals of Commitment fee for bank borrowings	Dividend payable	Lease payable	Payable in relation to repurchase of shares	Cash consideration paid upon acquisition of an entity under common control	Total
		銀行借貸	債券	應付利息	應計銀行借貸承諾費用	應付股息	應付租賃	回購股份之應付賬款	現金代價	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2018	於二零一八年一月一日	11,184,138	4,637,641	32,575	4,738	—	—	—	—	15,859,092
Financing cash flows	融資現金流	(1,583)	—	(437,756)	(17,178)	(1,042,446)	—	(1,542,906)	(52,000)	(3,093,869)
Exchange difference	匯兌差額	3,514	18,858	(6,982)	—	—	—	—	—	15,390
Interest expenses	利息支出	28,180	—	237,734	16,273	—	—	—	—	282,187
Capitalisation of interest expenses	已資本化利息支出	—	—	212,385	—	—	—	—	—	212,385
Dividends declared	已宣派股息	—	—	—	—	1,006,188	—	—	—	1,006,188
Dividend declared to Majestic Eagle	宣派予Majestic Eagle之股息	—	—	—	—	36,258	—	—	—	36,258
Share repurchased	股份購回	—	—	—	—	—	—	1,542,906	—	1,542,906
Non-cash item	非現金項目	—	—	—	—	—	—	—	52,000	52,000
At 31 December 2018	於二零一八年十二月三十一日	11,214,249	4,656,499	37,956	3,833	—	—	—	—	15,912,537
Financing cash flows	融資現金流	467,648	2,326,899	(502,215)	(15,301)	(1,006,284)	(78,343)	—	—	1,192,404
Exchange difference	匯兌差額	2,142	(21,165)	(8,627)	—	—	—	—	—	(27,650)
Interest expenses	利息支出	28,139	—	309,776	14,968	—	12,355	—	—	365,238
Capitalisation of interest expenses	已資本化利息支出	—	—	254,084	—	—	—	—	—	254,084
Dividends declared	已宣派股息	—	—	—	—	1,006,284	—	—	—	1,006,284
Addition to lease payable	增添應付租賃	—	—	—	—	—	353,008	—	—	353,008
At 31 December 2019	於二零一九年十二月三十一日	11,712,178	6,962,233	90,974	3,500	—	287,020	—	—	19,055,905

32. Pledge of assets

At 31 December 2019, the Group pledged certain leasehold land and buildings in Hong Kong with carrying values of approximately HK\$1,172.0 million (2018: HK\$1,217.4 million), together with certain shares of the Company's certain subsidiaries, to secure banking facilities of HK\$8,000 million (2018: HK\$8,000 million) granted to the Group. In addition, financial assets at FVOCI/FVPL with a carrying value of approximately HK\$1,391.8 million (2018: HK\$1,256.7 million) have been pledged to secure loan facilities in the amount of approximately US\$320 million (equivalent to approximately HK\$2,492.8 million) (2018: US\$255 million (equivalent to approximately HK\$1,996.7 million)).

Moreover, the entire Kai Tak Project, comprising the construction in progress and investment property under development, with an aggregate carrying value of HK\$9,762.2 million (31 December 2018: HK\$9,185.7 million) was pledged to secure the HK\$9,000 million loan facility granted to the Group for financing the development of the Kai Tak Project. As at 31 December 2019, HK\$3,691 million was utilised (2018: HK\$3,691 million).

33. Related party disclosures

(a) Transactions

During the year, there were no significant transactions with the related parties.

(b) Compensation of key management personnel

The remuneration of executive directors being the key management personnel, were determined by the remuneration committee of the Group having regard to the performance of the individuals and market, details of which, together with the other three (2018: three) highest paid employees, are disclosed in note 11.

32. 資產抵押

於二零一九年十二月三十一日，本集團將賬面值約為1,172.0百萬港元(二零一八年：1,217.4百萬港元)位於香港之若干租賃土地及樓宇，連同本公司若干附屬公司若干股份抵押，以取得授予本集團的銀行融資額8,000百萬港元(二零一八年：8,000百萬港元)。此外，賬面值約為1,391.8百萬港元之按公平值計入其他全面收益／損益之金融資產(二零一八年：1,256.7百萬港元)已作抵押以取得約320百萬美元(相當於約2,492.8百萬港元)(二零一八年：255百萬美元(相當於約1,996.7百萬港元))貸款融資額。

此外，賬面總值9,762.2百萬港元(二零一八年十二月三十一日：9,185.7百萬港元)的整個啟德項目(包括在建工程及在建投資物業)已抵押以取得授予本集團的貸款融資額9,000百萬港元，用作撥付啟德項目發展的資金。於二零一九年十二月三十一日，已動用3,691百萬港元之融資額(二零一八年：3,691百萬港元)。

33. 有關連人士披露

(a) 交易

年內，概無與有關連人士進行重大交易。

(b) 主要管理人員薪酬

執行董事為主要管理人員，其酬金乃由本集團薪酬委員會按個別表現及市場狀況釐定，彼等之酬金連同其餘三名(二零一八年：三名)最高收入員工之酬金詳情於附註11披露。

34. Retirement benefits schemes

The total cost charged to profit or loss in respect of the above mentioned schemes amounted to HK\$8,761,000 (2018: HK\$8,924,000).

Hong Kong

The Group participates in a defined contribution scheme under Occupational Retirement Schemes Ordinance (“ORSO Scheme”) and Mandatory Provident Fund Scheme (“MPF Scheme”).

For members of the MPF Scheme, both the Group and the employee contribute 5% of the employee’s relevant income, subject to a cap of monthly relevant income of HK\$30,000. No forfeited contribution was available to reduce the contribution payable in the future years.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at 5% of the employee’s remuneration.

Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

34. 退休福利計劃

有關上述的計劃中計入損益的總成本為8,761,000港元(二零一八年：8,924,000港元)。

香港

本集團參與職業退休計劃條例下界定供款計劃(「職業退休計劃」)及強制性公積金計劃(「強積金計劃」)。

作為強積金計劃成員，本集團及員工均以5%有關入息向計劃供款，有關每月入息上限為30,000港元。無沒收供款可用作減低將來年度應付供款。

職業退休計劃由員工及本集團每月按員工薪酬之5%出資供款。

倘僱員於可全數獲得供款前退出職業退休計劃，則所沒收供款將用作扣減本集團之應付供款。

35. Particulars of principal subsidiaries

At 31 December 2019 and 2018, the details of the Company's principal subsidiaries are as follows:

35. 主要附屬公司詳情

於二零一九年及二零一八年十二月三十一日，本公司之主要附屬公司詳情如下：

Name of company 公司名稱	Place of incorporation/ operation (if different) and date of incorporation 註冊成立/營業地點(如不同) 及註冊成立日期	Issued and fully paid share capital/registered capital 已發行及實繳/註冊股本		Attributable equity interest of the Group (note) 本集團應佔權益(附註)		Principal activities 主要業務
		2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年	
Ambitious Global Limited	British Virgin Islands/Hong Kong 9 July 2019 英屬維爾京群島/香港 二零一九年七月九日	US\$1 1美元	n/a 不適用	100%	n/a 不適用	Financial investment 金融投資
Anfield Capital Limited	British Virgin Islands/Hong Kong 6 September 2011 英屬維爾京群島/香港 二零一一年九月六日	US\$1 1美元	US\$1 1美元	100%	100%	Financial investment 金融投資
Blossom Atlas Limited	British Virgin Islands/Hong Kong 6 March 2018 英屬維爾京群島/香港 二零一八年三月六日	US\$1 1美元	US\$1 1美元	100%	100%	Financial investment 金融投資
Broad Shine Investments Limited	British Virgin Islands/Hong Kong 2 January 2013 英屬維爾京群島/香港 二零一三年一月二日	US\$1 1美元	US\$1 1美元	100%	100%	Financial investment 金融投資
Eastlord Development Limited 加諾發展有限公司	Hong Kong 21 August 1987 香港 一九八七年八月二十一日	HK\$500,000 500,000港元	HK\$500,000 500,000港元	100%	100%	Property holding and leasing 物業持有及租賃
Everwin Worldwide Limited 永盛環球有限公司	Hong Kong 17 November 2000 香港 二零零零年十一月十七日	HK\$2 2港元	HK\$2 2港元	100%	100%	Property holding and leasing 物業持有及租賃
Forceworld Investments Limited 可偉投資有限公司	Hong Kong 15 July 1988 香港 一九八八年七月十五日	HK\$500,000 500,000港元	HK\$500,000 500,000港元	100%	100%	Property holding and leasing 物業持有及租賃
Future Develop Limited	British Virgin Islands/Hong Kong 12 December 2003 英屬維爾京群島/香港 二零零三年十二月十二日	US\$3 3美元	US\$3 3美元	100%	100%	Investment holding 投資控股
Global Top Limited 世高有限公司	Hong Kong 12 January 2006 香港 二零零六年一月十二日	HK\$1 1港元	HK\$1 1港元	100%	100%	Restaurant operator 餐廳經營

35. Particulars of principal subsidiaries (continued)

35. 主要附屬公司詳情(續)

Name of company 公司名稱	Place of incorporation/ operation (if different) and date of incorporation 註冊成立/營業地點(如不同) 及註冊成立日期	Issued and fully paid share capital/registered capital 已發行及實繳/註冊股本		Attributable equity interest of the Group (note) 本集團應佔權益(附註)		Principal activities 主要業務
		2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年	
Grand Kinetic Limited 堅享有限公司	Hong Kong 7 February 2001 香港 二零零一年二月七日	HK\$2 2港元	HK\$2 2港元	100%	100%	Property holding and leasing 物業持有及租賃
Knight Prosper Limited	British Virgin Islands/Hong Kong 6 March 2018 英屬維爾京群島/香港 二零一八年三月六日	US\$1 1美元	US\$1 1美元	100%	100%	Financial investment 金融投資
Leading Rainbow Limited 領彩有限公司	Hong Kong 2 September 2016 香港 二零一六年九月二日	HK\$1 1港元	HK\$1 1港元	100%	100%	Advertising 廣告
Leader Bright Limited 領耀有限公司	Hong Kong 18 December 2015 香港 二零一五年十二月十八日	HK\$1 1港元	HK\$1 1港元	100%	100%	Properties development 物業發展
LS Finance (2017) Limited	British Virgin Islands/Hong Kong 1 November 2011 英屬維爾京群島/香港 二零一一年十一月一日	US\$1 1美元	US\$1 1美元	100%	100%	Financing 融資
LS Finance (2022) Limited	British Virgin Islands/Hong Kong 27 September 2012 英屬維爾京群島/香港 二零一二年九月二十七日	US\$1 1美元	US\$1 1美元	100%	100%	Financing 融資
LS Finance (2025) Limited	British Virgin Islands/Hong Kong 2 June 2015 英屬維爾京群島/香港 二零一五年六月二日	US\$1 1美元	US\$1 1美元	100%	100%	Financing 融資
Pacific Trump Development Limited 沛駿發展有限公司	Hong Kong 6 July 1995 香港 一九九五年七月六日	HK\$2 2港元	HK\$2 2港元	100%	100%	Property holding and leasing 物業持有及租賃
Public Might Limited 群量有限公司	Hong Kong 30 August 1984 香港 一九八四年八月三十日	HK\$1,000 1,000港元	HK\$1,000 1,000港元	100%	100%	Property holding and leasing 物業持有及租賃

35. Particulars of principal subsidiaries (continued)

35. 主要附屬公司詳情(續)

Name of company 公司名稱	Place of incorporation/ operation (if different) and date of incorporation 註冊成立/營業地點(如不同) 及註冊成立日期	Issued and fully paid share capital/registered capital 已發行及實繳/註冊股本		Attributable equity interest of the Group (note) 本集團應佔權益(附註)		Principal activities 主要業務
		2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年	
		Ronson Kwok Asia Pacific Limited	Hong Kong 5 October 1993 香港 一九九三年十月五日	HK\$1,000,000 1,000,000港元	HK\$1,000,000 1,000,000港元	
Sogo Hong Kong Company Limited 崇光(香港)百貨有限公司	Hong Kong 23 September 1983 香港 一九八三年九月二十三日	HK\$4,000,000 4,000,000港元	HK\$4,000,000 4,000,000港元	100%	100%	Retailing business 零售業務
Superlite Limited	British Virgin Islands/Hong Kong 3 April 2001 英屬維爾京群島/香港 二零零一年四月三日	US\$1 1美元	US\$1 1美元	100%	100%	Property holding and leasing 物業持有及租賃
Tycoon Achieve Limited	British Virgin Islands/Hong Kong 23 October 2014 英屬維爾京群島/香港 二零一四年十月二十三日	US\$1 1美元	US\$1 1美元	100%	100%	Financial investment 金融投資

Note: LS Finance (2017) Limited, LS Finance (2022) Limited and LS Finance (2025) Limited are directly held by the Company. Other subsidiaries are indirectly held by the Company.

附註：LS Finance (2017) Limited、LS Finance (2022) Limited及LS Finance(2025) Limited乃由本公司直接持有。其他附屬公司乃由本公司間接持有。

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

上述列表列出本公司董事認為主要影響本集團業績或資產之本集團附屬公司。本公司董事認為，提供其他附屬公司資料會導致詳情過長。

36. Statement of financial position and reserves of the Company

Information about the statement of financial position of the Company at the end of the reporting period includes:

36. 本公司財務狀況表及儲備

於報告期間末，本公司財務狀況表資料包括：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司投資	4,194	4,194
Amounts due from subsidiaries (note a)	應收附屬公司款項(附註a)	10,791,412	13,206,462
		10,795,606	13,210,656
Current assets	流動資產		
Other receivables	其他應收款項	248	1,042
Amounts due from subsidiaries (note b)	應收附屬公司款項(附註b)	549	222,164
Cash and cash equivalents	現金及現金等價物	37,236	96,991
		38,033	320,197
Current liabilities	流動負債		
Other payables	其他應付款項	3,607	3,513
Amounts due to subsidiaries (note c)	應付附屬公司款項(附註c)	9,635,834	12,333,671
Tax payable	應繳稅項	22,739	440
		9,662,180	12,337,624
Net current liabilities	流動負債淨值	(9,624,147)	(12,017,427)
Net assets	資產淨值	1,171,459	1,193,229
Capital and reserves	資本及儲備		
Share capital	股本	7,510	7,510
Reserves (note d)	儲備(附註d)	1,163,949	1,185,719
		1,171,459	1,193,229

36. Statement of financial position and reserves of the Company (continued)

Movement of the reserves of the Company is as follows:

		Capital redemption reserve 資本贖回儲備 HK\$'000 千港元	Retained profits 保留溢利 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	687	1,287,386	1,288,073
Profit and total comprehensive income for the year	本年度溢利及全面收入總額	—	2,446,237	2,446,237
Dividends paid	已派付股息	—	(1,006,188)	(1,006,188)
Share repurchased	股份購回	503	(1,542,906)	(1,542,403)
At 31 December 2018	於二零一八年十二月三十一日	1,190	1,184,529	1,185,719
Profit and total comprehensive income for the year	本年度溢利及全面收入總額	—	984,514	984,514
Dividends paid	已派付股息	—	(1,006,284)	(1,006,284)
At 31 December 2019	於二零一九年十二月三十一日	1,190	1,162,759	1,163,949

Notes:

- As at 31 December 2019, the amounts due from subsidiaries are unsecured and have no fixed repayment terms. An amount of HK\$3,698,000,000 (2018: HK\$4,003,496,000) bears prevailing interest rate and the remaining amount of HK\$7,093,412,000 (2018: HK\$9,202,966,000) is interest-free. In the opinion of the directors, based on their assessment as at the end of the reporting period of the estimated future cash flows from the subsidiaries, the amount due from subsidiaries will not be repayable within one year from the end of the reporting period, accordingly the amount is classified as non-current.
- The amounts due from subsidiaries are unsecured, interest-free, and repayable on demand.
- As at 31 December 2019, the amounts due to subsidiaries are unsecured and repayable on demand. An amount of HK\$5,408,880,000 (2018: HK\$6,003,496,000) is interest bearing and the remaining amounts of HK\$4,226,954,000 (2018: HK\$6,330,175,000) is interest-free.
- The Company's reserves available for distribution as at 31 December 2019 consisted of retained profits of HK\$1,162,759,000 (2018: HK\$1,184,529,000).

36. 本公司財務狀況表及儲備(續)

本公司的儲備變動如下：

		Capital redemption reserve 資本贖回儲備 HK\$'000 千港元	Retained profits 保留溢利 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	687	1,287,386	1,288,073
Profit and total comprehensive income for the year	本年度溢利及全面收入總額	—	2,446,237	2,446,237
Dividends paid	已派付股息	—	(1,006,188)	(1,006,188)
Share repurchased	股份購回	503	(1,542,906)	(1,542,403)
At 31 December 2018	於二零一八年十二月三十一日	1,190	1,184,529	1,185,719
Profit and total comprehensive income for the year	本年度溢利及全面收入總額	—	984,514	984,514
Dividends paid	已派付股息	—	(1,006,284)	(1,006,284)
At 31 December 2019	於二零一九年十二月三十一日	1,190	1,162,759	1,163,949

附註：

- 於二零一九年十二月三十一日，應收附屬公司之款項乃無抵押，沒有固定還款條款。金額3,698,000,000港元(二零一八年：4,003,496,000港元)以現行利率計息，剩餘金額7,093,412,000港元(二零一八年：9,202,966,000港元)免息。董事認為，根據彼等在報告期末評估附屬公司的估算未來現金流，應收附屬公司款項將不會在報告期末一年以內償還，故此被分類為非流動。
- 應收附屬公司款項乃無抵押、免息及按要求償還。
- 於二零一九年十二月三十一日，應付附屬公司之款項乃無抵押及按要求償還。5,408,880,000港元(二零一八年：6,003,496,000港元)為計息，而剩餘金額4,226,954,000港元(二零一八年：6,330,175,000港元)為免息。
- 於二零一九年十二月三十一日，本公司可供分派儲備包括保留溢利約1,162,759,000港元(二零一八年：1,184,529,000港元)。

37. Subsequent events

Since early 2020, the coronavirus epidemic (“the COVID-19 outbreak”) has spread across China and other countries, and it has affected retail business in Hong Kong and economic activities of the Group to some extent. As an operator of department stores in Hong Kong, the Group’s revenue, cash flows and profit from the operation are expected to decrease as compared to the same period in 2019 due to the impact from the COVID-19 outbreak.

In preparing the consolidated financial statements, the Group applies fair value model to measure its investment property, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. In 2020, fair value of the Group’s investment property and financial assets at fair value may be subject to fluctuations due to the COVID-19 outbreak.

Up to the date on which these consolidated financial statements are issued, the Group is still in the process of assessing the impacts of the COVID-19 on the financial performance and position of the Group and is currently unable to estimate the quantitative impacts to the Group. The management of the Group will pay close attention to the development of the COVID-19 outbreak and perform further assessment of its financial impact.

The COVID-19 outbreak is a non-adjusting event after the financial year end and does not result in any adjustments to the consolidated financial statements for the year ended 31 December 2019.

37. 結算日後事項

自二零二零年初以來，冠狀病毒爆發(「COVID-19疫情」)已遍及中國和其他國家，並在一定程度上影響了香港的零售業務和本集團的經濟活動。作為一個香港百貨公司的經營者，由於COVID-19疫情的影響，預計本集團的收入、現金流量和經營利潤將比二零一九年同期下降。

在編製綜合財務報表時，本集團採用公平價值模型計量其投資物業、按公平值計入其他全面收益之金融資產以及按公平值計入損益之金融資產。在二零二零年，本集團投資物業和金融資產的公平價值可能因COVID-19疫情出現波動。

截至本綜合財務報表發佈之日，本集團仍在評估COVID-19疫情對本集團財務業績和狀況的影響，目前尚無法量化估計對本集團的影響。本集團管理層將密切關注COVID-19疫情的發展，並對其財務影響進行進一步評估。

COVID-19疫情是在財政年結日後的非調整性事件，因此不會對截至二零一九年十二月三十一日止年度之綜合財務報表作出任何調整。

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