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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 2021**

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 2021 (the “**Year**”) together with the comparative figures for the year ended 31 December 2020 (the “**Comparable Year**”).

FINANCIAL HIGHLIGHTS

- Revenue for the Year was approximately HKD492.6 million as compared with approximately HKD352.2 million for the Comparable Year.
- Gross profit for the Year was approximately HKD356.5 million as compared with approximately HKD245.4 million for the Comparable Year.
- Profit for the Year was approximately HKD35.7 million as compared with loss of approximately HKD217.1 million for the Comparable Year.
- Profit attributable to owners of the Company for the Year was approximately HKD36.5 million as compared with loss attributable to owners of the Company of approximately HKD216.3 million for the Comparable Year.
- Basic earnings per share for the Year was approximately HK1.23 cents as compared with basic loss per share HK7.27 cents for the Comparable Year.
- The Board recommends the payment of a final dividend to the shareholders of the Company for the Year of HKD0.005 (2020: HKD0.005) per ordinary share of the Company.

* For identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	NOTES	2021 HKD'000	2020 HKD'000
Revenue	5	492,559	352,159
Cost of sales		<u>(136,064)</u>	<u>(106,753)</u>
Gross profit		356,495	245,406
Other income and gains	8(a)	43,855	29,278
Distribution and selling expenses		(139,355)	(97,927)
Administrative expenses		(138,976)	(119,586)
Depreciation and amortisation expenses		(85,457)	(99,481)
Finance costs	6	(62,851)	(69,564)
Other expenses	8(b)	(6,858)	(1,278)
Reversal/(provision) of impairment loss on financial assets		13,354	(6,591)
Impairment loss on amount due from an associate		(725)	(4,024)
(Decrease)/increase in fair value of investment properties		(8,428)	6,066
Share of results of joint ventures		1,256	2,749
Share of result of an associate		(310)	(1,725)
Fair value gain/(loss) on financial assets at fair value through profit or loss		<u>75,652</u>	<u>(97,529)</u>
Profit/(loss) before income tax expense		47,652	(214,206)
Income tax expense	7	<u>(11,930)</u>	<u>(2,880)</u>
Profit/(loss) for the year	8(c)	<u><u>35,722</u></u>	<u><u>(217,086)</u></u>
Profit/(loss) for the year attributable to:			
– Owners of the Company		36,501	(216,328)
– Non-controlling interests		<u>(779)</u>	<u>(758)</u>
		<u><u>35,722</u></u>	<u><u>(217,086)</u></u>
Earnings/(loss) per share:			
– Basic earnings/(loss) per share	10	<u><u>HK1.23 cents</u></u>	<u><u>HK(7.27 cents)</u></u>
– Diluted earnings/(loss) per share	10	<u><u>HK1.23 cents</u></u>	<u><u>HK(7.27 cents)</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>NOTE</i>	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Profit/(loss) for the year	8(c)	<u>35,722</u>	<u>(217,086)</u>
Other comprehensive income for the year, net of tax			
Items that will not be reclassified to profit or loss:			
Surplus arising on revaluation of properties		156,605	48,198
Deferred tax liability arising on revaluation of properties		<u>(38,238)</u>	<u>(11,510)</u>
		<u>118,367</u>	<u>36,688</u>
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of joint ventures		1,661	4,232
Exchange differences arising on translation of foreign operations		55,546	168,047
Release of translation reserve upon disposal of a subsidiary		<u>73</u>	<u>–</u>
		<u>57,280</u>	<u>172,279</u>
Other comprehensive income for the year, net of tax		<u>175,647</u>	<u>208,967</u>
Total comprehensive income for the year		<u>211,369</u>	<u>(8,119)</u>
Total comprehensive income for the year attributable to:			
– Owners of the Company		211,972	(7,978)
– Non-controlling interests		<u>(603)</u>	<u>(141)</u>
		<u>211,369</u>	<u>(8,119)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		2021	2020
	NOTES	HKD'000	HKD'000
Non-current assets			
Property, plant and equipment	11	2,070,932	1,826,363
Investment properties	11	1,618,066	1,587,247
Right-of-use assets		509,458	510,435
Intangible assets		216,817	218,824
Interests in joint ventures		75,766	72,849
Interest in an associate		–	–
Goodwill		141,401	141,401
Deferred tax assets		19,120	23,477
Club debenture		1,876	1,876
Restricted bank deposits		46,359	3,576
Statutory deposits for financial services business		200	200
		<hr/>	<hr/>
Total non-current assets		4,699,995	4,386,248
Current assets			
Inventories	12	86,689	61,680
Trade and other receivables	13	236,539	208,396
Amounts due from joint ventures		7,367	8,344
Amount due from an associate		4,202	6,959
Advances to customers in margin financing	14	148,408	107,676
Loans receivable	15	85,265	127,731
Financial assets at fair value through profit or loss		262,158	113,922
Restricted bank deposits		–	41,802
Bank balances and cash			
– held on behalf of customers		64,896	21,173
Bank balances and cash		174,278	234,577
		<hr/>	<hr/>
Total current assets		1,069,802	932,260

	<i>NOTE</i>	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Current liabilities			
Trade and other payables	16	382,587	282,997
Loan from non-controlling interests		3,683	–
Amount due to a related party		123	119
Amount due to a director		7,367	15,495
Lease liabilities		11,966	11,195
Bank borrowings		295,132	600,966
Tax payable		31,419	14,846
		<hr/>	<hr/>
Total current liabilities		732,277	925,618
		<hr/>	<hr/>
Net current assets		337,525	6,642
		<hr/>	<hr/>
Total assets less current liabilities		5,037,520	4,392,890
		<hr/>	<hr/>
Non-current liabilities			
Loan from non-controlling interests		–	3,576
Lease liabilities		193,325	186,554
Bank borrowings		1,327,024	1,004,107
Deferred tax liabilities		346,900	301,824
		<hr/>	<hr/>
Total non-current liabilities		1,867,249	1,496,061
		<hr/>	<hr/>
NET ASSETS		3,170,271	2,896,829
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Share capital		297,422	297,422
Reserves		2,847,143	2,588,293
		<hr/>	<hr/>
Total equity attributable to owners of the Company		3,144,565	2,885,715
Non-controlling interests		25,706	11,114
		<hr/>	<hr/>
TOTAL EQUITY		3,170,271	2,896,829
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

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 25 March 2022.

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

(a) Adoption of new or revised HKFRSs – effective 1 January 2021

The Group has adopted the following new or revised HKFRSs issued by the 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 2021:

Amendments to HKAS 39, HKFRS 7, HKFRS 9, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

Except as described below regarding the impact of the adoption of the Amendment to HKFRS 16, the adoption of the remaining new or revised HKFRSs that are effective for the annual period beginning on or after 1 January 2021 did not have any significant impact on the Group’s accounting policies, financial position and performance for the current and prior years, and/or the disclosures set out in the consolidated financial statements.

Amendment to HKFRS 16 “COVID-19-Related Rent Concessions beyond 30 June 2021”

Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for the annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Early application is permitted.

The Group has elected to early adopt the amendment on 1 January 2021 and apply the practical expedient to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the COVID-19 pandemic. Consequently, the rent concessions received have been accounted for as negative variable lease payments credited to profit or loss when the events or conditions trigger those payments occurred. The practical expedient also permits lessees not to revise the discount rate to remeasure the lease liability for the revised consideration rather than to use the same discount rate to reflect the effect of the change in lease liability in profit or loss.

For the year ended 31 December 2021, the Group received certain rent concessions that is satisfied the criteria for the application of the extended practical expedient and there was no ineligible rent concessions that was granted by the lessors which require the Group to apply the transitional requirement under the amendment to adjust the cumulative effect on the opening balance of retained profits on 1 January 2021.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised 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.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKAS 41, HKFRS 1, HKFRS 9 and HKFRS 16	Annual Improvements to HKFRSs 2018–2020 ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
HKFRS 17	Insurance Contracts ²

¹ Effective for the annual period beginning on or after 1 January 2022

² Effective for the annual period beginning on or after 1 January 2023

³ Effective for business combination or common control combination for which the date of acquisition or combination is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁴ The amendments was originally intended to be effective for the annual period beginning on or after 1 January 2016. The effective date has now been deferred or removed. Early adoption of the amendments continue to be permitted

The Group is in the process of making an assessment of what the potential impact of these new or revised HKFRSs is expected to be in the period of initial adoption in the future, and the Directors are not yet in a position to assess whether these new or revised HKFRSs will have a significant impact on the Group's accounting policies, financial position and performance, which will be prepared and presented in the consolidated financial statements. The Directors' current intention is to apply these changes on the date when they become effective.

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 is 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 summary of the Group's reportable segments under HKFRS 8 is classified as follows:

- Branding: (i) development and management of "PONY" and "SKINS" trademarks; (ii) retailing and provisions of sourcing services for "arena" swimwear and accessories; and (iii) sourcing, manufacturing and trading of healthcare products;
- Retailing: (i) property investment and holding; and (ii) management and operation of outlet malls; 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 2021

	Branding <i>HKD'000</i>	Retailing <i>HKD'000</i> <i>(Note)</i>	Financial services <i>HKD'000</i>	Consolidated <i>HKD'000</i>
Revenue from external customers	266,448	197,603	28,508	492,559
Inter-segment revenue*	111	4,487	–	4,598
Reportable segment revenue	<u>266,559</u>	<u>202,090</u>	<u>28,508</u>	<u>497,157</u>
Reportable segment profit/(loss)	<u>3,437</u>	<u>(24,150)</u>	<u>16,689</u>	(4,024)
Reconciliation:				
Interest income				1,813
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				(725)
Profit before income tax expense				<u>47,652</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>

For the year ended 31 December 2020

	Branding HKD'000	Retailing HKD'000 (Note)	Financial services HKD'000	Consolidated HKD'000
Revenue from external customers	167,931	156,093	28,135	352,159
Inter-segment revenue*	3,195	4,619	–	7,814
	<u>171,126</u>	<u>160,712</u>	<u>28,135</u>	<u>359,973</u>
Reportable segment revenue				
Reportable segment loss	<u>(17,230)</u>	<u>(40,629)</u>	<u>(92,591)</u>	(150,450)

Reconciliation:

Interest income				3,253
Central administrative expenses				(64,009)
Share of results of joint ventures				2,749
Share of result of an associate				(1,725)
Impairment loss on amount due from an associate				<u>(4,024)</u>
Loss before income tax expense				<u>(214,206)</u>

Note:

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

Gross revenue from concessionaire sales				<u>765,487</u>
Commission income from concessionaire sales				<u>98,417</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 2021

Revenue from contracts with customers within the scope of HKFRS 15

	Branding <i>HKD'000</i>	Retailing <i>HKD'000</i>	Financial services <i>HKD'000</i>	Consolidated <i>HKD'000</i>
Primary geographical markets:				
The People's Republic of China (the “ PRC ”)	178,099	127,962	–	306,061
Hong Kong (Place of domicile)	12,718	–	7,300	20,018
United Kingdom	17,161	–	–	17,161
United States of America	1,903	–	–	1,903
Australia	34,551	–	–	34,551
Other Asian countries (<i>Note</i>)	11,505	–	–	11,505
Others (<i>Note</i>)	10,511	–	–	10,511
Total	266,448	127,962	7,300	401,710
Major products and services:				
Sales of goods	259,540	–	–	259,540
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	266,448	127,962	7,300	401,710
Timing of revenue recognition:				
At a point in time	259,540	–	5,491	265,031
Transferred over time	6,908	127,962	1,809	136,679
Total	266,448	127,962	7,300	401,710

Revenue from other sources not within the scope of HKFRS 15

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
Primary geographical markets:				
The PRC	–	62,408	–	62,408
Hong Kong (Place of domicile)	–	7,233	21,208	28,441
Total	–	69,641	21,208	90,849
Major products and services:				
Rental income	–	69,641	–	69,641
Interest income	–	–	21,208	21,208
Total	–	69,641	21,208	90,849

For the year ended 31 December 2020

Revenue from contracts with customers within the scope of HKFRS 15

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
Primary geographical markets:				
The PRC	124,768	98,417	–	223,185
Hong Kong (Place of domicile)	8,455	–	4,986	13,441
United Kingdom	7,042	–	–	7,042
United States of America	5,040	–	–	5,040
Australia	6,579	–	–	6,579
Other Asian countries (Note)	7,821	–	–	7,821
Others (Note)	8,226	–	–	8,226
Total	167,931	98,417	4,986	271,334
Major products and services:				
Sales of goods	156,689	–	–	156,689
Commission income from concessionaire sales	–	98,417	–	98,417
Royalty income	8,449	–	–	8,449
Securities brokerage commission	–	–	2,809	2,809
Underwriting and placing income	–	–	702	702
Financial consultancy income	–	–	1,475	1,475
Other services income	2,793	–	–	2,793
Total	167,931	98,417	4,986	271,334
Timing of revenue recognition:				
At a point in time	156,689	–	3,511	160,200
Transferred over time	11,242	98,417	1,475	111,134
Total	167,931	98,417	4,986	271,334

Revenue from other sources not within the scope of HKFRS 15

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
Primary geographical markets:				
The PRC	–	49,752	–	49,752
Hong Kong (Place of domicile)	–	7,924	23,149	31,073
	<hr/>	<hr/>	<hr/>	<hr/>
Total	–	57,676	23,149	80,825
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Major products and services:				
Rental income	–	57,676	–	57,676
Interest income	–	–	23,149	23,149
	<hr/>	<hr/>	<hr/>	<hr/>
Total	–	57,676	23,149	80,825
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 2021 and 2020:

	2021 HKD'000	2020 HKD'000
Branding	348,099	294,913
Retailing	4,624,231	4,198,852
Financial services	468,499	431,283
	<hr/>	<hr/>
Total reportable segment assets	5,440,829	4,925,048
Unallocated	328,968	393,460
	<hr/>	<hr/>
Consolidated total assets	5,769,797	5,318,508
	<hr/> <hr/>	<hr/> <hr/>

(d) Segment liabilities

The following table provides an analysis of reportable segment liabilities of different reportable segments recognised as at 31 December 2021 and 2020:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Branding	98,229	47,598
Retailing	419,504	410,205
Financial services	70,133	22,932
Total reportable segment liabilities	<u>587,866</u>	480,735
Unallocated	<u>2,011,660</u>	1,940,944
Consolidated total liabilities	<u><u>2,599,526</u></u>	<u><u>2,421,679</u></u>

(e) Other segment information

For the year ended 31 December 2021

	Branding <i>HKD'000</i>	Retailing <i>HKD'000</i>	Financial services <i>HKD'000</i>	Corporate and other unallocated <i>HKD'000</i>	Consolidated <i>HKD'000</i>
Amounts included in the measures of segment results, segment assets and segment liabilities:					
Capital expenditure (<i>Note</i>)	1,875	107,107	16	-	108,998
Depreciation of property, plant and equipment	1,673	64,146	1,632	-	67,451
Depreciation of right-of-use assets	884	15,115	-	-	15,999
Amortisation of intangible assets	2,007	-	-	-	2,007
Loss on disposal of property, plant and equipment	73	9	-	-	82
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
Write off of obsolete inventories	1,606	-	-	-	1,606
Reversal of allowance of inventories	(3,158)	-	-	-	(3,158)
COVID-19-related rent concessions	(9)	-	-	-	(9)
Dividend income	-	-	(41)	-	(41)
Interest income	-	-	(21,208)	(1,813)	(23,021)
Interest expenses	230	62,619	2	-	62,851

For the year ended 31 December 2020

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Corporate and other unallocated HKD'000	Consolidated HKD'000
Amounts included in the measures of segment results, segment assets and segment liabilities:					
Capital expenditure (<i>Note</i>)	1,229	44,178	16,199	–	61,606
Depreciation of property, plant and equipment	2,345	55,948	1,214	–	59,507
Depreciation of right-of-use assets	3,261	14,043	–	–	17,304
Amortisation of intangible assets	22,670	–	–	–	22,670
Loss on disposal of property, plant and equipment	49	7	839	–	895
Write off of property, plant and equipment	1	32	–	–	33
Increase in fair value of investment properties	–	(6,066)	–	–	(6,066)
Fair value loss on financial assets at fair value through profit or loss	–	–	97,529	–	97,529
Impairment loss on financial assets	(1,234)	1,923	5,902	–	6,591
Recovery of bad debts written off	(1,012)	542	276	–	(194)
Write off of obsolete inventories	2,106	–	–	–	2,106
Provision of allowance of inventories	17,455	–	–	–	17,455
COVID-19-related rent concessions	(183)	(1,584)	–	–	(1,767)
Dividend income	–	–	(660)	–	(660)
Interest income	–	–	(23,149)	(3,253)	(26,402)
Interest expenses	440	68,969	155	–	69,564
	<u>440</u>	<u>68,969</u>	<u>155</u>	<u>–</u>	<u>69,564</u>

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”):

	Revenue from external customers		Specified non-current assets (Note)	
	2021 HKD'000	2020 HKD'000	2021 HKD'000	2020 HKD'000
The PRC	368,469	272,937	3,694,162	3,415,115
Hong Kong (Place of domicile)	48,459	44,514	794,510	798,153
United Kingdom	17,161	7,042	26	7
United States of America	1,903	5,040	–	–
Australia	34,551	6,579	–	–
Other Asian countries	11,505	7,821	–	–
Others	10,511	8,226	145,818	145,920
Total	<u>492,559</u>	<u>352,159</u>	<u>4,634,516</u>	<u>4,359,195</u>

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 2021 and 2020.

5. **REVENUE**

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

	2021 HKD'000	2020 HKD'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of goods	259,540	156,689
Commission income from concessionaire sales	127,357	98,417
Royalty income	6,548	8,449
Securities brokerage commission	5,145	2,809
Underwriting and placing income	346	702
Financial consultancy income	1,809	1,475
Other services income	965	2,793
	<u>401,710</u>	<u>271,334</u>
Revenue from other sources not within the scope of HKFRS 15:		
Rental income	69,641	57,676
Interest income	21,208	23,149
	<u>90,849</u>	<u>80,825</u>
Total	<u>492,559</u>	<u>352,159</u>

6. FINANCE COSTS

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

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Interest expenses on bank borrowings	52,493	60,920
Interest expenses on bank overdrafts	2	129
Interest expenses on loan from non-controlling interests	128	155
Interest expenses on lease liabilities	<u>13,686</u>	<u>12,713</u>
	66,309	73,917
Less: Interest expenses being capitalised (<i>Note</i>)	<u>(3,458)</u>	<u>(4,353)</u>
	<u>62,851</u>	<u>69,564</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 both current and 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:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Current tax:		
Hong Kong		
– Profits Tax		
– Provision for the year	(1,213)	(805)
– Under provision in respect of prior years	(208)	(29)
The PRC and other jurisdictions		
– PRC Enterprise Income Tax		
– Provision for the year	(4,860)	(4,065)
– Foreign tax		
– (Provision)/reversal for the year	<u>(147)</u>	<u>1,495</u>
	(6,428)	(3,404)
Deferred tax:		
Hong Kong and the PRC		
– Profits Tax and PRC Enterprise Income Tax		
– (Provision)/reversal for the year	<u>(5,502)</u>	<u>524</u>
Income tax expense	<u>(11,930)</u>	<u>(2,880)</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. PROFIT/(LOSS) FOR THE YEAR

(a) Other income and gains

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Dividend income	41	660
Foreign exchange gains	14,465	434
Interest income	1,813	3,253
Government grants (<i>Note</i>)	5,730	5,877
Reimbursement income of operating outlet malls	13,130	12,133
Recovery of bad debts written off	–	194
Gain on disposal of subsidiary	1,266	–
Others	7,410	6,727
	<u>43,855</u>	<u>29,278</u>

Note: The government grants was 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.

In 2020, the remaining portion of the government grants related to financial support received 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 of subsidies on paying salaries.

(b) Other expenses

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Bad debts written off	333	–
Loss on disposal of property, plant and equipment	82	895
Write off of property, plant and equipment	2	33
Penalty expenses	5,954	–
Others	487	350
	<u>6,858</u>	<u>1,278</u>

(c) **Profit/(loss) for the year is arrived at:**

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
After charging:		
Directors' emoluments	6,841	6,564
Employees' costs (excluding directors' emoluments) comprise:		
– Salaries	68,164	59,478
– Welfare and other expenses	2,658	2,287
– Contributions to defined contribution retirement plans	10,066	5,338
	<u>87,729</u>	<u>73,667</u>
Auditor's remuneration	2,100	2,030
Amortisation of intangible assets	2,007	22,670
Cost of inventories recognised as expenses	136,064	106,753
Depreciation of property, plant and equipment	67,451	59,507
Depreciation of right-of-use assets	15,999	17,304
Loss on disposal of property, plant and equipment	82	895
Decrease/(increase) in fair value of investment properties	8,428	(6,066)
Write off of obsolete inventories	1,606	2,106
Bad debts written off	333	–
Short-term leases expenses	17,857	12,547
	<u>17,857</u>	<u>12,547</u>
After crediting:		
(Reversal)/provision of allowance of inventories (<i>Note i</i>)	(3,158)	17,455
Gross rental income from investment properties	(69,641)	(57,676)
Less: Direct operating expenses related to:		
– Investment properties that generate rental income	15,633	12,803
– Investment properties that did not generate rental income	72	65
	<u>(53,936)</u>	<u>(44,808)</u>
Interest income from:		
– Bank deposits	(1,016)	(2,511)
– Loans receivable and advances to customers in margin financing	(21,208)	(23,149)
– Others	(797)	(742)
Dividend income	(41)	(660)
Foreign exchange gains	(14,465)	(434)
Recovery of bad debts written off	–	(194)
Reimbursement income of operating outlet malls	(13,130)	(12,133)
COVID-19-related rent concessions received (<i>Note ii</i>)	(9)	(1,767)

Notes:

- (i) The (reversal)/provision of allowance of inventories arising from (increase)/decrease in net realisable value caused by the (increase)/decrease in estimated scrap value.
- (ii) For the year ended 31 December 2021, the lessors of the office premises (2020: the retail shops and Tianjin community mall) provided rent concessions to the Group with three-month rent deductions (2020: rent reductions ranging from 1 to 17 months). 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 (2020: HKD1,767,000) was recognised as negative variable lease payments in profit or loss.

9. DIVIDEND

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
2020 final dividend of HKD0.005 (2020: 2019 final dividend of HKD0.008) per ordinary share declared and paid	<u>14,871</u>	<u>23,794</u>

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

The Board recommended the payment of a final dividend to the Shareholders in respect of the financial year ended 31 December 2021 of HKD0.005 (2020: HKD0.005) per ordinary share of the Company, in total of approximately HKD14,871,000 (2020: 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 2021 and 2020.

10. EARNINGS/(LOSS) PER SHARE

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

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Earnings/(loss):		
Profit/(loss) for the year attributable to owners of the Company	<u>36,501</u>	<u>(216,328)</u>
	2021 Number of shares (’000)	2020 Number of shares (’000)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted earnings/(loss) per share	<u>2,974,225</u>	<u>2,974,225</u>
Earnings/(loss) per share:		
Basic earnings/(loss) per share (<i>HK cents</i>)	<u>1.23</u>	<u>(7.27)</u>
Diluted earnings/(loss) per share (<i>HK cents</i>)	<u>1.23</u>	<u>(7.27)</u>

Note: The diluted earning/(loss) per share is equal to the basic earning/(loss) per share as there was no dilutive potential ordinary shares in issue during the year.

11. PROPERTY, PLANT AND EQUIPMENT/INVESTMENT PROPERTIES

Property, plant and equipment

The carrying amount of the property, plant and equipment increased during the year was mainly due to the increase in fair value of outlet mall buildings located in Shenyang, the PRC, the incurred construction cost of outlet mall building located in Shenyang and Xiamen, the PRC and the appreciation of Renminbi (“RMB”) against HKD.

Investment properties

The investment properties 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 increased during the year was mainly due to the net off effect of the decrease in fair value of investment properties located in Tianjin, the PRC and the appreciation of RMB against HKD.

12. INVENTORIES

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Raw materials	1,992	2,331
Work-in-progress	857	453
Finished goods	88,918	88,083
Goods-in-transit	23,337	2,358
	<u>115,104</u>	<u>93,225</u>
Provision of allowance	(28,415)	(31,545)
	<u><u>86,689</u></u>	<u><u>61,680</u></u>

During the year, a reversal of allowance of inventories of approximately 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

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Trade receivables arising from:		
– Other than financial services segment	64,940	42,750
– Financial services segment	8,207	10,088
	<hr/>	<hr/>
Total gross carrying amount	73,147	52,838
Less: Loss allowance	(3,550)	(7,728)
	<hr/>	<hr/>
Total net carrying amount after loss allowance	69,597	45,110
	<hr/>	<hr/>
Prepayments, deposits and other receivables:		
Total gross carrying amount	171,019	167,363
Less: Loss allowance	(4,077)	(4,077)
	<hr/>	<hr/>
Total net carrying amount after loss allowance	166,942	163,286
	<hr/>	<hr/>
Total trade and other receivables	236,539	208,396
	<hr/> <hr/>	<hr/> <hr/>

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:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
0 to 30 days	34,932	26,904
31 to 60 days	11,442	4,728
61 to 90 days	1,705	800
Over 90 days	21,518	12,678
	<hr/>	<hr/>
	69,597	45,110
	<hr/> <hr/>	<hr/> <hr/>

14. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Directors and their associates	25,258	13,065
Other margin clients	<u>123,150</u>	<u>94,611</u>
	<u>148,408</u>	<u>107,676</u>

At 31 December 2021 and 2020, 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 2021 and 2020.

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

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Secured:		
Total gross carrying amount	86,992	138,942
Less: Loss allowance	<u>(1,727)</u>	<u>(11,211)</u>
	<u>85,265</u>	<u>127,731</u>

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

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
At 1 January	11,211	6,800
(Reversal)/provision of loss allowance	<u>(9,484)</u>	<u>4,411</u>
At 31 December	<u>1,727</u>	<u>11,211</u>

At 31 December 2021 and 2020, 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 8% to 24% (2020: 12% to 18%) per annum and repayable within one year from the dates of advances to the borrowers or on demand.

16. TRADE AND OTHER PAYABLES

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Trade payables arising from:		
– Other than financial services segment	144,566	100,018
– Financial services segment	68,730	21,592
	<hr/>	<hr/>
Total trade payables	213,296	121,610
Accruals, receipts in advance, temporary receipts and other payables	169,291	161,387
	<hr/>	<hr/>
Total trade and other payables	382,587	282,997
	<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:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
0 to 30 days	115,489	85,822
31 to 60 days	6,685	5,093
61 to 90 days	7,489	1,836
Over 90 days	14,903	7,267
	<hr/>	<hr/>
	144,566	100,018
	<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

Looking back on 2021 when the pandemic continued to hit the global economy, the Group strived forward with a pragmatic approach by focusing on optimizing its brands, further raising the operational efficiency of the retailing business and getting itself prepared at all times to look for opportunities in the rapidly-changing market.

The Group formed a joint venture with ITOCHU Corporation, one of the largest general trading companies in Japan, to jointly operate the global business of “SKINS”, a compression sportswear brand. Thanks to the efforts of both parties, we expanded “SKINS” sales network to major international markets and cooperated with a number of international sports events or athletes to further unleash the brand influence. In terms of product development, “SKINS” adapted to market changes and met the needs of consumers, so as to keep pace with the times and bring forth new products.

Meanwhile, we were accelerating the transformation of the American footwear brand “PONY” owned by the Group. During the Year, we launched various fashionable and eco-friendly footwear products. In addition to opening a pop-up store in Hong Kong for the first time, which received positive comments from the market, we were invited to set up stores in a large department store in Hong Kong. To improve our online and offline sales strategy, we launched the brand on target e-commerce platforms and upgraded the services of our self-operated webshop. We believed this would effectively enhance our performance. As this year marks the half-century anniversary of the building of the brand, we are rolling out promotions one after another to help improve our brand image and popularity.

For the long-term development of the branding business, the Group planned to focus on operating its own brands with trademarks in the future. To this end, the Company concluded an agreement with Descente, Ltd. to dispose of a 70% stake in Arena (Shanghai) Industrial Co., Limited. With the substantial experience it has built up in the swimsuit market over the past 15 years, the Group believes the market for fashionable swimsuit holds better potential and is targeted at young, energetic and influential consumer groups. In light of this, the Group is closely negotiating with another international fashionable swimsuit brand and expects to conclude relevant agreement(s) in the near future.

Apart from its branding business, the Group distributed its retailing business through the roll-out of “Park Outlets + Community Malls” in different parts across China to capture the opportunities arising from big consumption and internal circulation. The outlets located in Xiamen, Shenyang and Anyang continued to provide consumers with rich shopping and entertainment enjoyment, while the tenants at the community malls located in Tianjin and Chongqing, the municipalities directly under the Central Government, delivered services oriented to cater to the livelihood needs of local residents. During 2021, more international brands were attracted to the Shenyang Park Outlets upon completion of the expansion project in its northern zone, which added a new look and new vitality to the project. “Park Outlets”

have provided a valuable and competitive chain retail brand for target consumer groups and retailers, and continue to deliver an excellent retail experience to them.

Despite the complex and volatile economic environment last year, the Group's financial business continued to grow steadily. By delivering professional and reliable services, the Group continued to help customers add value to their wealth.

FINANCIAL REVIEW

Overview of Annual Results

With the COVID-19 generally under control in the second half of last year in People's Republic of China (the "PRC"), the Group's business was able to revert to normal growth under a normalized environment. During the Year, the Group's overall revenue increased by approximately 39.9% to approximately HKD492.6 million (2020: approximately HKD352.2 million).

Gross profit for the Year amounted to approximately HKD356.5 million, representing an increase of approximately HKD111.1 million or approximately 45.3% as compared with approximately HKD245.4 million for the Comparable Year. Gross profit margin for the Year was approximately 72.4% (2020: approximately 69.7%).

The Group recorded profit for the year attributable to owners of the Company of approximately HKD36.5 million for the Year, compared with loss for the year attributable to owners of the Company of approximately HKD216.3 million for the Comparable Year, representing a decrease in loss of approximately 116.9% or approximately HKD252.8 million.

The turnaround of the Group's performance for the Year was mainly attributable to (i) steady growth in revenue and gross profit margin for the recovery of branding, retailing and financial services segments under the COVID-19; (ii) the fair value gain of approximately HKD75.7 million for financial assets at fair value through profit or loss compared to fair value loss of approximately HKD97.5 million for the Comparable Year; (iii) reversal of impairment loss on financial assets of approximately HKD13.4 million compared to provision of impairment loss on financial assets of approximately HKD6.6 million for the Comparable Year; and (iv) the reversal of allowance for inventories for the Year.

Overall, the Group recorded basic earnings per share of approximately HK1.23 cents for the Year, as compared with basic loss per share of approximately HK7.27 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) retailing and provisions of sourcing services for “arena” swimwear and accessories in the PRC, which will be discontinued; and (iii) sourcing, manufacturing and trading of healthcare products in Hong Kong.

Revenue for the Year amounted to approximately HKD266.5 million (2020: approximately HKD168.0 million), representing an increase of approximately 58.7%. The increase mainly due to the brands of “SKINS” and “arena” were able to revert to robust growth under a normalized environment with COVID-19, which strengthened the revenue base and improved market competitive position.

The segment gross profit margin increased to approximately 48.9% for the Year (2020: approximately 36.4%) mainly due to the one-off provision of allowance for inventories for the discontinued brand in the Comparable Year. The Group strengthened the stock control and adopted the stock clearance sales during the Year, which caused the decrease in provision of allowance for inventories for the Year. Accordingly, after deducting expenses and taking into accounts the other income and gains, the reportable segment profit of the branding segment was approximately HKD3.4 million for the Year (2020: reportable segment loss of approximately HKD17.2 million).

Retailing

The retailing segment comprised of: (i) 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; (ii) management and operation of outlet malls located in Xiamen, Shenyang and Anyang 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 HKD197.6 million (2020: approximately HKD156.1 million), representing an increase of approximately 26.6%. The increase mainly due to the COVID-19 impact was generally under control in the second half of last year in the PRC, the Group continues to expand sales promotion campaigns in different special events and holidays and maintains its sales growth in community malls and outlet malls in the PRC. Therefore, the total revenue increased in retailing segment mainly driven from the outlet malls located in Xiamen and Shenyang of the PRC.

The segment gross profit margin is 100% for the Year (2020: 100%). Accordingly, after deducting expenses and taking into accounts the other income and gains, the reportable segment loss of the retailing segment decreased by approximately 40.6% to approximately HKD24.2 million for the Year (2020: reportable segment loss of approximately HKD40.6 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 HKD28.5 million (2020: approximately HKD28.1 million), representing a steady increase of approximately 1.3%. The segment gross profit margin is 100% for the Year (2020: 100%). However, driven by the unforeseeable external economic circumstance in the Comparable Year, that leading to the fair value of the investments significantly dropped. This Year, the turnaround of the financial services segment performance was mainly driven by the uncertain economic environment improved, the revenue from the financial assets at fair value through profit or loss recorded substantially improved for the Year.

All in all, reportable segment profit soared to approximately HKD16.7 million for the Year (2020: reportable segment loss of approximately HKD92.6 million).

Other income and gains

Other income and gains mainly comprised of the foreign exchange gains and reimbursement income of operating outlet malls. Other income and gains increased from approximately HKD29.3 million for the Comparable Year to approximately HKD43.9 million for the Year, representing an increase of approximately 49.8%.

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 HKD97.9 million for the Comparable Year to approximately HKD139.4 million for the Year, representing an increase of approximately 42.3%. The increase was due to increase in advertising and promotion expense in respect of continuous scale expansion and benefited from the recovery of branding and retailing segment in the PRC under the impact of COVID-19.

Administrative expenses

Administrative expenses mainly comprised of employees' costs, PRC tax surcharges and other levies and utilities expenses. Administrative expenses increased from approximately HKD119.6 million for the Comparable Year to approximately HKD139.0 million for the Year, representing an increase of approximately 16.2%. The increase was due to increase in manpower and salary level year-on-year driven by continuous scale expansion.

Finance costs

Finance costs mainly comprised of interest expenses on bank borrowings. Finance costs decreased from approximately HKD69.6 million for the Comparable Year to HKD62.9 million for the Year, representing a decrease of approximately 9.7%. The decrease was primarily due to the decrease in Hong Kong Interbank Offered Rate level year-on-year driven by uncertain global economic impact.

Reversal of impairment loss on financial assets

Reversal of impairment loss on financial assets for the Year amounted to approximately HKD13.4 million, as compared with provision of impairment loss on financial assets amounted to approximately HKD6.6 million for the Comparable Year. The impairment loss on financial assets mainly comprised of impairment loss on trade and other receivables and loans receivable. The decrease was mainly benefited from the controls and recovery of receivable, leading the decrease in net impairment of 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 HKD8.4 million, as compared with an increase in fair value of investment properties amounted to approximately HKD6.1 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 gain on financial assets at fair value through profit or loss

Fair value gain on financial assets at fair value through profit or loss for the Year amounted to approximately HKD75.7 million, as compared with the fair value loss on financial assets at fair value through profit or loss of approximately HKD97.5 million for the Comparable Year. This was primarily due to the increase in market value of listed equity securities in Hong Kong.

Income tax expense

Income tax expense for the Year amounted to approximately HKD11.9 million, representing an increase of approximately 314.2% as compared with the income tax expense of approximately HKD2.9 million for the Comparable Year. The increase was due to (i) deferred tax charged of the unused tax losses available to be offset the future taxable profits in respect of the unused tax losses was recognised as deferred tax assets in financial services segment and (ii) the movement of deferred tax in respect of the property revaluation during the Year.

Profit for the year attributable to owners of the Company

The Group reported profit for the year attributable to owners of the Company of approximately HKD36.5 million for the Year as compared with loss for the year attributable to owners of the Company of approximately HKD216.3 million for the Comparable Year. The turnaround of the Group's performance for the Year was mainly attributable to (i) steady growth in revenue and gross profit margin for the recovery of branding, retailing and financial services segments under the COVID-19; (ii) the fair value gain of approximately HKD75.7 million for financial assets at fair value through profit or loss compared to fair value loss of approximately HKD97.5 million for the Comparable Year; (iii) reversal of impairment loss on financial assets of approximately HKD13.4 million compared to provision of impairment loss on financial assets of approximately HKD6.6 million for the Comparable Year; and (iv) the reversal of allowance for inventories for the Year.

MARKET INFORMATION

During the Year, revenue from the PRC, Hong Kong and other Asian countries comprised of approximately 87.0% (2020: approximately 92.4%) of the total revenue and the remaining of approximately 13.0% (2020: approximately 7.6%) shared between the United Kingdom, the Australia, the United States of America and other countries.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group had bank balances and cash amounted to approximately HKD174.3 million (2020: approximately HKD234.6 million). The Group was offered banking facilities amounted to approximately HKD1,622.2 million (2020: approximately HKD1,605.1 million).

As at 31 December 2021, the Group's bank borrowings amounted to approximately HKD1,622.2 million (2020: approximately HKD1,605.1 million). The Group had variable interest-rate bank borrowings carried at interest rates from approximately 1.66% to 6.8% (2020: approximately 1.79% to 6.03%) per annum. The weighted average effective interest-rate was approximately 3.3% (2020: approximately 3.5%) 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 45.7% (2020: approximately 47.3%). Approximately HKD295.1 million (2020: approximately HKD601.0 million) must be repaid within one year, while the remaining balance must be repaid from two to four years (2020: two to five years).

As at 31 December 2021, the Group's current assets and current liabilities were approximately HKD1,069.8 million (2020: approximately HKD932.3 million) and approximately HKD732.3 million (2020: approximately HKD925.6 million) respectively. Accordingly, the Group's current ratio was expressed as current assets to current liabilities was approximately 1.46 (2020: approximately 1.01).

PLEDGE OF ASSETS

As at 31 December 2021, the Group 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, HKD1,696.1 million, HKD1,423.6 million, HKD508.8 million and HKD42.7 million as at 31 December 2021 (2020: approximately HKD282.0 million, HKD1,436.9 million, HKD1,383.6 million, HKD279.0 million and HKD41.8 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 2021, the Group's capital commitments was approximately HKD29.5 million in respect of the construction costs of outlet mall buildings in northern zone located in Shenyang of the PRC (2020: approximately HKD57.2 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 were approximately HKD109.0 million for the Year (2020: approximately HKD61.6 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 2021, the Group's total number of employees was 389 (2020: 406). Employees' costs (excluding directors' emoluments) comprise of salaries, welfare and other expenses and contribution to defined contribution retirement plans amounted to approximately HKD80.9 million (2020: approximately HKD67.1 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 (2020: 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, 24 June 2022. The final dividend is proposed to be paid on or about 28 July 2022 to the shareholders whose names appear on the register of members of the Company at the close of business on 6 July 2022.

CLOSURE OF REGISTER OF MEMBERS

- (1) The AGM is scheduled to be held on Friday, 24 June 2022. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 21 June 2022 to Friday, 24 June 2022 (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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 20 June 2022.
- (2) For determining the entitlement to the final dividend for the Year, the register of members of the Company will be closed from Monday, 4 July 2022 to Wednesday, 6 July 2022 (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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 30 June 2022.

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

On 14 July 2021, the Company has entered into a non-legally binding term sheet with Silk Road II Holdings Pte. Ltd. in relation to a potential disposal by Majestic City Group Limited, an indirect wholly-owned subsidiary of the Company, of 75% of the issued capital in Majestic City (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company. Majestic City (Hong Kong) Limited is an investment holding company incorporated in Hong Kong with limited liability and its subsidiaries are principally engaged in the holding of and the operation and management of outlet malls located in Xiamen of the PRC. Notwithstanding the expiry of the exclusivity period of the abovementioned term sheet, commercial negotiations between the parties in relation to such potential disposal are still ongoing. Details of which were disclosed in the Company's announcement dated 14 July 2021.

On 12 August 2021, Cosmo Group Holdings Limited (a direct wholly-owned subsidiary of the Company) (the "**Vendor**") entered into an agreement for transfer of shares with Shunten International (Holdings) Limited (a company incorporated in the Cayman Islands and the shares of which are listed on The Stock Exchange of Hong Kong Limited with stock code 932) ("**Shunten**") and Super Winner Enterprises Limited (a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Shunten) (the "**Purchaser**"), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase 21,525 shares of the issued share capital of Aggressive Resources Limited (an indirect wholly-owned subsidiary of the Company incorporated in the British Virgin Islands and the sole shareholder of Supremium Bio-Technology Limited, a company incorporated in

Hong Kong and is principally engaged in the sourcing, manufacturing, packing, wholesaling and trading of healthcare products in Hong Kong). Details of which were disclosed in the Company's announcements dated 12 August 2021, 19 August 2021 and 31 August 2021.

Save as disclosed above, the Group had no material acquisition, disposal, significant investments and future plans of material investment during the Year.

FUTURE PROSPECTS

Looking ahead, the global economy remains uncertain as a result of the pandemic and geopolitical turmoil. Against a backdrop where the epidemic is bound to last, citizens also focus more on personal health. As the Chinese government vigorously promotes the overall trend of sports, the demand in related industries and for outdoor products rise accordingly. Compared with foreign countries where the epidemic situation was not stable, China's economy began to recover last year, and the performance of domestic consumption remained high. As such, the Group will continue to introduce various international and local fashion brands to attract more young customers. Based on market changes, we will continue to diversify our brands and strengthen our operating capability to meet the increasing needs of existing domestic consumers.

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 independent auditor, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance 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:

- (1) Under code provision A.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.
- (2) Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and are subject to re-election. All independent non-executive Directors of the Company were not appointed for a specific term but are subject to the requirement to retire by rotation at least once every three years. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment.

EVENT AFTER THE REPORTING PERIOD

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 Industrial Co., Limited (“Arena Shanghai”). Subject to the fulfilment or waiver (if applicable) of the conditions precedent, completion of the assignment or transfer of ownership of the 70% of the equity interests in Arena Shanghai shall take place on or after 1 April 2022, however, no later than 30 April 2022. Details of which were disclosed in the Company’s announcements and circular dated 7 January 2022, 27 January 2022 and 24 February 2022.

Save as disclosed in this announcement, there was no other significant event affecting the Group that had occurred after 31 December 2021 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 and on the website of the Company at 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 2022.

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

Hong Kong, 25 March 2022

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*