



**SYMPHONY**

新濠集團有限公司

SYMPHONY HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

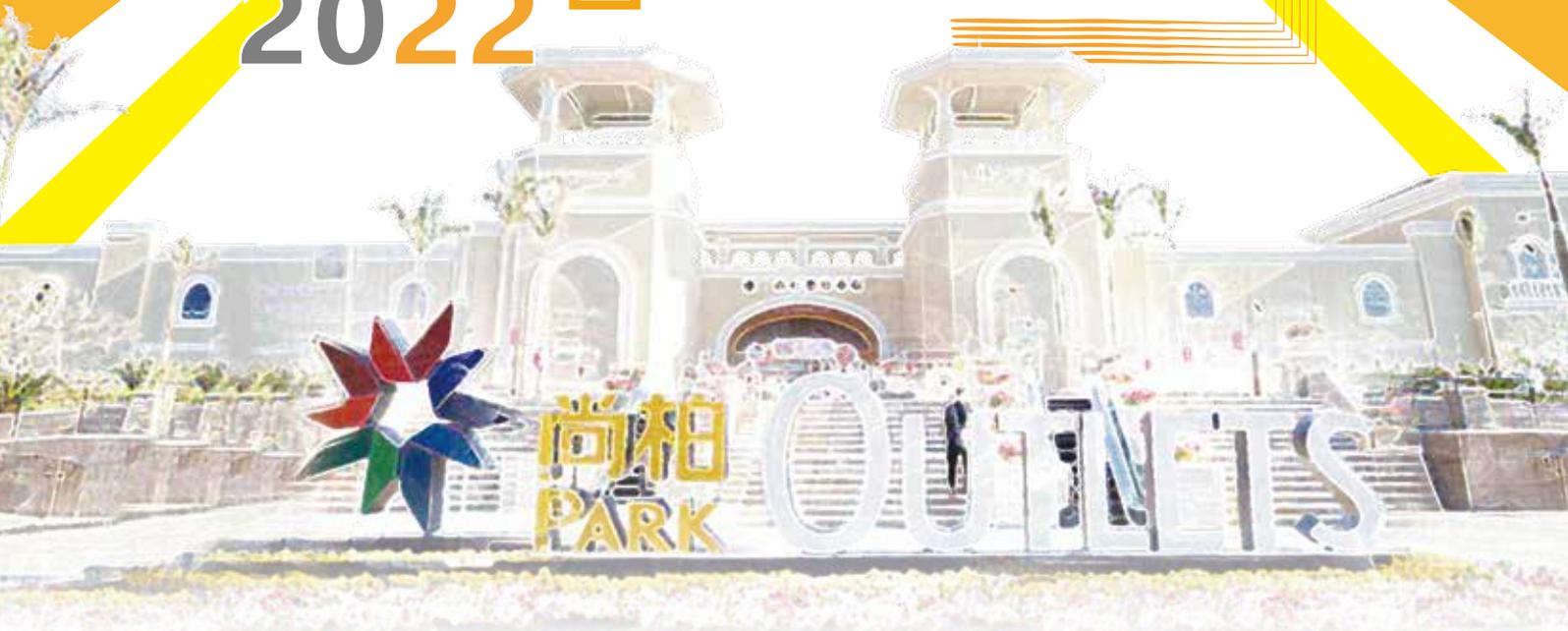
Stock Code : 01223

**INTERIM REPORT**



**SYMPHONY**

**2022**







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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Cheng Tun Nei (*Chairman & Chief Executive Officer*)

Mr. Chan Kar Lee Gary

Mr. Lee Cheung Ming

### Independent Non-executive Directors

Mr. Shum Pui Kay

Mr. Wah Wang Kei Jackie

Mr. Chow Yu Chun Alexander

## BOARD COMMITTEES

### Audit Committee

Mr. Chow Yu Chun Alexander (*Chairman*)

Mr. Shum Pui Kay

Mr. Wah Wang Kei Jackie

### Remuneration Committee

Mr. Wah Wang Kei Jackie (*Chairman*)

Mr. Shum Pui Kay

Mr. Chow Yu Chun Alexander

### Nomination Committee

Mr. Cheng Tun Nei (*Chairman*)

Mr. Shum Pui Kay

Mr. Wah Wang Kei Jackie

## COMPANY SECRETARY

Mr. Yeung King Hang (*Resigned on 8 July 2022*)

## AUDITOR

BDO Limited

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

10/F., Island Place Tower

510 King's Road

North Point

Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## HONG KONG SHARE REGISTRAR

Tricor Tengis Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

## PRINCIPAL BANKERS

Hang Seng Bank Limited

The Bank of East Asia, Limited

First Commercial Bank Limited

Bank of China (Hong Kong) Limited

## WEBSITE

[www.symphonyholdings.com](http://www.symphonyholdings.com)

## STOCK CODE

1223

# Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Symphony Holdings Limited (the "**Company**"), I hereby present the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2022 (the "**Period**") together with comparative amounts for the corresponding period in 2021 (the "**Corresponding Period**").

During the first half of 2022, albeit the sophisticated and ever-changing business environment caused by the fluctuating geopolitical situation and the pandemic control measures implemented by the mainland China, the Group actively boosted business transformation with a pragmatic and aggressive approach.

In the first half of the year, the Group had sold the trademarks under the international footwear brand "PONY" in countries outside of APAC to an US-leading brand operator Iconix International Inc. ("**Iconix**"), and had established a joint venture with Iconix for the operation of "PONY" business in APAC (excluding the mainland China and Taiwan region). The Group has been committed to enhancing brand value, and this transaction will be beneficial to the ongoing development of "PONY". With the joint venture, and leveraging on the global advantages of Iconix and the expertise of the Group in APAC, the influence of "PONY" will be further extended. Meanwhile, the new plans for "PONY" will pave a solid foundation for the long-term development of the Group's brand business as a whole and facilitate the continuous improvement of our own operation.

Previously, the Group formed a joint venture with ITOCHU Corporation ("**ITOCHU**") of Japan to jointly operate the global business of "SKINS", a compression sportswear brand. Thanks to the efforts of both parties, the "SKINS" sales network had been expanded globally, and it had secured a position in the professional athletic market through close cooperations with numerous international sports events and athletes. Focusing on product research and development and innovation, the brand had been dedicated to promoting product diversification and had continued to launched various fashionable and functional sports compression garments. To further increase market penetration, the brand had also launched product series for cycling and triathlon to satisfy different athletic needs. In terms of promotion, "SKINS" had been showcased in various exhibitions to re-introduce our brand story to the market. In June, "SKINS" participated in "Outdoor Retailer", the North America's largest tradeshow in the outdoor industry, in Denver, State of Colorado, the United States of America (the "**US**"). As an annual grand occasion of the industry, hundreds of renowned international outdoor brands around the world had been gathered at the exhibition, and the success of which had increased the awareness of the innovative products of "SKINS", which helped accelerate our development pace in the US market and enabled the internationalisation of the brand in a deeper and farther manner.

During the period, the Group had successfully sold 70% equity interests in Arena Shanghai, and commenced cooperation with another international trendy swimsuit brand for the operation of the market in the mainland China. The main focuses at this stage are integration of previous resources and market planning, so as to build up a development base for trendy swimsuit business.

# Chairman's Statement

On top of the branding business, the Group also strategically operates its retailing business under the "Park Outlets" brand in different regions of the PRC through the "Outlets + Community Malls" model. Located at Xiamen, Shenyang and Anyang, our outlets retail offers a rich mix of international and domestic brands, catering for the needs of big consumption with one-stop experience of shopping, entertainment and leisure. Our community malls retail is located at the municipalities Tianjin and Chongqing with geographical advantage and provides residents with shopping and services they need on a daily basis. During the period, the local tourist flow dropped significantly due to the lock-down and control measures against the pandemic in Shanghai, which had affected "Park Outlets" to a certain extent. Nevertheless, "Park Outlets" had seized the right timing to upgrade auxiliary facilities, strengthen management and continuously optimize consumers' shopping experience. Upon stabilization of the pandemic, our outlets had successfully boosted consumption and increased traffic flow through outdoor activities and promotional offers. With years of strong foothold in the retail market in the mainland China, "Park Outlets" had become a retail chain brand with outstanding capability and competitiveness, and had demonstrated its resilience against different cycles of the retail industry.

Notwithstanding the fluctuating economic condition in the first half of the year, the Group's financial business continued to grow steadily. As always, we are committed to serve our clients through our professionalism and pragmatism, aiming at becoming a reliable partner in managing and enhancing the wealth of our clients.

On behalf of the Board, I hereby express my sincere gratitude to the shareholders, our staff, the banks, our clients and our business partners for their trust and support. The Group will strive to boost business development and keep excelling in order to create larger value for our shareholders.

**Cheng Tun Nei**

*Chairman*

Hong Kong, 31 August 2022

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Comparative figures

The presentation of certain comparative figures in the Corresponding Period has been re-presented in order to disclose the discontinued operations separately from continuing operations.

### Overview of Interim Results

For the Period, the Group's overall revenue decreased by 2.7% to approximately HKD135.4 million (Corresponding Period: approximately HKD139.1 million). The Group recorded an unaudited consolidated loss attributable to owners of the Company of approximately HKD3.0 million for the Period, representing a decrease of approximately 242.9% or approximately HKD5.1 million as compared with an unaudited consolidated profit attributable to owners of the Company of approximately HKD2.1 million for the Corresponding Period.

### Segment information

#### **Branding**

The branding segment comprised of: (i) development and management of "SKINS" and "PONY" trademarks; (ii) sourcing, manufacturing and trading of healthcare products in Hong Kong; and (iii) distribution of "SUNSEEKER" swimwear.

Revenue for the Period amounted to approximately HKD21.9 million (Corresponding Period: approximately HKD27.0 million), representing a decrease of approximately 18.9%. Reportable segment profit for the Period amounted to approximately HKD121.2 million (Corresponding Period: reportable segment loss of approximately HKD9.4 million). The increase in reportable segment profit was mainly due to the one-off gain on disposal of "PONY" Business which was included in other income and gains.

#### **Retailing**

The retailing segment comprised of: (i) management and operation of outlet malls located in Xiamen, Shenyang and Anyang of the People's Republic of China (the "PRC"); and (ii) investment properties including commercial premises located in Hong Kong, Beijing and Shanghai of the PRC and community malls located in Chongqing and Tianjin of the PRC. The investment properties are held under either medium or long-term leases and for the purpose of either earning rental income or capital appreciation.

Revenue for the Period amounted to approximately HKD101.2 million (Corresponding Period: approximately HKD99.0 million), representing an increase of approximately 2.2%. Reportable segment loss for the Period amounted to approximately HKD26.4 million (Corresponding Period: approximately HKD0.1 million).

#### **Financial Services**

The financial services segment continues to generate service income or interest income from the provision of securities brokerage, margin financing, money lending, underwriting and placing of listed securities and financial consultancy services in Hong Kong.

Revenue for the Period amounted to approximately HKD12.3 million (Corresponding Period: approximately HKD13.2 million), representing a decrease of approximately 6.8%. Reportable segment profit for the Period amounted to approximately HKD5.9 million (Corresponding Period: approximately HKD18.2 million). The decrease in reportable segment profit was mainly due to the loss in fair value during the Period.

# Management Discussion and Analysis

## Cost of sales, gross profit and gross profit margin

Cost of sales comprised of the cost of goods sold. The cost of sales decreased from approximately HKD12.7 million for the Corresponding Period to approximately HKD11.0 million for the Period, representing a decrease of approximately 13.4%.

Gross profit for the Period amounted to approximately HKD124.4 million, representing a decrease of approximately HKD2.0 million or approximately 1.6% as compared with approximately HKD126.4 million for the Corresponding Period.

The Gross profit margin for the Period was approximately 91.9% (Corresponding Period: approximately 90.9%).

## Other income and gains

Other income and gains mainly comprised of the gain on disposal of intangible assets and the reimbursement income of outlet malls. Other income and gains increased from approximately HKD31.9 million for the Corresponding Period to approximately HKD161.4 million for the Period, representing an increase of approximately 406.0%.

## Distribution and selling expenses

Distribution and selling expenses mainly comprised of the advertising and promotion expenses and salaries costs. Distribution and selling expenses increased from approximately HKD32.0 million for the Corresponding Period to approximately HKD41.0 million for the Period, representing an increase of approximately 28.1%.

## Administrative expenses

Administrative expenses mainly comprised of employees' costs, professional fees and utility expenses. Administrative expenses increased from approximately HKD62.8 million for the Corresponding Period to approximately HKD80.6 million for the Period, representing an increase of approximately 28.3%.

## Finance costs

Finance costs mainly comprised of bank loan interest. Finance costs increased from approximately HKD31.9 million for the Corresponding Period to approximately HKD34.1 million for the Period, representing an increase of approximately 6.9%. The increase was primarily due to the absence of interest expense being capitalised during the Period.

## Fair value of investment properties

Decrease in fair value of investment properties for the Period amounted to approximately HKD2.1 million, representing a decrease of approximately HKD1.9 million as compared with approximately HKD4.0 million for the Corresponding Period.

## Fair value loss of financial assets at fair value through profit or loss

Fair value loss of financial assets at fair value through profit or loss for the Period amounted to approximately HKD84.8 million, representing a decrease of approximately HKD97.8 million as compared with the fair value gain on financial assets at fair value through profit or loss amounted to approximately HKD13.0 million for the Corresponding Period. The increase in loss was mainly due to the drop in market price of listed securities as at the date of disposal. Details of the disposal was disclosed on page 9 of this interim report.

## Income tax expense

Income tax expense for the Period amounted to approximately HKD2.5 million, representing a decrease of approximately HKD0.9 million as compared with approximately HKD3.4 million for the Corresponding Period. The decrease was mainly due to the decrease in the provision of Hong Kong profits tax during the Period.

# Management Discussion and Analysis

## Loss for the period attributable to owners of the Company

The Group reported loss attributable to owners of the Company of approximately HKD3.0 million for the Period as compared with profit attributable to owners of the Company of approximately HKD2.1 million for the Corresponding Period. It was mainly attributable to the fair value loss of approximately HKD84.8 million for financial assets at fair value through profit or loss during the Period.

## MARKET INFORMATION

During the Period, revenue from the PRC, Hong Kong and other Asian countries comprised of approximately 96.1% (Corresponding Period: approximately 88.6%) of the total revenue and the remaining 3.9% (Corresponding Period: approximately 11.4%) shared between the United Kingdom, the US and other countries.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group had bank and cash amounted to approximately HKD283.7 (31 December 2021: approximately HKD174.3 million). The Group was offered banking facilities amounted to approximately HKD1,524.3 million (31 December 2021: approximately HKD1,622.2 million).

As at 30 June 2022, the Group's bank borrowing amounted to approximately HKD1,524.3 million (31 December 2021: approximately HKD1,622.2 million). The Group had variable interest-rate bank borrowings carried at interest rates from approximately 2.15% to 6.8% (Corresponding Period: approximately 1.6% to 5.6%) per annum. The Group's gearing ratio, expressed as a percentage of the total outstanding net debt (being total bank borrowings less bank balances and cash) to the total equity, was approximately 41.2% (31 December 2021: approximately 45.7%). Approximately HKD588.2 million (31 December 2021: approximately HKD295.1 million) must be repaid within one year, while the remaining balance must be repaid from two to five years.

As at 30 June 2022, the Group's current assets and current liabilities were approximately HKD963.2 (31 December 2021: approximately HKD1,069.8 million) and HKD905.7 million (31 December 2021: approximately HKD732.3 million) respectively. Accordingly, the Group's current ratio, expressed as the ratio of the current assets to current liabilities was approximately 1.06 as at 30 June 2022 (31 December 2021: approximately 1.46).

## PLEDGE OF ASSETS

As at 30 June 2022, the Group had pledged certain of its leasehold land and buildings, outlet mall buildings, investment properties, right of use assets and restricted bank deposits, with the respective carrying amounts of approximately HKD282.0 million, HKD1,521.7 million, HKD1,371.9 million, HKD477.8 million and HKD43.5 million (31 December 2021: approximately HKD282.0 million, HKD1,696.1 million, HKD1,423.6 million, HKD508.8 million and HKD42.7 million); shares of certain of the Company's subsidiaries; and corporate guarantees provided by the Company and certain of its subsidiaries, to secure the banking facilities offered to the Group.

## CAPITAL COMMITMENTS

As at 30 June 2022, the Group's capital commitment was approximately HKD17.0 million in respect of the construction costs of outlet mall buildings in northern zone located in Shenyang of the PRC (31 December 2021: approximately HKD29.5 million).

Save as disclosed above, the Group had no other material capital commitments as at 30 June 2022.

# Management Discussion and Analysis

## CAPITAL EXPENDITURES

Capital expenditures mainly including purchases of property, plant and equipment, additions to construction costs of outlet mall building located in Shenyang of the PRC were approximately HKD46.4 million for the Period (Corresponding Period: approximately HKD60.8 million).

## CONTINGENT LIABILITIES

Details of potential tax liabilities in connection with the potential tax penalty arising from the late filing of the PRC tax returns for reporting the PRC Enterprise Income Tax to the PRC tax authority are disclosed in Note 9 to the condensed consolidated interim financial statements.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group's total number of employees was 347 (30 June 2021: 333). Employees' costs (excluding Directors' emoluments) amounted to approximately HKD36.1 million (Corresponding Period: approximately HKD32.4 million).

In addition to competitive remuneration packages, discretionary bonus and employee share options are offered to the Group's eligible staff based on their performance and individual merits. The Group also provides other benefits including insurance, medical scheme and retirement plans to its employees.

## TREASURY POLICY

Several principal subsidiaries of the Group are exposed to foreign currency risk primarily through sales and purchases which give rise to monetary assets and monetary liabilities that are denominated in Renminbi and United States Dollars. During the Period, the Group did not enter into any financial derivatives for hedging purpose. Nevertheless, the management monitors the Group's foreign exchange exposure from time to time. Appropriate measures would be undertaken by the management when the exchange rate fluctuations become significant.

## EVENTS AFTER THE REPORTING PERIOD

There were no significant events affecting the Group that had occurred after 30 June 2022 and up to date of this interim report.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (Corresponding Period: Nil).

# Management Discussion and Analysis

## MATERIAL ACQUISITION, DISPOSAL, SIGNIFICANT INVESTMENTS AND FUTURE PLANS OF MATERIAL INVESTMENT

### Disposal of 70% equity interest in Arena Shanghai Industrial Co., Limited (“Arena Shanghai”)

On 7 January 2022, Tian Feng (Shanghai) Apparel and Accessory Trading Co., Ltd.\* (添峯(上海)服飾貿易有限公司, an indirect wholly owned subsidiary of the Company) (“**Tian Feng (Shanghai)**”), the Company, Descente, Ltd. (the “**Purchaser**”) and Shanghai Descente Commercial Co. Ltd., entered into a share purchase agreement, pursuant to which Tian Feng (Shanghai) has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the 70% of the equity interests in the registered capital of Arena Shanghai. The disposal was completed on 27 June 2022. Details of which were disclosed in the Company’s announcements and circular dated 7 January 2022, 27 January 2022, 24 February 2022, 28 April 2022 and 27 June 2022.

### Disposal of “PONY” Business and formation of joint venture

On 6 May 2022, the Company entered into a business sale and purchase agreement (the “**Agreement I**”) with Luxembourg Pony Holdings S.à r.l. (a company incorporated in Luxembourg with limited liability and is a wholly-owned subsidiary of Iconix International, Inc.) (the “**Purchaser 1**”) in relation to the transfer of the assets held by any member of the Group relating to the “PONY” brand carried on in the jurisdictions in which any member of the Group holds assets relating to the “PONY” brand, and excluding APAC and any assets located in or relating to the PRC or Taiwan. On the same date, the Company entered into another business sale and purchase agreement (the “**Agreement II**”) with Sym-Icon Holdings Limited (a company incorporated in Hong Kong with limited liability and being the wholly-owned subsidiary of Wisdom Class International Limited (as described below) (the “**Purchaser II**”) in relation to the transfer of the assets held by any member of the Group relating to the “PONY” brand carried on in APAC (the “**Subject Business**”) to the Purchaser II.

After entering into the Agreement I and Agreement II, the Company, the Purchaser I and Wisdom Class International Limited (a company incorporated in the British Virgin Islands with limited liability, and is owned as to 50% by the Company and 50% by the Purchaser I) entered into a shareholders’ agreement in relation to formation of the joint venture company for holding and operating the Subject Business on 6 May 2022. Details of above were disclosed in the announcement of the Company dated 10 May 2022.

### Disposal of listed securities

On 16 June 2022, Cosmo Group Holdings Limited (a company incorporated in the British Virgin Islands with limited liability and a direct wholly owned subsidiary of the Company) entered into a sale and purchase agreement in relation to the sale of 512,982,240 ordinary shares of Shunten International (Holdings) Limited (a company incorporated in the Cayman Islands with limited liability and its shares are listed on the main board of the Stock Exchange of Hong Kong Limited). Details of which were disclosed in the announcement of the Company dated 17 June 2022.

Save as disclosed above, the Group had no material acquisitions, disposals, significant investments and future plans of material investment during the Period.

\* For identification purpose only



# Management Discussion and Analysis

## FUTURE PROSPECTS

Looking ahead, the global economy has been clouded by the volatile external international situation and the pandemic, in spite of which, the Group will overcome difficulties by strengthening management and excel its own capability amid the ever-changing market. As an international enterprise focusing on “Sports Brands + Retail Business”, the Group believes that, by consolidating the cooperation with our existing business partner ITOCHU, coupled with the synergies generated with Iconix, the brand business will enjoy all-around advantages and realize high-quality development. In addition, given the slowdown in domestic economic growth as affected by the pandemic in the first half of the year, it is believed that the nation will promulgate more measures to revitalize the economy and support all industries. The Group is optimistic to the prospect of the industry and will grasp any opportunity brought by the favourable policies and actively formulate plannings so as to drive business forward.

## Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, the interests and short positions of the Directors and chief executives and their associates of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (the "SFO") which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

#### Long positions in the ordinary shares of the Company:

Director	Capacity/ Nature of interest	Number of ordinary shares held	Total number of ordinary shares held	Approximate percentage of the issued share capital
Cheng Tun Nei ("Mr. Cheng")	Beneficial owner Interest in a controlled corporation	144,870,000 1,071,190,000	1,216,060,000 (Note 1)	40.89%
Chan Kar Lee Gary	Beneficial owner	9,000,000	9,000,000	0.30%
Lee Cheung Ming ("Mr. Lee")	Beneficial owner Interest of spouse	91,050,000 2,000,000	93,050,000 (Note 2)	3.13%
Shum Pui Kay	Beneficial owner	10,000,000	10,000,000	0.34%

#### Notes:

1. Mr. Cheng owned the entire issued share capital of Goldsilk Capital Limited ("Goldsilk"). As at 30 June 2022, Goldsilk was directly interested in 1,071,190,000 shares of the Company. Together with his direct interest as beneficial owner of 144,870,000 shares of the Company, Mr. Cheng was deemed to be interested in 1,216,060,000 shares of the Company in total.
2. Mr. Lee was directly interested in 91,050,000 shares of the Company and he was deemed to be interested in 2,000,000 shares of the Company held by his spouse. He was thus deemed to be interested in 93,050,000 shares of the Company in total.

Save as disclosed above, (1) none of the Directors or chief executives of the Company or their associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register which were required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; and (2) none of the Directors of the Company or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right during the six months ended 30 June 2022.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, the following persons had interests and short positions of 5% or more of the issued share capital and underlying shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

#### Long positions in the ordinary shares of the Company:

Shareholder	Capacity/ Nature of interest	Number of ordinary shares held	Total number of ordinary shares held	Approximate percentage of the issued share capital
Mr. Cheng	Beneficial owner Interest in a controlled corporation	144,870,000 1,071,190,000	1,216,060,000 (Note 1)	40.89%
Li Wa Hei ("Madam Li")	Interest of spouse	1,216,060,000	1,216,060,000 (Note 1)	40.89%
Goldsilk	Beneficial owner	1,071,190,000	1,071,190,000 (Note 1)	36.02%
Or Ching Fai ("Mr. Or")	Beneficial owner Interest held jointly with another person	350,000,000 120,000,000	470,000,000 (Note 2)	15.80%
Wong Lai Ning ("Madam Wong")	Interest held jointly with another person Interest of spouse	120,000,000 350,000,000	470,000,000 (Note 2)	15.80%

#### Notes:

- As at 30 June 2022, Goldsilk was directly interested in 1,071,190,000 shares of the Company and Goldsilk is wholly owned by Mr. Cheng. Together with his direct interest as beneficial owner of 144,870,000 shares of the Company, Mr. Cheng was thus deemed to be interested in 1,216,060,000 shares of the Company. Madam Li is the wife of Mr. Cheng and she was also deemed to be interested in 1,216,060,000 shares of the Company.
- As at 30 June 2022, Mr. Or was directly interested in 350,000,000 shares of the Company and he also held 120,000,000 shares of the Company jointly with his spouse, Madam Wong. Therefore, Mr. Or and Madam Wong were deemed to be interested in 470,000,000 shares of the Company.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2022.

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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### SHARE OPTION SCHEMES

A share option scheme (the **"Share Option Scheme"**) was adopted by the Company on 25 June 2021 to continue to provide incentives and/or rewards to the participants, by way of granting options, after the expiry of the previous share option scheme. The Share Option Scheme will remain in force for a period of 10 years commencing from the adoption date to give the participants with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and the shareholders as a whole. Under the Share Option Scheme, the Directors may at their discretion grant options to eligible participants to subscribe for shares in the Company.

During the Period and the Corresponding Period, no share option was granted under the Share Option Scheme.

### CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Corporate Governance Code (the **"CG Code"**) as set out in Part 2 of Appendix 14 to the Listing Rules throughout the Period except for the following deviations:

- (1) Under code provision C.2.1 of the CG Code, the roles of the Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. Mr. Cheng currently serves as both the Chairman and Chief Executive Officer of the Company. In view of the evolving business environment in which the Group operates, the Board is of the view that vesting the roles of both the Chairman and Chief Executive Officer of the Company on Mr. Cheng will provide the Group with strong and consistent leadership while enabling more effective and timely business planning and decision-making process.
- (2) The former company secretary of the Company, Mr. Yeung King Hang, has resigned as company secretary of the Company with effect from 8 July 2022, as such the Company no longer complied with the requirement under Rule 3.28 of the Listing Rules and the relevant code provisions of the CG Code. The Company is in the process of identifying a suitable candidate to fill the vacancy of company secretary.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific inquiries with all Directors, it is confirmed that all Directors have complied with the required standards set out in the Model Code throughout the Period.

The Company has also adopted a code on no less exacting terms than the Model Code to regulate dealings in the securities of the Company by certain employees of the Group who are considered to be likely in possession of inside information in relation to the Company or its securities.

### REVIEW OF INTERIM RESULTS

The audit committee of the Company (the **"Audit Committee"**) comprises three independent non-executive Directors, namely Mr. Chow Yu Chun Alexander (the chairman of Audit Committee), Mr. Shum Pui Kay and Mr. Wah Wang Kei Jackie. The Audit Committee has reviewed with management and the independent auditor the accounting policies and practices adopted by the Group and has discussed the review, internal controls and financial reporting matters including the review of the interim results announcement and the interim report of the Group for the Period.

# Report on Review of the Condensed Consolidated Interim Financial Statements



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## REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF SYMPHONY HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

### INTRODUCTION

We have reviewed the condensed consolidated interim financial statements set out on pages 15 to 56, which comprise of the condensed consolidated statement of financial position of Symphony Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) as at 30 June 2022 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “**condensed consolidated interim financial statements**”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the condensed consolidated interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors are responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

#### **BDO Limited**

*Certified Public Accountants*

#### **Lau Kin Tat, Terry**

Practising Certificate Number: P07676

Hong Kong, 31 August 2022

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited) (re-presented)
<b>Continuing operations</b>			
Revenue	5	135,383	139,104
Cost of sales		(11,011)	(12,681)
Gross profit		124,372	126,423
Other income and gains	6	161,392	31,890
Distribution and selling expenses		(40,989)	(32,024)
Administrative expenses		(80,634)	(62,805)
Depreciation and amortisation expenses		(49,150)	(40,092)
Finance costs	7	(34,148)	(31,900)
Other expenses		(2,475)	(482)
Reversal/(provision) of impairment loss on amount due from an associate		244	(613)
Reversal of impairment loss on financial assets		964	460
Decrease in fair value of investment properties	12	(2,084)	(4,020)
Share of results of joint ventures		(3,230)	(5,116)
Share of results of associates		136	(263)
Fair value (loss)/gain of financial assets at fair value through profit or loss	18	(84,839)	12,995
Loss before income tax expense	8	(10,441)	(5,547)
Income tax expense	9	(2,501)	(3,395)
Loss for the period from continuing operations		(12,942)	(8,942)
<b>Discontinued operation</b>			
Profit for the period from discontinued operation	8(b)	3,757	9,734
(Loss)/profit for the period		(9,185)	792

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited) (re-presented)
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company			
– From continuing operations		(7,159)	(6,326)
– From discontinued operation		4,114	8,441
		(3,045)	2,115
Non-controlling interests			
– From continuing operations		(5,783)	(2,616)
– From discontinued operation		(357)	1,293
		(6,140)	(1,323)
(Loss)/profit for the period		(9,185)	792
<b>(Loss)/earnings per share for (loss)/profit from continuing and discontinued operations:</b>			
Basic (loss)/earnings per share	11	HK(0.10) cents	HK0.07 cents
Diluted (loss)/earnings per share	11	HK(0.10) cents	HK0.07 cents
<b>Loss per share for loss from continuing operations:</b>			
Basic loss per share	11	HK(0.24) cents	HK(0.21) cents
Diluted loss per share	11	HK(0.24) cents	HK(0.21) cents
<b>Earnings per share for profit from discontinued operation:</b>			
Basic earnings per share	11	HK0.14 cents	HK0.28 cents
Diluted earnings per share	11	HK0.14 cents	HK0.28 cents

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited) (re-presented)
(Loss)/profit for the period		(9,185)	792
<b>Other comprehensive income for the period, net of tax</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Fair value changes arising on revaluation of properties	12	(556)	33,258
Deferred tax credit/(charge) arising on revaluation of properties	12	610	(7,861)
		54	25,397
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Share of other comprehensive income of joint ventures		(1,765)	534
Exchange differences arising on translation of foreign operations		(141,040)	(1,175)
Release of translation reserve upon disposal of a subsidiary		(67)	–
		(142,872)	(641)
Other comprehensive income for the period, net of tax		(142,818)	24,756
Total comprehensive income for the period		(152,003)	25,548
<b>Total comprehensive income for the period attributable to:</b>			
– Owners of the Company		(144,664)	26,689
– Non-controlling interests		(7,339)	(1,141)
		(152,003)	25,548

# Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	30.06.2022 HKD'000 (Unaudited)	31.12.2021 HKD'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	12	1,981,157	2,070,932
Investment properties	12	1,553,669	1,618,066
Right-of-use assets	12	478,099	509,458
Intangible assets		112,087	216,817
Interests in joint ventures		70,269	75,766
Interests in associates		6,578	–
Goodwill		141,401	141,401
Deferred tax assets		18,100	19,120
Club debenture		1,876	1,876
Restricted bank deposits		46,989	46,359
Statutory deposits for financial services business		200	200
<b>Total non-current assets</b>		<b>4,410,425</b>	<b>4,699,995</b>
<b>Current assets</b>			
Inventories	13	36,183	86,689
Trade and other receivables	14	293,801	236,539
Amounts due from joint ventures		6,975	7,367
Amount due from an associate	15	3,229	4,202
Advances to customers in margin financing	16	139,847	148,408
Loans receivable	17	56,524	85,265
Financial assets at fair value through profit or loss	18	124,015	262,158
Bank balances and cash – held on behalf of customers		18,868	64,896
Bank balances and cash		283,718	174,278
<b>Total current assets</b>		<b>963,160</b>	<b>1,069,802</b>
<b>Current liabilities</b>			
Trade and other payables	19	251,857	382,587
Loan from non-controlling interests		–	3,683
Amount due to a related party		117	123
Amount due to a director		7,023	7,367
Lease liabilities	20	11,593	11,966
Bank borrowings	21	588,242	295,132
Dividend payable		14,883	–
Tax payable		31,997	31,419
<b>Total current liabilities</b>		<b>905,712</b>	<b>732,277</b>
<b>Net current assets</b>		<b>57,448</b>	<b>337,525</b>
<b>Total assets less current liabilities</b>		<b>4,467,873</b>	<b>5,037,520</b>

# Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	<i>Notes</i>	<b>30.06.2022</b> <b>HKD'000</b> <b>(Unaudited)</b>	31.12.2021 HKD'000 (Audited)
<b>Non-current liabilities</b>			
Lease liabilities	20	<b>184,668</b>	193,325
Bank borrowings	21	<b>936,043</b>	1,327,024
Deferred tax liabilities		<b>338,195</b>	346,900
Total non-current liabilities		<b>1,458,906</b>	1,867,249
<b>NET ASSETS</b>		<b>3,008,967</b>	3,170,271
<b>Equity</b>			
Share capital	22	<b>297,422</b>	297,422
Reserves		<b>2,687,608</b>	2,847,143
Total equity attributable to owners of the Company		<b>2,985,030</b>	3,144,565
Non-controlling interests		<b>23,937</b>	25,706
<b>TOTAL EQUITY</b>		<b>3,008,967</b>	3,170,271

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the Company							Non-controlling interests HKD'000	Total HKD'000
	Share capital HKD'000	Contributed surplus HKD'000	Share premium HKD'000	Properties revaluation reserve HKD'000	Translation reserve HKD'000	Retained profits HKD'000	Subtotal HKD'000		
<b>Balance at 1 January 2021 (audited)</b>	297,422	523,213	1,071,657	621,406	74,213	297,804	2,885,715	11,114	2,896,829
Profit/(loss) for the period	-	-	-	-	-	2,115	2,115	(1,323)	792
Fair value change arising on revaluation of properties	-	-	-	33,258	-	-	33,258	-	33,258
Deferred tax charge arising on revaluation of properties	-	-	-	(7,861)	-	-	(7,861)	-	(7,861)
Share of other comprehensive income of joint ventures	-	-	-	-	534	-	534	-	534
Exchange differences arising on translation of foreign operations	-	-	-	-	(1,357)	-	(1,357)	182	(1,175)
Other comprehensive income for the period, net of tax	-	-	-	25,397	(823)	-	24,574	182	24,756
Total comprehensive income for the period	-	-	-	25,397	(823)	2,115	26,689	(1,141)	25,548
Capital contribution from a non-controlling shareholder	-	-	-	-	-	-	-	9,319	9,319
Disposal of a subsidiary	-	-	-	-	-	-	-	939	939
Dividend paid (Note 10)	-	-	-	-	-	(14,871)	(14,871)	-	(14,871)
<b>Balance at 30 June 2021 (unaudited)</b>	297,422	523,213	1,071,657	646,803	73,390	285,048	2,897,533	20,231	2,917,764

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Contributed surplus	Share premium	Properties revaluation reserve	Translation reserve	Other reserve	Retained profits	Subtotal		
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
<b>Balance at 1 January 2022 (audited)</b>	297,422	523,213	1,071,657	739,773	131,317	61,749	319,434	3,144,565	25,706	3,170,271
Loss for the period	-	-	-	-	-	-	(3,045)	(3,045)	(6,140)	(9,185)
Fair value change arising on revaluation of properties	-	-	-	(556)	-	-	-	(556)	-	(556)
Deferred tax credit arising on revaluation of properties	-	-	-	610	-	-	-	610	-	610
Share of other comprehensive income of joint ventures	-	-	-	-	(1,765)	-	-	(1,765)	-	(1,765)
Exchange differences arising on translation of foreign operations	-	-	-	-	(139,841)	-	-	(139,841)	(1,199)	(141,040)
Release of translate reserve upon disposal of a subsidiary	-	-	-	-	(67)	-	-	(67)	-	(67)
Other comprehensive income for the period, net of tax	-	-	-	54	(141,673)	-	-	(141,619)	(1,199)	(142,818)
Total comprehensive income for the period	-	-	-	54	(141,673)	-	(3,045)	(144,664)	(7,339)	(152,003)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	16,067	16,067
Disposal of a subsidiary (Note 8(c))	-	-	-	-	-	-	-	-	(10,497)	(10,497)
Dividend declared (Note 10)	-	-	-	-	-	-	(14,871)	(14,871)	-	(14,871)
<b>Balance at 30 June 2022 (unaudited)</b>	297,422	523,213	1,071,657	739,827	(10,356)	61,749	301,518	2,985,030	23,937	3,008,967

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited)
<b>Cash flows from operating activities</b>		
(Loss)/profit before income tax expense		
– Continuing operations	(10,441)	(5,547)
– Discontinued operation	2,119	10,924
	(8,322)	5,377
Adjustments for:		
Interest income	(1,187)	(980)
Dividend income	–	(3)
Finance costs	34,155	31,971
Share of results of joint ventures	3,230	5,116
Share of results of associates	(136)	263
Gain on disposal of intangible assets	(145,055)	–
Loss on disposal of interests in joint ventures	1,907	–
Gain on disposal of a subsidiary	–	(1,266)
COVID-19-related rent concessions	–	(9)
Depreciation of property, plant and equipment	40,705	31,514
Depreciation of right-of-use assets	7,894	8,141
Amortisation of intangible assets	1,003	1,003
Write off of property, plant and equipment	2	1
Decrease in fair value of investment properties	2,084	4,020
Fair value loss/(gain) of financial assets at fair value through profit or loss	84,839	(12,995)
Bad debts written off/(recovery of bad debt)	235	(245)
(Reversal)/provision of impairment loss on amount due from an associate	(244)	613
Reversal of impairment loss on financial assets	(964)	(352)
Write off of obsolete inventories	850	–
Reversal of allowance of inventories	(5,137)	(1,918)
	15,859	70,251
Operating cash flows before movements in working capital	15,859	70,251
Increase in inventories	(17,243)	(10,091)
Decrease/(increase) in trade and other receivables	22,761	(8,258)
Decrease/(increase) in advances to customers in margin financing	8,561	(25,503)
Decrease in loans receivable	28,779	57,276
Decrease/(increase) in financial assets at fair value through profit or loss	53,695	(5,782)
Decrease in bank balances and cash – held on behalf of customers	46,028	4,121
(Decrease)/increase in trade and other payables	(33,286)	1,376

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited)
<b>Cash generated from operations</b>	<b>125,154</b>	83,390
Overseas tax refund/(paid)	1,294	(3,533)
Hong Kong Profits Tax (paid)/refund	(1,750)	1,573
<b>Net cash from operating activities</b>	<b>124,698</b>	81,430
<b>Cash flows from investing activities</b>		
Disposal of subsidiaries, net of cash disposed (Note 8(c))	4,754	(138)
Acquisition of an associate	(6,549)	–
Repayments from joint ventures	48	1,203
Repayment from a joint ventures partner	1,126	276
Repayment from an associate	428	2,307
Purchases of property, plant and equipment	(579)	(1,021)
Proceeds from disposal of intangible assets	134,914	–
Additions to construction in progress and buildings	(45,789)	(59,815)
Increase in restricted bank deposits	(630)	(666)
Interest received	1,204	1,233
Dividend received from financial assets at fair value through profit or loss	–	3
<b>Net cash from/(used) in investing activities</b>	<b>88,927</b>	(56,618)
<b>Cash flows from financing activities</b>		
Capital contribution from non-controlling shareholders	16,067	9,319
Repayment from loan from a non-controlling shareholder	(3,511)	–
Proceeds from bank borrowings	73,443	102,031
Repayments of bank borrowings	(151,303)	(79,114)
Repayment to a director	–	(8,418)
Repayments of lease liabilities	(6,410)	(6,225)
Interest paid	(27,194)	(24,344)
<b>Net cash used in financing activities</b>	<b>(98,908)</b>	(6,751)
<b>Net increase in cash and cash equivalents</b>	<b>114,717</b>	18,061
<b>Cash and cash equivalents at the beginning of the period</b>	<b>174,278</b>	234,577
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>(5,277)</b>	(623)
<b>Cash and cash equivalents at the end of the period</b>	<b>283,718</b>	252,015

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 1. GENERAL INFORMATION

Symphony Holdings Limited (the “**Company**”) was incorporated in Bermuda on 24 November 1993 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 1 March 1995. The addresses of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is 10th Floor, Island Place Tower, 510 King’s Road, North Point, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are mainly consisted of:

- Branding: (i) development and management of “SKINS” and “PONY” trademarks; (ii) sourcing, manufacturing and trading of healthcare products in Hong Kong; and (iii) distribution of “SUNSEEKER” swimwear;
- Retailing: (i) management and operation of outlet malls; and (ii) property investment and holding; and
- Financial services: provisions of securities brokerage, margin financing, money lending, underwriting and placing of listed securities and financial consultancy services.

On 27 June 2022, the Group completed its disposal of entire 70% equity interests in Arena (Shanghai) Industrial Co., Limited (“**Arena Shanghai**”) which was principally engaged in retailing and provisions of sourcing services for “arena”, swimwear and accessories in the People’s Republic of China (the “**PRC**”) (the “**discontinued operation**”) to Shanghai Descente Commercial Co. Ltd (“**Shanghai Descente**”), owning 30% of the equity interests in the registered capital of Arena Shanghai. The accompanying condensed consolidated financial statements and the comparative figures have been re-presented to reflect the results of the discontinued operation separately. Details are set out in note 5 and 8(b).

On 6 May 2022, the Company entered into a business sale and purchase agreement (the “**Agreement I**”) with Luxembourg Pony Holdings S.à r.l. (a company incorporated in Luxembourg with limited liability and is a wholly-owned subsidiary of Iconix International, Inc.) (the “**Purchaser I**”) in relation to the transfer of the assets held by any member of the Group relating to the “PONY” brand carried on in the jurisdictions in which any member of the Group holds assets relating to the “PONY” brand, and excluding APAC and any assets located in or relating to the PRC or Taiwan. On the same date, the Company entered into another business sale and purchase agreement (the “**Agreement II**”) with Sym-Icon Holdings Limited (a company incorporated in Hong Kong with limited liability and being the wholly-owned subsidiary of Wisdom Class International Limited (the “**Purchaser II**”) in relation to the transfer of the assets held by any member of the Group relating to the “PONY” brand carried on in APAC (the “**Subject Business**”) to the Purchaser II.

After entering into the Agreement I and Agreement II, the Company, the Purchaser I and Wisdom Class International Limited (a company incorporated in the British Virgin Islands with limited liability, and is owned as to 50% by the Company and 50% by the Purchaser I) entered into a shareholders’ agreement in relation to formation of the joint venture company for holding and operating the Subject Business on 6 May 2022.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements (the “**2021 Annual Financial Statements**”), except for those that relate to amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) effective for the first time for the annual periods beginning on or after 1 January 2022 and expect to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in Note 3 to the condensed consolidated interim financial statements.

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made in preparing the condensed consolidated interim financial statements and the related effect are set out in Note 4 to the condensed consolidated interim financial statements.

These condensed consolidated interim financial statements are presented in Hong Kong Dollars (“**HKD**”), unless otherwise stated. These condensed consolidated interim financial statements contain the condensed consolidated statement of financial position as at 30 June 2022, and the condensed consolidated statement of profit or loss and the condensed consolidated statement of comprehensive income for the six-month period then ended, and selected explanatory notes to the condensed consolidated interim financial statements. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 Annual Financial Statements. These condensed consolidated interim financial statements and notes thereon do not include all of the information required for a complete set of financial statements prepared in accordance with the HKFRSs and should be read in conjunction with the 2021 Annual Financial Statements.

## 3. CHANGES IN ACCOUNTING POLICIES

### Adoption of amendments to HKFRSs – effective 1 January 2022

The Group has adopted the following amendments to HKFRSs, which included Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA relevant to the Group’s accounting policies and business operations adopted for the first time prepared and presented on the Group’s condensed consolidated interim financial statements for the annual periods beginning on or after 1 January 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual Improvements to HKFRSs 2018–2020

Except as described below, the application of the amendments to HKFRSs in the current period has no material impact on the Group’s performance and financial positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

### Adoption of amendments to HKFRSs – effective 1 January 2022 *(Continued)*

#### Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 “Business Combinations” (“**HKFRS 3**”) so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (“**HKAS 37**”), an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 “Levies” (“**HK(IFRIC)-Int 21**”), the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

These amendments had no impact on the condensed consolidated interim financial statements of the Group.

#### Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

These amendments had no impact on the condensed consolidated interim financial statements of the Group.

#### Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling a contract’ comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

These amendments had no impact on the condensed consolidated interim financial statements of the Group.

#### Annual Improvements to HKFRSs 2018–2020

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards (“**HKFRS 1**”), which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to HKFRSs.
- HKFRS 9, Financial Instruments (“**HKFRS 9**”), which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.
- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

These amendments had no impact on the condensed consolidated interim financial statements of the Group.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

### New or amendments to HKFRSs that have been issued but are not yet effective

The following new or amendments to HKFRSs, potentially relevant to the Group's accounting policies and business operations, have been issued, but are not yet effective, and have not been early adopted by the Group:

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for the annual period beginning on or after 1 January 2023

<sup>2</sup> Effective for the annual period beginning on or after a date to be determined

The Directors of the Company (the "Directors") do not anticipate that the adoption of these new or amendments to HKFRSs that have been issued but not yet effective will have any material impact on the condensed consolidated interim financial statements.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these condensed consolidated interim financial statements, significant judgements made by the Group's management in applying the Group's accounting policies and key sources of estimation uncertainty, which have significant risks of causing material adjustments to the carrying amounts of assets and liabilities presented in the condensed consolidated statement of financial position, are the same as those that were applied and disclosed in the 2021 Annual Financial Statements. Given that COVID-19 pandemic has created and may continue to create significant uncertainty in the macroeconomic conditions, actual results may differ from these estimates.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 5. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting process to both Directors and key management personnel of the Company (collectively referred to as the "**Chief Operating Decision Maker**"), the Group's operating segments are broadly classified into different reportable segments based on the categories of products or services provided in different geographical locations with reference to the requirements under HKFRS 8 "Operating Segments" ("**HKFRS 8**").

The classification of reportable segments is determined by the Chief Operating Decision Maker to monitor the results individually for the purpose of making decisions of resources allocation and performance assessment of the reportable segments. Financial information of the reportable segments is disaggregated into segment revenue and results, segment assets and segment liabilities, which is regularly provided to the Chief Operating Decision Maker to serve the above purpose.

A major line of operating business included in the Branding segment was discontinued and disposed during the period ended 30 June 2022. During the interim period, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. The segment information reported below does not include any amount for the discontinued operation, which are described in more detail in note 8(b). Prior period segment disclosures have been represented to conform with the current period's presentation.

A summary of the reportable segments under HKFRS 8 is classified as follows:

- Branding: (i) development and management of "SKINS" and "PONY" trademarks; (ii) sourcing, manufacturing and trading of healthcare products in Hong Kong; and (iii) distribution of "SUNSEEKER" swimwear;
- Retailing: (i) management and operation of outlet malls; and (ii) properties investment and holding; and
- Financial services: provisions of securities brokerage, margin financing, money lending, underwriting and placing of listed securities and financial consultancy services.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 5. SEGMENT INFORMATION *(Continued)*

### (A) Segment revenue and results (business segments)

The following table provides an analysis of the reportable segment revenue and reportable segment profit/(loss) of different reportable segments recognised during the period:

**For the six months ended 30 June 2022 (Unaudited)**

	Continuing operations			
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
Revenue from external customers	21,890	101,167	12,326	135,383
Inter-segment revenue*	6	2,271	–	2,277
Reportable segment revenue	21,896	103,438	12,326	137,660
Reportable segment profit/(loss)	121,192	(26,358)	5,928	100,762
<b>Reconciliation:</b>				
Interest income				1,173
Central administrative expenses				(24,106)
Fair value loss on financial assets at fair value through profit or loss				(85,420)
Share of results of joint ventures				(3,230)
Share of results of associates				136
Reversal of impairment loss on amount due from an associate				244
Loss before income tax expense				(10,441)

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 5. SEGMENT INFORMATION *(Continued)*

### (A) Segment revenue and results (business segments) *(Continued)*

For the six months ended 30 June 2021 (Unaudited) (Represented)

	Continuing operations			Consolidated HKD'000
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	
Revenue from external customers	26,957	98,996	13,151	139,104
Inter-segment revenue*	82	2,247	–	2,329
Reportable segment revenue	27,039	101,243	13,151	141,433
Reportable segment (loss)/profit	(9,350)	(73)	18,242	8,819
<b>Reconciliation:</b>				
Interest income				966
Central administrative expenses				(9,340)
Share of results of joint ventures				(5,116)
Share of results of associates				(263)
Provision of impairment loss on amount due from an associate				(613)
Loss before income tax expense				(5,547)

\* Inter-segment revenue transactions are priced with reference to prices charged to external parties for similar orders based on similar terms and conditions of sales agreement entered.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 5. SEGMENT INFORMATION *(Continued)*

### (B) Segment revenue and results (disaggregation of revenue)

The following table provides an analysis of the reportable segment revenue recognised during the period is disaggregated by primary geographical markets, major products and services lines and timing of revenue recognition. The following table also includes a reconciliation of disaggregated revenue of different reportable segments recognised during the period, mainly into two categories: (i) revenue from contracts with customers within the scope of HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15"); and (ii) revenue from other sources not within the scope of HKFRS 15:

#### For the six months ended 30 June 2022 (Unaudited)

Revenue from contracts with customers within the scope of HKFRS 15

	Continuing operations			Consolidated HKD'000
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	
<b>Primary geographical markets:</b>				
The PRC	4,016	65,829	–	69,845
Hong Kong (Place of domicile)	7,575	–	1,649	9,224
United Kingdom	–	–	–	–
United States of America	1,540	–	–	1,540
Other Asian countries <i>(Note)</i>	5,080	–	–	5,080
Others <i>(Note)</i>	3,679	–	–	3,679
<b>Total</b>	<b>21,890</b>	<b>65,829</b>	<b>1,649</b>	<b>89,368</b>
<b>Major products and services:</b>				
Sales of goods	21,254	–	–	21,254
Commission income from concessionaire sales	–	65,829	–	65,829
Royalty income	613	–	–	613
Securities brokerage commission	–	–	1,142	1,142
Financial consultancy income	–	–	507	507
Other services income	23	–	–	23
<b>Total</b>	<b>21,890</b>	<b>65,829</b>	<b>1,649</b>	<b>89,368</b>
<b>Timing of revenue recognition:</b>				
At a point in time	21,254	–	1,142	22,396
Transferred over time	636	65,829	507	66,972
<b>Total</b>	<b>21,890</b>	<b>65,829</b>	<b>1,649</b>	<b>89,368</b>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 5. SEGMENT INFORMATION *(Continued)*

### (B) Segment revenue and results (disaggregation of revenue) *(Continued)*

For the six months ended 30 June 2022 (Unaudited) *(Continued)*

Revenue from other sources not within the scope of HKFRS 15

	Continuing operations			Consolidated HKD'000
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	
<b>Primary geographical markets:</b>				
The PRC	–	31,722	–	31,722
Hong Kong (Place of domicile)	–	3,616	10,677	14,293
Total	–	35,338	10,677	46,015
<b>Major products and services:</b>				
Rental income	–	35,338	–	35,338
Interest income	–	–	10,677	10,677
Total	–	35,338	10,677	46,015

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 5. SEGMENT INFORMATION *(Continued)*

### (B) Segment revenue and results (disaggregation of revenue) *(Continued)*

For the six months ended 30 June 2021 (Unaudited) (Represented)

Revenue from contracts with customers within the scope of HKFRS 15

	Continuing operations			Consolidated HKD'000
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	
<b>Primary geographical markets:</b>				
The PRC	4,055	64,640	–	68,695
Hong Kong (Place of domicile)	4,658	–	4,274	8,932
United Kingdom	9,144	–	–	9,144
United States of America	858	–	–	858
Other Asian countries <i>(Note)</i>	2,392	–	–	2,392
Others <i>(Note)</i>	5,850	–	–	5,850
<b>Total</b>	<b>26,957</b>	<b>64,640</b>	<b>4,274</b>	<b>95,871</b>
<b>Major products and services:</b>				
Sales of goods	23,711	–	–	23,711
Commission income from concessionaire sales	–	64,640	–	64,640
Royalty income	3,172	–	–	3,172
Securities brokerage commission	–	–	3,269	3,269
Financial consultancy income	–	–	1,005	1,005
Other services income	74	–	–	74
<b>Total</b>	<b>26,957</b>	<b>64,640</b>	<b>4,274</b>	<b>95,871</b>
<b>Timing of revenue recognition:</b>				
At a point in time	23,711	–	3,269	26,980
Transferred over time	3,246	64,640	1,005	68,891
<b>Total</b>	<b>26,957</b>	<b>64,640</b>	<b>4,274</b>	<b>95,871</b>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 5. SEGMENT INFORMATION *(Continued)*

### (B) Segment revenue and results (disaggregation of revenue) *(Continued)*

For the six months ended 30 June 2021 (Unaudited) (Represented) *(Continued)*

Revenue from other sources not within the scope of HKFRS 15

	Continuing operations			Consolidated HKD'000
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	
<b>Primary geographical markets:</b>				
The PRC	–	30,740	–	30,740
Hong Kong (Place of domicile)	–	3,616	8,877	12,493
<b>Total</b>	<b>–</b>	<b>34,356</b>	<b>8,877</b>	<b>43,233</b>
<b>Major products and services:</b>				
Rental income	–	34,356	–	34,356
Interest income	–	–	8,877	8,877
<b>Total</b>	<b>–</b>	<b>34,356</b>	<b>8,877</b>	<b>43,233</b>

Note: The geographical information for the revenue attributed to each country recognised during the period is not available as the associated costs to capture such information would be excessive.

### (C) Segment assets

The following table provides an analysis of the reportable segment assets of different reportable segments recognised as at 30 June 2022 and 31 December 2021:

	30.06.2022 HKD'000 (Unaudited)	31.12.2021 HKD'000 (Audited)
Branding	248,142	348,099
Retailing	4,287,566	4,624,231
Financial services	400,142	468,499
<b>Total reportable segment assets</b>	<b>4,935,850</b>	<b>5,440,829</b>
Unallocated	437,735	328,968
<b>Consolidated total assets</b>	<b>5,373,585</b>	<b>5,769,797</b>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 5. SEGMENT INFORMATION (Continued)

### (D) Segment liabilities

The following table provides an analysis of the reportable segment liabilities of different reportable segments recognised as at 30 June 2022 and 31 December 2021:

	30.06.2022 HKD'000 (Unaudited)	31.12.2021 HKD'000 (Audited)
Branding	30,977	98,229
Retailing	395,234	419,504
Financial services	21,907	70,133
Total reportable segment liabilities	448,118	587,866
Unallocated	1,916,500	2,011,660
Consolidated total liabilities	2,364,618	2,599,526

## 6. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited) (re-presented)
<b>Continuing operations</b>		
Dividend income	–	3
Foreign exchange gains	–	16,432
Gain on disposal of intangible assets (Note)	145,055	–
Gain on disposal of a subsidiary	–	1,266
Interest income	1,173	966
Government grants	6,463	3,989
Reimbursement income of operating outlet malls	6,666	7,010
Recovery of bad debts written off	–	245
Others	2,035	1,979
	161,392	31,890
<b>Discontinued operation</b>		
Interest income	14	14
Government grants	155	61
Others	39	482
	208	557

Note: On 6 May 2022, the Group entered into the Agreement I and the Agreement II with the Purchaser I and the Purchaser II, which the Group sold the intangible assets held by the Group related to the "PONY" trademark. The total consideration for the disposal was HKD218,400,000 (equivalent to approximately USD28,000,000) and the gain of disposal of approximately HKD145,055,000 was recognised in profit or loss.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 7. FINANCE COSTS

An analysis of finance costs recognised during the period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2022 HKD'000 (Unaudited)</b>	<b>2021 HKD'000 (Unaudited) (re-presented)</b>
<b>Continuing operations</b>		
Interest expenses on bank borrowings	27,185	27,428
Interest expenses on bank overdrafts	2	–
Interest expenses on lease liabilities	6,961	6,815
	<b>34,148</b>	34,243
Less: Interest expenses being capitalised	–	(2,343)
	<b>34,148</b>	31,900
<b>Discontinued operation</b>		
Interest expenses on loan from non-controlling interests	7	63
Interest expenses on lease liabilities	–	8
	<b>7</b>	71

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 8. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

(a) (Loss)/profit before income tax expense during the period is arrived at after charging/(crediting) as follows:

	Six months ended 30 June	
	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited) (re-presented)
<b>Continuing operations</b>		
Depreciation of property, plant and equipment	40,253	31,513
Depreciation of right-of-use assets	7,894	7,576
Amortisation of intangible assets	1,003	1,003
Reversal of allowance of inventories	(5,368)	(1,684)
Write off of fixed assets	2	–
Cost of inventories recognised as expenses	11,011	12,681
Bad debts written off/(recovery of bad debts)	235	(245)
Foreign exchange loss/(gains)	1,028	(16,432)
Short-term leases expenses	2,648	2,134
Directors' emoluments	3,142	3,160
Employees' costs (excluding Directors' emoluments)	36,135	32,410
Interest income	(1,173)	(966)
Fair value loss/(gain) of financial assets at fair value through profit or loss	84,839	(12,995)
Gain on disposal of intangible assets	(145,055)	–
Gain on disposal of a subsidiary	–	(1,266)
Loss on disposal on interests in joint ventures	1,907	–
Dividend income	–	(3)
Reimbursement income of operating outlet malls	(6,666)	(7,010)
COVID-19-related rent concessions ( <i>Note</i> )	–	(9)
<b>Discontinued operation</b>		
Depreciation of property, plant and equipment	452	1
Depreciation of right-of-use assets	–	565
Provision/(reversal) of allowance of inventories	231	(234)
Write off of obsolete inventories	850	–
Cost of inventories recognised as expenses	31,165	43,086
Gain on disposal of a subsidiary	(380)	–
Short-term leases expenses	3,093	5,160
Employees' costs (excluding Directors' emoluments)	5,534	5,293
Interest income	(14)	(14)

*Note:* For the six months ended 30 June 2021, the lessors of the office premises provided rent concessions to the Group with three-month rent deductions. Due to the rent concessions occurred as a direct consequence of COVID-19 pandemic and met all of the conditions in HKFRS 16.46B, the Group therefore applied the practical expedient not to assess whether the rent concessions constitute lease modifications. The effect on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of approximately HKD9,000 was recognised as negative variable lease payments in profit or loss.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 8. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE (Continued)

### (b) Discontinued operation

On 7 January 2022, Tian Feng (Shanghai) Apparel and Accessory Trading Co., Ltd.\* (添峯(上海)服飾貿易有限公司, a wholly owned subsidiary of the Company) (“**Tian Feng (Shanghai)**”), the Company, the Descente, Ltd (the “**Purchaser**”) and Shanghai Descente entered into the share purchase agreement, pursuant to which Tian Feng (Shanghai) has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire 70% of the equity interests in the registered capital of Arena Shanghai, which was principally engaged in branding, retailing and provisions of sourcing services for “arena” swimwear and accessories in the PRC.

The disposal was completed on 27 June 2022, the date on which the control of Arena Shanghai was passed to the acquirer.

Details of the above transaction were disclosed in the Company’s announcements and circular dated 7 January 2022, 27 January 2022, 24 February 2022, 28 April 2022 and 27 June 2022 respectively.

	Notes	From 1 January to 27 June 2022 HKD’000 (Unaudited)	From 1 January to 30 June 2021 HKD’000 (Unaudited)
<b>Discontinued operation</b>			
Revenue		58,784	82,812
Cost of sales		(31,165)	(43,086)
Gross profit		27,619	39,726
Other income and gains	6	208	557
Distribution and selling expenses		(23,155)	(27,469)
Administrative expenses		(2,094)	(1,145)
Depreciation expenses		(452)	(566)
Finance costs	7	(7)	(71)
Provision of impairment loss on financial assets		–	(108)
Profit before income tax expense from discontinued operation	8	2,119	10,924
Income tax credit/(expense)	9	1,258	(1,190)
Profit after tax		3,377	9,734
Gain on disposal of a subsidiary	8(c)	380	–
Profit for the period from discontinued operation		3,757	9,734
<b>Profit for the period attributable to:</b>			
Owners of the Company		4,114	8,441
Non-controlling interests		(357)	1,293
		3,757	9,734
Operating cash flows		2,749	404
Investing cash flows		(357)	(1,237)
Financing cash flows		(3,690)	(139)
		(1,298)	(972)

\* For identification purpose only

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 8. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE *(Continued)*

### (c) Gain on disposal of a subsidiary

The net assets of Arena Shanghai at the date of disposal were as followed:

	As at 27 June 2022 HKD'000 (Unaudited)
Property, plant and equipment	1,944
Inventories	67,990
Trade and other receivables	17,716
Amount due from a fellow subsidiary	76
Cash and bank balances	20,776
Trade and other payable	(72,788)
	<b>35,714</b>
Non-controlling interests	<b>(10,497)</b>
	<b>25,217</b>
Reclassification of cumulative exchange differences from foreign exchange reserve to profit or loss	<b>(67)</b>
Gain on disposal of subsidiaries, included in profit for the period from discontinued operation	<b>380</b>
Transaction cost	<b>524</b>
	<b>26,054</b>
Total consideration	<b>26,054</b>
Total consideration satisfied by:	
Cash	<b>26,054</b>
Less: Transaction costs	<b>(524)</b>
	<b>25,530</b>
Net consideration	<b>25,530</b>
Net cash inflow arising on disposal:	
Cash received	<b>25,530</b>
Cash and cash equivalents disposed of	<b>(20,776)</b>
	<b>4,754</b>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 9. INCOME TAX EXPENSE

	Continuing operations		Discontinued operation		Total	
	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited) (re-presented)	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited) (re-presented)	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited) (re-presented)
<b>Current tax:</b>						
Hong Kong						
– Profits Tax						
– Provision for the period	39	759	–	–	39	759
– Over provision in respect of prior periods	(201)	(277)	–	–	(201)	(277)
	(162)	482	–	–	(162)	482
The PRC and other jurisdictions						
– PRC Enterprise Income Tax						
– Provision for the period	1,840	1,721	–	1,190	1,840	2,911
– Over provision in respect of prior periods	–	–	(1,258)	–	(1,258)	–
	1,840	1,721	(1,258)	1,190	582	2,911
<b>Deferred tax:</b>						
Hong Kong and the PRC						
– Profits Tax and PRC Enterprise Income Tax						
– Provision for the period	823	1,192	–	–	823	1,192
Income tax expense	2,501	3,395	(1,258)	1,190	1,243	4,585

### Hong Kong Profits Tax

The provision for Hong Kong Profits Tax was calculated by applying the statutory tax rate of 16.5% on the estimated taxable profits arising in Hong Kong for both current and prior periods. According to the definition of “connected entity” under the Two-tiered Profit Tax Regime, the management has elected one of Company’s subsidiaries to apply for the two-tiered profits tax rates to calculate the provision for Hong Kong Profits Tax for both current and prior periods in the following manner.

For this elected subsidiary, the first HKD2,000,000 of the estimated taxable profits arising in Hong Kong was taxed at 8.25% and the remaining estimated taxable profits was taxed at 16.5%. The provision for Hong Kong Profits Tax for this elected subsidiary was calculated on the same basis for the prior period.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 9. INCOME TAX EXPENSE *(Continued)*

### PRC Enterprise Income Tax

All of the group entities operating in the PRC were calculated by applying the statutory tax rate of 25% on the estimated taxable profits arising in the PRC for both current and prior periods, except for one of the Company's subsidiary incorporated in Hong Kong engaged in the property investment business in the PRC, which is subject to the withholding tax rate of 10% on its gross rental income, net of value-added tax, earned in the PRC for both current and prior periods, based on the existing tax legislation, interpretation and practices in respect thereof.

Up to date of approval and authorisation for issuance of these condensed consolidated interim financial statements, the above subsidiary engaged in the property investment business in the PRC has not filed any tax returns for reporting its PRC Enterprise Income Tax in respect of its rental income earned in the PRC. The PRC tax authority has the right to levy penalty for any late filing of tax returns. The amount of such potential penalty cannot be reliably estimated as the range of which is wide. However, for all newly signed tenancy agreements between the Group and the tenants since the financial period of 2016, a new clause has been added in the agreements to require the tenants to pay the PRC Enterprise Income Tax based on 10% of its gross rental income, net of value-added tax, earned in the PRC on behalf of the Group, based on the existing tax legislation, interpretation and practices in respect thereof. According to the management experience and the above measures adopted, the amount of such potential penalty, if any, will not be material to these condensed consolidated interim financial statements. In addition, pursuant to the signed sales and purchase agreement in respect of the acquisition of the above subsidiary in the second half of the financial year of 2014, both of the vendor and the guarantor have undertaken to indemnify the Group for any tax liability arising from the late filing of tax returns prior to the completion date of the acquisition.

### Foreign tax

Taxation arising in other jurisdictions was calculated by applying the statutory tax rates that were expected to be applicable in the relevant jurisdictions, where those overseas subsidiaries operate, on the estimated taxable profits for both current and prior periods.

## 10. DIVIDENDS

For the six months ended 30 June 2022 and 2021, the Board does not recommend the payment of an interim dividend to the shareholders of the Company (the "**Shareholders**").

The final dividend of HKD0.005 (six months ended 30 June 2021: HKD0.005) per ordinary share of the Company in respect of the financial year ended 31 December 2021 (six months ended 30 June 2021: 31 December 2020), in total of approximately HKD14,871,000 (six months ended 30 June 2021: HKD14,871,000), was declared and approved by the Shareholders at the annual general meeting of the Company held on 24 June 2022 (six months ended 30 June 2021: 25 June 2021) and was subsequently paid in July 2022 (six months ended 30 June 2021: July 2021).

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 11. (LOSS)/EARNINGS PER SHARE

### From continuing and discontinued operations

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

	Six months ended 30 June	
	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited) (re-presented)
<b>(Loss)/earnings:</b>		
(Loss)/profit for the period attributable to owners of the Company	(3,045)	2,115

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited) (re-presented)
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted (loss)/earnings per share ('000)	2,974,225	2,974,225
<b>(Loss)/earnings per share:</b>		
Basic (loss)/earnings per share (HK cents)	(0.10)	0.07
Diluted (loss)/earnings per share (HK cents)	(0.10)	0.07

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share from continuing and discontinued operations as there was no dilutive potential ordinary shares in issue during the period.

### From continuing operations

	Six months ended 30 June	
	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited) (re-presented)
<b>Loss:</b>		
Loss for the period attributable to owners of the Company	(7,159)	(6,326)

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 11. (LOSS)/EARNINGS PER SHARE (Continued) From continuing operations (Continued)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited) (re-presented)
<b>Number of shares:</b> Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share ('000)	2,974,225	2,974,225
<b>Loss per share:</b> Basic loss per share (HK cents)	(0.24)	(0.21)
Diluted loss per share (HK cents)	(0.24)	(0.21)

### From discontinued operation

	Six months ended 30 June	
	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited) (re-presented)
<b>Profit:</b> Profit for the period attributable to owners of the Company	4,114	8,441

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited) (re-presented)
<b>Number of shares:</b> Weighted average number of ordinary shares for the purpose of calculating the basic and diluted profit per share ('000)	2,974,225	2,974,225
<b>Earnings per share:</b> Basic earnings per share (HK cents)	0.14	0.28
Diluted earnings per share (HK cents)	0.14	0.28

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 12. PROPERTY, PLANT AND EQUIPMENT/INVESTMENT PROPERTIES/RIGHT-OF-USE ASSETS

### Property, plant and equipment

For the six months ended 30 June 2022, the Group incurred renovation cost for the outlet mall buildings located in Xiamen and Shenyang, the PRC, with a total cost of approximately HKD45,789,000 (six months ended 30 June 2021: HKD59,815,000).

Except for the above additions, the Group acquired other categories of property, plant and equipment during the period, with a total cost of approximately HKD579,000 (six months ended 30 June 2021: HKD1,021,000).

The property, plant and equipment, with a net book value of approximately HKD2,000, was written off during the period.

The leasehold land and buildings and outlet mall buildings measured at fair value as at 30 June 2022 were performed by independent qualified professional valuers. The valuers used the same valuation techniques as those carried out for 31 December 2021. As a result of the valuation, a decrease in fair value of the leasehold land and buildings and outlet mall buildings, net of tax, of approximately HKD556,000 (six months ended 30 June 2021: an increase in fair value of HKD33,258,000), and deferred tax credit thereon, of approximately HKD610,000 (six months ended 30 June 2021: deferred tax charges HKD7,861,000), have been recognised in other comprehensive income during the period.

As at 30 June 2022, certain of the properties located in Hong Kong and the PRC, with carrying amounts of approximately HKD1,803,650,000 (31 December 2021: HKD1,738,549,000), are pledged to banks to secure banking facilities granted to the Group.

### Investment properties

The investment properties measured at fair value as at 30 June 2022 were performed by independent qualified professional valuers. The valuers used the same valuation techniques as those carried out for 31 December 2021. As a result of the valuation, a decrease in fair value of the investment properties, net of tax, of approximately HKD2,084,000 (six months ended 30 June 2021: HKD4,020,000), and deferred tax thereon, of approximately HKD162,000 (six months ended 30 June 2021: HKD183,000), have been recognised in profit or loss during the period.

As at 30 June 2022, certain of the properties located in Hong Kong and the PRC, with carrying amounts of approximately HKD1,371,867,000 (31 December 2021: HKD1,394,183,000), are pledged to banks to secure banking facilities granted to the Group.

### Right-of-use assets

For the six months ended 30 June 2022, other than rent concessions as disclosed in Note 8(a) to the condensed consolidated interim financial statements, no significant tenancy agreement was entered, modified or cancelled by the Group. The depreciation of right-of-use assets recognised during the period was approximately HKD7,894,000 (six months ended 30 June 2021: HKD8,141,000).

As at 30 June 2022, certain of the right-of-use assets, with carrying amounts of approximately HKD477,758,000 (31 December 2021: HKD508,770,000), are pledged to banks to secure banking facilities granted to the Group.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 13. INVENTORIES

For the six months ended 30 June 2022, a net reversal of allowance of inventories of approximately HKD5,137,000 (six months ended 30 June 2021: a reversal of allowance of HKD1,918,000) was recognised in profit or loss during the period while obsolete inventories of HKD850,000 (six months ended 30 June 2021: Nil) were directly written off to profit or loss during the period.

## 14. TRADE AND OTHER RECEIVABLES

	30.06.2022 HKD'000 (Unaudited)	31.12.2021 HKD'000 (Audited)
<b>Trade receivables arising from:</b>		
– Other than financial services segment	25,810	64,940
– Financial services segment	7,634	8,207
Total gross carrying amount	33,444	73,147
Less: Loss allowance	(544)	(3,550)
Total net carrying amount after loss allowance	32,900	69,597
<b>Prepayments, deposits and other receivables:</b>		
Total gross carrying amount	264,978	171,019
Less: Loss allowance	(4,077)	(4,077)
Total net carrying amount after loss allowance	260,901	166,942
Total trade and other receivables	293,801	236,539

Note: As at 30 June 2022, the other receivables consist of the consideration receivables of approximately HKD90,226,000 (31 December 2021: HKDNil) in relation to the disposal of intangible asset.

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

	30.06.2022 HKD'000 (Unaudited)	31.12.2021 HKD'000 (Audited)
0 to 30 days	12,534	34,932
31 to 60 days	3,209	11,442
61 to 90 days	1,189	1,705
Over 90 days	15,968	21,518
	32,900	69,597

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 15. AMOUNT DUE FROM AN ASSOCIATE

As at 30 June 2022 and 31 December 2021, the carrying amount of amount due from an associate was unsecured, non-interest bearing and repayable on demand. For the six months ended 30 June 2022, reversal of loss allowance was recognised, to the extent of, an amount equal to lifetime expected credit loss (“ECL”) calculated of approximately HKD244,000 (six months ended 30 June 2021: provision of loss allowance HKD613,000) due to the loss-making situation of the associate.

## 16. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	30.06.2022 HKD'000 (Unaudited)	31.12.2021 HKD'000 (Audited)
Directors and their associates	24,901	25,258
Other margin clients	114,946	123,150
	139,847	148,408

As at 30 June 2022 and 31 December 2021, the carrying amount of advances to customers in margin financing arising from the margin financing business in Hong Kong was secured by listed equity securities, carried at average interest rates from Hong Kong Dollar Prime Rate (“Prime Rate”) to Prime Rate plus 3% per annum and repayable on demand.

The amounts of credit facilities granted to the margin clients are determined by the discounted market value of listed equity securities accepted by the Group. The Group maintains a list of approved stocks for margin lending at certain specified loan-to-collateral ratios. Any excess in the ratios will trigger margin calls for the margin clients to settle the margin shortfalls.

As at 30 June 2022, the total undiscounted market value of listed equity securities pledged in respect of the margin lending to the margin clients was approximately HKD605,254,000 (31 December 2021: HKD975,837,000). According to the client account opening agreements signed between the Group and margin clients, the Group is allowed to dispose of the listed equity securities pledged by the margin clients to settle their outstanding loan balances due to the Group.

Based on the result of the ECL calculation, with reference to the discounted market value of listed equity securities, no provision of loss allowance was recognised for both current and prior periods given that no significant default events of failure to repay the margin calls from any margin clients and the discounted market value of listed equity securities pledged were sufficiently covered the outstanding loan balances as at 30 June 2022 and 31 December 2021.

No ageing analysis is disclosed for advances to customers in margin financing as, in the opinion of the Directors, an ageing analysis is not meaningful in the view of the business nature of margin financing. The maximum exposure of credit risk against the Group is the carrying amount at the end of reporting period.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 17. LOANS RECEIVABLE

	30.06.2022 HKD'000 (Unaudited)	31.12.2021 HKD'000 (Audited)
<b>Secured:</b>		
Total gross carrying amount	58,213	86,992
Less: Loss allowance	(1,689)	(1,727)
	<b>56,524</b>	85,265

As at 30 June 2022 and 31 December 2021, the carrying amount of loans receivable arising from the money lending business in Hong Kong was secured by mortgages over the borrowers' properties and listed equity securities in Hong Kong, carried at interest rates from 18% to 24% (31 December 2021: 8% to 24%) per annum and repayable within one year from the dates of advances to the borrowers or on demand.

Loans receivable with aggregate gross carrying amount of approximately HKD13,089,000 (31 December 2021: HKD41,857,000) was classified as stage 1 due to limited exposure of credit risk and there is no significant increase in credit risk since initial recognition and not credit-impaired at the end of reporting period. Therefore, the reversal of loss allowance was limited to 12-month ECL calculation of approximately HKD38,000 (six months ended 30 June 2021: HKD43,000) was recognised in profit or loss for the period.

Loans receivable with aggregate gross carrying amount of approximately HKD45,124,000 (31 December 2021: HKD45,135,000) was classified as stage 3 due to significant increase in credit risk since initial recognition and credit-impaired at the end of reporting period. The loss allowance that subject to the lifetime ECL calculation was considered to be immaterial to be recognised for both current and prior periods.

## 18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at fair value through profit or loss represent investments in listed equity securities in Hong Kong classified as held for trading and an unlisted investment. Details of the fair value measurements of these assets are set out in Note 27 to the condensed consolidated interim financial statements.

Reconciliation of the opening and closing balance of financial assets at fair value through profit or loss is provided as follows:

	Six months ended 30 June	
	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited)
At the beginning of the period	262,158	113,922
Fair value (loss)/gain	(84,839)	12,995
Disposal	(66,301)	(9,337)
Additions	12,606	15,000
Exchange realignment	391	119
At the end of the period	<b>124,015</b>	132,699

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 19. TRADE AND OTHER PAYABLES

	30.06.2022 HKD'000 (Unaudited)	31.12.2021 HKD'000 (Audited)
<b>Trade payables arising from:</b>		
– Other than financial services segment	109,207	144,566
– Financial services segment	20,480	68,730
Total trade payables	129,687	213,296
Accruals, receipts in advance, temporary receipts and other payables	122,170	169,291
Total trade and other payables	251,857	382,587

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

	30.06.2022 HKD'000 (Unaudited)	31.12.2021 HKD'000 (Audited)
0 to 30 days	101,091	115,489
31 to 60 days	5,132	6,685
61 to 90 days	708	7,489
Over 90 days	2,276	14,903
	109,207	144,566

No ageing analysis is disclosed for the trade payables arising from financial services segment as, in the opinion of the Directors, an ageing analysis is not meaningful in the view of the business nature of dealing in securities and margin financing.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 20. LEASE LIABILITIES

For the six months ended 30 June 2022, the total cash outflows for leases was approximately HKD12,151,000 (six months ended 30 June 2021: HKD13,519,000), comprising the payments of principal and interest elements of lease liabilities of approximately HKD6,410,000 (six months ended 30 June 2021: HKD6,225,000) and the payments of short-term leases of approximately HKD5,741,000 (six months ended 30 June 2021: HKD7,294,000).

For the six months ended 30 June 2022, the interest expenses on lease liabilities was approximately HKD6,961,000 (six months ended 30 June 2021: HKD6,823,000).

## 21. BANK BORROWINGS

	30.06.2022 HKD'000 (Unaudited)	31.12.2021 HKD'000 (Audited)
<b>Current portion:</b>		
Secured with variable interest-rate bank borrowings that are repayable:		
– within one year	588,242	295,132
<b>Non-current portion:</b>		
Secured with variable interest-rate bank borrowings that are repayable:		
– over one year but within two years	399,287	459,777
– over two years but within five years	536,756	867,247
	936,043	1,327,024
Total	1,524,285	1,622,156

As at 30 June 2022, the Group had secured with variable interest-rate bank borrowings, carried interest rates from approximately 2.15% to 6.8% (six months ended 30 June 2021: 1.62% to 5.55%) per annum. The weighted average effective interest rate charged during the period was approximately 3.87% (six months ended 30 June 2021: 3.37%) per annum.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 22. SHARE CAPITAL

	Number of shares '000	Nominal value HKD'000
<b>Authorised:</b>		
Ordinary shares of HKD0.10 (31 December 2021: HKD0.10) each:		
At 1 January 2021 (audited) and 31 December 2021 (audited), 1 January 2022 (audited) and 30 June 2022 (unaudited)	20,000,000	20,000,000
<b>Issued and fully paid:</b>		
Ordinary shares of HKD0.10 (31 December 2021: HKD0.10) each:		
At 1 January 2021 (audited) and 31 December 2021 (audited), 1 January 2022 (audited) and 30 June 2022 (unaudited)	2,974,225	2,974,225

All of the ordinary shares issued by the Company and credited as fully paid ranked pari passu with the issued ordinary shares of the Company in all respects, except for those not entitled to any distribution of dividend.

## 23. SHARE OPTION SCHEME

On 25 June 2021, the Shareholders have approved and adopted a Revised Share Option Scheme (the "**Revised Scheme**") for the purpose of providing eligible participants with the opportunity to acquire proprietary interests of the Company. The Revised Scheme aims to encourage the eligible participants to work towards to enhance the value of the shares of the Company for the benefits of the Company and its shareholders as a whole. All of the Directors, full-time employees and any other persons within the Group who, at the sole discretion of the Board, have contributed to the Group, are eligible to participate in the Revised Scheme.

The main terms and conditions of the Reversed Scheme was substantially the same as those disclosed in the 2021 Annual Financial Statements. For the six months ended 30 June 2022, no share option was granted, exercised, lapsed or cancelled for the eligible participants under the Revised Scheme (six months ended 30 June 2021: nil). No share option may be granted to the eligible participants under the Revised Scheme after the tenth anniversary of the adoption date of the Revised Scheme or after the Revised Scheme is terminated in accordance with the provisions hereof or after the eligible participants for whom the Revised Scheme is made has ceased to be one of the eligible participants before the acceptance of the Revised Scheme (six months ended 30 June 2021: nil).

No share options were outstanding as at 30 June 2022 and 31 December 2021.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 24. CAPITAL COMMITMENTS

As at 30 June 2022 and 31 December 2021, the Group had the following material contractual capital commitments not provided for in the condensed consolidated interim financial statements:

	30.06.2022 HKD'000 (Unaudited)	31.12.2021 HKD'000 (Audited)
<b>Contracted but not provided:</b>		
– Construction costs of outlet mall buildings located in Shenyang, the PRC	16,959	29,528

## 25. RELATED PARTY DISCLOSURES

### (A) Related party transactions

During the period, the Group entered into the following transactions with the related parties:

#### (a) Mr. Cheng Tun Nei and his associates:

	Six months ended 30 June	
	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited)
Commission income from securities brokerage	1	9
Interest income from margin financing	636	255
Management fee expenses	103	105
Motor vehicle expenses	39	39
Total amount of margin financing facilities granted	17,000	10,000
Maximum outstanding balance of margin loans issued	16,242	9,370

#### (b) Mr. Lee Cheung Ming:

	Six months ended 30 June	
	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited)
Interest income from margin financing	391	373
Total amount of margin financing facilities granted	15,000	10,000
Maximum outstanding balance of margin loans issued	9,936	9,381

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 25. RELATED PARTY DISCLOSURES *(Continued)*

### (A) Related party transactions *(Continued)*

#### (c) Other related parties:

	Six months ended 30 June	
	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited)
Interest income from a non-controlling shareholder	577	386
Interest expenses of loan from non-controlling interests	7	63
Service fee expenses charged by a non-controlling shareholder	10	484
Sales of goods to a non-controlling shareholder	3,897	91
Minimum purchases for the sales and distribution of "arena" branded swimwear and other sportswear, shoes and related accessories	–	61,155
Provision of services in sourcing, engaging and managing manufacturers to manufacture "SKINS" products and purchase a variety of products from ITOCHU Textile Prominent (Asia) Ltd.	9,096	–

### (B) Key management personnel's emoluments

The compensation of key management personnel including the emoluments paid or payable to the Directors and the members of senior management of the Group during the period are as follows:

	Six months ended 30 June	
	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited)
Salaries, welfare and other expenses	5,119	4,821
Contributions to defined contribution retirement plans	63	55
	5,182	4,876

## 26. CONTINGENT ASSETS AND LIABILITIES

Except for the potential tax liabilities with respect to the potential tax penalty arising from the late filing of the PRC tax returns for reporting the PRC Enterprise Income Tax to the PRC tax authority as disclosed in Note 9 to the condensed consolidated interim financial statements, the Group had no other contingent assets or liabilities required to be recognised or disclosed in the condensed consolidated interim financial statements as at 30 June 2022 and 31 December 2021.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 27. FINANCIAL INSTRUMENTS

### (A) Categories of financial instruments

The following table shows the carrying amounts and fair values of the financial instruments, comprised of the financial assets and financial liabilities, as at 30 June 2022 and 31 December 2021:

	30.06.2022 (Unaudited)		31.12.2021 (Audited)	
	Carrying amount HKD'000	Fair value HKD'000	Carrying amount HKD'000	Fair value HKD'000
<b>Financial assets:</b>				
At fair value through profit or loss:				
– Listed equity securities in Hong Kong	42,864	42,864	185,216	185,216
– Unlisted investment	81,151	81,151	76,942	76,942
At amortised cost:				
– Trade and other receivables	225,010	(Note)	142,447	(Note)
– Amounts due from joint ventures	6,975	(Note)	7,367	(Note)
– Amount due from an associate	3,229	(Note)	4,202	(Note)
– Advances to customers in margin financing	139,847	(Note)	148,408	(Note)
– Loans receivable	56,524	(Note)	85,265	(Note)
– Restricted bank deposits	46,989	(Note)	46,359	(Note)
– Bank balances and cash	302,586	(Note)	239,174	(Note)
<b>Financial liabilities:</b>				
At amortised cost:				
– Trade and other payables	242,721	(Note)	369,473	(Note)
– Amount due to a related party	117	(Note)	123	(Note)
– Amount due to a director	7,023	(Note)	7,367	(Note)
– Dividend payable	14,883	(Note)	–	(Note)
– Bank borrowings	1,524,285	(Note)	1,622,156	(Note)
– Loan from non-controlling interests	–	(Note)	3,683	(Note)
<b>Financial instrument</b>				
– Lease liabilities	196,261	(Note)	205,291	(Note)

Note: The Directors consider the carrying amounts of the financial instruments measured at amortised cost were approximate to their fair values on the grounds that either of their maturity periods are short or their effective interest rates for interest-bearing financial instruments were approximate to the relevant discount rates used to reflect the credit risk of the borrowers or the Group as at 30 June 2022 and 31 December 2021.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 27. FINANCIAL INSTRUMENTS *(Continued)*

### (B) Fair value measurements

The following table presents the fair value of the Group's financial instruments measured at the end of reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified and determined with reference to the observability and significance of the key inputs used in the respective valuation techniques by the Group as follows:

- Level 1 valuation: Fair value measured using only Level 1 key inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuation: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuation: Fair value measured using significant unobservable inputs.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period when they occur.

The Group's management is responsible for performing the fair value measurements of financial instruments, mainly including the listed equity securities in Hong Kong and the unlisted investment at the end of each reporting periods. The Group's management reports directly to the Directors. Detailed calculations with analysis of changes in fair value measurements is prepared by the Group's management, and is reviewed and approved by the Directors. Discussion of valuation process and results with the Directors is regularly performed to coincide with the reporting dates.

The following table provides an analysis of financial instruments measured at fair value:

	<b>30.06.2022</b> <b>HKD'000</b> <b>(Unaudited)</b>	31.12.2021 HKD'000 (Audited)
<b>Level 1:</b>		
– Listed equity securities in Hong Kong	<b>42,864</b>	185,216
<b>Level 3:</b>		
– Unlisted investment	<b>81,151</b>	76,942

For the six months ended 30 June 2022 and 2021, there was no significant change in the valuation technique, and no transfer between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise such change in valuation technique and transfer between levels of fair value hierarchy when it occurs.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 27. FINANCIAL INSTRUMENTS *(Continued)*

### (B) Fair value measurements *(Continued)*

#### Information about Level 1 fair value measurements

For the listed equity securities in Hong Kong classified as Level 1, the Group's management uses the closing market prices of the identical securities as at 30 June 2022 and 31 December 2021 to perform the fair value measurements.

#### Information about Level 3 fair value measurements

In April 2018, the Group entered into an agreement with a third party investor for the purpose of forming two special purpose acquisition companies (the "SPAC 1" and "SPAC 2") by raising sizeable capital to acquire potential business targets through listing on NASDAQ. The SPAC 1 was successfully listed on NASDAQ in August 2018, and then acquired a business target in February 2020. After the acquisition, the investment in the SPAC 1 was subject to a 12-month lock-up period before the Group or the third party investor can dispose the investment, i.e. until 15 February 2021. According to the agreement, the Group will share the proceeds from the disposal equally with the third party investor. As at 31 December 2021, the SPAC 1 has completed the lock-up period and the third party investor had exchanged the underlying SPAC 1 investment into a security listed in Hong Kong. Up to date of approval and authorisation for issuance of these condensed consolidated interim financial statements, the SPAC 2 has not yet launched.

The fair value of the investment was previously determined by adjusting the closing market price with certain significant unobservable inputs, including risk-free rate and discount of lack of marketability ("DLOM") before the completion of the lock-up period. The fair value was negatively correlated to both risk-free rate and DLOM. After the lock-up period, the risk-free rate and DLOM inputs no longer exist. As at 30 June 2022 and 2021, the probability of default of this investment is considered to be minimal. The Group's management is estimated that with other variables held constant, an increase in probability of default in 5% would have decreased the fair value of investment by approximately HK\$4,058,000 for the period ended 30 June 2022 (30 June 2021: decrease in fair value of approximately HK\$5,192,000).

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 27. FINANCIAL INSTRUMENTS *(Continued)*

### (B) Fair value measurements *(Continued)*

#### Information about Level 3 fair value measurements *(Continued)*

The reconciliation of the opening and closing balance of financial instruments classified as Level 3 is as follows:

	Six months ended 30 June	
	2022 HKD'000 (Unaudited)	2021 HKD'000 (Unaudited)
<b>Unlisted investment:</b>		
At the beginning of the period	76,942	98,665
Fair value gain	3,818	5,053
Exchange realignment	391	119
At the end of the period	81,151	103,837

## 28. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issue by the Board on 31 August 2022.