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**SYMPHONY  
SYMPHONY HOLDINGS LIMITED**

**新豐集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 01223)**

**ANNOUNCEMENT OF FINAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Symphony Holdings Limited (the “**Company**”) is pleased to announce the final results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Year**”) together with the comparative figures for the year ended 31 December 2021 (the “**Comparable Year**”).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	NOTES	2022 HKD'000	2021 HKD'000 (re-presented)
<b>Continuing operations</b>			
Revenue	5	279,153	323,498
Cost of sales		<u>(27,484)</u>	<u>(50,244)</u>
Gross profit		251,669	273,254
Other income and gains	8(a)	174,087	40,816
Distribution and selling expenses		(77,615)	(75,583)
Administrative expenses		(153,133)	(134,057)
Depreciation and amortisation expenses		(95,615)	(84,424)
Finance costs	6	(74,831)	(62,715)
Other expenses	8(b)	(2,925)	(866)
(Provision)/reversal of impairment loss on financial assets		(666)	13,191
Impairment loss on amount due from an associate		(979)	(725)
Decrease in fair value of investment properties		(7,023)	(8,428)
Share of results of joint ventures		2,602	1,256
Share of results of associates		(272)	(310)
Fair value (loss)/gain on financial assets at fair value through profit or loss		<u>(102,832)</u>	<u>75,652</u>
(Loss)/profit before income tax expense	8	(87,533)	37,061
Income tax expense	7	<u>(5,185)</u>	<u>(10,638)</u>
(Loss)/profit for the year from continuing operations	8(c)	(92,718)	26,423
<b>Discontinued operation</b>			
Profit for the year from discontinued operation	8(d)	<u>3,757</u>	<u>9,299</u>
(Loss)/profit for the year		<u><u>(88,961)</u></u>	<u><u>35,722</u></u>

	<i>NOTES</i>	<b>2022</b> <i>HKD'000</i>	2021 <i>HKD'000</i> (re-presented)
<b>(Loss)/profit for the year attributable to:</b>			
– Owners of the Company			
– From continuing operations		<b>(85,392)</b>	26,612
– From discontinued operation		<b>4,114</b>	9,889
		<u><b>(81,278)</b></u>	<u>36,501</u>
– Non-controlling interests			
– From continuing operations		<b>(7,326)</b>	(189)
– From discontinued operation		<b>(357)</b>	(590)
		<u><b>(7,683)</b></u>	<u>(779)</u>
<b>(Loss)/profit for the year</b>		<u><b>(88,961)</b></u>	<u>35,722</u>
<b>(Loss)/earnings per share for (loss)/profit from continuing and discontinued operations:</b>			
Basic (loss)/earnings per share	10	<u><b>HK(2.73 cents)</b></u>	<u>HK1.23 cents</u>
Diluted (loss)/earnings per share	10	<u><b>HK(2.73 cents)</b></u>	<u>HK1.23 cents</u>
<b>(Loss)/earnings per share for (loss)/profit from continuing operations:</b>			
Basic (loss)/earnings per share	10	<u><b>HK(2.87 cents)</b></u>	<u>HK0.90 cents</u>
Diluted (loss)/earnings per share	10	<u><b>HK(2.87 cents)</b></u>	<u>HK0.90 cents</u>
<b>Earnings per share for profit from discontinued operation:</b>			
Basic earnings per share	10	<u><b>HK0.14 cents</b></u>	<u>HK0.33 cents</u>
Diluted earnings per share	10	<u><b>HK0.14 cents</b></u>	<u>HK0.33 cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>NOTE</i>	<b>2022</b> <i>HKD'000</i>	2021 <i>HKD'000</i> (re-presented)
(Loss)/profit for the year	8(c)	<u>(88,961)</u>	<u>35,722</u>
<b>Other comprehensive income for the year, net of tax</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Fair value changes arising on revaluation of properties		<b>35,305</b>	156,605
Deferred tax charge arising on revaluation of properties		<u>(8,283)</u>	<u>(38,238)</u>
		<u><b>27,022</b></u>	<u>118,367</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Share of other comprehensive income of joint ventures		<b>(2,778)</b>	1,661
Share of other comprehensive income of associates		<b>5</b>	–
Exchange differences arising on translation of foreign operations		<b>(225,297)</b>	55,546
Release of translation reserve upon disposal of a subsidiary		<u>(67)</u>	<u>73</u>
		<u><b>(228,137)</b></u>	<u>57,280</u>
Other comprehensive income for the year, net of tax		<u><b>(201,115)</b></u>	<u>175,647</u>
<b>Total comprehensive income for the year</b>		<u><b>(290,076)</b></u>	<u>211,369</u>
<b>Total comprehensive income for the year attributable to:</b>			
– Owners of the Company		<b>(281,150)</b>	211,972
– Non-controlling interests		<u>(8,926)</u>	<u>(603)</u>
		<u><b>(290,076)</b></u>	<u>211,369</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	NOTES	2022 HKD'000	2021 HKD'000
<b>Non-current assets</b>			
Property, plant and equipment	11	1,945,912	2,070,932
Investment properties	11	1,241,285	1,618,066
Right-of-use assets		454,420	509,458
Intangible assets		113,597	216,817
Interests in joint ventures		75,086	75,766
Interests in associates		6,702	–
Goodwill		141,401	141,401
Deferred tax assets		17,166	19,120
Club debenture		1,876	1,876
Restricted bank deposits		55,816	46,359
Statutory deposits for financial services business		200	200
		<hr/>	<hr/>
Total non-current assets		4,053,461	4,699,995
<b>Current assets</b>			
Inventories	12	48,694	86,689
Trade and other receivables	13	252,294	236,539
Amounts due from joint ventures		39,170	7,367
Amount due from an associate		–	4,202
Advances to customers in margin financing	14	177,161	148,408
Loans receivable	15	56,247	85,265
Financial assets at fair value through profit or loss		127,294	262,158
Restricted bank deposits		3,390	–
Bank balances and cash			
– held on behalf of customers		20,745	64,896
Bank balances and cash		98,131	174,278
		<hr/>	<hr/>
		823,126	1,069,802
Asset classified as held for sale		261,500	–
		<hr/>	<hr/>
Total current assets		1,084,626	1,069,802

	<i>NOTE</i>	<b>2022</b> <i>HKD'000</i>	2021 <i>HKD'000</i>
<b>Current liabilities</b>			
Trade and other payables	16	266,772	382,587
Loan from non-controlling interests		–	3,683
Amount due to a joint venture		534	–
Amount due to a related party		113	123
Amount due to a director		21,989	7,367
Lease liabilities		11,484	11,966
Bank borrowings		549,790	295,132
Tax payable		30,133	31,419
		<u>880,815</u>	<u>732,277</u>
Total current liabilities		<u>880,815</u>	<u>732,277</u>
Net current assets		<u>203,811</u>	<u>337,525</u>
Total assets less current liabilities		<u>4,257,272</u>	<u>5,037,520</u>
<b>Non-current liabilities</b>			
Lease liabilities		178,666	193,325
Bank borrowings		894,255	1,327,024
Deferred tax liabilities		338,757	346,900
		<u>1,411,678</u>	<u>1,867,249</u>
Total non-current liabilities		<u>1,411,678</u>	<u>1,867,249</u>
<b>NET ASSETS</b>		<u><b>2,845,594</b></u>	<u><b>3,170,271</b></u>
<b>Equity</b>			
Share capital		297,422	297,422
Reserves		2,527,640	2,847,143
		<u>2,825,062</u>	<u>3,144,565</u>
Total equity attributable to owners of the Company		<u>2,825,062</u>	<u>3,144,565</u>
Non-controlling interests		20,532	25,706
		<u>2,845,594</u>	<u>3,170,271</u>
<b>TOTAL EQUITY</b>		<u><b>2,845,594</b></u>	<u><b>3,170,271</b></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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 (together 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 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 4 and 8(d).

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.

## 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

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

The consolidated financial statements are presented in Hong Kong Dollars (“**HKD**”) and rounded to the nearest thousand, unless otherwise stated.

The consolidated financial statements have been approved for issue by the board (the “**Board**”) of directors (the “**Directors**”) of the Company on 31 March 2023.

## 3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

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

The Group has adopted the following amendments to HKFRSs issued by HKICPA relevant to the Group’s accounting policies and business operations adopted for the first time prepared and presented on the consolidated financial statements for the annual period 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 years and/or on the disclosures set out in these consolidated financial statements.



### ***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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements of the Group.

**(b) 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>3</sup>
Amendments to HKFRS 16	Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments") <sup>2,4</sup>
Amendments to HKAS 1	Non-current liabilities with Covenants (the "2022 Amendments") <sup>2</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 1 January 2024

<sup>3</sup> Effective for the annual period beginning on or after a date to be determined

<sup>4</sup> As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion.

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 these consolidated financial statements.

#### 4. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting process to both Directors and key management personnel of the Company (together 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, segment liabilities, other segment information, geographical information and information about major customers, 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 year ended 31 December 2022. During the year, 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(d). Prior year segment disclosures have been represented to conform with the current year's presentation.

A summary of the Group's 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) 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.

(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 year:

*For the year ended 31 December 2022*

	Continuing operations			Consolidated HKD'000
	Branding HKD'000	Retailing HKD'000 (Note)	Financial services HKD'000	
Revenue from external customers	59,901	197,330	21,922	279,153
Inter-segment revenue*	11	4,114	–	4,125
Reportable segment revenue	<u>59,912</u>	<u>201,444</u>	<u>21,922</u>	<u>283,278</u>
Reportable segment profit/(loss)	<u>108,963</u>	<u>(49,123)</u>	<u>(10,292)</u>	49,548
<b>Reconciliation:</b>				
Interest income				2,323
Central administrative expenses				(55,335)
Fair value loss on financial asset at fair value through profit or loss				(85,420)
Share of results of joint ventures				2,602
Share of results of associates				(272)
Impairment loss on amount due from an associate				(979)
Loss before income tax expense				<u>(87,533)</u>
<i>Note:</i>				
<b>Revenue from commission income from concessionaire sales included in retailing segment is analysed as follows:</b>				
Gross revenue from concessionaire sales				<u>870,941</u>
Commission income from concessionaire sales				<u>131,276</u>

*For the year ended 31 December 2021 (re-presented)*

	Continuing operations			
	Branding	Retailing	Financial	Consolidated
	HKD'000	HKD'000	services	HKD'000
		(Note)	HKD'000	
Revenue from external customers	97,387	197,603	28,508	323,498
Inter-segment revenue*	111	4,487	–	4,598
Reportable segment revenue	<u>97,498</u>	<u>202,090</u>	<u>28,508</u>	<u>328,096</u>
Reportable segment (loss)/profit	<u>(6,338)</u>	<u>(24,935)</u>	<u>16,689</u>	(14,584)
<b>Reconciliation:</b>				
Interest income				1,782
Central administrative expenses				(35,000)
Fair value gain on financial asset at fair value through profit or loss				84,642
Share of results of joint ventures				1,256
Share of result of an associate				(310)
Impairment loss on amount due from an associate				<u>(725)</u>
Profit before income tax expense				<u>37,061</u>

*Note:*

**Revenue from commission  
income from concessionaire  
sales included in retailing  
segment is analysed as follows:**

Gross revenue from concessionaire sales				<u>923,718</u>
Commission income from concessionaire sales				<u>127,357</u>

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

(b) **Segment revenue and results (Disaggregation of revenue)**

The following table provides an analysis of reportable segment revenue recognised during the year 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 year, 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 year ended 31 December 2022*

*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 People's Republic of China (the “ <b>PRC</b> ”)	9,879	131,664	–	141,543
Hong Kong (Place of domicile)	13,251	–	3,742	16,993
United States of America	8,405	–	–	8,405
Other Asian countries ( <i>Note</i> )	12,350	–	–	12,350
Others ( <i>Note</i> )	16,016	–	–	16,016
Total	<u>59,901</u>	<u>131,664</u>	<u>3,742</u>	<u>195,307</u>
<b>Major products and services:</b>				
Sales of goods	57,932	–	–	57,932
Commission income from concessionaire sales	–	131,276	–	131,276
Royalty income	1,531	–	–	1,531
Securities brokerage commission	–	–	2,798	2,798
Financial consultancy income	–	–	944	944
Other services income	438	388	–	826
Total	<u>59,901</u>	<u>131,664</u>	<u>3,742</u>	<u>195,307</u>
<b>Timing of revenue recognition:</b>				
At a point in time	57,932	–	2,798	60,730
Transferred over time	1,969	131,664	944	134,577
Total	<u>59,901</u>	<u>131,664</u>	<u>3,742</u>	<u>195,307</u>

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	–	58,433	–	58,433
Hong Kong (Place of domicile)	–	7,233	18,180	25,413
Total	–	65,666	18,180	83,846
<b>Major products and services:</b>				
Rental income	–	65,666	–	65,666
Interest income	–	–	18,180	18,180
Total	–	65,666	18,180	83,846

For the year ended 31 December 2021 (re-presented)

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	9,038	127,962	–	137,000
Hong Kong (Place of domicile)	12,718	–	7,300	20,018
United States of America	1,903	–	–	1,903
Other Asian countries (Note)	11,505	–	–	11,505
Others (Note)	62,223	–	–	62,223
Total	97,387	127,962	7,300	232,649
<b>Major products and services:</b>				
Sales of goods	90,479	–	–	90,479
Commission income from concessionaire sales	–	127,357	–	127,357
Royalty income	6,548	–	–	6,548
Securities brokerage commission	–	–	5,145	5,145
Underwriting and placing income	–	–	346	346
Financial consultancy income	–	–	1,809	1,809
Other services income	360	605	–	965
Total	97,387	127,962	7,300	232,649
<b>Timing of revenue recognition:</b>				
At a point in time	90,479	–	5,491	95,970
Transferred over time	6,908	127,962	1,809	136,679
Total	97,387	127,962	7,300	232,649

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	–	62,408	–	62,408
Hong Kong (Place of domicile)	–	7,233	21,208	28,441
Total	–	69,641	21,208	90,849
<b>Major products and services:</b>				
Rental income	–	69,641	–	69,641
Interest income	–	–	21,208	21,208
Total	–	69,641	21,208	90,849

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

(c) **Segment assets**

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

	2022 HKD'000	2021 HKD'000
Branding	276,120	348,099
Retailing	3,860,713	4,624,231
Financial services	442,417	468,499
Total reportable segment assets	4,579,250	5,440,829
Unallocated	297,337	328,968
Asset classified as held for sale	261,500	–
Consolidated total assets	5,138,087	5,769,797



(d) **Segment liabilities**

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

	2022 HKD'000	2021 HKD'000
Branding	37,693	98,229
Retailing	390,112	419,504
Financial services	29,103	70,133
Total reportable segment liabilities	<u>456,908</u>	587,866
Unallocated	<u>1,835,585</u>	2,011,660
Consolidated total liabilities	<u><u>2,292,493</u></u>	<u><u>2,599,526</u></u>

(e) **Other segment information**

*For the year ended 31 December 2022*

	Continuing operations				
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Corporate and other unallocated HKD'000	Consolidated HKD'000
<b>Amounts included in the measures of segment results, segment assets and segment liabilities:</b>					
Capital expenditure ( <i>Note</i> )	21,385	58,416	35	-	79,836
Depreciation of property, plant and equipment	935	75,939	1,638	-	78,512
Depreciation of right-of-use assets	405	14,691	-	-	15,096
Amortisation of intangible assets	2,007	-	-	-	2,007
Gain on disposal of intangible assets	(144,269)	-	-	-	(144,269)
Write off of property, plant and equipment	-	4	-	-	4
Decrease in fair value of investment properties	-	7,023	-	-	7,023
Fair value loss on financial assets at fair value through profit or loss	-	-	17,412	85,420	102,832
Impairment loss on financial assets	(105)	431	340	-	666
Bad debts written off	187	453	-	-	640
Write off of obsolete inventories	22	-	-	-	22
Reversal of allowance of inventories	(12,935)	-	-	-	(12,935)
Dividend income	-	-	(55)	-	(55)
Interest income	-	-	(18,180)	(2,323)	(20,503)
Interest expenses	30	74,796	5	-	74,831

**For the year ended 31 December 2021 (Re-presented)**

	Continuing operations				Consolidated HKD'000
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Corporate and other unallocated HKD'000	
<b>Amounts included in the measures of segment results, segment assets and segment liabilities:</b>					
Capital expenditure ( <i>Note</i> )	1,875	107,107	16	–	108,998
Depreciation of property, plant and equipment	765	64,146	1,632	–	66,543
Depreciation of right-of-use assets	759	15,115	–	–	15,874
Amortisation of intangible assets	2,007	–	–	–	2,007
Loss on disposal of property, plant and equipment	–	9	–	–	9
Write off of property, plant and equipment	–	2	–	–	2
Decrease in fair value of investment properties	–	8,428	–	–	8,428
Fair value loss/(gain) on financial assets at fair value through profit or loss	–	–	8,990	(84,642)	(75,652)
Bad debts written off	333	–	–	–	333
Reversal of allowance of inventories	(3,637)	–	–	–	(3,637)
COVID-19-related rent concessions	(9)	–	–	–	(9)
Dividend income	–	–	(41)	–	(41)
Interest income	–	–	(21,208)	(1,782)	(22,990)
Interest expenses	94	62,619	2	–	62,715

*Note:* Capital expenditure including purchases of property, plant and equipment and construction costs of outlet malls located in Shenyang and Xiamen of the PRC.

**(f) Geographical information**

The following table provides an analysis of revenue from external customers by geographical locations based on the services locations or delivery destinations and non-current assets by geographical locations based on the physical locations of the assets operated (“**Specified non-current assets**”):

	<b>Continuing operations</b>		<b>Specified non-current assets</b>	
	<b>Revenue from external customers</b>		<i>(Note)</i>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>
		(re-presented)		
The PRC	<b>199,976</b>	199,408	<b>3,353,718</b>	3,694,162
Hong Kong (Place of domicile)	<b>42,406</b>	48,459	<b>512,204</b>	794,510
United States of America	<b>8,405</b>	1,903	<b>42,091</b>	–
Other Asian countries	<b>12,350</b>	11,505	<b>26,162</b>	–
Others	<b>16,016</b>	62,223	<b>46,304</b>	145,844
Total	<b>279,153</b>	323,498	<b>3,980,479</b>	4,634,516

*Note:* Non-current assets located in different geographical locations excluding deferred tax assets and restricted bank deposits which are located across different geographical locations and the costs of capturing such information will be excessive.

**(g) Information about major customers**

No revenue from transactions with a single external customer, in aggregate, representing 10% or more of the Group’s total revenue for the year ended 31 December 2022 and 2021.

## 5. REVENUE

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

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i> (re-presented)
<b>Continuing operations</b>		
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>		
Sales of goods	57,932	90,479
Commission income from concessionaire sales	131,276	127,357
Royalty income	1,531	6,548
Securities brokerage commission	2,798	5,145
Underwriting and placing income	–	346
Financial consultancy income	944	1,809
Other services income	826	965
	<u>195,307</u>	<u>232,649</u>
<b>Revenue from other sources not within the scope of HKFRS 15:</b>		
Rental income	65,666	69,641
Interest income	18,180	21,208
	<u>83,846</u>	<u>90,849</u>
Total	<u><u>279,153</u></u>	<u><u>323,498</u></u>
<b>Discontinued operation</b>		
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>		
Sales of goods	<u><u>58,784</u></u>	<u><u>169,061</u></u>

## 6. FINANCE COSTS

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

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i> (re-presented)
<b>Continuing operations</b>		
Interest expenses on bank borrowings	61,426	52,493
Interest expenses on bank overdrafts	5	2
Interest expenses on lease liabilities	<u>13,400</u>	<u>13,678</u>
	74,831	66,173
Less: Interest expenses being capitalised ( <i>Note</i> )	<u>–</u>	<u>(3,458)</u>
	<u><b>74,831</b></u>	<u><b>62,715</b></u>
<b>Discontinued operation</b>		
Interest expenses on lease liabilities	–	8
Interest expenses on loan from non-controlling interests	<u>7</u>	<u>128</u>
	<u><b>7</b></u>	<u><b>136</b></u>

*Note:* All of the interest expenses on bank borrowings was capitalised as specific borrowings and there was no general borrowings related to the capital expenditure used in the construction works of outlet malls located in Shenyang and Xiamen, the PRC for prior years.

## 7. INCOME TAX EXPENSE

The amount of income tax expense recognised in the consolidated statement of profit or loss during the year is as follows:

	Continuing operations		Discontinued operation		Total	
	2022 HKD'000	2021 HKD'000 (re-presented)	2022 HKD'000	2021 HKD'000 (re-presented)	2022 HKD'000	2021 HKD'000
<b>Current tax:</b>						
Hong Kong						
– Profits Tax						
– Provision for the year	(520)	(1,213)	-	-	(520)	(1,213)
– Under provision in respect of prior years	(30)	(208)	-	-	(30)	(208)
	<u>(550)</u>	<u>(1,421)</u>	<u>-</u>	<u>-</u>	<u>(550)</u>	<u>(1,421)</u>
The PRC and other jurisdictions						
– PRC Enterprise Income Tax						
– Provision for the year	(3,469)	(3,568)	-	(1,292)	(3,469)	(4,860)
– (Under)/over provision in respect of prior years	(9)	-	1,258	-	1,249	-
	<u>(3,478)</u>	<u>(3,568)</u>	<u>1,258</u>	<u>(1,292)</u>	<u>(2,220)</u>	<u>(4,860)</u>
– Foreign Tax						
– Provision for the year	(171)	(147)	-	-	(171)	(147)
– Over provision in respect of prior years	72	-	-	-	72	-
	<u>(99)</u>	<u>(147)</u>	<u>-</u>	<u>-</u>	<u>(99)</u>	<u>(147)</u>
<b>Deferred tax:</b>						
Hong Kong and the PRC						
– Profits Tax and PRC Enterprise Income Tax						
– Provision for the year	(1,058)	(5,502)	-	-	(1,058)	(5,502)
Income tax (expense)/credit	<u>(5,185)</u>	<u>(10,638)</u>	<u>1,258</u>	<u>(1,292)</u>	<u>(3,927)</u>	<u>(11,930)</u>

### **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 years. According to the definition of “connected entity” under the Two-tiered Profits Tax Regime, the management has elected one of the 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 years 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 year.

### **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 years, 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 years, based on the existing tax legislation, interpretation and practices in respect thereof.

Up to the date of approval and authorisation for issuance of the consolidated 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 year 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 the consolidated financial statements. In addition, pursuant to the signed sales and purchase agreement in respect of the acquisition of the above subsidiary in 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 years.

## 8. (LOSS)/PROFIT FOR THE YEAR

### (a) Other income and gains

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i> (re-presented)
<b>Continuing operations</b>		
Dividend income	55	41
Foreign exchange gains	–	14,465
Gain on disposal of a subsidiary	–	1,266
Gain on disposal of intangible asset ( <i>Note (i)</i> )	144,269	–
Interest income	2,323	1,782
Government grants ( <i>Note (ii)</i> )	8,306	4,184
Reimbursement income of operating outlet malls	13,362	13,130
Others	5,772	5,948
	<u>174,087</u>	<u>40,816</u>
<b>Discontinued operation</b>		
Interest income	14	31
Government grants	155	1,546
Others	39	1,462
	<u>208</u>	<u>3,039</u>

#### Notes:

- (i) 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 HKD144,269,000 was recognised in profit or loss.
- (ii) During the year, the Group has received financial support from the Hong Kong Special Administrative Region Government who set up the Anti-epidemic Fund under the Employment Support Scheme to encourage entities to retain their employees who would otherwise be made redundant. Under the Employment Support Scheme, the Group is required not to make redundancies during the subsidy period and to spend all subsidies on paying salaries.

In addition, government grants are received from the PRC local authorities who provide financial support on the branding business in the PRC. There was no unfulfilled condition to receive both government grants at the end of reporting period.



(b) Other expenses

	2022 HKD'000	2021 HKD'000 (re-presented)
<b>Continuing operations</b>		
Bad debts written off	640	333
Loss on disposal of property, plant and equipment	–	9
Loss on disposal on interests in joint ventures	1,907	–
Write off of property, plant and equipment	4	2
Penalty expense	249	35
Others	125	487
	<u>2,925</u>	<u>866</u>
<b>Discontinued operation</b>		
Loss on disposal of property, plant and equipment	–	73
Penalty expense	–	5,919
	<u>–</u>	<u>5,992</u>

(c) (Loss)/profit for the year is arrived at:

	2022 HKD'000	2021 HKD'000 (re-presented)
<b>Continuing operations</b>		
<b>After charging:</b>		
Directors' emoluments	7,202	6,841
Employees' costs (excluding Directors' emoluments) comprise:		
– Salaries	57,681	62,937
– Welfare and other expenses	2,043	2,622
– Contributions to defined contribution retirement plans	8,942	7,747
	<u>75,868</u>	<u>80,147</u>
Auditor's remuneration	2,100	2,100
Amortisation of intangible assets	2,007	2,007
Cost of inventories recognised as expenses	27,484	50,244
Depreciation of property, plant and equipment	78,512	66,543
Depreciation of right-of-use assets	15,096	15,874
Loss on disposal of property, plant and equipment	–	9
Decrease in fair value of investment properties	7,023	8,428
Write off of obsolete inventories	22	–
Bad debts written off	640	333
Short-term leases expenses	4,875	5,406
	<u>4,875</u>	<u>5,406</u>

	2022 HKD'000	2021 HKD'000 (re-presented)
<b>After crediting:</b>		
Reversal of allowance of inventories ( <i>note i</i> )	(12,935)	(3,637)
Gross rental income from investment properties	(65,666)	(69,641)
Less: Direct operating expenses related to:		
– Investment properties that generate rental income	15,580	15,633
– Investment properties that did not generate rental income	87	72
	<u>(49,999)</u>	<u>(53,936)</u>
<b>Interest income from:</b>		
– Bank deposits	(977)	(985)
– Loans receivable and advances to customers in margin financing	(18,180)	(21,208)
– Others	(1,346)	(797)
Dividend income	(55)	(41)
Foreign exchange gains	–	(14,465)
Reimbursement income of operating outlet malls	(13,362)	(13,130)
COVID-19-related rent concessions received ( <i>note ii</i> )	–	(9)
	<u>–</u>	<u>(9)</u>
<b>Discontinued operation</b>		
Employees' costs (excluding Directors' emoluments) comprise:		
– Salaries	4,343	12,068
– Welfare and other expenses	37	37
– Contributions to defined contribution retirement plans	1,154	2,319
	<u>5,534</u>	<u>14,424</u>
Cost of inventories recognised as expenses	31,165	85,820
Depreciation of property, plant and equipment	452	908
Depreciation of right-of-use assets	–	125
Loss on disposal of property, plant and equipment	–	73
Write off of obsolete inventories	850	1,606
Provision of allowance for inventories	231	479
Short-term leases expenses	3,093	12,451
Interest income from bank deposits	(14)	(31)
	<u>(14)</u>	<u>(31)</u>

*Notes:*

- (i) The reversal of allowance of inventories arising from increase in net realisable value caused by the increase in estimated scrap value.
- (ii) For the year ended 31 December 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.

**(d) 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.

		<b>From 1 January to 27 June 2022 HKD’000</b>	From 1 January to 31 December 2021 HKD’000
	<i>Notes</i>		
<b>Discontinued operation</b>			
Revenue	5	<b>58,784</b>	169,061
Cost of sales		<b>(31,165)</b>	(85,820)
Gross profit		<b>27,619</b>	83,241
Other income and gains	8(a)	<b>208</b>	3,039
Distribution and selling expenses		<b>(23,155)</b>	(63,772)
Administrative expenses		<b>(2,094)</b>	(4,919)
Depreciation expenses		<b>(452)</b>	(1,033)
Finance costs	6	<b>(7)</b>	(136)
Other expenses	8(b)	<b>–</b>	(5,992)
Reversal of impairment loss on financial assets		<b>–</b>	163
Profit before income tax expense from discontinued operation		<b>2,119</b>	10,591
Income tax credit/(expense)	7	<b>1,258</b>	(1,292)
Profit after tax		<b>3,377</b>	9,299
Gain on disposal of a subsidiary		<b>380</b>	–
Profit for the year from discontinued operation		<b>3,757</b>	9,299

	<b>From 1 January to 27 June 2022 HKD'000</b>	From 1 January to 31 December 2021 HKD'000
<b>Profit/(loss) for the year attributable to:</b>		
Owners of the Company	4,114	9,889
Non-controlling interests	(357)	(590)
	<u>3,757</u>	<u>9,299</u>
Operating cash flows	2,749	9,635
Investing cash flows	(357)	(460)
Financing cash flows	(3,690)	(441)
	<u>(1,298)</u>	<u>8,734</u>

A gain of approximately HK\$380,000 arose on the disposal of Arena Shanghai, being the proceeds of disposal less the carrying amount of the subsidiary group's net assets and associated transaction costs. No tax charge or credit arose from the disposal.

## 9. DIVIDEND

	<b>2022 HKD'000</b>	2021 HKD'000
2021 final dividend of HKD0.005 (2021: 2020 final dividend of HKD0.005) per ordinary share declared and paid	<u>14,871</u>	<u>14,871</u>

No interim dividend was declared and paid to the shareholders of the Company (the "Shareholders") for both current and prior years.

The Directors recommended the payment of a final dividend to the Shareholders in respect of the financial year ended 31 December 2022 of HKD0.005 (2021: HKD0.005) per ordinary share of the Company, in total of approximately HKD14,871,000 (2021: HKD14,871,000). The final dividend proposed after the end of reporting period was not reflected as dividend payable in the consolidated financial statements as at 31 December 2022 and 2021.

## 10. (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:

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i> (re-presented)
<b>(Loss)/earnings:</b>		
(Loss)/profit for the year attributable to owners of the Company	<u><u>(81,278)</u></u>	<u><u>36,501</u></u>
	2022 <b>Number of shares '000</b>	2021 <b>Number of shares '000</b>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted (loss)/earnings per share	<u><u>2,974,225</u></u>	<u><u>2,974,225</u></u>
<b>(Loss)/earnings per share:</b>		
Basis (loss)/earnings per share ( <i>HK cents</i> )	<u><u>(2.73)</u></u>	<u><u>1.23</u></u>
Diluted (loss)/earnings per share ( <i>HK cents</i> )	<u><u>(2.73)</u></u>	<u><u>1.23</u></u>

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 for both years.

**From continuing operations**

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i> (re-presented)
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**(Loss)/earnings:**

(Loss)/profit for the year attributable to owners of the Company	<u><u>(85,392)</u></u>	<u><u>26,612</u></u>
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2022 Number of shares '000	2021 Number of shares '000
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**Number of shares:**

Weighted average number of ordinary shares for the purpose of calculating the basic and diluted (loss)/earnings per share	<u><u>2,974,225</u></u>	<u><u>2,974,225</u></u>
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**(Loss)/earnings per share:**

Basic (loss)/earnings per share ( <i>HK cents</i> )	<u><u>(2.87)</u></u>	<u><u>0.90</u></u>
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Diluted (loss)/earnings per share ( <i>HK cents</i> )	<u><u>(2.87)</u></u>	<u><u>0.90</u></u>
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**From discontinued operation**

2022 <i>HKD'000</i>	2021 <i>HKD'000</i> (re-presented)
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**Profit:**

Profit for the year attributable to owners of the Company	<u><u>4,114</u></u>	<u><u>9,889</u></u>
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2022 Number of shares '000	2021 Number of shares '000
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**Number of shares:**

Weighted average number of ordinary shares for the purpose of calculating the basic and diluted earning per share	<u><u>2,974,225</u></u>	<u><u>2,974,225</u></u>
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**Earnings per share:**

Basic earnings per share ( <i>HK cents</i> )	<u><u>0.14</u></u>	<u><u>0.33</u></u>
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Diluted earnings per share ( <i>HK cents</i> )	<u><u>0.14</u></u>	<u><u>0.33</u></u>
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## 11. PROPERTY, PLANT AND EQUIPMENT/INVESTMENT PROPERTIES

### Property, plant and equipment

The carrying amount of the property, plant and equipment decreased during the year was mainly due to the depreciation of Renminbi (“RMB”) against HKD for the properties located in the PRC.

### Investment properties

The investment properties (including investment property classified as held for sale) located in Hong Kong, Beijing, Shanghai, Chongqing and Tianjin, the PRC are held either medium or long-term leases and for the purpose of either earning rental income or capital appreciation.

The carrying amount of the investment properties decreased during the year was mainly due to the effect of the decrease in fair value of investment properties located in Tianjin, the PRC and the depreciation of RMB against HKD.

## 12. INVENTORIES

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Raw materials	2,035	1,992
Work-in-progress	717	857
Finished goods	36,505	88,918
Goods-in-transit	14,224	23,337
	<hr/>	<hr/>
Provision of allowance	53,481 (4,787)	115,104 (28,415)
	<hr/>	<hr/>
	<b>48,694</b>	<b>86,689</b>
	<hr/> <hr/>	<hr/> <hr/>

A reversal of allowance of inventories of approximately HKD12,704,000 (2021: HKD3,158,000) was recognised in profit or loss during the year due to the increase in estimated net realisable value of certain categories of inventories as a result of increase in estimated scrap value.

### 13. TRADE AND OTHER RECEIVABLES

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
<b>Trade receivables arising from:</b>		
– Other than financial services segment	32,036	64,940
– Financial services segment	<u>8,708</u>	<u>8,207</u>
Total gross carrying amount	40,744	73,147
Less: Loss allowance	<u>(1,034)</u>	<u>(3,550)</u>
Total net carrying amount after loss allowance	<u>39,710</u>	<u>69,597</u>
<b>Prepayments, deposits and other receivables:</b>		
Total gross carrying amount	217,325	171,019
Less: Loss allowance	<u>(4,741)</u>	<u>(4,077)</u>
Total net carrying amount after loss allowance	<u>212,584</u>	<u>166,942</u>
Total trade and other receivables	<u><u>252,294</u></u>	<u><u>236,539</u></u>

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:

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
0 to 30 days	19,583	34,932
31 to 60 days	3,254	11,442
61 to 90 days	1,579	1,705
Over 90 days	<u>15,294</u>	<u>21,518</u>
	<u><u>39,710</u></u>	<u><u>69,597</u></u>



#### 14. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Directors and their associates	25,946	25,258
Other margin clients	<u>151,215</u>	<u>123,150</u>
	<u><u>177,161</u></u>	<u><u>148,408</u></u>

At 31 December 2022 and 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.

Based on the result of the expected credit loss calculation with reference to the discounted market value of listed equity securities, no provision of loss allowance was recognised for both current and prior years 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 31 December 2022 and 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.

#### 15. LOANS RECEIVABLE

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
<b>Secured:</b>		
Total gross carrying amount	58,324	86,992
Less: Loss allowance	<u>(2,077)</u>	<u>(1,727)</u>
	<u><u>56,247</u></u>	<u><u>85,265</u></u>

Movement of loss allowance of loans receivable during the year is as follows:

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
At 1 January	1,727	11,211
Provision/(reversal) of loss allowance	<u>350</u>	<u>(9,484)</u>
At 31 December	<u><u>2,077</u></u>	<u><u>1,727</u></u>

At 31 December 2022 and 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 12% to 18% (2021: 8% to 24%) per annum and repayable within one year from the dates of advances to the borrowers or on demand.

## 16. TRADE AND OTHER PAYABLES

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
<b>Trade payables arising from:</b>		
– Other than financial services segment	<b>118,540</b>	144,566
– Financial services segment	<b>27,682</b>	68,730
	<hr/>	<hr/>
Total trade payables	<b>146,222</b>	213,296
Accruals, receipts in advance, temporary receipts and other payables	<b>120,550</b>	169,291
	<hr/>	<hr/>
Total trade and other payables	<b>266,772</b>	382,587
	<hr/> <hr/>	<hr/> <hr/>

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:

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
0 to 30 days	<b>74,016</b>	115,489
31 to 60 days	<b>35,496</b>	6,685
61 to 90 days	<b>4,233</b>	7,489
Over 90 days	<b>4,795</b>	14,903
	<hr/>	<hr/>
	<b>118,540</b>	144,566
	<hr/> <hr/>	<hr/> <hr/>

The settlement terms of trade payables arising from the ordinary course of business of dealing in securities are either one or two trading days after the trade date depending on the categories of the underlying securities transactions are executed. 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

With economic activities frustrated by the pandemic in China and further interest hikes globally, the business environment was highly challenging in 2022. Pragmatic and seeking changes, the Group forged ahead with courage to capture opportunities.

The Group runs “Park Outlets”, its retail business, on the model of “Outlets + Community Malls” across China. The outlets, distributed in Xiamen, Shenyang and Anyang, offer a variety of international and local brands to meet consumer demands for shopping, entertainment and leisure. Community malls, deployed in geographically advantageous locations of Tianjin and Chongqing, satisfy daily residential needs. In H1’22, “Park Outlets” saw dampened consumption due to reduced customer flows under tight pandemic control, but leveraged the chance to upgrade facilities and management. In H2’22, as the market picked up, the outlets, taking advantage of peak consumption seasons, launched activities and promotions both inside and outside stores to boost consumption. In early 2023, with the resumption of customs clearance and economic activities in China, the outlets welcomed much more visitors, whose consumption intention was fully released to fuel business growth. Empowered by years of management expertise, “Park Outlets” demonstrate strong resilience in operations at different stages of the retail sector.

The Group acquired SKINS, the world’s first compression sportswear brand, at its early stage, and formed a joint venture with ITOCHU Corporation, one of the largest general trading companies in Japan, to jointly operate SKINS. Thanks to the efforts of both parties, we expanded SKINS sales network worldwide and cooperated with a number of international sports events or athletes to unleash the tide of compression sportswear. The brand works for a better product portfolio, and offers functional compression wear for different sports to help athletes perform better. As the pandemic changed the way we shop, e-commerce became increasingly important. So, the Group further operated SKINS online while integrating it with offline operation to deliver faster and more convenient one-stop consumer services. Also, the Group promoted SKINS via diverse social platforms, to increase its penetration among different customer groups and build it into a brand recognized by professional athletes and even ordinary public.

In the middle of 2022, the Group sold the trademark of its global footwear brand PONY outside Asia Pacific to Iconix International Inc. (“**Iconix**”), a US-based leading brand operator, and set up a joint venture with Iconix to run PONY in the Asia Pacific region (except Chinese mainland and Taiwan). Built on Iconix’s global advantages and the Group’s expertise in Asia Pacific, the joint venture will help further improve PONY’s brand value. By sharing each other’s advantages, both parties can create unique products that meet specific demands of consumers in different areas. The new plan for PONY will lay a solid foundation for the Group’s long-term development, and help boost the Group’s operations.

In 2022, despite the fluctuations in the capital market and economic environment, the Group’s financial segment ensured risk management, and maintained steady development with a consistently professional and sincere attitude, in an effort to provide customers quality services.

## FINANCIAL REVIEW

### Overview of Annual Results

Due to the impact of the COVID-19 pandemic and its associated consequences, certain business activities of the Group have been disrupted, leading to a deterioration in the Group's operating revenue compared to the Comparable Year. During the Year, the Group's overall revenue decreased by approximately 13.7% to approximately HKD279.2 million (2021: approximately HKD323.5 million).

Gross profit for the Year amounted to approximately HKD251.7 million, representing a decrease of approximately HKD21.6 million or approximately 7.9% as compared with approximately HKD273.3 million for the Comparable Year. Gross profit margin for the Year was approximately 90.2% (2021: approximately 84.5%).

The Group recorded loss for the year attributable to owners of the Company of approximately HKD81.3 million for the Year, compared with profit for the year attributable to owners of the Company of approximately HKD36.5 million for the Comparable Year, representing a decrease in profit of approximately 322.7% or approximately HKD117.8 million.

The loss for the year attributable to owners of the Company was mainly attributable to (i) the fair value loss of financial assets at fair value through profit or loss, primarily attributable to a fair value loss of approximately HKD85.4 million incurred by the listed security disposed during the Year, which a fair value gain of approximately HKD84.6 million was recorded from the security in the Comparable Year; (ii) the increase in finance costs for the Year due to the increase in Hong Kong Interbank Offered Rate; and (iii) the ongoing development and knock-on effects of the novel coronavirus (COVID-19) outbreak which caused disruptions to certain business activities of the Group where the operating revenue of the Group has deteriorated.

Overall, the Group recorded basic loss per share of approximately HK2.73 cents for the Year, as compared with basic earnings per share of approximately HK1.23 cents for the Comparable Year.

### Revenue and operating results

#### *Segment information*

##### *Branding*

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

Revenue for the Year amounted to approximately HKD59.9 million (2021: approximately HKD97.4 million), representing a decrease of approximately 38.5%.

The segment gross profit margin increased to approximately 54.0% for the Year (2021: approximately 48.4%). Accordingly, after deducting expenses and taking into accounts the other income and gains, the reportable segment profit of the branding segment was approximately HKD109.0 million for the Year (2021: reportable segment loss of approximately HKD6.3 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 PRC; (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 either medium or long-term leases and for the purpose of either earning rental income or capital appreciation.

Revenue for the Year amounted to approximately HKD197.3 million (2021: approximately HKD197.6 million), representing a decrease of approximately 0.2%. As our retail business is mainly focused in the PRC, and the pandemic prevention and control measures have not undergone significant changes in the past two years, our retailing revenue has remained roughly the same as the Comparable Year.

The segment gross profit margin is 100% for the Year (2021: 100.0%). Accordingly, after deducting expenses and taking into accounts the other income and gains, the reportable segment loss of the retailing segment increased by approximately 97.2% to approximately HKD49.1 million for the Year (2021: reportable segment loss of approximately HKD24.9 million).

### *Financial Services*

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

Revenue for the Year amounted to approximately HKD21.9 million (2021: approximately HKD28.5 million), representing a decrease of approximately 23.2%. The segment gross profit margin is 100% for the Year (2021: 100.0%). However, driven by the unforeseeable external economic circumstance during the Year, that leading to the fair value of the investments significantly dropped. This Year, the financial services segment performance was mainly driven by the uncertain economic environment, a loss from the financial assets at fair value through profit or loss recorded for the Year.

All in all, reportable segment loss soared to approximately HKD10.2 million for the Year (2021: reportable segment profit of approximately HKD16.7 million).

### ***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 HKD40.8 million for the Comparable Year to approximately HKD174.1 million for the Year, representing an increase of approximately 326.7%.

### ***Distribution and selling expenses***

Distribution and selling expenses mainly comprised of the advertising and promotion expenses and employees' costs. Distribution and selling expenses increased from approximately HKD75.6 million for the Comparable Year to approximately HKD77.6 million for the Year, representing an increase of approximately 2.6%. The increase was due to an increase in logistic cost, as the ongoing COVID-19 has brought significant disruptions in global supply chains and logistics networks.

### ***Administrative expenses***

Administrative expenses mainly comprised of employees' costs, PRC tax surcharges and other levies and utilities expenses. Administrative expenses increased from approximately HKD134.1 million for the Comparable Year to approximately HKD153.1 million for the Year, representing an increase of approximately 14.2%. The increase was due to an increase in manpower and salary level year-on-year driven by continuous scale expansion and waiver of PRC tax surcharges in the Comparable Year .

### ***Finance costs***

Finance costs mainly comprised of interest expenses on bank borrowings. Finance costs increased from approximately HKD62.7 million for the Comparable Year to HKD74.8 million for the Year, representing an increase of approximately 19.2%. The increase was primarily due to the increase in Hong Kong Interbank Offered Rate level year-on-year driven by uncertain global economic impact.

### ***Provision/reversal of impairment loss on financial assets***

Provision of impairment loss on financial assets for the Year amounted to approximately HKD0.7 million, as compared with reversal of impairment loss on financial assets amounted to approximately HKD13.2 million for the Comparable Year. The impairment loss on financial assets mainly comprised of impairment loss on trade and other receivables and loans receivable.

### ***Decrease in fair value of investment properties***

Decrease in fair value of investment properties for the Year amounted to approximately HKD7.0 million, as compared with a decrease in fair value of investment properties amounted to approximately HKD8.4 million for the Comparable Year. The decrease was primarily due to the decrease in property value of the community mall located in Tianjin of the PRC.

### ***Fair value loss/gain on financial assets at fair value through profit or loss***

Fair value loss on financial assets at fair value through profit or loss for the Year amounted to approximately HKD102.8 million, as compared with the fair value gain on financial assets at fair value through profit or loss of approximately HKD75.7 million for the Comparable Year. This was primarily due to the fair value loss of financial assets at fair value through profit or loss, primarily attributable to a fair value loss of approximately HKD85.4 million incurred by the listed security disposed during the Year, which a fair value gain of approximately HKD84.6 million was recorded from the security in the Comparable Year.

### ***Income tax expense***

Income tax expense for the Year amounted to approximately HKD5.2 million, representing a decrease of approximately 50.9% as compared with the income tax expense of approximately HKD10.6 million for the Comparable Year. The decrease was due to a decrease in taxable profits during the Year.

### ***Loss/profit for the year attributable to owners of the Company***

The Group reported loss for the year attributable to owners of the Company of approximately HKD81.3 million for the Year as compared with profit for the year attributable to owners of the Company of approximately HKD36.5 million for the Comparable Year. This was mainly attributable to (i) the fair value loss of financial assets at fair value through profit or loss, primarily attributable to a fair value loss of approximately HKD85.4 million incurred by the listed security disposed during the Year, which a fair value gain of approximately HKD84.6 million was recorded from the security in the Comparable Year; (ii) the increase in finance costs for the Year due to the increase in Hong Kong Interbank Offered Rate; and (iii) the ongoing development and knock-on effects of the novel coronavirus (COVID-19) outbreak which caused disruptions to certain business activities of the Group where the operating revenue of the Group has deteriorated.

## **MARKET INFORMATION**

During the Year, revenue from the PRC, Hong Kong and other Asian countries comprised of approximately 91.3% (2021: approximately 80.2%) of the total revenue and the remaining of approximately 8.7% (2021: approximately 19.8%) shared between the United States of America and other countries.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2022, the Group had bank balances and cash amounted to approximately HKD98.1 million (2021: approximately HKD174.3 million). The Group was offered banking facilities amounted to approximately HKD1,473.6 million (2021: approximately HKD1,622.2 million).

As at 31 December 2022, the Group's bank borrowings amounted to approximately HKD1,444.0 million (2021: approximately HKD1,622.2 million). The Group had variable interest-rate bank borrowings carried at interest rates from approximately 2.51% to 7.40% (2021: approximately 1.66% to 6.8%) per annum. The weighted average effective interest-rate was approximately 6.2% (2021: approximately 3.3%) per annum. The Group's gearing ratio was expressed as a percentage of total outstanding net debt (being the total bank borrowings less bank balances and cash) to total equity was approximately 47.3% (2021: approximately 45.7%). Approximately HKD549.8 million (2021: approximately HKD295.1 million) must be repaid within one year, while the remaining balance must be repaid from two to twenty years (2021: two to four years).

As at 31 December 2022, the Group's current assets and current liabilities were approximately HKD1,084.6 million (2021: approximately HKD1,069.8 million) and approximately HKD880.8 million (2021: approximately HKD732.3 million) respectively. Accordingly, the Group's current ratio was expressed as current assets to current liabilities was approximately 1.23 (2021: approximately 1.46).

## **PLEDGE OF ASSETS**

As at 31 December 2022, the Group pledged certain of its leasehold land and buildings, outlet mall buildings, investment properties, right-of-use assets, asset classified as held for sale and restricted bank deposits, with the respective carrying amounts of approximately HKD277.2 million, HKD1,573.7 million, HKD825.5 million, HKD454.3 million, HKD261.5 million and HKD42.8 million as at 31 December 2022 (2021: approximately HKD282.0 million, HKD1,696.1 million, HKD1,423.6 million, HKD508.8 million, HKDNil and HKD42.7 million); shares of certain of the Company's subsidiaries; corporate guarantees provided by the Company and certain of its subsidiaries and a related party; and personal guarantee provided by a director of the Group, to secure the banking facilities offered to the Group.



## **CAPITAL COMMITMENTS**

As at 31 December 2022, the Group's capital commitments was approximately HKD39.4 million in respect of the construction costs of outlet mall buildings in northern zone located in Shenyang of the PRC and construction costs of brewery located in Japan (2021: approximately HKD29.5 million in respect of the construction costs of outlet mall buildings in northern zone located in Shenyang of the PRC).

## **CAPITAL EXPENDITURE**

The capital expenditure including purchases of property, plant and equipments, and construction costs of outlet malls located in Shenyang and Xiamen of the PRC and construction costs of brewery located in Japan were approximately HKD79.8 million for the Year (2021: approximately HKD109.0 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 7 of this announcement.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2022, the Group's total number of employees was 193 (2021: 290). Employees' costs (excluding directors' emoluments) comprise of salaries, welfare and other expenses and contribution to defined contribution retirement plans amounted to approximately HKD68.7 million (2021: approximately HKD73.3 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.

## **SHARE OPTION SCHEME**

During the Year and the Comparable Year, no share option was granted, exercised, expired, or lapsed and as at the date of this announcement, there was no outstanding share option under the share option scheme adopted by the Company.

## **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 Year, the Group did not enter into any financial derivatives for hedging purpose. However, the management monitors foreign exchange exposure from time to time. Appropriate measures would be undertaken by the management when the exchange rate fluctuations become significant.

## **DIVIDEND**

The Board recommended the payment of a final dividend of HKD0.005 (2021: HKD0.005) per ordinary share for the Year, which is subject to the approval of the shareholders of the Company at the annual general meeting (the “AGM”) to be held on Friday, 23 June 2023. The final dividend is proposed to be paid on or about 2 August 2023 to the shareholders whose names appear on the register of members of the Company at the close of business on 3 July 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

- (1) The AGM is scheduled to be held on Friday, 23 June 2023. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 19 June 2023 to Friday, 23 June 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a shareholder of the Company to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 16 June 2023.
- (2) For determining the entitlement to the final dividend for the Year, the register of members of the Company will be closed from Thursday, 29 June 2023 to Monday, 3 July 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a shareholder of the Company to qualify for the final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 28 June 2023.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, 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 “**Descente**”) and Shanghai Descente Commercial Co. Ltd., entered into a share purchase agreement, pursuant to which Tian Feng (Shanghai) has conditionally agreed to sell, and Descente 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 dated 7 January 2022, 27 January 2022, 28 April 2022 and 27 June 2022 and the Company’s circular dated 24 February 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, 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 (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 and disposals of subsidiaries, associates and joint ventures, significant investments and future plans of material investment during the Year.

## **FUTURE PROSPECTS**

Looking ahead, the economy has been clouded by external market fluctuations and uncertainties in the banking industry. However, every cloud has a silver lining. The mainland economy is showing promising signs of recovery while the long-term fundamentals remain favourable. All industries are in a golden strategic period. Pursuant to the “Government Work Report”, China is focusing on promoting high-quality development and accelerating the implementation of policies for the enhancement of market confidence. Regarding the revitalisation of the economy as the focus in the future, it is believed that more favorable policies will be introduced to support the revival of all industries. Having taken root in the mainland, the core business of the Group will benefit from national policy and the continued recovery and improvement of consumer sentiment. Currently, domestic economic activities

and personnel flow have returned to normal as consumption power has been released, bringing abundant opportunities for “Park Outlets”. The Group will make proactive plans for the in-depth development of the brand and at the same time, step up our efforts to promote the “Park Outlets” business to seize new opportunities in the mainland economy. The Group maintains a positive outlook on the industry, and will actively improve our efficiency, strengthen our own advantage, and realize a collective growth for both brand and retail.

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

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) comprises of 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, has reviewed the final results for the Year.

## **SCOPE OF WORK OF BDO LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on the preliminary announcement.

## **CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the Year except for the following deviations:

- Under code provision C.2.1 of the CG Code, the roles of the chairman and chief executive should be separated and should not be performed by the same individual. Mr. Cheng Tun Nei (“**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.

- During the period from 8 July 2022 (the date of the resignation of Mr. Yeung King Hang, the former company secretary of the Company) to 1 March 2023, the Company did not comply with the requirement under Rule 3.28 of the Listing Rules and the relevant code provisions of the CG Code. On 1 March 2023, Mr. Tam Sik Wai was appointed as the company secretary of the Company and the Company re-complied with such requirement and the relevant code provisions hereafter.

## **EVENT AFTER THE REPORTING PERIOD**

Save as disclosed in this announcement, there was no other significant event affecting the Group that had occurred after 31 December 2022 and up to date of this announcement.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (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 Year.

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.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.symphonyholdings.com](http://www.symphonyholdings.com). The annual report for the Year containing all the information required by Listing Rules will be despatched to shareholders of the Company and will be made available on the above websites by the end of April 2023.

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

Hong Kong, 31 March 2023

As at the date of this announcement, the Directors are:

*Executive Directors:*

Mr. Cheng Tun Nei  
(Chairman and 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

\* For identification purposes only