Pacific Legend Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8547)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "**Directors**") of Pacific Legend Group Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material aspects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The original announcement is prepared in the English language. This announcement is translated into Chinese. In the event of any inconsistencies between the Chinese and the English versions, the latter shall prevail and it is available on the Company's website at www.pacificlegendgroup.com.

FINANCIAL HIGHLIGHTS

- The revenue of the Group amounted to approximately HK$307.7 million for the year ended 31 December 2019, representing an increase of approximately HK$29.6 million or 10.6% as compared with the revenue of approximately HK$278.1 million for the year ended 31 December 2018.

- The loss of the Group after tax was approximately HK$7.8 million for the year ended 31 December 2019 as compared to a loss of approximately HK$17.4 million for the year ended 31 December 2018.

- No final dividend is recommended by the Board for the year ended 31 December 2019.

ANNUAL RESULTS

The Board of Directors (the "**Board**") of Pacific Legend Group Limited (the "**Company**") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the year ended 31 December 2019 together with the comparative figures in the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	**2019** ***HK$'000***	2018 *HK$'000*
Revenue	4	**307,718**	278,103
Cost of sales		**(131,495)**	(112,775)
Gross profit		**176,223**	165,328
Other income and gains	5	**3,469**	3,071
Selling and distribution costs		**(63,771)**	(58,263)
Administrative and other operating expenses		**(121,112)**	(114,974)
Listing expenses		**–**	(12,105)
Loss from operation		**(5,191)**	(16,943)
Finance costs	6(a)	**(1,781)**	(128)
Loss before taxation	6	**(6,972)**	(17,071)
Income tax expense	7	**(830)**	(297)
Loss for the year attributable to equity shareholders of the Company		**(7,802)**	(17,368)
Other comprehensive (loss)/income			
Item that may be classified subsequently to profit or loss:			
– Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax		**(46)**	27
Total comprehensive loss for the year attributable to equity shareholders of the Company		**(7,848)**	(17,341)
		HK cents	*HK cents*
Loss per share			
Basic and diluted	8	**(0.78)**	(2.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**8,585**	11,250
Right-of-use assets		**33,080**	–
Finance lease receivables		**950**	681
		42,615	11,931
Current assets			
Inventories		**43,726**	44,570
Contract assets		**9,540**	9,872
Trade and other receivables	9	**57,151**	59,933
Current portion of finance lease receivables		**2,074**	2,385
Pledged bank deposits		**3,000**	3,000
Cash and cash equivalents		**71,607**	70,214
Tax recoverable		**839**	1,408
		187,937	191,382
Current liabilities			
Trade and other payables	10	**25,763**	28,249
Contract liabilities		**24,287**	23,260
Short term bank loans		**5,407**	5,030
Lease liabilities		**22,828**	–
Tax payable		**1,099**	1,133
		79,384	57,672
Net current assets		**108,553**	133,710
Total assets less current liabilities		**151,168**	145,641

	Note	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Lease liabilities		**11,224**	–
Provisions		**7,516**	8,045
Total non-current liabilities		**18,740**	8,045
NET ASSETS		**132,428**	137,596
Capital and reserves			
Share capital		**10,000**	10,000
Reserves		**122,428**	127,596
TOTAL EQUITY		**132,428**	137,596

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 1 September 2017. The registered office of the Company is Cricket Square Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Units 1202–04, Level 12, Cyberport 2, 100 Cyberport Road, Hong Kong. The Company's shares have been listed on GEM of the Stock Exchange on 18 July 2018 (the "**Listing Date**").

The Group is principally engaged in the sale of home furniture and accessories, leasing of home furniture and accessories and provision of design consultancy services for fitting out interiors with furnishings.

At 31 December 2019, the Directors consider the immediate and ultimate holding company to be Double Lions Limited ("**Double Lions**"), which is incorporated in the British Virgin Islands (the "**BVI**").

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**").

The measurement basis used in the preparation of the consolidated financial statements is the historical cost.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new HKFRS, HKFRS 16 "Leases", and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16 "Leases", none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 replaces HKAS 17 "Leases" and the related interpretations. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 and remain substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to properties held under leases which were previously classified as operating leases under HKAS17.

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 3.90%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

– the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

– when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

– when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019
	HK$'000
Operating lease commitments at 31 December 2018	**57,671**
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	**(5,246)**
Less: total future interest expenses	**(2,024)**
Total lease liabilities at 1 January 2019	**50,401**

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018.

The following table summarises the impact of the adoption of HKFRS 16 on the Group's consolidated statement of financial position, analysed by line items:

	Carrying amount at 31 December 2018	Capitalisation of operating lease contracts	**Carrying amount at 1 January 2019**
	HK$'000	*HK$'000*	***HK$'000***
Right-of-use assets	–	50,401	**50,401**
Total non-current assets	11,931	50,401	**62,332**
Lease liabilities (current)	–	25,048	**25,048**
Current liabilities	57,672	25,048	**82,720**
Net current assets	133,710	(25,048)	**108,662**
Total assets less current liabilities	145,641	25,353	**170,994**
Lease liabilities (non-current)	–	25,353	**25,353**
Total non-current liabilities	8,045	25,353	**33,398**
Net assets	137,596	–	**137,596**

(iii) Impact on the financial results, segment results and cash flows of the Group

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

As in previous years, where rental expenses under operating leases were not allocated to reportable segments for the purposes of assessing segment performance and allocating resources between segments, interest on lease liabilities and depreciation of right-of-use assets for the current year are not allocated to reportable segments. Therefore, the adoption of HKFRS 16 does not have impact on the segment results.

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

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial results and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16 ***(A)***	**Add back: HKFRS 16 depreciation and interest expense** ***(B)***	**Deduct: Estimated amount related to operating leases as if under HKAS 17** ***(note 1)*** ***(C)***	**Hypothetical amounts for 2019 as if under HKAS 17** ***(D=A+B-C)***	Compared to amounts reported for 2018 under HKAS 17
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
Loss from operations	**(5,191)**	**27,561**	**(28,106)**	**(5,736)**	(16,943)
Finance costs	**(1,781)**	**1,521**	**–**	**(260)**	(128)
Loss before taxation	**(6,972)**	**29,082**	**(28,106)**	**(5,996)**	(17,071)
Loss for the year	**(7,802)**	**29,082**	**(28,106)**	**(6,826)**	(17,368)

	2019			2018
	Amounts reported under HKFRS 16	**Estimated amount related to operating leases as if under HKAS 17 (notes 1 & 2)**	**Hypothetical amounts for 2019 as if under HKAS 17**	Compared to amounts reported for 2018 under HKAS 17
	(A)	***(B)***	***(C=A+B)***	
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
Cash generated from/(used in) operations	**32,850**	**(28,106)**	**4,744**	(21,335)
Net cash generated from/(used in) operating activities	**32,571**	**(28,106)**	**4,465**	(23,979)
Capital element of lease rentals paid	**(26,585)**	**26,585**	**–**	–
Interest element of lease rentals paid	**(1,521)**	**1,521**	**–**	–
Net cash (used in)/generated from financing activities	**(27,989)**	**28,106**	**117**	55,788

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: These cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

4. REVENUE AND SEGMENT INFORMATION

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following three reportable segments:

– Sale of home furniture and accessories

– Rental of home furniture and accessories

– Project and hospitality services

Performance is based on segment gross profit. The Group's most senior executive management does not evaluate operating segment using assets and labilities information, so segment assets and liabilities are not reported to the Group's most senior executive management. Accordingly, reportable segment assets and liabilities have not been presented.

Segment revenue and results

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

For the year ended 31 December 2019

	Sale of home furniture and accessories *HK$'000*	Rental of home furniture and accessories *HK$'000*	Project and hospitality services *HK$'000*	Total *HK$'000*
Segment revenue – external customers	**202,189**	**22,508**	**83,021**	**307,718**
Segment results	**121,667**	**18,611**	**35,945**	**176,223**
Other income and gains				**3,469**
Selling and distribution costs				**(63,771)**
Administrative and other operating expenses				**(121,112)**
Finance costs				**(1,781)**
Loss before taxation				**(6,972)**

For the year ended 31 December 2018

	Sale of home furniture and accessories *HK$'000*	Rental of home furniture and accessories *HK$'000*	Project and hospitality services *HK$'000*	Total *HK$'000*
Segment revenue				
– external customers	191,335	23,145	63,623	278,103
Segment results	118,024	18,575	28,729	165,328
Other income and gains				3,071
Selling and distribution costs				(58,263)
Administrative and other operating expenses				(114,974)
Listing expenses				(12,105)
Finance costs				(128)
Loss before taxation				(17,071)

There was no inter-segment revenue for years ended 31 December 2019 and 2018.

Geographical information

Revenue from external customers

	2019 **_HK$'000_**	2018 *HK$'000*
Hong Kong	**215,389**	194,375
United Arab Emirates (the "**UAE**")	**63,406**	46,888
The People's Republic of China (excluding Hong Kong and Macao) (the "**PRC**")	**28,923**	36,840
	307,718	278,103

The above revenue information is based on the locations of the customers.

Non-current assets

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**30,157**	8,209
UAE	**5,946**	3,091
PRC	**6,512**	631
	42,615	11,931

The above non-current assets information is based on the locations of the assets.

Information about major customers

One single customer contributed 10% or more of the Group's revenue for the year ended 31 December 2019. Revenue from sale of home furniture and accessories, rental of home furniture and accessories and project and hospitality services for this customer amounted to HK$62,432,000 (2018: HK$42,906,000).

Revenue expected to be recognised in the future arising from project contracts with customers in existence at the end of the reporting period

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its project contracts such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the project contracts as all project contract works have an original expected duration of one year or less.

5. OTHER INCOME AND GAINS

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**469**	41
Interest income from finance leases	**169**	242
Net exchange gains	**–**	20
Income from franchising	**976**	1,060
Other income from franchisee	**801**	–
Reversal of allowance for doubtful debts	**–**	351
Reversal of long outstanding trade payables	**–**	884
Reversal of provision for long service payments	**518**	171
Sundry income	**536**	302
	3,469	3,071

6. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
(a) Finance costs:		
Interest on short-term bank loans	**260**	128
Interest on lease liabilities	**1,521**	–
	1,781	128
(b) Staff costs#:		
Salaries, allowances and commissions	**76,825**	72,480
Share-based payment expenses	**2,680**	1,234
Retirement benefits scheme contributions	**3,385**	3,345
(Reversal of)/provision for long service payments and employee's end-of-service benefits, net	**(361)**	739
	82,529	77,798

Staff costs are net of reversal of provision for long service payments of HK$518,000 (2018: HK$171,000) which is also included in other income and gains in note 5 above.

	2019	2018
	HK$'000	*HK$'000*
(c) Other items:		
Auditors' remuneration	**991**	1,019
Impairment loss on:		
– Contract assets	**182**	–
– Trade receivables	**372**	109
– Other receivables, deposits and prepayments	**226**	–
– Finance lease receivables	**48**	–
Bad debts written off	**–**	144
Cost of inventories recognised as expense	**128,585**	109,481
Depreciation on property, plant and equipment	**6,185**	7,089
Depreciation on right-of-use assets*	**27,561**	–
Net exchange loss	**1,030**	–
Expenses related to short-term leases and other leases with remaining lease term ending on or before 31 December 2019	**7,059**	–
Total minimum lease payments for leases previously classified as operating leases under HKAS 17*	**–**	35,959
Variable lease payments not included in the measurement of lease liabilities	**401**	214

* The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated.

7. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income

	2019	2018
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Current year provision	**850**	354
– Over-provision in respect of prior year	**(20)**	(70)
PRC Enterprise Income Tax	**–**	13
	830	297

The Group is not subject to any income tax in the Cayman Islands, the BVI and the UAE pursuant to the rules and regulations in those jurisdictions.

The provision for Hong Kong Profits Tax for 2019 is calculated at 8.25%(2018: 8.25%) on the first HK$2,000,000 and 16.5% (2018: 16.5%) of the remaining estimated assessable profits for the year.

PRC Enterprise Income Tax is calculated at 25% (2018: 25%) of the estimated assessable profits in accordance with relevant rules and regulations in the PRC.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates

	2019	2018
	HK$'000	*HK$'000*
Loss before taxation	**(6,972)**	(17,071)
Notional tax at applicable tax rate at respective jurisdictions	**(1,490)**	(2,025)
Tax effect of non-taxable income	**(256)**	(17)
Tax effect of non-deductible expenses	**542**	2,392
Tax effect of temporary differences not recognised	**197**	100
Tax effect on unused tax losses not recognised	**1,857**	23
Tax effect of utilisation of previously unrecognised tax loss	**–**	(106)
Over-provision in respect of prior years	**(20)**	(70)
Actual tax expense	**830**	297

(c) Deferred taxation

No provision for deferred tax liabilities has been made as there were no material temporary differences as at 31 December 2019 (2018: Nil).

At 31 December 2019, the Group has unused tax losses arising in Hong Kong of approximately HK$3,778,000 (2018: HK$2,476,000), that are available indefinitely for offsetting against future taxable profits of the Group company in which the losses arose. The Group also has tax losses arising in the PRC of approximately HK$11,588,000 (2018: HK$7,492,000), that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses due to the unpredictability of future profit streams.

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to equity shareholders of the Company of HK$7,802,000 (2018: HK$17,368,000) and the weighted average of 1,000,000,000 (2018: 865,068,493) ordinary shares in issue.

No diluted loss per share for the years ended 31 December 2019 and 2018 was presented as there were no dilutive potential ordinary shares in issue during both years.

9. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**19,405**	23,172
Less: allowances for doubtful debts	**(817)**	(450)
	18,588	22,722
Other receivables	**3,699**	3,395
Trade deposits	**8,721**	15,871
Rental and other deposits	**14,150**	11,083
Prepayments	**11,993**	6,862
	57,151	59,933

At 31 December 2019, apart from certain deposits totalling HK$14,150,000 (2018: HK$11,083,000), all trade and other receivables are expected to be recovered or recognised as expenses within one year.

The ageing analysis of trade receivables, based on invoice date and net of allowance for doubtful debts, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**8,629**	13,787
More than 1 month but less than 3 months	**2,942**	5,043
More than 3 months but less than 12 months	**5,434**	2,787
More than 12 months	**1,583**	1,105
	18,588	22,722

Trade receivables are due within 30 days from the date of billing.

10. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**3,181**	2,826
Deposits received	**4,055**	3,861
Other payables	**7,403**	10,597
Accruals	**11,124**	10,965
	25,763	28,249

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

The following is an ageing analysis of trade payables presented based on the invoice date:

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**2,163**	1,817
More than 1 month but less than 3 months	**170**	211
More than 3 months	**848**	798
	3,181	2,826

Included in accruals as at 31 December 2019 were delivery service and manpower support charges payable to Winford Inc. Limited of HK$383,000 (2018: HK$250,000), which is unsecured, interest-free and payable within 21 days after the invoice date. A director, Mr. John Warren MCLENNAN, has a 50% equity interest in Winford Inc. Limited.

11. DIVIDEND PAID

The Directors do not recommend the payment of any final dividend in respect of the year ended 31 December 2019.

Interim dividends totalling HK$ 26,250,000 paid in the year ended 31 December 2018 represented dividends declared and paid by the Company prior to a reorganisation before the Listing Date. The rate of dividend per share is not presented as it does not indicate the rate which future dividend will be declared.

12. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally operates three lines of business, namely, (i) sale of home furniture and accessories ("**Furniture Sales**", which includes retail, corporate sales, online shops, wholesale and franchise); (ii) rental of home furniture and accessories ("**Furniture Rental**"); and (iii) project and hospitality services ("**Projects**", which typically involve designing, styling, decorating and furnishing commercial or residential properties such as hotels, serviced apartments and show flats).

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2019 (the "**Current Year**") was approximately HK$307.7 million, representing an increase of HK$29.6 million or 10.6% as compared with the year ended 31 December 2018 (the "**Last Year**") of approximately HK$278.1 million.

The revenue from the Furniture Sales increased by approximately 5.7% from approximately HK$191.3 million in the Last Year to approximately HK$202.2 million in the Current Year. This was mainly attributable to the growth in the corporate sales business in Hong Kong. However, the overall Furniture Sales still did not reach our expectation due to tough market conditions.

In Hong Kong, the same store retail sales revenue (which excluded our new stores at Yoho Mall in Yuen Long, Sonder Living @ Indigo operation in Ap Lei Chau, and the pop-up store in Prince's Building, all of which operated less than a whole calendar year, and the discount store in Horizon Plaza which was closed in December 2018) dropped from HK$78.8 million in the Last Year to HK$74.1 million in the Current Year. This was mainly attributable to a drop in our Shatin store sales of HK$3.7 million versus the Last Year which was mainly due to the renovation and downsizing of the store in line with our new rental contract that took place in August 2018.

On the other hand, our new Yuen Long store opened in May 2018 and our Sonder Living @ Indigo operation had a moderate contribution to our Furniture Sales revenue, which almost fully covered the shortfall in the same store retail sales revenue. However, the social unrest since June 2019 has seriously affected the shopper traffic in the malls and in the streets. We have had to close certain stores early (or even all day) because of the early closure of MTR services or public processions or assemblies nearby. Therefore the revenue from Hong Kong retail operation was lower than our original expectation. With full year impact of the expenses in respect of new stores opened in 2018, the net contribution generated from Hong Kong retail has declined as compared to Last Year. To mitigate the negative impact of such situations, we have extended and strengthened our online promotion, and our online sales in Hong Kong increased by 22.9% as compared with the Last Year.

Retail revenue from our Sheikh Zayed Road store in Dubai, the United Arab Emirates (the "**UAE**") continued to be weak, with 34.1% decline in revenue as compared to the Last Year. This has been in some part due to the weakness of the Dubai retail market and the use of this store to actively clear stock at a discounted rate. However, such decline has been compensated in full by the sales amount derived from our store in Al Wasl Road (which opened in late August 2018) from predominantly new customers, leading to an overall increase of 9.1% in overall Dubai retail stores sales. However, with full year impact of expenses of Al Wasl Road store, our retail operation in Dubai also noted a decline in net contribution.

On the other hand, the Group's retail business in the Shanghai An Fu Lu store noted a drop of approximately 21.2% to HK$10.1 million in the Current Year as a result of intensified competition in the market from new and expanding brands and the concurrent cooling down of the property market and customer sentiment in spending. In order to remain competitive in the China market and enhance the public awareness of our brand, we have decided to set up another store in Jing An District, Shanghai, which is expected to commence operation in May 2020. Our China's online sales also slightly decreased from HK$4.2 million in the Last Year to HK$4.1 million in the Current Year.

The corporate sales in Hong Kong, which consists mainly of the sales of showflats furniture to property developers, noted a significant increase from HK$35.4 million in the Last Year to HK$41.8 million in the Current Year. This was attributable to the fact that we continued to provide developers with innovative ways to promote the successful sale of their properties including showflats, property styling, design and build solutions and bespoke furniture packages for homeowners.

The Group's franchise business in Saudi Arabia recorded a growth of 9.4% in sales revenue, from HK$7.6 million in the Last Year to HK$8.3 million in the Current Year. However, its gross margin was lower than other retail and corporate sales customers therefore it caused a lesser impact on the Group's gross profit.

The revenue from the Furniture Rental decreased by approximately 2.8% from approximately HK$23.1 million in the Last Year to approximately HK$22.5 million in the Current Year.

The fall in revenue from Furniture Rental was mainly as a result of completion of lease period of rental contracts from 2016 and 2017, without being sufficiently replaced by new rental contracts.

The revenue from the Projects business increased by approximately 30.5% from approximately HK$63.6 million in the Last Year to approximately HK$83.0 million in the Current Year. The increase was partly attributable to a significant hospitality project in Dubai completed for a US company in 2019.

Our Group successfully completed a record amount of Projects business in Hong Kong in 2019. This was attributable to the fact that developers wanted to fill flats before a proposed vacancy tax becomes effective.

Gross Profit

The gross profit margins for our three lines of business varied principally as a result of the composition of the revenues of our Furniture Sales, Furniture Rental and Projects businesses, changing conditions of the markets and their effects on product pricing, product mix and our cost of sales. Generally the gross profit margins of our Furniture Sales (except franchise) and Furniture Rental businesses are higher than the gross profit margin of the Projects business due to the provision of design and styling and custom furniture in the latter.

The gross profit of the Group increased HK$10.9 million or 6.6% from approximately HK$165.3 million in the Last Year to approximately HK$176.2 million in the Current Year. We saw a decline in overall gross profit percentage from 59.4% in the Last Year to 57.3% in the Current Year due to an increasing portion of Projects business which operate on a lower margin pricing strategy, together with the decline in rental revenue which has a higher gross profit margin and decrease in margin in overall retail operation.

Selling and Distribution Costs

Our selling and distribution costs comprise mainly staff cost of sales teams, staff commission, advertising and promotion, transportation and delivery costs, credit card commission, agency fees and others.

The Group's selling and distribution costs increased by approximately 9.5% from approximately HK$58.3 million in the Last Year to approximately HK$63.8 million in the Current Year.

This increase of HK$5.5 million was mainly the net result of:

(i) the surge in sales-related staff costs of HK$2.8 million, from HK$34.9 million in the Last Year to HK$37.7 million in the Current Year, which was mainly attributable to the full year impact of the new stores opened in 2018;

(ii) an increase of HK$2.3 million agency fee, which was mainly attributable to running of Sonder Living @ Indigo (opened in November 2018);

(iii) an increase in freight and delivery charges of HK$1.9 million as a result of increase of outsourcing of deliveries and the impact of renegotiation to fixed contracts to ensure supply during peak times;

(iv) savings in advertising and promotion expenses of HK$2.1 million; and

(v) an increase in credit card commission of HK$0.6 million.

Administrative and other operating expenses

Our administrative and other operating expenses comprise mainly staff cost (other than the sales teams), rental and related expenses, depreciation on property, plant and equipment (other than those relating to the furniture for rental), staff benefits and others. Such expenses increased by approximately 5.3% from approximately HK$115.0 million in the Last Year to approximately HK$121.1 million in the Current Year. This increase is mainly the result of:

(i) an increase in staff costs (other than sales teams) of approximately HK$2.3 million (from HK$43.1 million in the Last Year to HK$45.4 million in the Current Year) including the increase in share-based payments of HK$1.4 million which reflected its full year impact in respect of share options granted to employees in 2018; and

(ii) an increase in exchange loss of HK$1.0 million mainly attributable to the depreciation of Renminbi in 2019.

Finance costs

The Group incurred bank interest expenses on short term import loan financing of approximately HK$260,000 in the Current Year (Last Year: HK$128,000).

Following the application of Hong Kong Financial Reporting Standard 16 "Leases" (effective on 1 January 2019), approximately HK$1.5 million was recognised in the Current Year as interest expenses on the remaining balance of the net present value of the aggregate lease payments in respect of the leases of certain premises, which the Group has entered into as a lessee.

Listing expenses

There were listing expenses of HK$12.1 million in the Last Year as the Company was then in the process of a listing application. Such expenses were non-recurring as the shares of the Company had been listed in July 2018. The Company did not record any listing expenses in the year ended 31 December 2019.

Loss for the year

Loss attributable to equity shareholders of the Company for the Current Year amounted to approximately HK$7.8 million (Last Year: loss of approximately HK$17.4 million, including the listing expenses as mentioned above).

The decrease in loss was mainly attributable to the net effects of (i) the increase in gross profit of HK$10.9 million as a result of the growth in revenue of Furniture Sales and Projects businesses; (ii) the increase in other revenue of HK$0.4 million; (iii) the increase of selling and distribution costs, administrative and other operating expenses and finance costs as mentioned above totaling HK$13.3 million; (iv) the decrease in one off listing expenses of HK$12.1 million as mentioned above; and (v) the increase in income tax expense of HK$0.5 million.

TRADE AND OTHER RECEIVABLES

The Group's trade and other receivables as at 31 December 2019 amounted to HK$57.2 million (31 December 2018: HK$59.9 million), which consists of the following:

a) Trade receivables of HK$18.6 million (31 December 2018: HK$22.7 million), net of allowances for doubtful debts of HK$0.8 million (31 December 2018: HK$0.5 million). Notwithstanding the decrease in balances, the receivables with age between 3 months and 12 months increased by approximately HK$2.6 million which led to increase in allowance for doubtful debts calculated under the expected credit loss model;

b) Trade deposits of HK$8.7 million (31 December 2018: HK$15.9 million) paid to the Group's suppliers before receipts of the inventories purchased. The balances of such trade deposits at any given point of time depend on the progress of the corporate sales and projects (which in turn affects the timing of the purchases of items in respect of such projects) and also the timing of the purchases for seasonal launches and replenishments;

c) Rental and other deposits of HK$14.2 million (31 December 2018: HK$11.1 million). The increase was mainly attributable to the rental deposit of HK$3.2 million in respect of a new warehouse in Kwai Chung (the lease will start in April 2020);

d) Prepayments of HK$12.0 million (31 December 2018: HK$6.9 million) which includes HK$7.4 million in respect of development of ERP software (31 December 2018: HK$5.2 million), and the rental prepayment for the new store in Shanghai of HK$1.5 million, which is expected to open in 2020; and

e) Other receivables of HK$3.7 million (31 December 2018: HK$3.4 million).

TRADE AND OTHER PAYABLES

The Group's trade and other payables as at 31 December 2019 amounted to HK$25.8 million (31 December 2018: HK$28.2 million), which consists of the following:

a) Trade payables to suppliers of HK$3.2 million (31 December 2018: HK$2.8 million);

b) Deposits received from customers of HK$4.1 million (31 December 2018: HK$3.9 million);

c) Other payables of HK$7.4 million (31 December 2018: HK$10.6 million), mainly represents credit notes issued, accrued project costs and purchases; and

d) Accruals of HK$11.1 million (31 December 2018: HK$11.0 million) which consists of staff costs (mainly commission accruals and bonus provision) and accruals of certain expenses of the Group.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Historically, we have funded our operations primarily through net cash flow generated from our operations. Our primary uses of cash have been, and are expected to continue to be, operational costs and capital expenditures for business expansion. We currently expect that there will not be any material change in the sources and uses of cash of our Group, except that we have started using our import financing facilities as well as the additional funds from the proceeds of the Listing for implementing our future plans as detailed in the heading "Use of Proceeds" below.

The Group had cash and cash equivalents of approximately HK$71.6 million as at 31 December 2019 (31 December 2018: HK$70.2 million). Most of such cash and cash equivalents were denominated in the functional currencies of the countries/regions in which the Group's subsidiaries operate. As at 31 December 2019, the Group had total bank borrowings of approximately HK$5.4 million (31 December 2018: HK$5.0 million). All borrowings were denominated in Hong Kong Dollars with variable interest rates based on HIBOR.

GEARING RATIO

The Group monitors capital using a gearing ratio, which is the Group's total debts (short term bank loans) over its total equity. The Group's policy is to keep the gearing ratio at a reasonable level.

The Group's gearing ratio as at 31 December 2019 was 4.1% (31 December 2018: 3.7%). The increase in the gearing ratio of the Group was primarily resulted from the increased use of import financing facilities for trade payments, which are usually drawn for purchases for each season and for significant sales projects.

PLEDGE OF ASSETS

As at 31 December 2019 and 2018, a pledged bank deposit of HK$3.0 million was applied as security for the general banking facilities granted to a subsidiary. These facilities were also secured by a corporate guarantee of HK$8.0 million from the Company.

FOREIGN CURRENCY RISK

The Group's sales and direct costs were primarily denominated in the functional currency of the operations to which the transactions are related. Accordingly, we consider that the Group's exposure to foreign currency risk is minimal.

CAPITAL COMMITMENTS

As at 31 December 2019, the Group did not have any significant capital commitments (31 December 2018: Nil).

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries, as at 31 December 2019, the Group did not hold any significant investment in equity interest in any other company.

CONTINGENT LIABILITIES

As at 31 December 2019 and 2018, the Group had no significant contingent liabilities.

USE OF PROCEEDS

The Company intends to utilise such net proceeds as disclosed in the "Future Plans and Use of Proceeds" section of the prospectus of the Company dated 29 June 2018 (the "**Prospectus**"), based on the net proceeds from the Listing of approximately HK$48.5 million upon the Listing Date.

	Net proceeds to be applied	Approximate percentage of the proceeds	**Amount utilised up to 31 December 2019**	**Unutilised amount up to 31 December 2019**
	HK$'000	*%*	***HK$'000***	***HK$'000***
Expand our retail network by opening additional retail stores	28,382	58.6%	**4,176**	**24,206**
Enhance our online shop and our information technology capability	3,893	8.0%	**2,087**	**1,806**
Recruitment of additional staff	5,545	11.4%	**3,923**	**1,622**
Recruitment for our planned new retail stores	1,556	3.2%	**48**	**1,508**
Increasing our inventory	5,056	10.4%	**3,533**	**1,523**
General working capital	4,043	8.4%	**4,043**	**–**
	48,475	100.0%	**17,810**	**30,665**

COMPARISON OF BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 31 December 2019 is set out below:

Business objectives	**Actual business progress up to 31 December 2019**
Expand our retail network by opening additional retail stores (including additional staff for such stores)	In the fourth quarter of 2019, we secured a second location in Shanghai and expect to have this open in the second quarter of 2020. We will continue to look for additional sites as planned in the Prospectus, however such plan has been delayed due to prevailing market conditions.
Enhance our online shop and our information technology capability	Successful Hong Kong radio frequency identification system (RFID) pilot conducted for the end-of-year stocktake and product photoshoot, enabling operational efficiencies. RFID will be rolled-out further across the Hong Kong operation and Group upon move to new warehouse location in Hong Kong in the second quarter of 2020.

Business objectives	Actual business progress up to 31 December 2019
	We have purchased licenses and development of a new CRM and Marketing automation software to be rolled out in the second quarter of 2020. This will enhance our website and mobile capabilities with our customer base. Development of a mobile application has commenced through this CRM and marketing automation software solution. The Group intends to use up the remaining unutilised fund for this objective within the timeline as outlined in the Prospectus.
Recruitment of additional staff	During the course of 2019, we did not recruit any additional staff using the net proceeds from the Listing but made two replacement of staff. Seven staff, five in Hong Kong and two in China, have been primarily hired with the net proceeds from Listing since the Listing Date to support growth areas of design services, back office and e-Commerce activity. The Group intends to use up the remaining unutilised funds for this objective in the Prospectus subject to timing of store openings.
Increasing our inventory	New TMall product offerings have been introduced to enhance ability to drive awareness and sales. The Group intends to use up the remaining unutilised fund for this objective within the timeline as outlined in the Prospectus.

The remaining net proceeds as at 31 December 2019 had been placed in interest-bearing deposits in banks in Hong Kong.

The Directors will constantly evaluate the Group's business objectives and will change or modify plans against the changing market conditions to ascertain the business growth of the Group.

As at the date of this report, the Directors do not anticipate any change to the plan as to the use of proceeds.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the "Future Plans and Use of Proceeds" section of the Prospectus, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the Current Year, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

EMPLOYEE AND EMOLUMENT POLICIES

As at 31 December 2019, the employee headcount (including executive Directors) of the Group was 223 (31 December 2018: 210) and the total staff costs, including share-based payments and sales commission (including Directors' emoluments) amounted to approximately HK$82.5 million in the Current Year (Last Year: approximately HK$77.8 million).

The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed and approved by the Board of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement.

The Group participates in a Mandatory Provident Fund Scheme (the "**MPF Scheme**") under rules and regulations of Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) (the "**MPF Ordinance**") for all of its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the MPF Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to the profit or loss as they become payable. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee.

The employees of the Group in the People's Republic of China (excluding Hong Kong and Macao) (the "**PRC**") are members of a state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

FUTURE PROSPECTS

2020 – Looking to the future

Our mission for 2020 will remain the same – to enable our customers and their clients to ***Live Beautifully***. In 2020 we will continue to focus on delivering this promise through continual development of our products and services in all regions, to differentiate ourselves in our markets such as increased B2C design services both in store and online.

The forthcoming financial year is expected to be challenging due to the competitive market conditions in the industry as well as the uncertainty in all our markets as a result of the COVID-19 scare and Hong Kong's continued social unrest. These factors will adversely impact our performance for at least the first quarter of the year 2020. We will continue to actively cut costs and streamline operations wherever possible to deliver on our strategic development plans and take advantage of growth opportunities as they arise in all regions. For example, we plan to open a new store in a prominent location in Shanghai later in the year. We will also continue to develop the Sonder Living @ Indigo partnership which will allow us to gain more retail and B2B market share. We will also continue to develop the brand to stay aligned with current market trends and technology ensuring we remain ahead of the competitor curve.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019.

On 4 January 2018, the Company paid HK$26.3 million to the then sole shareholder, Double Lions. No final dividend had been paid for the year ended 31 December 2018.

ANNUAL GENERAL MEETING

The date of the annual general meeting of the Company for the year ended 31 December 2019 (the "**AGM**") will be announced in due course. Such date is expected to be sometime before 30 June 2020. In accordance with the GEM Listing Rules and code provision E1.3 of the CG Code(as defined below), we will issue and publish the notice of the AGM at least 20 clear business days before the AGM.

CLOSURE OF REGISTER OF MEMBERS

The period for which the register of members of the Company will be closed for the purpose of ascertaining the entitlement of the shareholders of the Company to attend and vote at the AGM will be announced at least 10 business days before such closure in accordance with rule 17.78(1) of the GEM Listing Rules.

INTERESTS OF THE COMPLIANCE ADVISER

As advised by Altus Capital Limited, at 31 December 2019 and up to the date of this announcement, except for the compliance adviser agreement entered into between the Company and Altus Capital Limited, the compliance adviser of the Company, neither Altus Capital Limited, nor any of its directors, employees or close associates had any interests in relation to the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard of Dealings**"). Having made specific enquiry of all the Directors, each of them confirmed that they had complied with the Required Standard of Dealings throughout the year ended 31 December 2019, and the Company was not aware of any non-compliance with such Required Standard of Dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

CORPORATE GOVERNANCE PRACTICES

The Board is committed to establishing and ensuring high standards of corporate governance and adopt sound corporate governance practices on the basis of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules.

The Directors consider that the Company has complied with all the code provisions set out in the CG Code during the year ended 31 December 2019.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, save as disclosed in this announcement, there were no other significant events that might affect the Group after the reporting period.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and paragraph C3.3 of the CG Code pursuant to a resolution of the Directors passed on 19 June 2018. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, reappointment and removal of external auditors, review the financial statements and provide advice in respect of financial reporting, oversee our financial reporting process, internal control, risk management systems and audit process, and perform other duties and responsibilities assigned by the Board.

The Audit Committee comprises Ms. Elaine June CHEUNG, Mr. Roderick Donald NICHOL, Ms. LI Yan Yan (until 13 June 2019) and Ms. Lale KESEBI (since 13 June 2019), all being independent non-executive Directors. Ms. Elaine June CHEUNG is the chairperson of the Audit Committee.

The Audit Committee held four meetings during the Year for the purposes of, among other things, review the annual financial results for the year ended 31 December 2018, the first quarterly, interim and third quarterly financial results for 2019, respectively before submission to the Board. It also reviewed the activities of the Group's risk management and internal control functions.

The Audit Committee has also reviewed the consolidated financial statements of the Group for the year ended 31 December 2019 and is of the opinion that such consolidated financial statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2019. The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group and they are not aware of any events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.pacificlegendgroup.com respectively. The annual report of the Company for the year ended 31 December 2019 containing the information required by the GEM Listing Rules and the applicable laws will be dispatched to the shareholders of the Company in due course.

By Order of the Board
Pacific Legend Group Limited
Tracy-Ann FITZPATRICK
Executive Director, Vice-Chairperson
and Chief Executive Officer

Hong Kong, 13 March 2020

As at the date of this announcement, the Board comprises Mr. John Warren MCLENNAN, Ms. Tracy-Ann FITZPATRICK and Ms. MOK Lai Yin Fiona as executive Directors; Mrs. Jennifer Carver MCLENNAN as non-executive Director; and Ms. Elaine June CHEUNG, Ms. Lale KESEBI and Mr. Roderick Donald NICHOL as independent non-executive Directors.