The following is the text of a report set out on pages [I-1] to [I-3], received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[Letterhead of PricewaterhouseCoopers] **[DRAFT]**

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF VIVA CHINA HOLDINGS LIMITED AND NOMURA INTERNATIONAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Viva China Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages [I-4] to [I-150], which comprises the consolidated statements of financial position as at 31 December 2020, 2021 and 2022, the company statements of financial position as at 31 December 2020, 2021 and 2022 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2020, 2021 and 2022 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages [I-4] to [I-[150] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [*date*] (the "**Document**") in connection with the proposed **[REDACTED]** of the shares of the Company from GEM to the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2020, 2021 and 2022 and the consolidated financial position of the Group as at 31 December 2020, 2021 and 2022 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")

Adjustments

In preparing the Historical Financial Information, no adjustments to the Historical Financial Statements as defined on page [I-4] have been made.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Historical Financial Information in this report was prepared by the directors of the Company based on the previously issued financial statements of the Company and its subsidiaries now comprising the Group for the Track Record Period ("**Historical Financial Statements**"). The previously issued financial statements were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong Dollar ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	*5*	819,036	1,381,637	6,900,390
Cost of sales	*7*	(488,248)	(809,255)	(3,739,801)
Gross profit		330,788	572,382	3,160,589
Other income and other gains – net	*5*	1,359,084	4,548,086	1,023,644
Selling and distribution expenses		(224,412)	(572,425)	(2,713,306)
Administrative and other operating expenses		(453,077)	(502,742)	(1,080,679)
(Impairment loss)/reversal of impairment loss on financial assets-net	*44*	(274)	9,166	(4,617)
Finance costs, net	*6*	(65,140)	(37,049)	(57,802)
Share of profits less losses of associates and joint ventures	*15*	266,393	492,571	543,322
Profit before income tax	*7*	1,213,362	4,509,989	871,151
Income tax (expense)/credit	*10*	(13,767)	(35,735)	1,860
Profit for the year		1,199,595	4,474,254	873,011
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss, net of income tax:				
– Share of other comprehensive loss of an associate		(1,906)	(2,346)	(773)
– Reclassification adjustment upon partial disposal of an associate		56,562	(7,443)	–
– Release of exchange reserve upon disposal of a subsidiary		–	3,212	–
– Exchange differences on translation of foreign operations		335,956	159,360	(536,156)
– Reclassification adjustment for subsidiaries, deregistered during the year		–	(625)	66
– Change in fair value of financial assets at fair value through other comprehensive income		–	–	110
– Cash flow hedges		–	–	(20,281)
		390,612	152,158	(557,034)
Items that may not be reclassified subsequently to profit or loss, net of income tax:				
– Actuarial loss on pension schemes		–	–	(440,531)
Other comprehensive income/(loss) for the year, net of income tax		390,612	152,158	(997,565)
Total comprehensive income/(loss) for the year		1,590,207	4,626,412	(124,554)

		For the year ended 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Profit/(loss) attributable to:				
– Equity holders of the Company		1,192,392	4,562,639	850,416
– Non-controlling interests		7,203	(88,385)	22,595
		1,199,595	4,474,254	873,011
Total comprehensive income/(loss) attributable to:				
– Equity holders of the Company		1,573,387	4,712,733	253,088
– Non-controlling interests		16,820	(86,321)	(377,642)
		1,590,207	4,626,412	(124,554)
Profit per share attributable to equity holders of the Company:				
Basic *(HK cents)*	*11*	10.59	40.39	7.48
Diluted *(HK cents)*	*11*	10.57	40.15	7.39

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December		
		2020	2021	2022
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*12(A)*	92,622	120,766	1,382,750
Investment properties	*13*	203,700	93,800	104,400
Right-of-use assets	*12(B)*	277,077	321,502	1,249,135
Intangible assets	*14*	288,584	266,866	594,398
Interests in associates and joint ventures	*15*	3,031,604	4,124,391	4,151,810
Prepayments, deposits and other receivables	*22*	55,245	301,883	341,776
Restricted bank balances	*24*	–	3,672	16,980
Financial assets at fair value through other comprehensive income	*44*	–	–	7,959
Derivative financial instruments	*18*	–	–	2,785
Defined benefit surplus	*19*	–	–	821,348
Deferred tax assets	*29*	24,384	26,397	120,127
Other non-current assets		1,946	2,593	3,149
Total non-current assets		3,975,162	5,261,870	8,796,617
CURRENT ASSETS				
Inventories	*20*	183,863	281,279	4,061,130
Trade debtors and bills receivable	*21*	82,887	97,996	859,478
Prepayments, deposits and other receivables	*22*	167,551	160,028	681,272
Financial assets at fair value through profit or loss	*16*	273,338	587,129	–
Derivative financial instruments	*18*	–	–	89,202
Tax recoverable		–	–	2,832
Restricted bank balances	*24*	3,627	3,183	2,635
Bank deposits with maturity period over three months		–	4,284	3,962
Cash and cash equivalents	*23*	1,857,441	2,529,663	2,974,803
		2,568,707	3,663,562	8,675,314
Assets classified as held-for-sale	*40*	306,051	184,730	–
Total current assets		2,874,758	3,848,292	8,675,314

		As at 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
CURRENT LIABILITIES				
Trade, bills and other payables	*25*	313,627	518,084	2,796,593
Accruals	*26*	122,612	136,069	642,695
Contract liabilities	*5*	107,108	103,962	129,117
Deferred income	*27*	2,100	1,199	453
Income tax payables		13,610	13,320	67,642
Lease liabilities	*12(B)*	135,312	123,689	519,199
Financial liabilities at fair value through profit or loss	*16*	456	–	–
Bank borrowings	*28*	–	–	55,934
Derivative financial instruments	*18*	–	–	28,445
Provision	*30*	–	–	94,293
Other current liabilities		–	–	93,821
		694,825	896,323	4,428,192
Liabilities classified as held-for-sale	*40*	39	–	–
Total current liabilities		694,864	896,323	4,428,192
NET CURRENT ASSETS		2,179,894	2,951,969	4,247,122
TOTAL ASSETS LESS CURRENT LIABILITIES		6,155,056	8,213,839	13,043,739
NON-CURRENT LIABILITIES				
Deferred income	*27*	7,710	6,560	5,726
Other payables		5,899	2,469	5,314
Lease liabilities	*12(B)*	273,476	362,630	1,438,100
Provision	*30*	–	–	108,068
Bank borrowings	*28*	1,256,000	–	288,196
Derivative financial instruments	*18*	–	–	11,469
Deferred tax liabilities	*29*	80,669	87,738	96,664
Defined benefit obligation	*19*	–	–	91,974
Total non-current liabilities		1,623,754	459,397	2,045,511
NET ASSETS		4,531,302	7,754,442	10,998,228
EQUITY				
Equity attributable to equity holders of the Company				
Issued capital	*31*	474,817	481,062	484,021
Perpetual convertible bonds	*33*	933,646	810,621	810,621
Reserves	*34*	2,920,908	6,324,594	6,698,533
		4,329,371	7,616,277	7,993,175
Non-controlling interests		201,931	138,165	3,005,053
TOTAL EQUITY		4,531,302	7,754,442	10,998,228

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment		2,066	1,106	227
Right-of-use asset		2,133	–	–
Investments in subsidiaries	*43*	1,376,837	1,376,837	1,376,837
Total non-current assets		1,381,036	1,377,943	1,377,064
CURRENT ASSETS				
Due from subsidiaries	*42*	1,587,620	3,376,610	3,444,710
Prepayments, deposits and other receivables		49,474	47,903	50,014
Cash and cash equivalents	*23*	1,220,396	1,908,291	1,728,281
Total current assets		2,857,490	5,332,804	5,223,005
CURRENT LIABILITIES				
Due to subsidiaries	*42*	140,695	39,477	5,026,790
Lease liability		2,412	–	–
Other payables and accruals		6,157	5,148	8,253
Total current liabilities		149,264	44,625	5,035,043
NET CURRENT ASSETS		2,708,226	5,288,179	187,962
TOTAL ASSETS LESS CURRENT LIABILITIES		4,089,262	6,666,122	1,565,026
NON-CURRENT LIABILITIES				
Due to a subsidiary	*42*	2,361,217	4,990,000	–
Total non-current liabilities		2,361,217	4,990,000	–
NET ASSETS		1,728,045	1,676,122	1,565,026
EQUITY				
Issued capital	*31*	474,817	481,062	484,021
Perpetual convertible bonds	*33*	933,646	810,621	810,621
Reserves	*34*	319,582	384,439	270,384
TOTAL EQUITY		1,728,045	1,676,122	1,565,026

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity holders of the Company											
	Notes	Issued capital HK$'000	Share premium account HK$'000	Perpetual convertible bonds HK$'000	Share option reserve HK$'000	Exchange fluctuation reserve HK$'000	Investment revaluation reserve HK$'000	Reserve funds HK$'000	Convertible notes equity reserve HK$'000	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
1 January 2020		443,217	2,543,460*	1,139,046	139,815*	(353,834)*	–*	11,799*	–*	(902,206)*	3,021,297	38,298	3,059,595
Profit for the year		–	–	–	–	–	–	–	–	1,192,392	1,192,392	7,203	1,199,595
Other comprehensive income/(loss) for the year:													
Exchange differences on translation of foreign operations		–	–	–	–	326,339	–	–	–	–	326,339	9,617	335,956
Reclassification adjustment upon partial disposal of an associate		–	–	–	–	56,562	–	–	–	–	56,562	–	56,562
Share of other comprehensive loss of an associate		–	–	–	–	(1,906)	–	–	–	–	(1,906)	–	(1,906)
Total comprehensive income for the year		–	–	–	–	380,995	–	–	–	1,192,392	1,573,387	16,820	1,590,207
Acquisition of subsidiaries	*39*	–	–	–	–	–	–	–	–	–	–	146,813	146,813
Equity-settled share option arrangements	*32*	–	–	–	5,862	–	–	–	–	–	5,862	–	5,862
Transfer of share option reserve upon the lapse of share options		–	–	–	(17,834)	–	–	–	–	17,834	–	–	–
Share of associates's reserve		–	–	–	27,330	–	–	–	–	–	27,330	–	27,330
Conversion of perpetual convertible bonds to ordinary shares	*33*	31,600	173,800	(205,400)	–	–	–	–	–	–	–	–	–
Dividend paid	*47*	–	(298,505)	–	–	–	–	–	–	–	(298,505)	–	(298,505)
Transfer to statutory reserve		–	–	–	–	–	–	13,612	–	(13,612)	–	–	–
As at 31 December 2020 and 1 January 2021		474,817	2,418,755*	933,646	155,173*	27,161*	–*	25,411*	–*	294,408*	4,329,371	201,931	4,531,302
Profit for the year		–	–	–	–	–	–	–	–	4,562,639	4,562,639	(88,385)	4,474,254
Other comprehensive income/(loss) for the year:													
Exchange differences on translation of foreign operations		–	–	–	–	157,296	–	–	–	–	157,296	2,064	159,360
Reclassification adjustment upon partial disposal of an associate		–	–	–	–	(7,443)	–	–	–	–	(7,443)	–	(7,443)
Share of other comprehensive loss of an associate		–	–	–	–	(2,346)	–	–	–	–	(2,346)	–	(2,346)
Release of exchange reserve upon disposal of a subsidiary		–	–	–	–	3,212	–	–	–	–	3,212	–	3,212
Reclassification adjustment for a foreign operation, deregistered during the year		–	–	–	–	(625)	–	–	–	–	(625)	–	(625)
Total comprehensive income/(loss) for the year		–	–	–	–	150,094	–	–	–	4,562,639	4,712,733	(86,321)	4,626,412
Acquisition of non-controlling interests		–	–	–	–	–	–	–	–	(22,813)	(22,813)	(1,845)	(24,658)
Share issued upon exercise of share options	*32*	3,245	46,207	–	(17,002)	–	–	–	–	–	32,450	–	32,450
Equity-settled share option arrangements	*32*	–	–	–	42,285	–	–	–	–	–	42,285	–	42,285
Transfer of share option reserve upon the lapse of share options		–	–	–	(31,448)	–	–	–	–	31,448	–	–	–
Share of associates' reserve		–	–	–	26,370	–	–	–	–	–	26,370	–	26,370
Conversion of perpetual convertible bonds to ordinary shares	*33*	3,000	120,025	(123,025)	–	–	–	–	–	–	–	–	–
Capital contributions received from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	69,580	69,580
Dividend paid to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	(45,180)	(45,180)
Dividend paid	*47*	–	(1,504,119)	–	–	–	–	–	–	–	(1,504,119)	–	(1,504,119)

		Attributable to equity holders of the Company												
	Notes	Issued capital *HK$'000*	Share premium account *HK$'000*	Perpetual convertible bonds *HK$'000*	Share option reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Cash flow hedge reserve *HK$'000*	Pension reserve *HK$'000*	Reserve funds *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
As at 31 December 2021 and 1 January 2022		481,062	1,080,868*	810,621	175,378*	177,255*	–*	–*	–*	25,411*	4,865,682*	7,616,277	138,165	7,754,442
Profit for the year		–	–	–	–	–	–	–	–	–	850,416	850,416	22,595	873,011
Other comprehensive income/(loss) for the year:														
Exchange differences on translation of foreign operations		–	–	–	–	(476,874)	–	–	–	–	–	(476,874)	(59,282)	(536,156)
Share of other comprehensive loss of an associate		–	–	–	–	(773)	–	–	–	–	–	(773)	–	(733)
Reclassification adjustment for subsidiaries deregistered during the year		–	–	–	–	66	–	–	–	–	–	66	–	66
Change in fair value of financial assets at fair value through other comprehensive income		–	–	–	–	–	110	–	–	–	–	110	–	110
Effective portion of changes in fair value of cash flow hedges		–	–	–	–	–	–	(5,275)	–	–	–	(5,275)	(15,006)	(20,281)
Actuarial loss on pension schemes		–	–	–	–	–	–	–	(114,582)	–	–	(114,582)	(325,949)	(440,531)
Total comprehensive income/(loss) for the year		–	–	–	–	(477,581)	110	(5,275)	(114,582)	–	850,416	253,088	(377,642)	(124,554)
Acquisition of subsidiaries	*39*	–	–	–	–	–	–	–	–	–	–	–	3,226,751	3,226,751
Acquisition of non-controlling interests		–	–	–	–	–	–	–	–	–	1,209	1,209	(1,209)	–
Share issued upon exercise of share options	*32*	2,959	47,227	–	(11,142)	–	–	–	–	–	–	39,044	2,703	41,747
Equity-settled share option arrangements	*32*	–	–	–	24,443	–	–	–	–	–	–	24,443	–	24,443
Transfer of share option reserve upon the lapse of share options		–	–	–	(1,505)	–	–	–	–	–	1,505	–	–	–
Share of associates' reserve		–	–	–	59,114	–	–	–	–	–	–	59,114	–	59,114
Capital contributions received from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	63,642	63,642
Dividend paid to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	(47,357)	(47,357)
As at 31 December 2022		484,021	1,128,095*	810,621	246,288*	(300,326)*	110*	(5,275)*	(144,582)*	25,411*	5,718,812*	7,993,175	3,005,053	10,998,228

* *These reserve accounts comprise the consolidated reserves of HK$2,920,908,000, HK$6,324,594,000 and HK$6,698,533,000 in the consolidated statement of financial position as at 31 December 2020, 2021 and 2022 respectively.*

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended 31 December		
		2020	2021	2022
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		1,213,362	4,509,989	871,151
Adjustments for:				
Finance costs	*6*	65,140	37,049	57,802
Share of profits less losses of associates and joint ventures		(266,393)	(492,571)	(543,322)
Net gain on disposal of partial interest in an associate	*5*	(1,022,999)	(3,338,753)	–
Deemed dilution gain on decrease of interest in an associate	*5*	–	(977,982)	(7,016)
Interest income	*5*	(18,250)	(13,176)	(24,528)
Fair value loss/(gain) on investment properties	*13*	1,400	(74,830)	(10,600)
Fair value loss/(gain) on financial assets/liabilities at fair value through profit or loss	*5*	(3,623)	(20,110)	46,103
Fair value gain on derivative financial instruments	*5*	–	–	(23,039)
(Reversal of provision)/provision for inventories	*7*	(5,798)	822	47,037
Gain on bargain purchase	*5*	(245,300)	–	(956,346)
Net loss on disposal of property, plant and equipment	*5*	2,680	4,780	8,553
Depreciation	*12*	95,046	160,340	400,295
Amortisation of intangible assets	*14*	34,140	32,352	99,417
Gain on disposal of a subsidiary	*5*	–	(52,867)	–
Loss on disposal of intangible assets	*14*	7,390	–	6,142
Impairment on intangible assets	*14*	130,107	–	64,837
Write-off of other payables	*5*	–	–	(16,745)
Net gain from early termination of leases	*5*	–	(5,915)	(4,152)
Impairment loss/(reversal of impairment loss) on financial assets – net	*7*	274	(9,166)	4,617
Impairment on property, plant and equipment	*12(A)*	5,054	16,048	64,285
Impairment on right-of-use assets	*12(B)*	23,363	71,111	276,756
Equity-settled share option expenses	*32*	5,862	42,285	24,443
		21,455	(110,594)	385,690
Decrease/(increase) in inventories		43,824	(92,826)	(292,838)
Decrease/(increase) in trade debtors and bills receivable		178,071	(2,776)	30,468
Decrease/(increase) in prepayments, deposits and other receivables		(1,440)	18,092	181,379
Increase in other non-current assets		(1,358)	(590)	–
Increase/(decrease) in trade, bills and other payables		46,055	180,153	(84,175)
Increase/(decrease) in contract liabilities		36,336	(6,175)	(19,073)
Increase/(decrease) in accruals		(4,980)	9,848	(6,200)
Decrease in deferred income		(1,750)	(2,546)	(1,087)
Increase in provision		–	–	4,390
Increase in other current liabilities		–	–	36,741
Change in defined benefit schemes		–	–	(39,551)
Cash generated from/(used in) operations		316,213	(7,414)	195,744
Income tax paid		(21,834)	(30,326)	(120,836)
Net cash flows generated from/(used in) operating activities		294,379	(37,740)	74,908

		For the year ended 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment		2,750	11,724	6,819
Net proceeds from disposal of a subsidiary, net of cash	*39*	–	364,186	–
Dividends received from associates	*15*	68,058	82,247	167,929
Net proceeds from disposal of partial interest in an associate	*15*	1,493,480	3,786,880	–
Interest received		15,450	13,176	21,348
Increase in deposit with banks with maturity period over three months		–	(4,284)	–
Increase in restricted bank balances		–	(3,121)	(12,630)
Purchases of items of property, plant and equipment	*12(A)*	(23,079)	(90,439)	(183,409)
Purchases of intangible assets	*14*	(7,322)	(3,222)	(93,987)
Prepayment for the acquisition of property		–	(253,177)	(48,360)
Payment for financial asset at fair value through profit or loss	*16*	(271,874)	(298,485)	–
Acquisition of subsidiaries, net of cash acquired	*39*	124,095	–	928,631
Net proceeds from disposal of held-for-sale assets		–	–	183,122
Others		–	(11,427)	–
Net cash flows generated from investing activities		1,401,558	3,594,058	969,463
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid		(47,942)	(16,078)	(7,070)
Proceeds from new bank borrowings	*28*	–	–	900,605
Repayment of bank borrowings	*28*	(54,829)	(1,256,000)	(1,109,294)
Proceeds from issue of ordinary shares upon exercise of share options	*32*	–	32,450	41,747
Dividend paid to non-controlling shareholders		–	(45,180)	(47,357)
Special dividend paid to shareholders		(298,505)	(1,504,080)	–
Payment of lease liabilities		(103,685)	(169,114)	(374,389)
Capital contribution received from non-controlling shareholders		–	69,580	5,776
Others		3,745	–	–
Net cash flows used in from financing activities		(501,216)	(2,888,422)	(589,982)

		For the year ended 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,194,721	667,896	454,389
Cash and cash equivalents at beginning of year		649,262	1,857,441	2,529,663
Effect of foreign exchange rate changes, net		13,458	4,326	(53,863)
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,857,441	2,529,663	2,930,189
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances other than time deposits	*23*	982,537	742,481	1,561,063
Non-pledged time deposits with original maturity of less than three months	*23*	874,904	1,787,182	1,413,740
Cash and cash equivalents as stated in the consolidated statement of financial position		1,857,441	2,529,663	2,974,803
Less: Bank overdraft	*28*	–	–	(44,614)
Cash and cash equivalents as stated in the consolidated statement of cash flows		1,857,441	2,529,663	2,930,189

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands and the ordinary shares of which are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Principal activities

During the year, the Company and its subsidiaries ("**Group**") were involved in the following principal activities:

- design and development, branding and sales of multi-brand sports and lifestyle apparel and footwear; and
- management and operation of sports parks, sports centres and ice-skating rinks and management and operation of e-sports clubs, coordination of sports events and sports-related marketing services.

Li Ning Company Limited ("**Li Ning Co**"), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2331), is an associated company of the Group, whose principal activities include brand development, design, manufacture, sale and distribution of sport-related footwear, apparel, equipment and accessories in the People's Republic of China (the "**PRC**").

CITIC Land Co., Ltd ("**CITIC Land**"), a company incorporated in the PRC with limited liability and a directly owned subsidiary of CITIC Group Corporation, is an associated company of the Group, whose principal activities include property development and operation; property management; hotel investment and management; construction project and facilities contracting and equipment installations; decoration units; landscaping and property development consultancy.

Shanghai Double Happiness Co., Ltd. ("**Double Happiness**"), a company incorporated in the PRC with limited liability, is an associated company of the Group, whose principal activities include manufacture, research and development, marketing and sale of principally table tennis and badminton equipment under its own "紅雙喜 (Double Happiness)" brand and other sports accessories.

These financial statements are presented in HK$, unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations ("**HKFRSs**"). The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and investment property – measured at fair value; and
- assets classified as held-for-sale – measured at lower of the carrying amount and fair value less cost to sell; and
- defined benefit pension plans – plan assets measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Revised Conceptual Framework for Financial Reporting	

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 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
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The Group also elected to adopt the following amendment early for their annual reporting period commencing 1 January 2020:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions

Amendment to HKFRS 16 on COVID-19-Related Rent Concessions is mandatory for annual reporting periods beginning on or after 1 June 2020. The Group has elected to early adopt amendment to HKFRS 16 on COVID-19-Related Rent Concessions as permitted by this amendment.

The Group also elected to adopt the following amendment early for their annual reporting period commencing 1 January 2021:

Amendment to HKFRS 16	COVID-19-Related Rent Concession beyond 30 June 2021

No amended standard was early adopted by the Group for the annual reporting period commencing 1 January 2022.

The adoption of the new and revised HKFRSs for the years ended 31 December 2020, 2021 and 2022 has had no material impact on the amounts reported in these consolidated results and/or disclosures set out in the consolidated financial statements.

(b) New standard issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods.

		Effective for accounting year beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024

2.3 Summary of significant accounting policies

Consolidation

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date of acquisition, being the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset and liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Separate Financial Statements

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

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

Associates

An associate is an entity over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

When the most recently available financial statements of an associate is different from the Group's reporting date, the Group may take advantage of the provision contained in HKAS 28 whereby it is permitted to include the attributable share of associate's results based on the financial statements drawn up to a non-coterminous period end where the difference must be no greater than three months. Adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements.

Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in an associate, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associate is not individually tested for impairment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profits less losses of associates and joint ventures' in the profit or loss.

Gain or losses on dilution of equity interest in associates are recognised in the profit or loss.

Joint arrangements

Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management that makes strategic decisions.

Property, plant and equipment and depreciation

Property, plant and equipment primarily consist of buildings, leasehold improvements, machinery and office equipment, furniture and fixtures, and motor vehicles. They are stated at cost less accumulated depreciation and any impairment losses. Freehold lands are stated at cost less impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The principal annual rates used for this purpose are as follows:

Freehold lands	Not depreciated
Buildings	2% to 5%
Leasehold improvements	6.7% to 33% or over the lease terms, whichever is shorter
Machinery and office equipment	5% to 33.3%
Furniture and fixtures	9% to 33.3%
Motor vehicles	9% to 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income and other gains – net' in the profit or loss.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. Such properties are measured initially at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date with reference to valuation report when applicable. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed.

Changes in fair values are recorded in the profit or loss as part of a valuation gain or loss in 'other income and other gains – net'. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, represents the excess of the consideration transferred over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Impairment reviews of goodwill arising from acquisition of subsidiaries are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. When determining the useful lives of such intangible assets, the Group generally takes into consideration (i) the estimated period during which such asset can bring economic benefits to the Group, (ii) the estimated useful lives of similar assets disclosed by comparable companies in the market, and (iii) legal factors which impact the period over which the entity controls access to these economic benefits. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Trademarks and licensing right and membership

Separately acquired trademark and licensing right and membership are shown at historical cost. Trademarks and licensing right and membership acquired in business combination are recognised at fair value at the acquisition date. Trademarks and licensing right and membership that have finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licensing right and membership over their estimated useful lives.

Operating rights

Acquired operating rights are shown at historical cost. Operating rights acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of operating rights over their estimated useful lives of 15 to 20 years.

League qualification and home and away co-operation agreement

League qualification and home and away co-operation agreement have definite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses, if any. They are initially measured at fair value of the consideration given to acquire at the time of the acquisition. Amortisation is calculated using the straight-line method to allocate the cost of league qualification and home and away co-operation agreement over their estimated useful lives of 9 years and 1.6 years, respectively.

Players' registration rights

The costs associated with the acquisition of players registrations are capitalised as intangible assets at the fair value of the consideration payable, including an estimate of the fair value of any contingent consideration. Subsequent reassessments of the amount of contingent consideration payable are also included in the cost of the individual's registration. This assessment is carried out on an individual basis. The costs are amortised over the period covered by the individual's contract of 1 to 3 years.

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met.

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods.

• Trademarks and licensing right and membership	2-20 years
• Operating rights	15-20 years
• League qualification	9 years
• Home and away co-operation agreement	1.6 years
• Players' registration rights	1-3 years
• Software	3-5 years

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

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

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

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

- the amount of the initial measurement of lease liabilities

- any lease payments made at or before the commencement date less any lease incentives received

- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Impairment of non-financial assets

Goodwill, intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Financial assets

Classification

The Group classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value through profit or loss, at fair value through other comprehensive income, and those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- Fair value through profit & loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit & loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit & loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment

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

For further details on the Group's accounting policies for management of financial assets, see Note 44 credit risk.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the consolidated statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to the consolidated statement of profit or loss when the hedged item affects profit or loss.

Hedge accounting

Cash flow hedges

The Group designates forward exchange contracts as hedging instruments in respect of foreign currency risk in cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward exchange contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward exchange contracts.

The effective portion of changes in the fair value of the forward exchange contracts that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income and other gains – net. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the forecast transaction is no longer highly likely to occur in the future, that amount is considered ineffective, and immediately reclassified to profit or loss.

Perpetual Convertible Bonds

Perpetual Convertible Bonds issued by the Group gives holders the right to convert these Perpetual Convertible Bonds into a fixed number of the Company's ordinary shares at any time at a fixed exercise price per share, subject to adjustments as provided in the terms and conditions of the bonds. The Perpetual Convertible Bonds have no maturity date and are not redeemable. They are treated as equity instruments and are not remeasured in subsequent years.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade debtors and bills receivable and other receivables

Trade debtors and bills receivable are amounts due from customers for goods sold and services rendered in the ordinary course of business. If collection of trade debtors and bills receivable and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors and bills receivable are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade debtors and bills receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 21 for further information about the Group's accounting for trade debtors and bills receivable and Note 44 for a description of the Group's impairment policies.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand, demand deposits and other short term highly liquid investments with maturity of three months or less, less bank overdrafts, which are repayable on demand and form an integral part of the Group's cash management. Bank overdrafts are shown within bank borrowings in current liabilities in the consolidated statement of financial position.

Trade, bills and other payables

Trade and bills payables are obligation to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade, bills and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade, bills and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

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

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

Income tax

Income tax comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

(b) Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Held for sale

Subsidiaries and investment properties are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Subsidiaries are measured at the lower of their carrying amount and fair value less cost to sell and investment properties are carried at fair value.

Revenue and other income

Revenues are recognised when, or as, the control of the goods or services is transferred to the customer. Depending on the business model, terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

The progress towards complete satisfaction of performance obligation, depending on the nature of the good and service to be transferred, is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

- direct measurements of the value of individual services transferred by the Group to the customer; or

- the Group's efforts or inputs to the satisfaction of the performance obligation.

If contracts involve the sale of multiple goods, goods followed by related services, or multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contact has performed, the Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer. Contract assets and assets arising from costs to obtain or fulfil a contract that are recognised in accordance with HKFRS 15. The Group uses practical expedients to recognise the incremental costs of obtaining a contract as an expense when incurred as the amortisation period of the asset that the Group otherwise would have recognised is one year or less.

If a customer pays consideration before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The following is a description of the accounting policy for the principal revenue streams of the Group:

(a) from the sale of goods, when control of the goods has been transferred to the buyer, which is upon the acceptance of the goods in an amount equal to the contract sales prices less estimated sales allowances for sales returns.

(b) from providing services including integrated sports content production and distribution, sports talent management, community development consultancy service and sports park facilities and ice-skating rinks hiring, in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously;

When another party is involved in providing goods or services to a customer, the Group is a principal if it obtains control through one of the following way:

- Control the good or services before it transfers to the customers;
- Has the ability to direct another party to provide the service to the customer on the entity's behalf; or
- Providing a significant service of integrating services and obtains control of the inputs to the specified good or service and directs their use to create the combined output that is the specified good or service.

If control is not clear, the Group will analyse the three indicators (1) who is the primary obligator; (2) who has the inventory risk and (3) who has the discretion in establishing the price to assist the analysis of control. Sometimes, control are not always clear and judgement are need in analysis of whether the Group is a principal or an agent.

If the Group is a principal, revenue will be recognised at the 'gross' amount paid by the customer for the specified good or service and record a corresponding expense for the commission or fee that it has to pay to any agent, in addition to the direct costs of satisfying the contract. If as an agent, will record revenue the commission or fee earned for facilitating the transfer of the specified goods or services (the 'net' amount retained).

Rental income

Rental income is recognised on a straight line basis over the lease terms.

Sale of gift vouchers

Revenue from the sale of gift vouchers is initially recognised as a liability to the customer. This is released to revenue as the vouchers are redeemed. An element of breakage is recognised upfront on gift voucher sales based on historical data. The value of unexpired gift cards is not considered to be material.

Sale with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognises all of the following:

(a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned);

(b) a refund liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers.

Loyalty scheme

The Group operates a loyalty programme wherein customers earn points based upon the amount spent on purchases of products, which can be redeemed for gift vouchers once a specified number of points is attained. Points issued represent a separate performance obligation providing a material right. The portion of the total transaction price allocated to the points is determined based on the value of the points to the customer when redeemed, adjusted for expected redemption rates or breakage. The consideration related to points earned is deferred and recognised as a contract liability. Revenue is recognised as the earned vouchers are redeemed by the customers.

Interest income

Interest income from financial assets at fair value through profit or loss is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the statement of profit or loss as part of other income and other gains/(losses)-net.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Royalty income

Royalty income is recognised on a time proportion basis in accordance with the substance of the relevant agreements.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets.

Employee benefit

Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options or shares is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options or shares granted on grant day:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective the date of the forfeiture. Where the options are expired after the vesting period, any share option reserves previous recognised in relation to such shares would be transferred to accumulated losses or retained earnings.

Pension plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in finance cost-net in the statement of profit or loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

– The employees of the Group's subsidiaries which operate in the mainland China are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

– The Group operates pension schemes in the UK and US including defined benefit and defined contribution sections. Details are referred to Note 19.

– The Group operates two pension schemes in Hong Kong, namely the Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance and a defined contribution retirement benefit scheme as defined in the Occupational Retirement Schemes Ordinance (the "ORSO Scheme"), for all of its employees in Hong Kong. Under the MPF Scheme, contributions of 5% of the employees' relevant income with a maximum monthly contribution of HK$1,500 per employee are made by each of the employer and the employees. The employer contributions are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. Under the ORSO Scheme, contributions of 5% of the employees' basic salaries are made by the employer and are charged to profit or loss as they become payable in accordance with the rules of the ORSO Scheme. The rates of contributions made by the employees are either 0% or 5% of the salary of each employee at the discretion of the employee. When an employee leaves the ORSO Scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions. The assets of the MPF and ORSO Schemes are held separately from those of the Group in independently administered funds.

– The Group's subsidiaries in Singapore participate in a Central Provident Fund Scheme, which is a contribution plan established by the Central Provident Fund Board in Singapore.

Foreign currency translation

(a) Functional and presentation currency

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**").

(b) Transactions and balances

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the foreign exchange rates ruling at the translation dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the translations. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(i) Impairment of goodwill and intangible assets

Indefinite life intangible assets and goodwill are tested for impairment annually and at other times when such an indicator exists. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Both calculations require the use of estimates. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. In estimating the value in use of assets, various assumptions, including future cash flows to be associated with the non-current assets (such as future sales forecast, expected capital expenditure and working capital requirements) and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position.

The Group has assessed the recoverable amount of the CGU with goodwill. The recoverable amounts of the CGUs with goodwill have been determined based on value in use calculation which use cash flow projections or fair value less costs of disposal calculation which use valuation technique such as enterprise value-to-sales model. These cash flow projections are derived from the approved business plan which has a forecast covering a period of 5-10 years and have incorporated necessary updates. The key assumptions used in the value in use calculations or fair value less costs of disposal calculation are set out in Note 14. The carrying amounts of the Group's goodwill was HK$79,360,000, HK$81,516,000 and HK$44,732,000 as at 31 December 2020, 2021 and 2022 respectively.

(ii) Impairment of property, plant and equipment, and right-of-use assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period in accordance with the accounting policies stated in Note 2.3. This requires an estimation of the value in use and fair value less cost of disposal of the asset. Estimating the value in use for the impairment assessment of property, plant and equipment and right-of-use assets requires the Group to make an estimate of the expected future cash flows from the asset using key assumptions such as the estimated future store performance, economic environment and the sales growth rate and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of the Group's property, plant and equipment and right-of-use assets were HK$92,622,000, HK$120,766,000, HK$1,382,750,000 and HK$277,077,000, HK$321,502,000, HK$1,249,135,000 as at 31 December 2020, 2021 and 2022 respectively. For details, please refer to Note 12(A) and Note 12(B).

(iii) Provision for inventories

Management reviews the ageing analysis of inventories of the Group at the end of each reporting period, and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The assessment of the provision amount involves management judgements and estimates by considering historical sales patterns and expected subsequent sales based on internal budgets and certain market factors. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying value of the inventories and provision charge/writeback in the period in which such estimate has been changed. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether provision needs to be made in respect of any obsolete inventories identified. Management reassesses the estimation at the end of each reporting period and is satisfied that sufficient provision for obsolete and slow-moving inventories has been made in the consolidated financial statements. The carrying amount of the Group's inventories was HK$183,863,000, HK$281,279,000 and HK$4,061,130,000 as at 31 December 2020, 2021 and 2022 respectively. For details, please refer to Note 20.

(iv) Fair value of identifiable assets and liabilities acquired through business combinations

The Group applies the acquisition method to account for business combinations, which requires the Group to record assets acquired and liabilities assumed at their fair values on the date of acquisition. Significant judgment is used to estimate the fair values of the assets and liabilities acquired, including estimating future cash flows, asset useful life, discount rates and unit price of properties.

(v) Income taxes and deferred taxation

The Group is subject to income taxes in United Kingdom ("UK"), United States of America ("USA"), Hong Kong, mainland China, and elsewhere in which the Group operates. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets are recognised when management considers it is probable that future taxable profits will be available to utilize those temporary differences and losses. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation charges in the period in which such estimate is changed.

(vi) Valuation for defined benefit pension obligation

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, rates of inflation and mortality rates.

Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency. For details, please refer to Note 19.

4. OPERATING SEGMENT INFORMATION

The management is the Group's chief operating decision-maker. The management reviews the Group's internal reports periodically in order to assess performance and allocate resources.

The management considers the business from a product/service perspective. The management separately considers the different products and services offered, and for the years ended 31 December 2020, 2021 and 2022, the Group is organised into two reportable operating segments as follows:

(a) the multi-brand apparel and footwear segment engages in design and development, branding and sales of sports and lifestyle consumables; and

(b) the sports experience segment engages in management and operation of sports parks, sports centres and ice-skating rinks and management and operation of e-sports clubs, coordination of sports events and sports-related marketing services.

During the year ended 31 December 2021, the Group redefined its business segments to align with its latest strategic planning and organisational structure for the purpose of managing its strategic direction. Therefore, "Sports and lifestyle consumables" segment information was presented in "Multi-brand apparel and footwear" segment, and "Sports destinations development" and "Sports-team and event management" were combined and represented in "Sports experience" segment. The segment information for the year ended 31 December 2020 has been reclassified to conform to the presentation of segment information for the year ended 31 December 2021.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before income tax. The adjusted profit or loss before income tax is measured consistently with the Group's profit or loss before income tax, with interest income, fair value changes in investment property, financial assets and liabilities at fair value through profit or loss, gain on bargain purchase, gain/loss on disposal of a subsidiary, net gain on disposal of partial interest in an associate, deemed dilution gain on decrease of interest in an associate, equity-settled share option expenses, impairment or reversal of impairment loss on financial assets and intangible assets – net, share of profits less losses of associates and joint ventures, finance costs, impairment on investment in a joint venture, fair value gain on redemption of convertible notes, as well as corporate and other unallocated expenses are excluded from such measurement.

Year ended 31 December 2020	Multi-brand apparel and footwear *HK$'000*	Sports experience *HK$'000*	Total *HK$'000*
Segment revenue:			
External	438,994	380,042	819,036
Segment results	(93,454)	(18,306)	(111,760)
Reconciliation:			
Interest income			18,250
Fair value loss on investment property			(1,400)
Fair value gain on financial assets/liabilities at fair value through profit or loss			3,623
Net gain on disposal of partial interest in an associate			1,022,999
Gain on bargain purchase			245,300
Equity-settled share option expense			(5,862)
Impairment on intangible assets			(130,107)
Impairment loss on financial assets – net			(274)
Corporate and other unallocated expenses			(28,660)
Share of profits less losses of associates and joint ventures			266,393
Finance costs			(65,140)
Profit before income tax			1,213,362
Other segment information:			
Depreciation	57,224	28,868	86,092
Add: depreciation related to corporate			8,954
			95,046
Capital expenditure on property, plant and equipment	4,215	18,853	23,068
Add: capital expenditure on property, plant and equipment related to corporate			11
			23,079

Year ended 31 December 2021	**Multi-brand apparel and footwear** *HK$'000*	**Sports experience** *HK$'000*	**Total** *HK$'000*
Segment revenue:			
External	851,222	530,415	1,381,637
Segment results	(312,587)	23,583	(289,004)
Reconciliation:			
Interest income			13,176
Fair value gain on investment property			74,830
Fair value gain on financial assets/liabilities at fair value through profit or loss			20,110
Gain on disposal of a subsidiary			52,867
Net gain on disposal of partial interest in an associate			3,338,753
Deemed dilution gain on decrease of interest in an associate			977,982
Equity-settled share option expense			(42,285)
Reversal of impairment loss on financial assets – net			9,166
Corporate and other unallocated expenses			(101,128)
Share of profits less losses of associates and joint ventures			492,571
Finance costs			(37,049)
Profit before income tax			4,509,989
Other segment information:			
Depreciation	122,966	33,002	155,968
Add: depreciation related to corporate			4,372
			160,340
Capital expenditure on property, plant and equipment	78,912	11,480	90,392
Add: capital expenditure on property, plant and equipment related to corporate			47
			90,439

Year ended 31 December 2022	Multi-brand apparel and footwear	Sports experience	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue:			
External	6,399,546	500,844	6,900,390
Segment results	(309,861)	(17,800)	(327,661)
Reconciliation:			
Interest income			24,528
Fair value gain on investment property			10,600
Fair value loss on financial assets/liabilities at fair value through profit or loss			(46,103)
Gain on bargain purchase			956,346
Deemed dilution gain on decrease of interest in an associate			7,016
Equity-settled share option expense			(24,443)
Impairment on intangible assets			(64,837)
Impairment loss on financial assets – net			(4,617)
Corporate and other unallocated expenses			(145,198)
Share of profits less losses of associates and joint ventures			543,322
Finance costs			(57,802)
Profit before income tax			871,151
Other segment information:			
Depreciation	367,072	30,416	397,488
Add: depreciation related to corporate			2,807
			400,295
Capital expenditure on property, plant and equipment	171,038	13,113	184,151
Add: capital expenditure on property, plant and equipment related to corporate			101
			184,252

Information about major customers

Revenue of approximately HK$201,180,000 and HK$295,956,000 was derived from an individual customer, which is a related party as disclosed in Note 38, for the years ended 31 December 2020 and 2021 respectively. There is no other customer contributing more than 10% of total revenue for the years ended 31 December 2020 and 2021. For the year ended 31 December 2022, no customer contributing more than 10% of total revenue.

Geographic information

The Group's revenue from external customers and non-current assets other than interests in associates and joint ventures and deferred tax assets, by geographical location, are detailed below:

		For the year ended 31 December		
		2020	**2021**	**2022**
		HK$'000	*HK$'000*	*HK$'000*
i)	**Revenue from external customers**			
	UK and Republic of Ireland ("ROI")	–	–	2,327,041
	America	–	–	2,415,651
	The PRC (including Hong Kong and Macau)	778,371	1,309,752	1,667,244
	Asia (Other than the PRC)	40,665	71,885	294,344
	EMEA	–	–	196,110
Total		819,036	1,381,637	6,900,390

		As at 31 December		
		2020	**2021**	**2022**
		HK$'000	*HK$'000*	*HK$'000*
ii)	**Non-Current Assets**			
	UK and ROI	–	–	2,000,530
	America	–	–	1,308,544
	The PRC (including Hong Kong and Macau)	900,654	1,071,748	1,039,488
	Asia (Other than the PRC)	18,520	39,334	100,047
	EMEA	–	–	73,286
Total		919,174	1,111,082	4,521,895

5. REVENUE, OTHER INCOME AND OTHER GAINS – NET

An analysis of the Group's revenue, other income and other gains – net are as follows:

		For the year ended 31 December		
		2020	2021	2022
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
Sales of goods		447,978	874,666	6,362,315
Sports content production and distribution income		193,054	226,925	238,116
Sports park facilities and ice-skating rinks hiring income and other service income		150,856	226,262	203,855
Royalty income		–	–	57,050
Sports talent management income		17,836	34,125	28,579
Community development consultancy service income		1,223	5,987	2,591
Gross rental income		8,089	13,672	7,884
		819,036	1,381,637	6,900,390
At a point of time		447,978	874,666	6,362,315
Overtime		371,058	506,971	538,075
		819,036	1,381,637	6,900,390
Other income				
Government grants	*(a)*	33,187	34,092	52,895
Interest income	*(b)*	18,250	13,176	24,528
Others		11,950	34,197	20,598
		63,387	81,465	98,021

		For the year ended 31 December		
		2020	2021	2022
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Other gains – net				
Fair value gain/(loss) on financial assets/liabilities at fair value through profit or loss		3,623	20,110	(46,103)
Fair value gain of derivative financial instruments	*18*	–	–	23,039
Fair value gain/(loss) on investment properties	*13*	(1,400)	74,830	10,600
Net loss on disposal of property, plant and equipment		(2,680)	(4,780)	(8,553)
Foreign exchange gain/(loss)		27,855	(1,358)	(31,663)
Write-off of other payables		–	–	16,745
Gain on disposal of a subsidiary	*39*	–	52,867	–
Gain on bargain purchase	*39*	245,300	–	956,346
Net gain from early termination and modification of leases	*12(B)*	–	5,915	4,152
Net gain on disposal of partial interest in an associate	*15*	1,022,999	3,338,753	–
Deemed dilution gain on decrease of interest in an associate	*15*	–	977,982	7,016
Others		–	2,302	(5,956)
		1,295,697	4,466,621	925,623
		1,359,084	4,548,086	1,023,644

Notes:

(a) Government grants were mainly from operation of sports parks, sports centres and an e-sports club for the years ended 31 December 2020, 2021 and 2022.

(b) Total interest income on financial assets that are measured at amortised cost for the years ended 31 December 2020, 2021 and 2022 was HK$18,250,000, HK$13,176,000 and HK$24,528,000 respectively.

Revenue recognised in relation to contract liabilities

The Group has recognised the following liabilities related to contracts with customers:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Contract liabilities – receipts in advance	107,108	103,351	109,232
Contract liabilities – customer loyalty programme	–	611	19,885
	107,108	103,962	129,117

Revenue recognised during the year that was included in the contract liabilities balance at the beginning of the years ended 31 December 2020, 2021 and 2022 was HK$52,657,000, HK$99,692,023 and HK$97,027,000 respectively.

As at 31 December 2020, 2021 and 2022, included in contract liabilities was an amount of HK$24,589,000, HK$9,682,000 and HK$2,887,000 received from associates respectively, which is based on normal commercial terms offered by the Group to major customers.

6. FINANCE COSTS

		For the year ended 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Interest on bank borrowings		47,942	16,078	20,864
Interest on lease liabilities	*12(B)*	17,198	20,971	50,229
Net interest income on the defined benefit schemes	*19*	–	–	(13,291)
		65,140	37,049	57,802

7. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging/(crediting):

		For the year ended 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Cost of sales				
– Cost of inventories sold		221,135	448,414	3,326,493
– (Reversal of provision)/provision for inventories		(5,798)	822	47,037
– Cost of services provided		272,911	360,019	366,271
Depreciation of property, plant equipment	*12(A)*	22,386	34,762	125,314
Depreciation of right of use assets	*12(B)*	72,660	125,578	274,981
Amortisation of intangible assets	*14*	34,140	32,352	99,147
Auditor's remuneration				
– audit and audit-related services		3,910	5,575	27,036
– non-audit services		4,041	3,349	3,156
Employee benefit expense (including directors' remuneration *(Note 8)*):				
– Wages and salaries		184,851	313,349	1,272,307
– Equity-settled share option expenses	*32*	5,862	42,285	24,443
– Defined contribution retirement plans#		9,056	33,435	156,465
– Defined benefit scheme	*19*	–	–	5,367
Impairment on intangible assets	*14*	130,107	–	64,837
Impairment loss/(reversal of impairment loss) on financial assets-net	*44*	274	(9,166)	4,617
Impairment on property, plant and equipment	*12(A)*	5,054	16,048	64,285
Impairment on right-of-use assets	*12(B)*	23,363	71,111	276,756
Net fair value loss/(gain) on investment properties	*13*	1,400	(74,830)	(10,600)
Foreign exchange (gain)/loss	*5*	(27,855)	1,358	31,663
Net loss on disposal of property, plant and equipment	*5*	2,680	4,780	8,553
Net loss on disposal of intangible assets	*14*	7,390	–	6,142
Fair value (gain)/loss on financial assets/liabilities at fair value through profit or loss	*5*	(3,623)	(20,110)	46,103
Fair value gain on derivative financial instruments	*5*	–	–	(23,039)
Gain on disposal of a subsidiary	*5*	–	(52,867)	–
Gain on bargain purchase	*39*	(245,300)	–	(956,346)
Net gain on disposal of partial interest in an associate	*5*	(1,022,999)	(3,338,753)	–
Deemed dilution gain on decrease of interest in an associate	*5*	–	(977,982)	(7,016)

For the Group's contributions under defined contribution retirement plan, the amount of forfeited contributions used by the Group to reduce existing level of contributions for the years ended 31 December 2020, 2021 and 2022 under the Occupational Retirement Scheme in Hong Kong was nil, HK$53,000 and nil respectively, and the balances of such forfeited contributions as at 31 December 2020, 2021 and 2022 were HK$53,000, nil and nil respectively.

8. DIRECTORS' REMUNERATION

Directors' remuneration for the years disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	For the year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Fees	1,595	1,743	1,774
Other emoluments:			
Salaries, allowances and benefits in kind (including discretionary bonus)	15,609	14,133	15,716
Equity-settled share option expenses	–	15,535	8,243
Pension scheme contributions	91	126	199
	15,700	29,794	23,618
	17,295	31,537	25,392

During the Track Record Period, certain directors were granted share options, in respect of their services to the Group, under the share option schemes of the Company, further details of which are set out in Note 32 to the financial statements. The fair values of such options, which have been recognised in profit or loss over the relevant vesting period, were determined as at the respective dates of grant and the amount included in the financial statements for the respective years are included in the above directors' remuneration disclosures.

An analysis of the directors' remuneration, is as follows:

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary Bonus HK$'000	Equity-settled share option expenses HK$'000	Retirement scheme contributions HK$'000	Total remuneration HK$'000
For the year ended 31 December 2020							
Executive directors:							
Mr. Li Ning		200	11,733	–	–	18	11,951
Mr. Chan Ling	*(c)*	45	663	–	–	4	712
Mr. Li Chunyang		200	537	–	–	51	788
Mr. Li Qilin		200	2,316	360	–	18	2,894
		645	15,249	360	–	91	16,345
Non-executive director:							
Mr. Ma Wing Man		200	–	–	–	–	200
Independent non-executive directors:							
Mr. Wang Yan		250	–	–	–	–	250
Mr. Pak Wai Keung, Martin	*(a)*	250	–	–	–	–	250
Mr. Li Qing	*(b)*	250	–	–	–	–	250
		750	–	–	–	–	750
		1,595	15,249	360	–	91	17,295

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary Bonus HK$'000	Equity-settled share option expenses HK$'000	Retirement scheme contributions HK$'000	Total remuneration HK$'000
For the year ended 31 December 2021							
Executive directors:							
Mr. Li Ning		200	11,759	–	786	18	12,763
Mr. Li Chunyang		200	537	–	4,490	90	5,317
Mr. Li Qilin		200	1,837	–	2,245	18	4,300
		600	14,133	–	7,521	126	22,380
Non-executive director:							
Mr. Victor Herrero	*(d)*	193	–	–	6,735	–	6,928
Mr. Ma Wing Man		200	–	–	673	–	873
		393	–	–	7,408	–	7,801
Independent non-executive directors:							
Mr. Wang Yan		250	–	–	202	–	452
Mr. Pak Wai Keung, Martin	*(a)*	250	–	–	202	–	452
Mr. Li Qing	*(b)*	250	–	–	202	–	452
		750	–	–	606	–	1,356
		1,743	14,133	–	15,535	126	31,537

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary Bonus HK$'000	Equity-settled share option expenses HK$'000	Retirement scheme contributions HK$'000	Total remuneration HK$'000
For the year ended 31 December 2022							
Executive directors:							
Mr. Li Ning		200	11,866	–	417	18	12,501
Mr. Li Chunyang		200	830	–	2,383	163	3,576
Mr. Li Qilin		200	2,015	465	1,191	18	3,889
		600	14,711	465	3,991	199	19,966
Non-executive directors:							
Mr. Victor Herrero	*(d)*	200	–	–	3,574	–	3,774
Mr. Ma Wing Man		200	–	–	357	–	557
Ms. Lyu Hong	*(e)*	24	–	–	–	–	24
		424	–	–	3,931	–	4,355
Independent non-executive directors:							
Mr. Wang Yan		250	–	–	107	–	357
Mr. Pak Wai Keung, Martin	*(a)*	250	–	–	107	–	357
Mr. Li Qing	*(b)*	250	–	–	107	–	357
		750	–	–	321	–	1,071
		1,774	14,711	465	8,243	199	25,392

Notes:

(a) Mr. Pak Wai Keung, Martin, appointed on 13 February 2019.

(b) Mr. Li Qing, appointed on 20 December 2019.

(c) Mr. Chan Ling, resigned with effect from 23 March 2020.

(d) Mr. Victor Herrero, appointed on 14 January 2021.

(e) Ms. Lyu Hong, appointed on 18 November 2022.

During the Track Record Period, there was

i) no emolument was paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office;

ii) no arrangement under which a director waived or agreed to waive any remuneration;

iii) the Group did not pay consideration to any third parties for making available directors' services; and

iv) there were no loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors.

Moreover, there was no other transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the Track Record Period.

9. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals included two, four and one directors during the years ended 31 December 2020, 2021 and 2022 respectively. Details of whose remuneration are set out in Note 8 above. Details of the remuneration for the Track Record Period of the remaining three, one and four highest paid individuals respectively, who are not a director of the Company are as follows:

	For the year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Salaries, allowances and benefits in kind	9,328	15,544	47,926
Equity-settled share option expenses	5,862	12,427	8,956
Retirement scheme contributions	44	36	371
	15,234	28,007	57,253

The number of the non-director highest paid individuals whose remuneration fell within the following bands is as follows:

	For the year ended 31 December Number of employees		
	2020	**2021**	**2022**
HK$1,500,001 to HK$2,000,000	1	–	–
HK$2,500,001 to HK$3,000,000	–	–	–
HK$3,000,001 to HK$3,500,000	1	–	–
HK$6,000,001 to HK$6,500,000	–	–	1
HK$8,500,001 to HK$9,000,000	–	–	1
HK$9,000,001 to HK$9,500,000	–	–	1
HK$10,000,001 to HK$10,500,000	1	–	–
HK$12,500,001 to HK$13,000,000	–	–	–
HK$18,500,001 to HK$19,000,000	–	–	–
HK$26,000,001 to HK$26,500,000	–	–	–
HK$28,000,001 to HK$28,500,000	–	1	–
HK$32,500,001 to HK$33,000,000	–	–	1
	3	1	4

During the Track Record Period, share options were granted to the non-director and non-chief executive highest paid individuals in respect of their services to the Group, further details of which are set out in Note 32 to the financial statements. The fair value of such share options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the Track Record Period is included in the above non-director and non-chief executive highest paid individuals remuneration disclosures.

10. INCOME TAX

		For the year ended 31 December		
		2020	**2021**	**2022**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Current tax – Hong Kong				
Charge for the year		1,134	704	1,051
Over-provision in prior years		–	(1,020)	(399)
Current tax – other jurisdictions				
Charge for the year		13,285	31,199	89,043
Under-provision in prior years		3,880	331	6,465
Deferred tax				
Origination and reversal of temporary differences	29	(4,532)	4,521	(98,020)
Income tax expenses/(credit)		13,767	35,735	(1,860)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Track Record Period. The PRC corporate income tax provision in respect of operations in the PRC is calculated mainly based on the statutory tax rate of 25% on the estimated assessable profits for the Track Record Period based on existing legislation, interpretations and practices in respect thereof. UK corporate tax has been provided at the rate of 19% on the estimated assessable profits arising in UK. The US corporate income tax provision is subject to US federal corporate income tax at a rate of 21% and state income tax at rates range from 2.5% to 9.9% to the extent of the apportioned profit. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

A reconciliation of the income tax expense applicable to profit before income tax for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge/(credit) is as follows:

	For the year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Profit before income tax	1,213,362	4,509,989	871,151
At the statutory/applicable income tax rates of different jurisdictions	185,056	724,172	85,901
Adjustments of deferred tax arising from change of tax rates	–	–	(21,475)
Tax effect of profits less losses attributable to associates and joint ventures	(45,534)	(83,247)	(91,079)
Tax effect of income not subject to tax *(i)*	(238,879)	(748,540)	(236,329)
Tax effect of expenses not deductible for tax	54,978	42,671	81,187
Under/(over) provision in prior years/periods	3,880	(689)	6,066
Tax effect of tax losses not recognised	53,031	90,823	145,057
Tax effect of tax losses utilised	(1,837)	(4,726)	(7,449)
Tax effect of unrecognised temporary differences	3,072	2,384	36,426
Withholding tax on the disposal of a PRC subsidiary	–	12,474	–
Others	–	413	(165)
Income tax expense/(credit)	13,767	35,735	(1,860)

(i): Tax effect of income not subject to tax mainly comprises the gain on disposal of partial interest in an associate, deemed dilution of interest in an associate (Note 15) and gain on bargain purchase (Note 39) during the Track Record Period.

11. PROFIT PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts for the years ended 31 December 2020, 2021 and 2022 is based on the profit for the year attributable to equity holders of the Company, and the weighted average number of ordinary shares in issue and participating equity instruments during the years.

The calculation of the diluted earnings per share amounts for the years ended 31 December 2020, 2021 and 2022 is based on the profit for the year attributable to equity holders of the Company after adjustment to the dilutive effect of share of profits in an associate arising from its potential ordinary shares; and the weighted average number of ordinary shares after adjustment for the effect of deemed exercise or conversion of all dilutive potential ordinary shares at no consideration at the beginning of the year.

For the years ended 31 December 2020, 2021 and 2022, the effect of the outstanding share options were included in the computation of diluted earnings per share as they were dilutive.

	For the year ended 31 December		
	2020	**2021**	**2022**
Profit attributable to equity holders of the Company, used in the basic earnings per share calculation *(HK$'000)*	1,192,392	4,562,639	850,416
Adjustment to the share of profits in an associate arising from its dilutive potential ordinary shares *(HK$'000)*	(1,218)	(4,523)	(3,675)
Profit attributable to equity holders of the Company, used in the diluted earnings per share calculation *(HK$'000)*	1,191,174	4,558,116	846,741
Number of ordinary shares			
Weighted average number of ordinary shares in issue and participating equity instruments used in the basic earnings per share calculation *('000)*	11,264,333	11,296,273	11,369,396
Equivalent dilutive shares arising from potential ordinary shares *('000)*	579	57,175	92,293
Weighted average number of ordinary shares and potential ordinary shares used in the diluted earnings per share calculation *('000)*	11,264,912	11,353,448	11,461,689
Basic earnings per share *(HK cents)*	10.59	40.39	7.48
Diluted earnings per share *(HK cents)*	10.57	40.15	7.39

12(A). PROPERTY, PLANT AND EQUIPMENT

	Land and buildings*	Leasehold improvements, furniture and fixtures	Machinery and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2020					
At 1 January 2020:					
Cost	11,106	58,669	67,017	5,561	142,353
Accumulated depreciation and impairment	(61)	(28,669)	(35,838)	(3,629)	(68,197)
Net book amount	11,045	30,000	31,179	1,932	74,156
Opening net book amount	11,045	30,000	31,179	1,932	74,156
Acquisition of subsidiaries	–	12,994	11,546	53	24,593
Additions	–	8,939	14,057	83	23,079
Disposal	–	(6,378)	(248)	(3)	(6,629)
Depreciation charge	(246)	(10,730)	(592)	(503)	(22,386)
Impairment	–	(2,805)	(2,202)	(47)	(5,054)
Currency translation differences	729	1,819	2,204	111	4,863
Closing net book amount	11,528	33,839	45,629	1,626	92,622
At 31 December 2020:					
Cost	11,854	55,385	97,228	3,864	168,331
Accumulated depreciation and impairment	(326)	(21,546)	(51,599)	(2,238)	(75,709)
Net book amount	11,528	33,839	45,629	1,626	92,622
31 December 2021					
At 1 January 2021:					
Cost	11,854	55,385	97,228	3,864	168,331
Accumulated depreciation and impairment	(326)	(21,546)	(51,599)	(2,238)	(75,709)
Net book amount	11,528	33,839	45,629	1,626	92,622
Opening net book amount	11,528	33,839	45,629	1,626	92,622
Additions	–	60,474	27,275	2,690	90,439
Disposal	(11,489)	(2,795)	(1,918)	(302)	(16,504)
Depreciation charge	(176)	(19,232)	(14,787)	(567)	(34,762)
Impairment	–	(15,520)	(528)	–	(16,048)
Currency translation differences	137	3,237	1,572	62	5,019
Closing net book amount	–	60,014	57,243	3,509	120,766
At 31 December 2021:					
Cost	–	113,258	122,777	5,167	241,202
Accumulated depreciation and impairment	–	(53,244)	(65,534)	(1,658)	(120,436)
Net book amount	–	60,014	57,243	3,509	120,766

	Land and buildings*	Leasehold improvements, furniture and fixtures	Machinery and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2022					
At 1 January 2022					
Cost	–	113,258	122,777	5,167	241,202
Accumulated depreciation and impairment	–	(53,244)	(65,534)	(1,658)	(120,436)
Net book amount	–	60,014	57,243	3,509	120,766
Opening net book amount	–	60,014	57,243	3,509	120,766
Acquisition of subsidiaries	744,705	405,425	150,248	39	1,300,417
Additions	32,170	106,516	44,530	1,036	184,252
Disposal	(2,363)	(9,025)	(3,175)	(809)	(15,372)
Depreciation charge	(17,335)	(68,243)	(39,030)	(706)	(125,314)
Impairment	(15,111)	(47,841)	(1,333)	–	(64,285)
Currency translation differences	(11,053)	(807)	(5,608)	(246)	(17,714)
Closing net book amount	731,013	446,039	202,875	2,823	1,382,750
At 31 December 2022:					
Cost	761,691	531,415	291,642	5,259	1,590,007
Accumulated depreciation and impairment	(30,678)	(85,376)	(88,767)	(2,436)	(207,257)
Net book amount	731,013	446,039	202,875	2,823	1,382,750

As at 31 December 2022, machinery and office equipment with an estimated carrying amount of approximately HK$8,477,000 was pledged for bank loans. No property, plant and equipment was pledged as at 31 December 2020 and 2021.

For the years ended 31 December 2020 and 2021, the management of the Group considered that certain leasehold improvements of the Group were subjected to impairment because of the challenging retail market due to the spread of COVID-19 in the PRC (including Hong Kong).

Because of the slower pace of recovery from COVID-19 in the UK and USA for the year ended 31 December 2022 and challenging retail market in the PRC due to the spread of COVID-19 for the year ended 31 December 2022, particularly in the second half of 2022, the management of the Group considered that certain property, plan and equipment were subject to impairment.

* *As at 31 December 2022, land and buildings include freehold land amounted to HK$247.3 million. No freehold land is included in land and buildings as at 31 December 2020 and 2021.*

The management estimated the recoverable amounts of the CGUs as follows:

CGUs in relation to the property, plant and equipment and right-of-use assets

The recoverable amounts of the "bossini", "bossini.X", "LNG", "Ice-skating rinks" and "Clarks" CGUs comprising from each store have been determined based on a value in use calculation which was approved by the management using cash flow projections based on financial budgets covering the remaining useful lives of the respective items of property, plant and equipment. Key assumptions used for the value in use calculation as at 31 December 2020, 2021 and 2022 were as follows:

	31 December 2020	31 December 2021		31 December 2022				
	"bossini" cash-generating units	"bossini" cash-generating units	"bossini.X" cash-generating units	"bossini" CGUs	"bossini.X" CGUs	"LNG" CGUs	"Ice-skating rinks" CGUs	"Clarks" CGUs
Sales growth rate	0%	0%	Note 1	0%	Note 2	Note 3	Note 4	2.5%
Gross margin rate	42%-69%	44%-70%	31%-59%	27.8%-62.9%	17.9%-65.4%	57.2%-80.1%	27.1%-46.2%	39.8%-79.4%
Pre-tax discount rate	9%-12%	13%-14%	14%	13.0%-14.0%	14%	14.0%	15.9%	9.4%-16.0%

Note 1: Sales growth rates for "bossini.X" cash-generating units are based on the budgeted sales approved by the management for the year ending 31 December 2022, 100% sales growth for the year ending 31 December 2023, further 50% sales growth for the year ending 31 December 2024 and 0% thereafter.

Note 2: Sales growth rate for "bossini.X" CGUs was based on the budgeted sales approved by senior management for the year ending 31 December 2023, 33.0% for the year ending 31 December 2024 and 0% thereafter.

Note 3: Sales growth rates for "LNG" CGUs are from -7% to 132% for the year ending 31 December 2023, 35% for the year ending 31 December 2024 and 25% for the year ending 31 December 2025 respectively.

Note 4: Sales growth rates for "Ice-skating rinks" CGUs are from 3% to 10% for the year ending 31 December 2023, 8% for the year ending 31 December 2024, 6% for the year ending 31 December 2025, 5% for the years ending 31 December 2026 and 2027, 3% for the years ending 31 December 2028 and 2029 and 2% for years thereafter.

The management determined the above sales growth rate and gross margin rate based on historical operation data, the expectation of future market development and taken into consideration on the continuous impact from the COVID-19.

Impairment provision on property, plant and equipment of HK$5,054,000, HK$16,048,000 and HK$64,285,000 was recognised for certain stores in profit or loss during the years ended 31 December 2020, 2021 and 2022.

(a) Sensitivity analysis on the impairment assessment of "bossini" CGUs in relation to the property, plant and equipment and right-of-use assets

As at 31 December 2020, if the forecast sales for the year ending 31 December 2021 applied to the cash flow projection for "bossini" CGUs had been 10% higher/lower, a lower of impairment charge of HK$4,713,000 or a higher of impairment charge of HK$5,156,000, respectively would be resulted.

As at 31 December 2020, if the forecast sales for the year ending 31 December 2021 applied to the cash flow projection for "bossini" CGUs had been 20% higher/lower, a lower of impairment charge of HK$11,093,000 or a higher of impairment charge of HK$10,924,000, respectively would be resulted.

As at 31 December 2020, if the discount rate applied to the cash flow projection for "bossini" CGUs had been 1% higher/lower, a higher of impairment charge of HK$246,000 or a lower of impairment charge of HK$240,000, respectively would be resulted.

As at 31 December 2021, if the forecast sales for the year ending 31 December 2022 applied to the cash flow projection for "bossini" CGUs had been 10% higher/lower, a lower of impairment charge of HK$13,834,000 or a higher of impairment charge of HK$20,134,000, respectively would be resulted.

As at 31 December 2021, if the forecast sales for the year ending 31 December 2022 applied to the cash flow projection for "bossini" CGUs had been 20% higher/lower, a lower of impairment charge of HK$21,375,000 or a higher of impairment charge of HK$41,055,000, respectively would be resulted.

As at 31 December 2021, if the discount rate applied to the cash flow projection for "bossini" CGUs had been 1% higher/lower, a higher of impairment charge of HK$752,000 or a lower of impairment charge of HK$772,000, respectively would be resulted.

As at 31 December 2022, if the forecast sales for the year ending 31 December 2023 applied to the cash flow projection for "bossini" CGUs had been 10% higher/lower, a lower of impairment charge of HK$2,789,000 or a higher of impairment charge of HK$5,035,000, respectively would be resulted.

As at 31 December 2022, if the forecast sales for the year ending 31 December 2023 applied to the cash flow projection for "bossini" CGUs had been 20% higher/lower, a lower of impairment charge of HK$3,435,000 or a higher of impairment charge of HK$10,811,000, respectively would be resulted.

As at 31 December 2022, if the discount rate applied to the cash flow projection for "bossini" CGUs had been 1% higher/lower, a higher of impairment charge of HK$163,000 or a lower of impairment charge of HK$166,000, respectively would be resulted.

(b) Sensitivity analysis on the impairment assessment of "bossini.X" CGUs in relation to the property, plant and equipment and right-of-use assets

As at 31 December 2021, if the forecast sales for the year ending 31 December 2022 applied to the cash flow projection for "bossini.X" CGUs had been 10% higher/lower, a lower of impairment charge of HK$5,480,000 or a higher of impairment charge of HK$7,985,000, respectively would be resulted.

As at 31 December 2021, if the forecast sales for the year ending 31 December 2022 applied to the cash flow projection for "bossini.X" CGUs had been 20% higher/lower, a lower of impairment charge of HK$9,669,000 or a higher of impairment charge of HK$19,369,000, respectively would be resulted.

As at 31 December 2021, if the discount rate applied to the cash flow projection for "bossini.X" CGUs had been 1% higher/lower, a higher of impairment charge of HK$459,000 or a lower of impairment charge of HK$474,000, respectively would be resulted.

As at 31 December 2022, if the forecast sales for the year ending 31 December 2023 applied to the cash flow projection for "bossini.X" CGUs had been 10% higher/lower, a lower of impairment charge of HK$11,967,000 or a higher of impairment charge of HK$6,781,000, respectively would be resulted.

As at 31 December 2022, if the forecast sales for the year ending 31 December 2023 applied to the cash flow projection for "bossini.X" CGUs had been 20% higher/lower, a lower of impairment charge of HK$24,168,000 or a higher of impairment charge of HK$12,503,000, respectively would be resulted.

As at 31 December 2022, if the discount rate applied to the cash flow projection for "bossini.X" CGUs had been 1% higher/lower, a higher of impairment charge of HK$140,000 or a lower of impairment charge of HK$141,000, respectively would be resulted.

(c) Sensitivity analysis on the impairment assessment of "LNG" CGUs in relation to the property, plant and equipment and right-of-use assets

As at 31 December 2022, if the forecast sales for the year ending 31 December 2023 applied to the cash flow projection for "LNG" CGUs had been 10% higher/ lower, a lower of impairment charge of HK$3,286,000 or a higher of impairment charge of HK$3,985,000, respectively would be resulted.

As at 31 December 2022, if the forecast sales for the year ending 31 December 2023 applied to the cash flow projection for "LNG" CGUs had been 20% higher/ lower, a lower of impairment charge of HK$6,175,000 or a higher of impairment charge of HK$7,457,000, respectively would be resulted.

As at 31 December 2022, if the discount rate applied to the cash flow projection for "LNG" CGUs had been 1% higher/lower, a higher of impairment charge of HK$74,000 or a lower of impairment charge of HK$77,000, respectively would be resulted.

(d) Sensitivity analysis on the impairment assessment of "Ice-skating rinks" CGUs in relation to the property, plant and equipment and right-of-use assets

The respective assets that are subject to impairment under "Ice-skating rinks" CGUs are fully impaired as at 31 December 2022.

(e) Sensitivity analysis on the impairment assessment of "Clarks" CGUs in relation to the property, plant and equipment and right-of-use assets

As at 31 December 2022, if 0% sales growth rate applied to the cash flow projection for "Clarks" CGUs, a higher of impairment charge of HK$63,649,000 would be resulted.

As at 31 December 2022, if the discount rate applied to the cash flow projection for "Clarks" CGUs had been 1% higher, a higher of impairment charge of HK$8,085,000 would be resulted.

12(B). LEASES

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases when the Group is a leasee:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Right-of-use assets			
Buildings	277,077	321,502	1,249,135
			1,249,135
Lease liabilities			
Current	135,312	123,689	519,199
Non-current	273,476	362,630	1,438,100
	408,788	486,319	1,957,299

Increase in right-of-use assets through addition and acquisition of subsidiaries for the years ended 31 December 2020, 2021 and 2022 were HK$192,043,000, HK$262,880,000 and HK$1,506,608,000 respectively.

As at 31 December 2020, 2021 and 2022, the Group's management identified certain retail shops which continued to underperform. The recoverable amounts of the "bossini", "bossini.X", "LNG", "Ice-skating rinks" and "Clarks" CGUs have been determined based on value in use calculation which was approved by the management using cash flow projections based on financial budgets covering the remaining lease terms. Details on the key assumptions used for the value in use calculation of the above CGUs are disclosed in Note 12(A).

An impairment provision on right-of-use assets of HK$23,363,000, HK$71,111,000 and HK$276,756,000 was recognised for certain stores in profit or loss during the years ended 31 December 2020, 2021 and 2022.

(ii) Amounts recognised in the statement of profit or loss

The following amounts relating to leases were charged/(credited) to profit or loss:

	For the year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Depreciation charge of right-of-use assets	72,660	125,578	274,981
Impairment on right-of-use assets	23,363	71,111	276,756
Net gain from early termination and modification of leases	–	5,915	4,152
Interest expense (included in finance cost)	17,198	20,971	50,229
Expense relating to short-term leases and variable lease payments (included in cost of sales, selling expenses and distribution expenses and administrative and other operating expenses)	39,896	67,904	250,587

The total cash outflows for leases for the years ended 31 December 2020, 2021 and 2022 were HK$143,581,000, HK$237,018,000 and HK$624,976,000 respectively.

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices, sports parks, ice-skating rinks, retail stores and staff quarters. Rental contracts are typically made for fixed periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes.

(iv) Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. For certain stores included fixed and variable payment terms, the variable payment terms are with percentages ranging from 1% to 37% of sales. Variable lease payments are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

(v) Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

13. INVESTMENT PROPERTIES

	Notes	Completed HK$'000	Land use rights held for future development of industrial buildings HK$'000	Total HK$'000
Carrying amount at 1 January 2020		–	–	–

	Notes	Completed HK$'000	Land use rights held for future development of industrial buildings HK$'000	Total HK$'000
Acquisition of subsidiaries		205,100	–	205,100
Fair value loss		(1,400)	–	(1,400)
Carrying amount at 31 December 2020 and 1 January 2021		203,700	–	203,700
Fair value gain		74,830	–	74,830
Transfer to assets classified as held-for-sale	40	(184,730)	–	(184,730)
Carrying amount at 31 December 2021, 1 January 2022		93,800	–	93,800
Fair value gain		10,600	–	10,600
Carrying amount at 31 December 2022		104,400	–	104,400

Amounts recognised in profit or loss for investment properties	For the year ended 31 December 2020 HK$'000	2021 HK$'000	2022 HK$'000
Rental income	3,838	6,648	2,154

As at 31 December 2020, 2021 and 2022, the Group had no unprovided contractual obligations for future repairs and maintenance.

The Group's investment property was valued as at 31 December 2020, 2021 and 2022 by an independent professionally qualified valuer, at HK$203,700,000, HK$93,800,000 and HK$104,400,000 respectively. Each year, the Group's management decide to appoint which external valuer to be responsible for the external valuation of the Group's property. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management have discussions with the valuer on the valuation assumptions and valuation result when the valuation is performed for annual financial reporting.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment property:

31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Industrial property	–	–	203,700	203,700

31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Industrial property	–	–	93,800	93,800

31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Industrial property	–	–	104,400	104,400

During the years ended 31 December 2020, 2021 and 2022, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The fair value is estimated using a direct comparison approach. Under the direct comparison approach, fair value is estimated by using the direct comparison method on the assumption of the sale of the property interest with the benefit of vacant possession and by making reference to comparable sales transactions as available in the market.

The valuation takes into account the characteristics of the investment property, which include the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the unit market price. The fair value measurement is based on the above property's highest and best use, which does not differ from the actual use.

The key input is the unit market price of approximately HK$3,300 per sq. ft, HK$4,500 per sq. ft and HK$5,000 per sq. ft for industrial building and HK$2,400,000, HK$2,000,000 and HK$2,400,000 for car park as at 31 December 2020, 2021 and 2022 respectively. A significant increase/decrease in the market price will result in a significant increase/decrease in the fair value of the investment property.

14. INTANGIBLE ASSETS

	Goodwill	Trademark and Licensing Right	Operating Rights	League Qualification and Home and Away Co-operation Agreement	Players' Registration Rights	Membership	Software	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2020:								
Opening net book amount	206,742	65,258	14,771	93,500	17,574	25,845	–	423,690
Acquisition of subsidiaries	–	14,000	–	–	–	–	–	14,000
Additions	–	144	–	–	7,178	–	–	7,322
Amortisation charge	–	(6,854)	(956)	(11,740)	(9,398)	(5,192)	–	(34,140)
Disposal	–	–	–	–	(7,390)	–	–	(7,390)
Impairment charge (note iii)	(130,107)	–	–	–	–	–	–	(130,107)
Currency translation differences	2,725	3,992	934	5,560	583	1,415	–	15,209
Closing net book amount	79,360	76,540	14,749	87,320	8,547	22,068	–	288,584
At 31 December 2020:								
Cost	235,843	96,978	16,527	114,739	15,047	27,585	–	506,719
Accumulated amortisation and impairment	(156,483)	(20,438)	(1,778)	(27,419)	(6,500)	(5,517)	–	(218,135)
Net book amount	79,360	76,540	14,749	87,320	8,547	22,068	–	288,584
At 1 January 2021:								
Opening net book amount	79,360	76,540	14,749	87,320	8,547	22,068	–	288,584
Additions	–	816	–	–	2,406	–	–	3,222
Amortisation charge	–	(8,205)	(1,029)	(12,621)	(4,914)	(5,583)	–	(32,352)
Currency translation differences	2,156	1,729	417	2,350	208	552	–	7,412
Closing net book amount	81,516	70,880	14,137	77,049	6,247	17,037	–	266,866
At 31 December 2021:								
Cost	242,605	100,252	17,014	118,116	17,938	28,397	–	524,322
Accumulated amortisation and impairment	(161,089)	(29,372)	(2,877)	(41,067)	(11,691)	(11,360)	–	(257,456)
Net book amount	81,516	70,880	14,137	77,049	6,247	17,037	–	266,866
At 1 January 2022:								
Opening net book amount	81,516	70,880	14,137	77,049	6,247	17,037	–	266,866
Acquisition of subsidiaries	–	47,600	–	–	–	–	334,390	381,990
Additions	–	1,326	–	–	17,645	–	118,001	136,972
Disposal	–	–	–	–	–	–	(6,142)	(6,142)
Amortisation charge	–	(9,793)	(999)	(12,264)	(4,762)	(5,424)	(66,175)	(99,417)
Impairment charge	(32,134)	–	–	(24,854)	(7,849)	–	–	(64,837)
Currency translation differences	(4,650)	(4,576)	(1,030)	(4,617)	(629)	(1,109)	(4,423)	(21,034)
Closing net book amount	44,732	105,437	12,108	35,314	10,652	10,504	375,651	594,398
At 31 December 2022:								
Cost	224,831	142,252	15,735	109,238	33,676	26,262	445,629	997,623
Accumulated amortisation and impairment	(180,099)	(36,815)	(3,627)	(73,924)	(23,024)	(15,758)	(69,978)	(403,225)
Net book amount	44,732	105,437	12,108	35,314	10,652	10,504	375,651	594,398

Impairment testing of goodwill

Goodwill acquired through business combinations are mainly allocated to the following cash-generating units ("**CGUs**"), which are separate business operations, for annual impairment testing:

- Sports parks CGU
- Esports CGU
- Ice-skating rinks CGU
- Other CGUs

The carrying amount of goodwill allocated to each CGU with significant amount of goodwill:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Sports parks CGU	5,410	5,410	5,410
Esports CGU	32,684	33,646	–
Ice-skating rinks CGU	40,550	41,743	38,605
Other CGUs	716	717	717
	79,360	81,516	44,732

(i) Sports parks CGU

The recoverable amount of the sports parks CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a ten-year period approved by management. Management considers it is appropriate to apply a financial forecast covering a ten-year period in the value in use calculation based on the factors including: (i) predictability of the trend of operating scale; (ii) expected sustainability of business growth; and (iii) length of period to achieve business targets. The pre-tax discounts rate applied to the cash flow projections for the years 2020, 2021 and 2022 are 28.7%, 24.4% and 23.1%, respectively. The growth rates used to extrapolate the cash flows of the sports parks CGU beyond the ten-year period for the years ended 31 December 2020, 2021 and 2022 are 2.5%, 2.0% and 2.0%, respectively.

Assumptions were used in the value in use calculation of the sports parks CGU for the years ended 31 December 2020, 2021 and 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
Revenue growth rate	2.5%-52.4%	2.0%-27.5%	2.0%-27.2%
EBITDA margin	3.7%-30.8%	14.1%-28.0%	16.0%-26.9%
Pre-tax discount rate	28.7%	24.4%	23.1%

The revenue growth rate is for the ten-year forecast period. The cash flow projection is derived from the approved business plan which has a forecast covering a period of ten years that is in line with the operation period of the sports parks, and have incorporated necessary updates.

The percentage of EBITDA of revenue is the percentages over the ten-year forecast period. It is based on the current margin levels, with adjustments made to reflect the expected future market conditions.

The discount rate used is pre-tax and reflect specific risks relating to the CGU.

For the years ended 31 December 2020, 2021 and 2022, management believes that a reasonably possible change in any of the above key assumptions would not cause the carrying amount of the sports parks CGU to exceed its recoverable amount.

As at 31 December 2020, the headroom of sports parks CGU was approximately HK$12,803,000. If the revenue growth rate increases or decreases 5%, headroom of sports parks CGU will be approximately HK$13,955,000 and approximately HK$11,668,000, respectively. If the pre-tax discounted rate increases or decreases 1%, headroom of sports parks CGU will be approximately HK$12,010,000 and approximately HK$13,652,000, respectively.

As at 31 December 2021, the headroom of sports parks CGU was approximately HK$50,645,000. If the revenue growth rate increases or decreases 5%, headroom of sports parks CGU will be approximately HK$52,914,000 and approximately HK$48,421,000, respectively. If the pre-tax discounted rate increases or decreases 1%, headroom of sports parks CGU will be approximately HK$47,996,000 and approximately HK$53,532,000, respectively.

As at 31 December 2022, the headroom of sports parks CGU was approximately HK$70,575,000. If the revenue growth rate increases or decreases 5%, headroom of sports parks CGU will be approximately HK$73,361,000 and approximately HK$67,846,000 respectively. If the pre-tax discounted rate increases or decreases 1%, headroom of sports parks CGU will be approximately HK$65,936,000 and approximately HK$75,719,000 respectively.

(ii) Esports CGU

The recoverable amount of the Esports CGU with goodwill has been determined as the higher of its fair value less costs to sell and its value in use.

The recoverable amount of Esports CGU as at 31 December 2020 has been determined based on financial budgets covering a seven-year period approved by management. The key assumptions were used in the cashflow projections in connection with the impairment testing of goodwill include revenue growth rate (-0.5%-131.9%), EBITDA margin (29.6%-57.9%) and pre-tax discount rate (17.7%). The revenue growth rate used to extrapolate the cash flows of the Esports CGU beyond seven-year period is 2.5%.

Management considers it is appropriate to apply a financial forecast covering longer than five-year period in the value in use calculation based on the factors including: (i) predictability of the trend of operating scale; (ii) expected sustainability of business growth; and (iii) length of period to achieve business targets that is in line with the operation period of the Esports.

The recoverable amount of the Esports CGU as at 31 December 2021 and 2022 has been determined based on a fair value less costs of disposal calculation using the comparable company method under the market approach, prepared by the management based on the professional advice received in the determination of the fair value less costs of disposal. The following key assumptions were used in the estimate of fair value less costs of disposal of the Esports CGU as at 31 December 2021 and 2022 in connection with the impairment testing of goodwill:

(a) the enterprise value/sales multiples ("**EV/Sales Multiple**") observed from a group of comparable companies engaged in the same business ranged from 2.3 to 2.9 as at 31 December 2021, and from 0.4 to 1.9 as at 31 December 2022 respectively;

(b) adjustments factors, such as illiquidity discount that market participants would generally consider when estimating the fair value of the Esports CGU (2021:20.6%; 2022: 20.6%); and

(c) appropriate amount of cost of disposal.

For the years ended 31 December 2020 and 2021, management believes that a reasonably possible change in any of the above key assumptions would not cause the carrying amount of the Esports CGU to materially exceed its recoverable amount.

As at 31 December 2020, the headroom of Esports CGU was approximately HK$21,499,000. If the revenue growth rate increases or decreases 5%, headroom of Esports CGU will be approximately HK$25,675,000 and approximately HK$17,435,000, respectively. If the pre-tax discounted rate increases or decreases 1%, headroom of Esports CGU will be approximately HK$12,985,000 and approximately HK$31,185,000, respectively.

As at 31 December 2021, the headroom of Esports CGU was approximately HK$27,305,000. If the EV/Sales Multiple increases or decreases 5%, headroom of Esports CGU will be approximately HK$34,729,000 and approximately HK$19,882,000, respectively. If the discounts for lack of marketability ("**DLOM**") increases or decreases 1%, headroom of Esports CGU will be approximately HK$25,435,000 and approximately HK$29,175,000, respectively.

For the year ended 31 December 2022, impairment loss of HK$32,134,000 and HK$32,703,000 was recognised for goodwill and intangible assets, respectively. Impairment was made primarily due to the unpredictable poor performance of the business in 2022. The impairment loss recognised for the year represented the difference between the carrying amount of the CGU including goodwill and intangible assets and its estimated recoverable amount.

If the EV/Sales Multiple increases or decreases 5%, a lower of impairment charge of HK$1,828,000 or a higher of impairment charge of HK$1,828,000, respectively would be resulted. If the DLOM increases or decreases 1%, a lower of impairment charge of HK$459,000 or a higher of impairment charge of HK$459,000, respectively would be resulted.

(iii) Ice-skating rinks CGU

On 27 December 2019, the Group acquired 100% of the issued shares in Rise Mode Investments Limited and goodwill is allocated to the CGU.

The recoverable amount of the ice-skating rinks CGU as at 31 December 2020, 2021 and 2022 has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The pre-tax discount rate applied to the cash flow projections is 19.1%, 20.5% and 20.6% as at 31 December 2020, 2021 and 2022, respectively. The growth rate used to extrapolate the cash flows of the ice-skating rinks CGU beyond the five-year period for the years ended 31 December 2020, 2021 and 2022 are 2.5%, 2.0% and 2.0%, respectively.

Assumptions were used in the value in use calculation of the ice-skating rinks CGU for the years ended 31 December 2020, 2021 and 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
Revenue growth rate	2.5%-55.8%	2.0%-13.8%	2.0%-36.3%
EBITDA margin	22.8%-27.2%	26.0%-32.6%	26.3%-31.2%
Pre-tax discount rate	19.1%	20.5%	20.6%

The revenue growth rate is for the five-year forecast period. The cash flow projection is derived from the approved business plan which has a forecast covering a period of five years and have incorporated necessary updates.

The percentage of EBITDA of revenue is the average percentages over the five-year forecast period. It is based on the current margin levels, with adjustments made to reflect the expected future market conditions.

The discount rate used is pre-tax and reflect specific risks relating to the CGU.

For the years ended 31 December 2021 and 2022, no impairment loss was recognised. Management believes that a reasonably possible change in any of the above key assumptions would not cause the carrying amount of the ice-skating rinks CGU to exceed its recoverable amount.

As at 31 December 2021, the headroom of ice-skating rinks CGU was approximately HK$19,140,000. If the revenue growth rate increases or decreases 5%, headroom of ice-skating rinks CGU will be approximately HK$24,248,000 and approximately HK$14,110,000, respectively. If the pre-tax discounted rate increases or decreases 1%, headroom of ice-skating rinks CGU will be approximately HK$10,401,000 and approximately HK$28,741,000, respectively.

As at 31 December 2022, the headroom of ice-skating rinks CGU was approximately HK$39,120,000. If the revenue growth rate increases or decreases 5%, headroom of ice-skating rinks CGU will be approximately HK$47,973,000 and approximately HK$30,460,000 respectively. If the pre-tax discounted rate increases or decreases 1%, headroom of ice-skating rinks CGU will be approximately HK$29,254,000 and approximately HK$49,978,000 respectively.

For the year ended 31 December 2020, impairment loss of approximately HK$130,107,000 was recognised. Impairment was made on goodwill primarily due to the unpredictable poor performance of the business and slower pace of generic growth as a result of outbreak of COVID-19. The impairment loss recognised for the year represented the difference between the carrying amount of the CGU including goodwill and its estimated recoverable amount. If the revenue growth rate increases or decreases 5%, impairment charge would decrease by HK$6,955,000 or increase HK$6,818,000, respectively. If the pre-tax discounted rate increases or decreases 1%, impairment charge would increase HK$10,158,000 or decrease HK$11,282,000, respectively.

(iv) Other CGUs

During the years ended 31 December 2020, 2021 and 2022, no impairment loss was recognised respectively on goodwill and other intangible assets of other CGUs in profit or loss.

15. INTERESTS IN ASSOCIATES AND JOINT VENTURES

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Associates	3,031,113	4,123,956	4,151,531
Joint ventures	491	435	279
	3,031,604	4,124,391	4,151,810

Interests in associates

The following is a movement of interests in associates during the Track Record Period:

		For the year ended 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
At the beginning of the year		2,939,185	3,031,113	4,123,956
Share of profits less losses for the year		267,175	492,641	543,449
Share of other comprehensive loss		(1,906)	(2,346)	(773)
Share of reserves		27,330	26,370	59,114
Dividend received		(68,058)	(82,247)	(167,929)
Change in interest in associate due to partial disposal and deemed dilution	*(a),(b),(c)*	(413,568)	522,412	7,016
Currency translation differences		280,955	136,013	(413,302)
At the end of the year		3,031,113	4,123,956	4,151,531

(a) The Group entered into a placing agreement ("**the Placing**") with The Hong Kong and Shanghai Banking Corporation Limited ("**HSBC**") on 31 March 2020 to sell 70,000,000 Li Ning Co Shares respectively. The Group's investments in Li Ning Co is considered as investments in associate and accounted for using the equity method before and after the Placing. Upon the completion of the Placing on 3 April 2020, the Group derecognised the carrying value of the associate proportionate to the percentage reduced, reclassified a proportionate amount of exchange fluctuation reserve previously recognised to the consolidated financial statements, resulting in net gain with net proceeds of HK$1,493.5 million and gain of HK$1,023.0 million respectively. For details, please refer to the announcements of the Company dated 1 April 2020 and the circular of the Company dated 13 May 2020.

(b) The Group entered into a placing agreement ("**the 2021 Placing**") with J.P. Morgan Securities (Asia Pacific) Limited on 18 May 2021 to sell 60,000,000 Li Ning Co Shares. The Group's investments in Li Ning Co is considered as investments in associate and accounted for using the equity method before and after the 2021 Placing. Upon the completion of the 2021 Placing on 21 May 2021, the Group derecognised the carrying value of the associate proportionate to the percentage reduced, reclassified a proportionate amount of exchange fluctuation reserve previously recognised to the consolidated financial statements, resulted in net gain with net proceeds of HK$3,786.9 million and gain of HK$3,338.8 million. For details, please refer to the announcements of the Company dated 18 May 2021.

(c) On 27 October 2021, Li Ning Co, Viva China Development Limited (the "**Vendor**", a wholly-owned subsidiary of the Group) and J.P. Morgan Securities plc and Nomura International (Hong Kong) Limited (the "**Placing Agents**") entered into the placing and subscription agreement, pursuant to which (i) the Vendor has agreed to place, through the Placing Agents, on a fully-underwritten basis, an aggregate of 120,000,000 Li Ning Co's shares held by the Vendor (the "**Top-up Placing Shares**"), at the price of HK$87.50 per Top-up Placing Share (the "**Top-up Placing Price**"); and (ii) the Vendor has agreed to subscribe for 120,000,000 new Li Ning Co's shares (the "**Top-up Subscription Shares**") at the price of HK$87.50 per Top-up Subscription Share (the "**Top-up Subscription Price**") which is equivalent to the Top-up Placing Price (the "**Top-up Placing and Subscription**").

The placing of the Top-up Placing Shares held by the Vendor (the "**Top-up Placing**") was completed on 1 November 2021 and the subscription of the Top-up Subscription Shares by the Vendor (the "**Top-up Subscription**") was completed on 3 November 2021.

On 27 October 2021, the Group held 271,201,543 Li Ning Co's shares, representing approximately 10.9% of the issued shares of Li Ning Co. The Group's shareholding in Li Ning Co was decreased from approximately 10.9% to 6.1% upon completion of the Top-up Placing and was restored to approximately 10.4% upon completion of the Top-up Subscription.

The deemed dilution gain arising from the Top-up Placing and Subscription with a decrease of 0.5% shareholding in Li Ning Co was HK$978.0 million.

For details, please refer to the announcements of the Company dated 28 October 2021 and 3 November 2021.

Particulars of the Group's principal associates are as follows:

Name	Notes	Place of incorporation/ registration	Percentage of ownership interest directly attributable to the Group As at 31 December 2020	2021	2022	Principal activities
Li Ning Co	*(d)*	Cayman Islands	13.3%	10.4%	10.3%	Brand development, design, manufacture, sales and distribution of sport-related footwear, apparel, equipment and accessories in the PRC
CITIC Land		The PRC	29%	29%	29%	Property development and operation; property management; hotel investment and management; construction project and facilities contracting and equipment installations; decoration unit; landscaping; property development consultancy
Double Happiness	*(d)*	The PRC	10%	10%	10%	Manufacture, research and development, marketing and sales of principally table tennis and badminton equipment under its own "紅雙喜 (Double Happiness)" brand and other sports accessories

(d) Li Ning Co and Double Happiness are regarded as the Group's associates due to the existence of significant influence by the representation on the Li Ning Co and Double Happiness's board of directors.

As at 31 December 2020, 2021 and 2022, the market value of Li Ning Co's listed shares was HK$53.25 per share, HK$85.35 per share and HK$67.75 per share respectively. The number of Li Ning Co ordinary shares held by the Group as at 31 December 2020, 2021 and 2022 was approximately 331,202,000 Shares, 271,202,000 Shares and 271,202,000 Shares respectively.

The following table illustrates the summarised financial information of the Group's principal associate extracted from its financial information after adjusting for the impacts of adjustments made at the time of acquisition and adjustments for differences in accounting policies, if any (the one extracted from Li Ning Co is after adjusting for the impacts of adjustments made at the time of acquisition and adjustments for differences in accounting policies, if any, and for non-coterminous periods between the Group and Li Ning Co):

	Financial information of Li Ning Co for the year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Gross amounts of the associate			
Current assets	11,923,332	21,919,778	15,249,178
Non-current assets	7,996,079	16,951,086	26,113,719
Current liabilities	6,625,226	9,423,166	9,929,185
Non-current liabilities	876,369	1,781,625	2,298,162
Net assets	12,417,816	27,666,073	29,135,550
Revenue for the year	15,790,515	24,161,773	30,994,547
Profit for the year	1,771,367	4,119,487	5,090,525
Other comprehensive loss	(14,134)	(55,269)	(7,479)
Total comprehensive income	1,757,233	4,064,218	5,083,046
Reconciliation to the Group's interests in the associate			
Gross amounts of net assets attributable to the equity holders of the associates	12,414,778	27,662,946	29,132,796
Group's effective interest	13.3%	10.4%	10.3%
Group's share of net assets of the associates	1,651,165	2,868,648	3,000,678
Goodwill	751,426	599,527	550,722
Carrying amount in the consolidated financial statements	2,402,591	3,468,175	3,551,400

The Group's Historical Financial Information include the Group's share of the results and reserves of Li Ning Co for the twelve months ended 30 September 2020, 2021 and 2022 and adjusted for any significant events or transactions for the period from 1 October 2020 to 31 December 2020, 1 October 2021 to 31 December 2021 and 1 October 2022 to 31 December 2022 respectively. The Group has adopted the provision contained in HKAS 28 whereby it is permitted to include the attributable share of associates' results based on accounts drawn up to a non-coterminous period end where the difference must be no greater than three months. There is no non-coterminous period end for other associates and joint ventures.

Interests in joint ventures

During the years ended 31 December 2020, 2021 and 2022, no impairment loss of investment in a joint venture was recognised in profit or loss.

Commitments in respect of associates and joint ventures

The Group has no commitment to provide funding for associates' and joint ventures' capital commitment as at 31 December 2020, 2021 and 2022.

16. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

		As at 31 December					
		2020		2021		2022	
	Notes	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Forward currency contracts	*(a)*	1,464	456	–	–	–	–
Loan and interest receivables	*(b)*	271,874	–	587,129	–	–	–
		273,338	456	587,129	–	–	–

(a) The carrying amounts of the forward currency contracts as at 31 December 2020 were the same as their fair values. The above transactions involving financial assets/liabilities at fair value through profit or loss are conducted with creditworthy financial institutions with credit ratings from A-1 to A-1+.

During the years ended 31 December 2020 and 2021, the Group entered into various forward currency contracts to manage its exchange rate exposures. These forward currency contracts are not designated for hedge purposes and are measured at fair value through profit or loss. The net gains in the fair value of these non-hedging foreign currency contracts amounting to HK$458,000 and HK$1,008,000 were credited to profit or loss during the years ended 31 December 2020 and 2021, respectively.

(b) Amount represented a loan with principal amount of HK$269,484,000 (equivalent to GBP25,500,000), HK$563,774,000 (equivalent to GBP53,550,000) and nil as at 31 December 2020, 2021 and 2022, respectively, at an interest rate of 4% per annum due from LionRock Capital GP Limited ("**Lionrock**"). Pursuant to a loan agreement (the "**Loan Agreement**") entered into between Viva China Consumables and LionRock Capital GP Limited acting in its capacity as the general partner of LionRock L.P. on 28 September 2020, the parties to the Loan Agreement may agree that, at any time, the principal amount of the loan together with all outstanding sums accrued under the Loan Agreement may be converted into and/or set off against any subscription amounts payable by Viva China Consumables Limited (formerly known as Viva China Entertainment Holdings Limited) a wholly owner subsidiary of the Company, in order to subscribe for equity in LionRock Capital Partners QiLe Limited (the "**SPV**"), a company wholly owned by LionRock, therefore, the balance is accounted for as financial asset at fair value through profit or loss in the consolidated statement of financial position according to the business model.

The acquisition of the SPV was completed on 2 July 2022. The loan and interest receivables were setting off against the subscription amount payable, and the loan was deemed fully paid and satisfied in full and was terminated upon the completion of the acquisition.

For details of the Loan Agreement, please refer to the announcements of the Company dated 28 September 2020.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Government bonds	–	–	7,959

The above debt investments were irrevocably designated at fair value through other comprehensive income as the objective of the Group in holding these debt investments is to collect contractual cash flows and to sell the financial assets.

18. DERIVATIVE FINANCIAL INSTRUMENTS

(i) Derivative financial instruments

The Group has the following derivative financial instruments:

	As at 31 December		
	2020	2021	2022
	HK$'000	*HK$'000*	*HK$'000*
Forward exchange contracts – cash flow hedges			
Current assets	–	–	6,289
Non-current assets	–	–	2,785
Current liabilities	–	–	25,226
Non-current liabilities	–	–	11,469

	As at 31 December		
	2020	2021	2022
	HK$'000	*HK$'000*	*HK$'000*
Forward exchange contracts – not qualified for hedge accounting			
Current assets	–	–	82,913
Non-current assets	–	–	–
Current liabilities	–	–	3,219
Non-current abilities	–	–	–

The Group uses forward exchange contracts to reduce exposure to foreign exchange rates. Certain derivatives are designated as hedging instruments of the cash flow hedges and the portion of the gain or loss that is determined to be an effective hedge is recognised in other comprehensive income.

(ii) Cash flow hedge

The Group's hedging reserves relate to the following hedging instruments:

	Cash flow hedge reserve
	HK$'000
As at 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021 and 1 January 2022	–
Fair value loss of hedging instrument recognised in other comprehensive income	25,663
Reclassified from other comprehensive income to profit or loss	1,378
Deferred tax	(6,760)
Non-controlling interest	(15,006)
As at 31 December 2022	5,275

Amounts recognised in profit or loss

In addition to the amounts disclosed in the reconciliation of hedging reserves above, the following amounts were recognised in profit or loss in relation to derivatives:

	For the year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Net gain on foreign currency forwards not qualifying as hedges included in profit or loss	–	–	22,521
Hedge ineffectiveness of foreign currency forwards – amount recognised in other gains	–	–	518

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty.

19. DEFINED BENEFITS SCHEMES

	As at 31 December								
	2020			2021			2022		
	UK	USA	Total	UK	USA	Total	UK	USA	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Present value of obligation	–	–	–	–	–	–	(6,991,588)	(956,092)	(7,947,680)
Fair value of plan assets	–	–	–	–	–	–	7,812,936	864,118	8,677,054
Defined benefit surplus/ (obligation)	–	–	–	–	–	–	821,348	(91,974)	729,374

The Group, through Clark Group, operates pension schemes in the UK and USA including defined benefit and defined contribution sections. The defined benefit plans under the schemes in the UK and USA are administered by separate funds that are legally separated from the entities. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the plan. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund. Both UK and USA schemes were closed to new participates in 2018.

Full actuarial valuations were carried out by qualified independent actuaries for the UK and USA defined benefit schemes.

The defined benefit plans in both the UK and USA typically expose the entity to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. This is considered in more detail below.

Investment risk

The present value of the defined benefit plan obligation is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a high proportion of its investments in debt instruments with smaller amounts in equity securities and real estate. Due to the level of risk associated with each type of asset, the trustees of the pension fund consider it appropriate that a reasonable portion of the plan assets should be invested in debt instruments, while the long-term nature of the plan obligation means that is considered appropriate that a portion of the investment portfolio is in equity securities and in real estate to leverage the return generated by the fund.

Interest risk

A decrease in the bond interest rate will increase the plan obligation but this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's obligation.

Salary risk

The present value of the defined benefit plan obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's obligation.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation and net plan assets over the year are as follows:

	Present value of obligation	Fair value of plan assets	Total
	HK$'000	*HK$'000*	*HK$'000*
1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021 1 January 2022	–	–	–
Current service cost	2,594	–	2,594
Administration costs	7,191	3,900	11,091
Interest expense/(income)	122,593	(135,884)	(13,291)
Past service costs	2,773	–	2,773
Total amount recognised in profit or loss for the year ended 31 December 2022	135,151	(131,984)	3,167
Remeasurements			
Return on plan assets, excluding amounts included in interest (income)	–	1,480,567	1,480,567
Actuarial gain from change in demographic assumptions	(35,221)	–	(35,221)
Actuarial gain from change in financial assumptions	(867,858)	–	(867,858)
Total amount recognised in other comprehensive income for the year ended 31 December 2022	(903,079)	1,480,567	577,488
Acquired in business combination *(Note 39)*	9,072,310	(10,371,951)	(1,299,641)
Exchange differences	(97,887)	119,964	22,077
Contributions:			
Employers	–	(32,465)	(32,465)
Benefits paid	(258,815)	258,815	–
As at 31 December 2022	7,947,680	(8,677,054)	(729,374)

The net assets disclosed above relates to funded and unfunded plans as follows:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Present value of funded obligations	–	–	7,940,622
Fair value of plan assets	–	–	(8,677,054)
Surplus of funded plans	–	–	(736,432)
Present value of unfunded obligations	–	–	7,058
Total surplus of defined benefit pension plans (before asset ceiling)	–	–	(729,374)

Plan assets

The major categories of the fair value of the total plan assets are as follows:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Equities	–	–	240,664
Bonds	–	–	4,277,266
Real assets/infrastructure	–	–	745,094
Insurance contract	–	–	1,778,496
Alternative credit/diversifying strategies	–	–	1,231,225
Cash	–	–	404,309
Total plan assets	–	–	8,677,054

Included in the above, there are debt securities of HK$3,847.0 million where the fair value of these debt instruments is determined based on quoted market prices as at 31 December 2022.

The weighted average asset allocations at the year end were as follows:

	UK plan assets as at 31 December			USA plan assets as at 31 December		
	2020	**2021**	**2022**	**2020**	**2021**	**2022**
Asset category						
Equities	N/A	N/A	0%	N/A	N/A	27%
Bonds	N/A	N/A	52%	N/A	N/A	22%
Real assets/infrastructure	N/A	N/A	7%	N/A	N/A	22%
Insurance contract	N/A	N/A	23%	N/A	N/A	0%
Alternative credit/ diversifying strategies	N/A	N/A	13%	N/A	N/A	27%
Cash	N/A	N/A	5%	N/A	N/A	2%
	N/A	N/A	100%	N/A	N/A	100%

The weighted average duration of the defined benefit obligation is 11.4 years as at 31 December 2022.

The significant actuarial assumptions were as follows:

	As at 31 December					
	2020		**2021**		**2022**	
	UK	**USA**	**UK**	**USA**	**UK**	**USA**
Discount rate	N/A	N/A	N/A	N/A	4.75%	5.40%
Rate of increase in pensions in payment	N/A	N/A	N/A	N/A	2.45%-3.05%	N/A
Rate of increase in pensions in deferment	N/A	N/A	N/A	N/A	2.45%	N/A
Inflation assumption	N/A	N/A	N/A	N/A	3.15%	N/A

		UK as at 31 December			USA as at 31 December		
		2020	2021	2022	2020	2021	2022
Weighted average mortality rate assumptions used to determine net pension cost for the period end							
Member age 65 (current life expectancy)	Male	N/A	N/A	22.2	N/A	N/A	20.7
	Female	N/A	N/A	24.1	N/A	N/A	22.6
Member age 45 (life expectancy at age 65)	Male	N/A	N/A	23.4	N/A	N/A	22.2
	Female	N/A	N/A	25.9	N/A	N/A	24.1

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, rates of inflation and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Sensitivity analysis: Impact of change in key assumptions on actuarial value of obligation

	UK as at 31 December		
	2020	2021	2022
	HK$'000	*HK$'000*	*HK$'000*
Base case	N/A	N/A	6,991,588
0.5% decrease in discount rate	N/A	N/A	7,153,632
1 year increase in member life expectation	N/A	N/A	7,035,632
+0.5% change in inflation	N/A	N/A	7,032,800

	USA as at 31 December		
	2020	2021	2022
	HK$'000	*HK$'000*	*HK$'000*
Base case	N/A	N/A	956,092
0.5% decrease in discount rate	N/A	N/A	1,011,047
1 year increase in member life expectation	N/A	N/A	981,046

20. INVENTORIES

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Raw materials	–	10,335	12,666
Work in progress	–	5,740	9,241
Finished goods	221,067	300,098	4,120,963
	221,067	316,173	4,142,870
Less: provision	(37,204)	(34,894)	(81,740)
	183,863	281,279	4,061,130

Reversal of provision for inventories amounted to HK$5,798,000 and provision for inventories amounted to HK$822,000 and HK$47,037,000 have been included in "cost of sales" in the consolidated statement of profit or loss for the years ended 31 December 2020, 2021 and 2022 respectively.

As at 31 December 2022, certain inventories of the Group's subsidiaries were charged as security for bank borrowings. As at 31 December 2020 and 2021, no inventory has been charged as security. Details are set out in Note 28.

21. TRADE DEBTORS AND BILLS RECEIVABLE

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Trade debtors and bills receivable	99,239	104,754	869,754
Less: loss allowance	(16,352)	(6,758)	(10,276)
	82,887	97,996	859,478

The Group's trading terms with its customers are mainly on credit, generally 30 to 90 days, extending up to six months for major customers. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade debtors and bills receivable balances. Trade debtors and bills receivable are non-interest-bearing.

As at 31 December 2022, certain trade receivables of the Group's subsidiaries were charged as security for bank borrowings. As at 31 December 2020 and 2021, no trade debtors receivables has been charged as security. Details are set out in Note 28.

An ageing analysis of the trade debtors and bills receivable based on the payment due date is as follows:

	As at 31 December		
	2020	**2021**	**2022**
	HK\$'000	*HK\$'000*	*HK\$'000*
Current	61,478	77,465	583,773
Less than 3 months past due	13,518	18,155	216,288
3 to 6 months past due	5,549	2,198	29,127
More than 6 months past due	2,342	178	30,290
	82,887	97,996	859,478

Information about the impairment of trade debtors and the Group's exposure to credit risk, foreign currency risk and interest risk can be found in Note 44.

As at 31 December 2020, 2021 and 2022, included in the Group's trade debtors and bills receivable are amounts of HK$3,861,000, HK$26,701,000 and HK$40,930,000 due from associates respectively. As at 31 December 2020, 2021 and 2022, included in the Group's trade debtors and bills receivable are amounts of nil, nil and HK$42,665,000 due from a joint venture respectively.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		As at 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments		85,413	334,252	789,146
Deposits and other receivables	*(a)*	232,219	223,672	329,223
Less: loss allowance for deposits and other receivables	44	(94,836)	(96,013)	(95,321)
		222,796	461,911	1,023,048
Less: current portion		(167,551)	(160,028)	(681,272)
Non-current prepayment, deposits and other receivables	*(b)*	55,245	301,883	341,776

Notes:

(a) Deposits and other receivables are measured at amortised costs. The detail information about the credit risk and impairment analysis of deposits and other receivables can be found in Note 44.

(b) As at 31 December 2021 and 2022, the Group's non-current prepayment, deposits and other receivables mainly included amounts of HK$253,177,000 and HK$280,976,000 respectively down payment for the acquisition of properties located in Shanghai, PRC.

23. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Cash and cash equivalents other than time deposits	982,537	742,481	1,561,063
Time deposits – less than three months	874,904	1,787,182	1,413,740
Cash and cash equivalents	1,857,441	2,529,663	2,974,803

As at 31 December 2020, 2021 and 2022, the cash and cash equivalents of the Group denominated in RMB amounted to approximately HK$459,196,000, HK$472,345,000 and HK$316,591,000, approximately HK$385,718,000, HK$368,152,000 and HK$285,581,000 of which was domiciled in mainland China. The RMB is not freely convertible into other currencies in mainland China, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks other than time deposits earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one and three months depending on the short-term cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

(b) Net debt

This section sets out an analysis of net debt and the movements in net debt for the Track Record Period.

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Net debt			
Cash and cash equivalents (included bank overdraft)	1,857,441	2,529,663	2,930,189
Deposits with banks with maturity period over three months	–	4,284	3,962
Restricted bank balances	3,627	6,855	19,615
Bank borrowings (excluded bank overdraft)	(1,256,000)	–	(299,516)
Lease liabilities	(408,788)	(486,319)	(1,957,299)
Net debt	196,280	2,054,483	696,951

	Liabilities from financing activities			Other assets			
	Bank loans	**Lease liabilities**	**Sub-total**	**Cash and cash equivalents**	**Deposits with banks with maturity period over three months**	**Restricted bank balances**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net debt as at 1 January 2020	(1,256,000)	(184,638)	(1,440,638)	649,262	–	3,342	(788,034)
Cash flows	102,771	103,685	206,456	1,023,968	–	–	1,230,424
Interest expenses	(47,942)	(17,198)	(65,140)	–	–	–	(65,140)
Acquisition of subsidiaries	(54,829)	(273,064)	(327,893)	170,753	–	57	(157,083)
Addition – leases	–	(38,954)	(38,954)	–	–	–	(38,954)
Modification – leases	–	12,623	12,623	–	–	–	12,623
Foreign exchange adjustments	–	(11,242)	(11,242)	13,458	–	228	2,444
Net debt as at 31 December 2020 and 1 January 2021	(1,256,000)	(408,788)	(1,664,788)	1,857,441	–	3,627	196,280
Cash flows	1,272,078	169,114	1,441,192	667,896	4,284	3,121	2,116,493
Interest expenses	(16,078)	(20,971)	(37,049)	–	–	–	(37,049)
Addition – leases	–	(262,880)	(262,880)	–	–	–	(262,880)
Modification – leases	–	49,239	49,239	–	–	–	49,239
Foreign exchange adjustments	–	(12,033)	(12,033)	4,326	–	107	(7,600)
Net debt as at 31 December 2021 and 1 January 2022	–	(486,319)	(486,319)	2,529,663	4,284	6,855	2,054,483
Cash flows	215,759	374,389	590,148	(536,573)	–	12,630	66,205
Interest expenses	(20,864)	(50,229)	(71,093)	–	–	–	(71,093)
Acquisition of subsidiaries	(526,841)	(1,428,065)	(1,954,906)	990,962	–	1,007	(962,937)
Addition – leases	–	(416,404)	(416,404)	–	–	–	(416,404)
Modification – leases	–	(16,856)	(16,856)	–	–	–	(16,856)
Foreign exchange adjustments	32,430	66,185	98,615	(53,863)	(322)	(877)	43,553
Net debt as at 31 December 2022	(299,516)	(1,957,299)	(2,256,815)	2,930,189	3,962	19,615	696,951

(c) Company

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Cash and cash equivalents other than time deposits	394,341	150,191	373,911
Time deposits – less than three months	826,055	1,758,100	1,354,370
Cash and cash equivalents	1,220,396	1,908,291	1,728,281

As at 31 December 2020, 2021 and 2022, the cash and cash equivalents of the Company denominated in HKD amounted to approximately HK$950,820,000, HK$1,842,897,000 and HK$913,196,000 respectively.

24. RESTRICTED BANK BALANCES

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Restricted bank balances			
Current	3,627	3,183	2,635
Non-current	–	3,672	16,980
	3,627	6,855	19,615

The restricted bank balances were pledged as security for the operation of sports parks and as security for bank guarantee for subsidiaries of the Group.

25. TRADE, BILLS AND OTHER PAYABLES

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	112,493	233,478	2,090,720
Bills payable	–	11,693	14,812
Other payables	201,134	272,913	691,061
	313,627	518,084	2,796,593

As at 31 December 2022, included in trade payables is HK$351.6 million relating to a vendor financing facility arrangement with a bank, allowing certain suppliers to be paid earlier (by the bank) than the Group's standard payments terms. If this option is taken by the supplier, the Group will no longer be able to make earlier direct payments to the supplier and will pay to the partner bank under the Group's standard payments terms when the payable becomes due. The Group has determined that the terms of the trade payable under this arrangement are substantially unchanged and that it is continued presenting the relevant amounts within trade and other payables. No vendor financing facility arrangement is included in trade payables as at 31 December 2020 and 2021.

The normal credit period for trade payables generally ranges from 30 to 60 days. These terms may be extended by certain suppliers. Ageing analysis of trade payables based on due date at the respective balance sheet date is as follows:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Current	92,759	211,923	1,925,965
Less than 3 months past due	18,744	17,909	116,859
3-6 months past due	60	2,640	5,685
More than 6 months past due	930	1,006	42,211
	112,493	233,478	2,090,720

As at 31 December 2020, 2021 and 2022, included in the Group's trade, bills and other payables are amounts of HK$2,570,000, HK$1,221,000 and HK$7,807,000 due to associates respectively.

26. ACCRUALS

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Accruals	122,612	136,069	642,695

As at 31 December 2020, 2021 and 2022, included in the Group's accruals are amounts of HK$70,106,000, HK$75,845,000 and HK$236,616,000 for accrued staff cost respectively. Other accruals mainly represent accrued rent, professional fee and other operating costs.

27. DEFERRED INCOME

The movements in deferred income as stated under current and non-current liabilities are as follows:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Carrying amount at the beginning of the year	10,831	9,810	7,759
Government grants received during the year	32,372	–	–
Credited to profit or loss	(33,187)	(2,300)	(1,028)
Currency translation differences	(206)	249	(552)
Carrying amount at the end of the year	9,810	7,759	6,179
Less: current portion	(2,100)	(1,199)	(453)
	7,710	6,560	5,726

Deferred income mainly represents government grants obtained for the purpose of subsidising subsidiaries' operation. Government grants received are initially recognised in the consolidated statement of financial position as deferred income and are amortised through profit or loss on a systematic basis over the periods in which the grants are intended to compensate.

28. BANK BORROWINGS

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Bank overdraft, unsecured	–	–	41,652
Bank overdraft, secured	–	–	2,962
Bank loans, secured	1,256,000	–	299,516
	1,256,000	–	344,130
Less: Current portion	–	–	(55,934)
	1,256,000	–	288,196

As at 31 December 2020, bank loans bear floating rate of HIBOR plus basis. As at 31 December 2022, bank loans bear fixed rate or floating rates of i) CHIBOR minus basis, ii) EURIBOR plus basis and iii) secured overnight financing rate ("**SOFR**") plus margin.

As at 31 December 2020, loan represented collateralised bank loan which is secured by interest in an associate with a carrying amount of approximately HK$1,315,718,000, and the loan is subject to certain covenants requirement relating to the quoted price of the associate.

As at 31 December 2021, no assets have been charged as security.

As at 31 December 2022, property, plant and equipment of HK$8,477,000, financial assets at fair value through other comprehensive income of HK$7,959,000, inventories and trade receivables of HK$863,883,000 had been charged as security for bank borrowings of subsidiaries of the Group.

The Group has not breached any covenants for the years ended 31 December 2020, 2021 and 2022.

29. DEFERRED TAX ASSETS AND LIABILITIES

Net deferred tax assets recognised in the consolidated statement of financial position are as follows:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax assets	24,384	26,397	120,127
Deferred tax liabilities	(80,669)	(87,738)	(96,664)
	(56,285)	(61,341)	23,463

The movement in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets movement	**Impairment and other temporary differences**	**Lease liabilities**	**Depreciation allowance in excess of related depreciation**	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 1 January 2020	21,654	2,046	–	–	23,700
Acquisition of subsidiaries	389	–	–	–	389
(Charged)/credited to profit or loss	(2,502)	1,440	–	–	(1,062)
Currency translation difference	1,357	–	–	–	1,357
At 31 December 2020 and 1 January 2021	20,898	3,486	–	–	24,384
(Charged)/credited to profit or loss	(2,320)	3,615	–	–	1,295
Currency translation difference	483	235	–	–	718
At 31 December 2021 and 1 January 2022	19,061	7,336	–	–	26,397
Acquisition of subsidiaries	70,575	–	58,263	229,212	358,050
Credited/(charged) to profit or loss	88,974	4,361	(27,199)	12,934	79,070
Credited to other comprehensive income	6,760	–	–	–	6,760
Currency translation difference	(372)	–	(1,073)	(1,650)	(3,095)
At 31 December 2022	184,998	11,697	29,991	240,496	467,182
Set-off of deferred tax liabilities					(347,055)
					120,127

Deferred tax liabilities movement	Revaluation of investment properties	Intangible assets	Pension Obligations	Fair value adjustments arising from acquisition of subsidiaries	Depreciation allowance in excess of related depreciation	Other temporary differences	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At January 2020	–	(49,488)	–	(50)	–	–	(49,538)
Acquisition of subsidiaries	(31,652)	(2,118)	–	–	–	–	(33,770)
(Charged)/credited to profit or loss	(481)	6,075	–	–	–	–	5,594
Currency translation difference	–	(2,952)	–	(3)	–	–	(2,955)
At 31 December 2020 and 1 January 2021	(32,133)	(48,483)	–	(53)	–	–	(80,669)
(Charged)/credit to profit or loss	(12,347)	6,531	–	–	–	–	(5,816)
Currency translation difference	–	(1,251)	–	(2)	–	–	(1,253)
At 31 December 2021 and 1January 2022	(44,480)	(43,203)	–	(55)	–	–	(87,738)
Acquisition of subsidiaries	–	–	(340,862)	(26,030)	(92,890)	(62,666)	(522,448)
Credited/(charged) to profit or loss	31,460	6,346	(8,319)	–	(6,258)	(4,279)	18,950
Credited to other comprehensive income	–	–	136,957	–	–	–	136,957
Currency translation difference	–	2,889	6,385	222	623	441	10,560
At 31 December 2022	(13,020)	(33,968)	(205,839)	(25,863)	(98,525)	(66,504)	(443,719)
Set-off of deferred tax assets							347,055
							(96,664)

As at 31 December 2020, 2021 and 2022, the Group had tax losses arising in Hong Kong of approximately HK$1,150,637,000, HK$1,365,534,000 and HK$1,771,126,000 respectively, subject to the confirmation of tax losses from the Hong Kong Inland Revenue Department. These tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

As at 31 December 2020, 2021 and 2022, the Group also has tax losses arising in mainland China of HK$398,275,000, HK$474,623,000 and HK$783,049,000 that will expire within five years to offsetting against future taxable profits respectively.

As at 31 December 2022, the Group had estimated tax losses arising in the USA of HK$1,703,397,000 that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. There was no such estimated tax losses arising in the USA as at 31 December 2020 and 2021.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in companies that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax liability has not been recognised for withholding taxes that would be payable on certain portions of the unremitted earnings that are subject to withholding taxes of certain of the Group's subsidiaries established in the PRC as all of those profits will not be distributed in the foreseeable future.

During the year ended 31 December 2022, the reversal of deferred tax liabilities of HK$30,616,000 was arising from the disposal of investment properties in March 2022.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

30. PROVISION

	Dilapidation provision[#] *HK$'000*	Onerous lease provision *HK$'000*	Guarantee to joint venture* *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021 and 1 January 2022	–	–	–	–	–
Acquisition of subsidiaries	51,909	7,667	99,680	38,176	197,432
Charged to profit or loss	9,135	3,968	–	11,229	24,332
Amounts utilised	(521)	(2,132)	–	–	(2,653)
Amount released	(4,325)	(2,660)	–	(4,376)	(11,361)
Currency translation difference	516	(292)	(5,387)	(226)	(5,389)
Balance at 31 December 2022	56,714	6,551	94,293	44,803	202,361
Less: current portion	–	–	(94,293)	–	(94,293)
Non-current portion	56,714	6,551	–	44,803	108,068

A provision is recognised for expected costs required to restore leased properties to their original condition per the current closure plan. It is expected that these costs will be incurred at the end of the lease agreement.

* A provision is recognised in relation to a guarantee provided by Clark Group to its joint venture.

31. SHARE CAPITAL

Shares

	As at 31 December					
	2020		2021		2022	
		Nominal value		Nominal value		Nominal value
	No. of shares	*HK$'000*	*No. of shares*	*HK$'000*	*No. of shares*	*HK$'000*
Authorised:						
Ordinary shares of HK$0.05 each ("**Ordinary Shares**")	20,000,000,000	1,000,000	20,000,000,000	1,000,000	20,000,000,000	1,000,000
Redeemable convertible preferred shares of HK$0.01 each ("**Preferred Shares**")	6,000,000,000	60,000	6,000,000,000	60,000	6,000,000,000	60,000
Total	26,000,000,000	1,060,000	26,000,000,000	1,060,000	26,000,000,000	1,060,000
Issued and fully paid:						
Ordinary Shares	9,496,332,726	474,817	9,621,242,726	481,062	9,680,413,727	484,021

A summary of the movements in the Company's issued capital during the Track Record Period is as follows:

Issued Capital

	Notes	Number of Ordinary Shares in issue	Issued capital *HK$'000*	Share premium account *HK$'000*	Total *HK$'000*
At 1 January 2020		8,864,332,726	443,217	2,543,460	2,986,677
Issue of ordinary shares	*(a)*	632,000,000	31,600	173,800	205,400
Dividend paid		–	–	(298,505)	(298,505)
At 31 December 2020 and 1 January 2021		9,496,332,726	474,817	2,418,755	2,893,572
Issue of ordinary shares	*(b)*	124,910,000	6,245	166,232	172,477
Dividend paid		–	–	(1,504,119)	(1,504,119)
At 31 December 2021 and 1 January 2022		9,621,242,726	481,062	1,080,868	1,561,930
Issue of ordinary shares	*(c)*	59,171,001	2,959	47,227	50,186
At 31 December 2022		9,680,413,727	484,021	1,128,095	1,612,116

Notes:

(a) 632,000,000 Ordinary Shares were issued upon conversion of part of the perpetual convertible bonds during the year of 2020.

(b) 64,910,000 Ordinary Shares were issued upon exercise of certain share options for proceeds totalling HK$32,450,000 and 60,000,000 Ordinary Shares were issued upon conversion of part of the perpetual convertible bonds during the year of 2021. The proceeds of issues upon exercise of certain share options had been applied towards general working capital of the Group.

(c) 59,171,001 Ordinary Shares were issued upon exercise of certain share options during the year ended 31 December 2022 for proceeds totalling HK$39,645,000. The proceeds of such issues had been applied towards general working capital of the Group.

32. SHARE OPTION SCHEME

(I) Share option scheme of the Company

(A) 2010 share option scheme

On 29 June 2010, the Company passed an ordinary resolution to adopt a share option scheme (the "**2010 Scheme**") for the purpose of providing incentives to participants to contribute to the Group and/or to enable the Group to recruit high-calibre employees and/or attract human resources that are valuable to the Group. Participants of the 2010 Scheme include employee, officer, agent, consultant, business associate or representative of the Company or any subsidiary or otherwise contributes to the success of the Group, including any executive, non-executive or independent non-executive director of the Company or any subsidiary, who, as the board of directors or a committee comprising directors and members of the senior management of the Company (as the case may be) may determine in its absolute discretion, is regarded as valuable human resources of the Group based on his working experience, knowledge in the industry and other relevant factors, and subject to such conditions as the board of directors or such committee (as the case may be) may think fit.

The overall limit on the number of Ordinary Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2010 Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the number of Ordinary Shares in issue from time to time. In addition, the total number of Ordinary Shares which may be issued upon exercise of all options granted together with all options to be granted under the 2010 Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the nominal amount of all the Ordinary Shares in issue as at the date of adoption of the 2010 Scheme (the "**2010 Scheme Mandate Limit**"). The Company may, from time to time, refresh the 2010 Scheme Mandate Limit by obtaining the approval of the shareholders in general meeting. Once refreshed, the total number of Ordinary Shares which may be issued upon exercise of all options to be granted under the 2010 Scheme and all other share option schemes of the Company under the limit, as refreshed, must not exceed 10% of the number of Ordinary Shares in issue as at the date of approval of the refreshment by the Shareholders.

The 2010 Scheme Mandate Limit amounted to 878,060,472 Ordinary Shares following the approval of refreshment by the Shareholders on 16 June 2017.

The maximum number of Ordinary Shares issuable under share options to each eligible participant in the 2010 Scheme within any 12-month period is limited to 1% of the Ordinary Shares of the Company in issue as at the proposed date of grant. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

The offer of a grant of share options under the 2010 Scheme may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the board of directors or such committee, save that such period shall not be more than 10 years from the date of grant. Unless the Board may otherwise determine, there is no minimum period required under the 2010 Scheme for the holding of an option before it can be exercised.

The exercise price of share options is determinable by the Board or such committee, but shall be at least the highest of (i) the Stock Exchange closing price of the Ordinary Shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Ordinary Shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Ordinary Shares.

The 2010 Scheme was valid and effective for a period of 10 years commencing on 29 June 2010 and expired on 29 June 2020. Upon expiry of the 2010 Scheme, no further share options should be granted thereunder. The share options granted under the 2010 Scheme which remained outstanding immediately prior to the expiry of the 2010 Scheme shall continue to be valid and exercisable in accordance with the terms of grant and the 2010 Scheme.

(B) 2021 share option scheme

On 18 January 2021, the Company passed an ordinary resolution to adopt a new share option scheme (the "**2021 Scheme**") for the purpose to recognise and acknowledge the contributions that participants have made or may make to the Group, to provide incentives and/or reward to participants for their contributions to the Group and/or to enable the Group to recruit high-calibre employees and/or attract human resources that are valuable to the Group. Participants of the 2021 Scheme include employee, officer, agent, consultant, business associate or representative of the Company or any subsidiary or otherwise contributes to the success of the Group, including any executive, non-executive or independent non-executive director of the Company or any subsidiary who, as the Board or a committee comprising Directors and members of senior management of the Company (as the case may be) may determine in its absolute discretion, is regarded as valuable human resources of the Group who has made important contributions to the development of the Group based on his work experience, knowledge in the industry and other relevant factors, and subject to such conditions as the Board or such committee (as the case may be) may think fit. The 2021 Scheme will remain in force for period of 10 years commencing on 18 January 2021.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2021 Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the number of Shares in issue from time to time. In addition, the total number of Shares which may be issued upon exercise of all options to be granted under the 2021 Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the nominal amount of all the Shares in issue as at the date of adoption of the 2021 Scheme (the "**2021 Scheme Mandate Limit**"). The Company may, from time to time, refresh the 2021 Scheme Mandate Limit by obtaining the approval of the shareholders in general meeting. Once refreshed, the total number of Shares which may be issued upon exercise of all options to be granted under the 2021 Scheme and all other share option schemes of the Company under the limit, as refreshed, must not exceed 10% of the number of Shares in issue as at the date of approval of the refreshment by the Shareholders. On the basis of 9,496,332,726 Shares in issue on the date of adoption of the 2021 Scheme, the maximum number of shares that may be issued upon exercise of share options that may be granted under it is 949,633,272 Shares.

The maximum number of shares issuable under share options to each eligible participant in the 2021 Scheme within any 12-month period is limited to 1% of the shares of the Company in issue as at the proposed date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options under the 2021 Scheme may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board or such committee, save that such period shall not be more than 10 years from the date of grant. Unless the Board may otherwise determine, there is no minimum period required under the 2021 Scheme for the holding of an option before it can be exercised.

The exercise price of share options is determinable by the Board or such committee, but shall be at least the highest of (i) the Stock Exchange closing price of the Shares on the date of grant of the share options; (ii) the average Stock Exchange closing price of the Shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding during the year:

	Notes	**Weighted average exercise price** *(HK$ per share)*	**Number of options** *'000*
At 1 January 2020	*(d), (e)*	0.71	221,154
Lapsed during the year	*(b)*	0.79	(94,729)
At 31 December 2020 and 1 January 2021	*(d), (e)*	0.65	126,425
Granted during the year	*(a)*	0.67	288,600
Lapsed during the year	*(b)*	0.79	(66,425)
Exercised during the year	*(c)*	0.50	(64,910)
At 31 December 2021 and 1 January 2022	*(d), (e)*	0.67	283,690
Granted during the year	*(a)*	1.30	15,304
Lapsed during the period	*(b)*	0.75	(7,621)
Exercised during the period	*(c)*	0.67	(59,171)
At 31 December 2022	*(d), (e)*	0.71	232,202

Equity-settled share option expenses of HK$5,862,000, HK$33,922,000 and HK$17,743,000 were recognised in profit or loss in respect of the share options granted under the 2010 Scheme and 2021 Scheme during the years ended 31 December 2020, 2021 and 2022 respectively.

Notes:

(a) The fair values of the share options granted under the 2010 Scheme during the year ended 31 December 2020 were HK$868,000 in aggregate while the fair values of the share options granted under the 2021 Scheme during the year ended 31 December 2021 and 2022 were approximately HK$55,938,000 and 5,540,000 in aggregate. The fair values were estimated as at the respective dates of grant using a binominal model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	For the year ended 31 December		
	2020	**2021**	**2022**
Dividend yield *(%)*	N/A	3.6	5.1
Expected volatility *(%)*	N/A	44.3-46.5	43.2-52.3
Expected life of options *(years)*	N/A	2-8	0.08-8
Risk-free interest rate *(%)*	N/A	0.1-0.6	0.1-2.8

(b) 94,729,000 and 66,425,000 share options granted under the 2010 Scheme were lapsed during the years ended 31 December 2020 and 2021. 7,621,000 shares options granted under the 2021 Scheme were lapsed during the year ended 31 December 2022.

(c) Total nil, 64,910,000 and 59,171,000 share options granted under the 2010 Scheme and 2021 Scheme were exercised during the years ended 31 December 2020, 2021 and 2022 respectively.

(d) As at 31 December 2020, the Company had 126,425,000 share options outstanding under 2010 Scheme, which represented approximately 1.3% of the Ordinary Shares in issue as at 31 December 2020. As at 31 December 2021 and 2022, the Company had 283,690,000 and 232,202,000 share options outstanding under 2021 Scheme, which represented 2.9% and 2.4% of the Ordinary Shares in issue as at 31 December 2021 and 2022 respectively.

(e) The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

31 December 2020

Number of options *('000)*	**Exercise price*** *(HK$ per share)*	**Exercise period**
64,425	0.8	20 Jan 2019 to 19 Jan 2021
20,000	0.478	5 Sep 2019 to 4 Sep 2021
2,000	0.478	15 Aug 2020 to 14 Aug 2022
20,000	0.49	5 Sep 2020 to 4 Sep 2022
20,000	0.49	5 Sep 2021 to 4 Sep 2023
126,425		

31 December 2021

Number of options *('000)*	**Exercise price*** *(HK$ per share)*	**Exercise period**
890	0.67	18 Jan 2021 to 17 Jan 2023
94,267	0.67	18 Jan 2022 to 17 Jan 2027
94,267	0.67	18 Jan 2023 to 17 Jan 2028
94,266	0.67	18 Jan 2024 to 17 Jan 2029
283,690		

31 December 2022

Number of options *('000)*	**Exercise price*** *(HK$ per share)*	**Exercise period**
562	0.67	18 Jan 2021 to 17 Jan 2023
34,002	0.67	18 Jan 2022 to 17 Jan 2027
91,667	0.67	18 Jan 2023 to 17 Jan 2028
4,768	1.30	8 Jul 2023 to 7 Jul 2028
91,667	0.67	18 Jan 2024 to 17 Jan 2029
4,768	1.30	8 Jul 2024 to 7 Jul 2029
4,768	1.30	8 Jul 2025 to 7 Jul 2030
232,202		

* *The exercise prices of the share options are subject to adjustment in the event of any capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than issuance of Ordinary Shares as consideration in respect of a transaction)*

As at 31 December 2020, the exercise in full of the outstanding share options under the 2010 Scheme would, under the present capital structure of the Company, result in the issue of 126,425,000 additional Ordinary Shares and additional share capital of HK$6,321,000 and share premium of HK$75,335,000 respectively, before taking into account any transfer of share option reserve to the share premium account.

As at 31 December 2021, the exercise in full of the outstanding share options under the 2021 Scheme would, under the present capital structure of the Company, result in the issue of 283,690,000 additional Ordinary Shares and additional share capital of HK$14,184,000 and share premium of HK$175,888,000, before taking into account any transfer of share option reserve to the share premium account.

As at 31 December 2022, the exercise in full of the outstanding share options under the 2021 Scheme would, under the present capital structure of the Company, result in the issue of 232,202,000 additional Ordinary Shares and additional share capital of HK$11,610,000 and share premium of HK$152,977,000, before taking into account any transfer of share option reserve to the share premium account.

(II) Share option scheme of a subsidiary

Bossini, a non-wholly owned subsidiary of the Company and shares of which are listed on the Main Board of the Stock Exchange (stock code: 592), operates a share option scheme (the "**Bossini Share Option Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the operations of the Bossini Group.

Eligible participants of the Bossini Share Option Scheme include executive directors, non-executive directors (including independent non-executive directors), and other full-time or part-time employees of Bossini, and its subsidiaries. The Bossini Share Option Scheme became effective on 12 November 2013 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of ordinary shares in the share capital of Bossini (the "**Bossini Shares**") which may be issued upon exercise of all share options to be granted under the Bossini Share Option Scheme and any other future share option schemes of Bossini (excluding share options forfeited in accordance with the terms of the Bossini Share Option Scheme or any other future share option schemes of Bossini) shall not exceed 10% of the total number of shares in issue on 12 November 2013, the date of the annual general meeting that Bossini sought the approval of the shareholders of Bossini for the adoption of the Bossini Share Option Scheme. The number of shares issuable under the Bossini Share Option Scheme was 162,077,939, which represented 10% of Bossini's shares in issue at 12 November 2013.

The maximum number of shares issuable under share options to each participant in the Bossini Share Option Scheme within any 12-month period is limited to 1% of the total number of shares of Bossini in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting with such participant and his associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of Bossini, or to any of their respective associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is a grantee of the share options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of Bossini, or to any of their respective associates, in excess of 0.1% of the shares of Bossini in issue at any time or with an aggregate value (based on the closing price of Bossini's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of grant of the share options. Share options granted during the term of the Bossini Share Option Scheme and remain unexercised immediately prior to the end of the 10-year period of the Bossini Share Option Scheme shall continue to be exercisable in accordance with their terms of grant within the exercise period for which such options are granted, notwithstanding the expiry of the Bossini Share Option Scheme.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of Bossini's shares on the date of grant of the share options; (ii) the average Stock Exchange closing price of Bossini's shares for the 5 trading days immediately preceding the date of grant; and (iii) the nominal value of Bossini's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding during the years ended 31 December 2020, 2021 and 2022:

	Notes	**Weighted average exercise price** *(HK$ per share)*	**Number of options** *'000*
At 1 January 2020, 31 December 2020 and 1 January 2021		–	–
Granted/adjusted during the year	*(a)*	0.57	124,818
Lapsed during the year	*(b)*	0.46	(15,925)
At 31 December 2021 and 1 January 2022	*(c)*	0.58	108,893
Granted during the period	*(a)*	0.59	29,000
Lapsed during the period	*(b)*	0.54	(37,091)
Exercised during the period	*(d)*	0.46	(4,608)
At 31 December 2022	*(c)*	0.61	96,194

Equity-settled share option expenses of HK$8,363,000 and HK$6,700,000 was recognised in profit or loss respectively in respect of the share options granted during the years ended 31 December 2021 and 2022.

Notes:

(a) The fair values of the share options granted during the year ended 31 December 2021 and 2022 were HK$22,300,000 and HK$6,694,000 in aggregate respectively, which were estimated as at the respective dates of grant using a binominal model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	For the year ended 31 December		
	2020	**2021**	**2022**
Dividend yield *(%)*	N/A	4.84-6.48	4.09-4.84
Expected volatility *(%)*	N/A	59.81-67.59	69.17-71.34
Expected life of options *(years)*	N/A	5.6-6.0	6.0
Risk-free interest rate *(%)*	N/A	0.37-1.11	2.03-3.67

(b) 15,925,000 and 37,091,000 share options granted were lapsed during the year ended 31 December 2021 and 2022 respectively upon the resignation of certain grantees during the year.

(c) The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

31 December 2021

Number of options *('000)*	**Exercise price*** *(HK$ per share)*	**Exercise period**
25,610	0.456	1 Jan 2022 to 31 Dec 2026
25,616	0.456	1 Jan 2023 to 31 Dec 2026
25,667	0.456	1 Jan 2024 to 31 Dec 2026
666	0.510	1 Jan 2022 to 31 Dec 2026
666	0.510	1 Jan 2023 to 31 Dec 2026
668	0.510	1 Jan 2024 to 31 Dec 2026
3,332	0.620	8 Aug 2022 to 7 Aug 2027
3,334	0.620	8 Aug 2023 to 7 Aug 2027
3,334	0.620	8 Aug 2024 to 7 Aug 2027
6,660	1.060	16 Nov 2022 to 15 Nov 2027
6,670	1.060	16 Nov 2023 to 15 Nov 2027
6,670	1.060	16 Nov 2024 to 15 Nov 2027
108,893		

31 December 2022

Number of options *('000)*	**Exercise price*** *(HK$ per share)*	**Exercise period**
15,276	0.456	1 Jan 2022 to 31 Dec 2026
16,942	0.456	1 Jan 2023 to 31 Dec 2026
16,976	0.456	1 Jan 2024 to 31 Dec 2026
5,996	1.060	16 Nov 2022 to 15 Nov 2027
6,002	1.060	16 Nov 2023 to 15 Nov 2027
6,002	1.060	16 Nov 2024 to 15 Nov 2027
6,997	0.660	23 Mar 2023 to 22 Mar 2028
6,997	0.660	23 Mar 2024 to 22 Mar 2028
7,006	0.660	23 Mar 2025 to 22 Mar 2028
2,666	0.390	17 Nov 2023 to 16 Nov 2028
2,666	0.390	17 Nov 2024 to 16 Nov 2028
2,668	0.390	17 Nov 2025 to 16 Nov 2028
96,194		

* *The exercise prices of the share options are subject to adjustment in the event of any capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of Bossini (other than issuance of Ordinary Shares as consideration in respect of a transaction)*

(d) Total nil and 4,608,000 share options granted were exercised during the year ended 31 December 2021 and 2022.

33. PERPETUAL CONVERTIBLE BONDS

The perpetual convertible bonds issued are as follows:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Perpetual convertible bonds	933,646	810,621	810,621

The perpetual convertible bonds were issued in 2013 in relation to the acquisition of approximately 25.2% equity interest of Li Ning Co, which had no maturity date, were not redeemable and the Group had no contractual obligation to deliver a variable number of its own equity instruments.

Perpetual convertible bonds with principal amount of HK$205,400,000 and HK$19,500,000 were converted into 632,000,000 and 60,000,000 Ordinary Shares during the years ended 31 December 2020 and 2021 respectively. There was no conversion of perpetual convertible bonds during the year ended 31 December 2022.

34. RESERVES

(i) The amounts of the Group's reserves and the movements therein for the current and prior year are presented in the consolidated statement of changes in equity.

(ii) The share option reserve represents the fair value of share options vested which are yet to be exercised, as further explained in the accounting policy of share-based payments in Note 2.3. The amount will either be transferred to the share premium account when the related share options are exercised, or transferred to retained profits/accumulated losses should the related share options lapse or be forfeited.

(iii) Pursuant to the relevant laws and regulations for wholly-owned enterprise, a portion of the profits of the Group's wholly-owned-subsidiary which is established in mainland China has been transferred to reserve funds which are restricted as to use.

(iv) The hedging reserve includes the cash flow hedge reserve, see Note 18 for details. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently either transferred to the initial cost of inventory or reclassified to profit or loss as appropriate.

(v) Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(vi) Reserve movement of the Company

	Share premium account	**Share option reserve**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2020	2,543,460	56,824	(2,444,136)	156,148
Profit for the year and total comprehensive income for the year	–	–	282,277	282,277
Shares issued upon conversion of perpetual convertible bonds	173,800	–	–	173,800
Equity-settled share option arrangements	–	5,862	–	5,862
Transfer of share option reserve upon the lapse of share options	–	(17,834)	17,834	–
Dividend paid	(298,505)	–	–	(298,505)
As at 31 December 2020 and 1 January 2021	2,418,755	44,852	(2,144,025)	319,582
Profit for the year and total comprehensive income for the year	–	–	1,385,824	1,385,824
Share issued upon exercise of share option	46,207	(17,002)	–	29,205
Shares issued upon conversion of perpetual convertible bonds	120,025	–	–	120,025
Equity-settled share option arrangements	–	33,922	–	33,922
Transfer of share option reserve upon the lapse of share options	–	(30,387)	30,387	–
Dividend paid	(1,504,119)	–	–	(1,504,119)
As at 31 December 2021 and 1 January 2022	1,080,868	31,385	(727,814)	384,439
Loss and total comprehensive loss for the period	–	–	(168,484)	(168,484)
Share issued upon exercise of share option	47,227	(10,541)	–	36,686
Equity-settled share option arrangements	–	17,743	–	17,743
Transfer of share option reserve upon the lapse of share options	–	(651)	651	–
As at 31 December 2022	**1,128,095**	**37,936**	**(895,647)**	**270,384**

35. NON-WHOLLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

LionRock Capital Partners QiLe Limited, a non-wholly owned subsidiary (51%), holds 51% equity interest of C&J Clark (No1) Limited ("Clark", together with its subsidiaries, the "Clark Group"). The details of non-controlling interest of Clark Group are set out below:

	2020	2021	2022
Percentage of equity interest held by non-controlling interests	N/A	N/A	74%

	2020 *HK$'000*	2021 *HK$'000*	2022 *HK$'000*
Profit allocated to non-controlling interest	N/A	N/A	91,756
Dividend paid to non-controlling interest	N/A	N/A	46,795
Accumulated balances of non-controlling interests at the reporting date	N/A	N/A	2,396,105

The following tables illustrate the summarised financial information of Clark Group. The amount disclosed are before any inter-company eliminations:

	2020 *HK$'000*	2021 *HK$'000*	2022 *HK$'000*
Revenue	N/A	N/A	5,390,187
Total costs and expenses	N/A	N/A	(5,057,481)
Profit after tax	N/A	N/A	124,009
Total comprehensive loss	N/A	N/A	(397,452)
Current assets	N/A	N/A	5,920,202
Non-current assets	N/A	N/A	3,584,576
Current liabilities	N/A	N/A	(3,604,069)
Non-current liabilities	N/A	N/A	(2,662,288)
Net cash flows from operating activities	N/A	N/A	490,614
Net cash flows used in investing activities	N/A	N/A	(164,591)
Net cash flow used in financing activities	N/A	N/A	(502,238)
Net decrease in cash and cash equivalents (including bank overdraft)	N/A	N/A	(176,215)

36. OPERATING LEASE ARRANGEMENT

As lessor

As at 31 December 2020, 2021 and 2022, the Group leased sports park facilities and investment property to independent third parties under operating lease arrangements, with each lease negotiated for a term of 1 to 10 years.

As at 31 December 2020, 2021 and 2022, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	11,394	7,821	6,494
In the second to fifth years, inclusive	6,389	11,305	12,544
Over five years	2,726	5,770	5,044
	20,509	24,896	24,082

37. COMMITMENTS FOR CAPITAL EXPENDITURE

As at 31 December 2020, 2021 and 2022, the Group had the following commitments for capital expenditure:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Contracted, but not provided for:			
Property, plant and equipment	10,026	101,944	81,733
Capital contribution/acquisition of joint ventures/associates	17,349	19,847	17,604
	27,375	121,791	99,337

38. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions detailed in revenue, other income and other gains – net, trade debtors and bills receivable and trade, bills and other payables disclosed in Notes 5, 21 and 25, the Group had the following material transactions with related parties in the ordinary course of business during the Track Record Period:

		For the year ended 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Marketing service income from associates	*(i)*	199,695	229,106	237,752
Purchases from an associate	*(ii)*	7,543	9,542	14,834
Sales of goods to an associate	*(iii)*	3,974	67,637	239,679
Office and car-park rental expense to associates	*(iv)*	1,947	2,889	9,978
Dividend received from associates	*(v)*	68,058	82,247	167,929
Consultancy and other service income from an associate	*(vi)*	586	2,618	1,013
Sales of goods to a non-controlling shareholder	*(vii)*	–	2,191	–
Consultancy fee paid to a non-controlling shareholder	*(viii)*	–	–	6,972
Purchase from a non-controlling shareholders	*(ix)*	–	–	42,360
Sales of goods to a joint venture	*(x)*	–	–	31,354

(i) Marketing service income from LN Group* and Double Happiness* in relation to some sports events and competitions and the endorsement of brand products of LN Group* and Double Happiness* managed by the Group received and receivable from LN Group* and Double Happiness*, was charged in accordance with the terms negotiated between the related parties.

(ii) Cost of purchases in relation to brand products of LN Group* paid and payable to LN Group*, was charged in accordance with the terms negotiated between the Group and LN Group*.

(iii) Sales of goods in relation to brand products of the Group received and receivable from LN Group*, was charged in accordance with the terms negotiated between the Group and LN Group*.

(iv) During the years ended 31 December 2020, 2021 and 2022, the Group leased certain offices and car-parking spaces from LN Group* and Double Happiness*. The lease rates were determined after negotiations between the related parties with reference to current prevailing market rate.

(v) The dividend received were made pursuant to the dividend rates proposed and declared by Li Ning Co* and Double Happiness*.

(vi) The consultancy and other service income was charged in accordance with the terms of an agreement entered into between the Group and an associate.

(vii) Sales of goods to a non-controlling shareholder of a subsidiary was charged in accordance with the terms negotiated between the Group and the non-controlling shareholder.

(viii) The consultancy fee was charged in accordance with the terms of an agreement entered into between the Group and the non-controlling shareholder.

(ix) Cost of purchase paid and payable were charged in accordance with the terms negotiated between the Group and the non-controlling shareholder.

(x) Sales of goods to a joint venture was charged in accordance with the terms negotiated between the Group and the joint venture.

* *Mr. Li Ning and Mr. Li Qilin, the nephew of Mr. Li Ning, are common directors of the Company, LN Group and Double Happiness.*

(a) Outstanding balances with related parties

Details of the Group's material balances with related parties as included in revenue, other income and other gains-net, trade debtors and bills receivable and trade, bills and other payables are disclosed in Notes 5, 21 and 25.

(b) Compensation of key management personnel of the Group

Details of directors' emoluments and highest paid individuals are included in Notes 8 and 9, respectively.

All related party transactions set out in this note did not fall within the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

39. BUSINESS COMBINATION AND DISPOSAL OF SUBSIDIARIES

(a) In July 2020, the Group acquired 1,093,091,098 shares of Bossini, representing approximately 66.6% of the entire issued share capital of Bossini as at 21 July 2020, for consideration of HK$46,620,000. Following completion, the Group made a mandatory unconditional cash offer for all the issued shares of Bossini and an offer to cancel all outstanding share options of Bossini. The Offers were closed on 14 August 2020 and additional 748,148 shares were acquired for consideration of HK$38,000. The Group holds approximately 66.5% of the total number of issues shares of Bossini immediately after the close of the Offers.

Bossini and its subsidiaries are principally engaged in the retail and distribution of casual wear garments.

Details of the purchase consideration, the net assets acquired and gain on bargain purchase are as follows:

	HK$'000
Purchase consideration	
Cash paid	46,658

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
	HK$'000
Cash and cash equivalents	170,753
Restricted bank balances	57
Investment properties	205,100
Property, plant and equipment	24,593
Right-of-use assets	153,089
Trademark	14,000
Inventories	219,960
Prepayment, deposits, trade and other receivables	184,975
Financial assets at fair value through profit or loss	546
Deferred tax assets	389
Trade payables, other payables and accruals	(173,021)
Borrowing	(54,829)
Lease liabilities	(273,064)
Financial liabilities at fair value through profit or loss	(7)
Deferred tax liabilities	(33,770)
Net identifiable assets acquired	438,771
Less: gain on bargain purchase	(245,300)
non-controlling interest	(146,813)
	46,658

The fair value of the acquired intangible assets, investment properties and inventories of HK$14,000,000, HK$205,100,000 and HK$219,960,000 respectively and deferred tax of HK$32,997,000 has been provided in relation to these fair value adjustments.

Gain on bargain purchase was mainly due to the fact that the sellers had the intention to exit from part of their investment in Bossini due to operational reasons.

(i) Acquisition-related costs

Acquisition-related costs of HK$6,548,000 are included in administrative expenses in profit or loss.

(ii) Acquired receivables

The fair value of trade and other receivables is HK$63,022,000 and includes trade receivables with a fair value of HK$42,129,000. The gross contractual amount for trade receivables due is HK$15,563,000 of which nil is expected to be uncollected.

(iii) Non-controlling interest

The Group has chosen to recognise the non-controlling interest at the proportion of net assets acquired shared by the non-controlling interest.

(iv) Revenue and profit contribution

The acquired business contributed revenues of HK$421,026,000 and net loss of HK$72,724,000 to the Group for the period from the acquisition date to 31 December 2020. If the acquisition had occurred on 1 January 2020, consolidated revenue and consolidated profit after tax for the year ended 31 December 2020 would have been HK$1,262,282,000 and HK$912,789,000 respectively.

(b) There was no business combination in the year ended 31 December 2021.

(c) On 16 March 2021, Viva China Yangzhou Community Development Holdings Limited (the "**Seller**"), a non-wholly owned subsidiary of the Company, entered into the share purchase agreement with Yangzhou City Huacheng Property Development Limited (the "**Buyer**"), pursuant to which the Seller agreed to sell and the Buyer agreed to acquire the entire issued share capital in Yangzhou Viva Property Development Limited (the "**Target Company**"), a non-wholly owned subsidiary of the Group, at a consideration of RMB313.69 million.

In March 2021, the Seller has transferred 90% issued share capital of Target Company to the Buyer in according to the terms of the Share Purchase Agreement. The Transaction had been completed after the transfer of remaining 10% issued share capital of Target Company to the Buyer in October 2021. For details, please refer to the announcements of the Company dated 16 March 2021.

Total cash consideration for the disposal was HK$375,801,000 (equivalent to RMB313,690,000), net assets disposed of were HK$319,722,000, exchange fluctuation reserve previous recognised to the consolidated statement of profit or loss of HK$3,212,000 was reclassified to the consolidated statement of profit or loss resulting in a gain of disposal HK$52,867,000. Net cash inflow arising on disposal of such was HK$364,186,000, net-off bank balances and cash disposal of HK$11,615,000.

(d) On 3 January 2022, the Group acquired 100% equity interest Viva China Premium Brands Limited (formerly known as Sitoy AT Holdings Company Limited, "VC Premium") at the consideration of HK$1 and the post-closing payment of EUR2,253,000 (equivalent to HK$19,894,000 as at the acquisition date). In addition, pursuant to the share purchase agreement, the inter-company loans due to Sitoy Group Holdings Limited amounted to RMB40,643,000 (equivalent to HK$48,770,000 as at the acquisition date) would be repaid by the Group as part of the consideration by January 2023. As at 31 December 2022, the Group paid the consideration of HK$1, EUR2,253,000 and RMB32,661,000. The remaining consideration of RMB7,982,000 were fully settled in January 2023. VC Premium became a wholly owned subsidiary of the Company and the financial results were consolidated into the financial results of the Group since January 2022.

VC Premium and its subsidiaries own a century-old Italian luxury leader label brand, Amedeo Testoni (formerly known as "a. testoni") and its diffusion line"í29" and are principally engaged in wholesale and retail of leatherware, fashion garments and apparel.

Details of the purchase consideration and the net assets acquired are as follows:

	HK$'000
Purchase consideration	
Cash paid	59,085
Consideration payable	9,579
Total consideration	68,664

	Fair value
	HK$'000
Cash and cash equivalents	23,366
Restricted bank balances	1,007
Trade and other receivables	20,343
Inventories	63,591
Financial assets at fair value through other comprehensive income	8,280
Prepayments	5,723
Property, plant and equipment	16,266
Right-of-use assets	11,567
Deferred tax assets	2,146
Trade payables and other payables	(14,781)
Accrual	(25,406)
Contract liabilities	(3,991)
Bank borrowings	(7,513)
Lease liabilities	(23,973)
Deferred tax liabilities	(1,139)
Net identifiable assets acquired	75,486
Less: non-controlling interest	(6,670)
gain on bargain purchase	(152)
	68,664

(i) Acquisition-related costs

Acquisition-related costs of HK$2,420,000 are included in administrative expenses in profit or loss.

(ii) Acquired receivables

The fair value of trade and other receivables is HK$20,343,000 and includes trade receivables with a fair value of HK$12,892,000. The gross contractual amount for trade receivables due is HK$13,881,000 of which HK$989,000 is expected to be uncollected.

(iii) Non-controlling interest

The Group has chosen to recognise the non-controlling interest at the proportion of net assets acquired shared by the non-controlling interest.

(iv) Revenue and profit contribution

The acquired business contributed revenues of HK$76,769,000 and net loss of HK$76,062,000 to the Group for the period from the acquisition date to 31 December 2022.

(e) On 2 July 2022, the Group acquired 51% equity interest LionRock Capital Partners QiLe Limited, which holds a majority interest in Clark Group. Total consideration was GBP56,831,000 (equivalent to HK$541,027,000), which equal to the principal of purchase shareholder's loan of GBP53,550,000 (equivalent to HK$509,796,000) and its respective interest of GBP3,281,000 (equivalent to HK$31,231,000) payable by LionRock before the acquisition. The principal and its respective interest were setting off against the subscription price payable, and the purchase shareholder's loan was deemed fully paid and satisfied in full and was termination upon the completion of the acquisition, and Clark Group became an indirect non-wholly owned subsidiary of the Company and the results were consolidated into the financial results of the Group since July 2022.

Clark is principally engaged in wholesaling and retailing of a shoes and trading in the brand name "Clarks". Clarks brand has a history of nearly two hundred years. Its main markets cover the UK, and the presence in the United States and the Greater China region.

Details of the purchase consideration, the net assets acquired and provisional gain on bargain purchase are as follows:

	HK$'000
Purchase consideration	
Non-cash payment – settled by purchase shareholder's loan	541,027

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
	HK$'000
Cash and cash equivalents	1,028,255
Trade and other receivables	856,197
Deposits	7,721
Inventories	3,432,662
Derivative financial assets	147,386
Prepayments	674,979
Property, plant and equipment	1,284,151
Intangible assets	381,990
Right-of-use assets	1,078,637
Defined benefit surplus	1,361,213
Deferred tax assets	2,612
Trade payables and other payables	(2,455,384)
Accruals	(490,324)
Contract liabilities	(48,815)
Other liabilities	(64,099)
Income tax payables	(74,880)
Bank borrowings	(579,987)
Lease liabilities	(1,404,092)
Derivative financial liabilities	(3,899)
Deferred tax liabilities	(168,017)
Defined benefit obligation	(61,572)
Provision	(197,432)
Net identifiable assets acquired	4,717,302
Less: non-controlling interest	(3,220,081)
provisional gain on bargain purchase	(956,194)
	541,027

(i) Acquisition-related costs

Acquisition-related costs of HK$21,228,000 are included in administrative expenses in profit or loss.

(ii) Acquired receivables

The fair value of trade and other receivables is HK$856,197,000 and includes trade receivables with a fair value of HK$799,043,000. The gross contractual amount for trade receivables due is HK$954,755,000 of which HK$155,712,000 is expected to be uncollected.

(iii) Non-controlling interest

The Group has chosen to recognise the non-controlling interest at the proportion of net assets acquired shared by the non-controlling interest.

(iv) Revenue and profit contribution

The acquired business contributed revenues of HK$5,390,187,000 and net profit of HK$170,579,000 to the Group for the period from the acquisition date to 31 December 2022. If the acquisition had occurred on 1 January 2022, consolidated revenue and consolidated profit after tax for the year ended 31 December 2022 would have been HK$10,505,615,000 and HK$654,280,000 respectively.

40. ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

(a) Assets of disposal group classified as held-for-sale

		As at 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Investment properties	*(b)*	–	184,730	–
Stock of properties	*(a)*	305,411	–	–
Other receivable	*(a)*	640	–	–
Total		306,051	184,730	–

(b) Liabilities of disposal group classified as held-for-sale

		As at 31 December		
		2020	**2021**	**2022**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	*(a)*	39	–	–

Notes:

(a) As at 31 December 2020, the assets and liabilities classified as held for sale was related to Yangzhou Viva Property Development Limited (the "**Target Company**"), a non-wholly owned subsidiary of the Group.

In the fourth quarter of 2020, the management of the Group decided to sell a parcel of vacant land adjacent to Yangzhou Li Ning Sports Park which was originally acquired for commercial and residential development of Yangzhou sports community. The Group had initiated a program to locate a buyer for selling the Target Company which held the vacant land. Therefore, the associated assets and liabilities were presented as held for sale in the financial statements as at 31 December 2020.

On 16 March 2021, Viva China Yangzhou Community Development Holdings Limited (the "**Seller**"), a non-wholly owned subsidiary of the Company, entered into the share purchase agreement with Yangzhou City Huacheng Property Development Limited (the "**Buyer**"), pursuant to which the Seller agreed to sell and the Buyer agreed to acquire the entire issued share capital in the Target Company at a consideration of RMB313.69 million.

In March 2021, the Seller has transferred 90% issued share capital of Target Company to the Buyer in according to the terms of the Share Purchase Agreement. The Transaction had been completed after the transfer of remaining 10% issued share capital of Target Company to the Buyer in October 2021.

For details, please refer to the announcements of the Company dated 16 March 2021.

Total cash consideration for the disposal was HK$375,801,000 (equivalent to RMB313,690,000), net assets disposed of were HK$319,722,000, exchange fluctuation reserve previous recognised to the consolidated statement of profit or loss of HK$3,212,000 was reclassified to the consolidated statement of profit or loss resulting in a gain of disposal HK$52,867,000. Net cash inflow arising on disposal of such was HK$364,186,000, net-off bank balances and cash disposal of HK$11,615,000.

(b) On 30 December 2021, Rapid City Limited ("**Rapid City**", a wholly owned subsidiary of Bossini), Shine Wealthy Limited ("**Shine Wealthy**", an independent purchaser) and Knight Frank Hong Kong Limited (the "**Agent**") entered into two provisional sale and purchase agreements (the "**Provisional Agreements**") for the sale and purchase of two properties held by Rapid City at the aggregate consideration of HK$184,729,500. Pursuant to the terms of the Provisional Agreements, Rapid City and Shine Wealthy entered into the formal agreements on 13 January 2022. The transaction was completed on 15 March 2022. Therefore, the associated assets were presented as held for sale in the financial statements as at 31 December 2021.

Details of the above were set out in Bossini's announcements dated 30 December 2021.

41. PARTICULARS OF SUBSIDIARIES

The following is a list of the principal subsidiaries:

	Place and date of incorporation/establishment and kind of legal entity	Principal activities and place of operation	Registered/issued capital	Percentage of attributable equity interest — As at 31 December 2020	2021	2022	As at the date of this report	*Notes*
Directly held:								
Viva China Development Limited	BVI/8 September 2010 limited liability company	Investment holding/Hong Kong	US$1& HK$2,079,000,000/ US$1& HK$2,079,000,000	100.00%	100.00%	100.00%	100.00%	*(2)*
Winner Rich Investment Limited	Hong Kong/8 July 2010 limited liability company	Investment holding/ Hong Kong	HK$1/ HK$1	100.00%	100.00%	100.00%	100.00%	*(3)*
Viva China Sports Holding Limited	Hong Kong/30 October 2009 limited liability company	Investment holding/Hong Kong	HK$520,000/ HK$520,000	100.00%	100.00%	100.00%	100.00%	*(3)*
Viva China Community Development Holdings Limited	BVI/12 November 2010 limited liability company	Investment holding/Hong Kong	US$1/ US$1	100.00%	100.00%	100.00%	100.00%	*(2)*
Indirectly held:								
Viva China Premier Properties Limited	BVI/17 June 2021 limited liability company	Investment holding/Hong Kong	US$1/ US$1	NA	100.00%	100.00%	100.00%	*(2)*
Viva China Consumables Limited	BVI/26 May 2011 limited liability company	Investment holding/Hong Kong	US$1/ US$1	100.00%	100.00%	100.00%	100.00%	*(2)*
Dragon Leap Development Limited	BVI/21 Jun 2018 limited liability company	Investment holding/Hong Kong	US$1/ US$1	80.00%	80.00%	80.00%	100.00%	*(2)*
珠海横琴昌運盛世貿易有限公司	PRC/19 August 2015 limited liability company	Investment holding/ PRC	RMB150,000,000/ RMB150,000,000	100.00%	100.00%	100.00%	100.00%	*(4)*
珠海横琴滿譽貿易有限公司	PRC/16 February 2017 limited liability company	Investment holding/ PRC	RMB100,000,000/ RMB38,000,000	100.00%	100.00%	100.00%	100.00%	*(4)*
珠海横琴非凡健源體育文化產業股權投資管理中心(有限合夥)	PRC/5 February 2016 limited liability company	Limited Partnership/ PRC	RMB125,000,000/ RMB125,000,000	100.00%	100.00%	100.00%	100.00%	*(4)*
深圳市非凡體育文化產業發展有限公司	PRC/29 September 2015 limited liability company	Retailing and distribution of garments/ PRC	RMB1,000,000/ RMB500,000	100.00%	100.00%	100.00%	100.00%	*(5)*
揚州非凡房地產開發有限公司	PRC/10 August 2015 limited liability company	Real estate development and sales/ PRC	RMB210,000,000/ RMB210,000,000	70.00%	NA	NA	NA	*(15)*
揚州非凡體育文化有限公司	PRC/17 March 2015 limited liability company	Sports park management and operation/PRC	RMB300,000/ RMB300,000	100.00%	100.00%	100.00%	100.00%	*(6)*
臨沂非凡體育管理有限公司	PRC/30 October 2017 limited liability company	Sports park management and operation/PRC	RMB1,000,000/ RMB1,000,000	100.00%	100.00%	100.00%	100.00%	*(7)*
天津市國達體育文化發展有限責任公司	PRC/9 November 2018 limited liability company	Sports park management and operation/PRC	RMB1,000,000/ RMB1,000,000	70.00%	100.00%	100.00%	100.00%	*(8)*
非凡領越體育發展(北京)有限公司	PRC/21 January 2010 limited liability company	Sports talent management,competition and event production and management,and sports-related marketing and consultancy service/PRC	RMB150,000,000/ RMB102,100,000	100.00%	100.00%	100.00%	100.00%	*(9)*
非凡城悅(上海)商業管理有限公司	PRC/2 August 2021 limited liability company	Property holding/PRC	2021: RMB207,000,000/ RMB207,000,000 2022: RMB258,100,000/ RMB258,100,000	NA	100%	100.00%	100%	*(2)*
上海內盛網絡科技有限公司	PRC/25 September 2013 limited liability company	Production and distribution of sports content, management and marketing of sports talents/PRC	RMB100,000/ RMB0	80.00%	99.00%	99.00%	99.00%	*(10)*
精英假日(北京)體育發展有限公司	PRC/27 February 2008 limited liability company	Operation of ice skating rinks/PRC	RMB14,312,160/ RMB14,312,160	100.00%	100.00%	100.00%	100.00%	*(2)*
精英假日(上海)滑冰俱樂部有限公司	PRC/18 November 2015 limited liability company	Operation of ice skating rinks/PRC	RMB5,000,000/ RMB5,000,000	100.00%	100.00%	100.00%	100.00%	*(2)*
天津市精英假日體育組織有限公司	PRC/9 March 2012 limited liability company	Operation of ice skating rinks/PRC	RMB5,000,000/ RMB5,000,000	100.00%	100.00%	100.00%	100.00%	*(2)*
來賓寧聚力鞋業有限公司	PRC/28 October 2020 limited liability company	Manufacturing of shoes/PRC	RMB45,000,000/ RMB35,000,000	70.00%	70.00%	70.00%	70.00%	*(11)*

	Place and date of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Registered/issued capital	Percentage of attributable equity interest				
				As at 31 December			As at the date of this report	*Notes*
				2020	2021	2022		
Active Link Limited	Hong Kong/27 March 2000 limited liability company	Retailing and distribution of garments/Hong Kong	HK$5,000,000/ HK$5,000,000	66.54%	70.65%	56.41%	56.41%	*(12)*
Bossini Clothing Limited	Hong Kong/29 May 1998 limited liability company	Retailing and distribution of garments/ Hong Kong	HK$2/ HK$2	66.54%	70.65%	56.41%	56.41%	*(12)*
Bossini Distribution Limited	Hong Kong/14 April 2005 limited liability company	Retailing and distribution of garments/Hong Kong	HK$1/ HK$1	66.54%	70.65%	56.41%	56.41%	*(12)*
Bossini Enterprises Limited	Hong Kong/5 November 1997 limited liability company	Retailing and distribution of garments/Hong Kong	HK$2/ HK$2	66.54%	70.65%	56.41%	56.41%	*(12)*
Bossini Onmay International Limited	Hong Kong/27 May 1998 limited liability company	Retailing and distribution of garments/Hong Kong	HK$2/ HK$2	66.54%	70.65%	56.41%	56.41%	*(12)*
Bossini Garment Limited	Hong Kong/29 May 1998 limited liability company	Distribution of garments/Hong Kong	HK$2/ HK$2	66.54%	70.65%	56.41%	56.41%	*(12)*
Bossini Investment Limited	BVI/31 August 1993 limited liability company	Investment holding/Hong Kong	US$11,928/US$11,928	66.54%	70.65%	56.41%	56.41%	*(2)*
Bossini International Holdings Limited	Bermuda/15 July 1993 limited liability company	Investment holding/Hong Kong	2020 & 2021: HK$164,383,000/ HK$164,383,000 2022: HK$247,035,809/ HK$247,035,809	66.54%	70.65%	56.41%	56.41%	*(2)*
Bossini Retail Limited	Hong Kong/15 December 1997 limited liability company	Retailing and distribution of garments/Hong Kong	HK$2/ HK$2	66.54%	70.65%	56.41%	56.41%	*(12)*
Bright Star Fashion Limited	Macau/18 January 2007 limited liability company	Retailing and distribution of garments/Macau	MOP$25,000/ MOP$25,000	66.54%	70.65%	56.41%	56.41%	*(2)*
Guangzhou Baoshilong Industry Co.,Ltd.(廣州市堡獅龍實業有限公司)	PRC/14 July 1993 limited liability company	Retailing and distribution of garments/PRC	RMB1,010,000/ RMB1,010,000	66.54%	70.65%	56.41%	56.41%	*(13)*
Guangzhou Fu Bao Long Trading Company Ltd.(廣州富葆龍貿易有限公司)	PRC/5 November 2010 limited liability company	Retailing and distribution of garments/PRC	RMB148,000,000/ RMB148,000,000	66.54%	70.65%	56.41%	56.41%	*(13)*
J & R Bossini Fashion Pte. Ltd.	Singapore/20 December 1986 limited liability company	Retailing and distribution of garments/Singapore	SG$2,000,000/ SG$2,000,000	66.54%	70.65%	56.41%	56.41%	*(14)*
Lead Commence Limited	Hong Kong/18 February 1998 limited liability company	Retailing and distribution of garments/Hong Kong	HK$2/ HK$2	66.54%	70.65%	56.41%	56.41%	*(12)*
Rapid City Limited	Hong Kong/27 May 1998 limited liability company	Property holding and letting/ Hong Kong	HK$2/ HK$2	66.54%	70.65%	56.41%	56.41%	*(12)*
Viva China Premium Brands Limited	Hong Kong/30 August 2018 limited liability company	Investment holding/Hong Kong	HK$1/HK$1	NA	NA	100.00%	100.00%	*(16)*
a. Testoni S.p.A.	Italy/21 February 1969 limited liability company	Sales of footwear and leather good/Italy	EUR5,018,542/ EUR5,018,542	NA	NA	100.00%	100.00%	*(16)*
a. Testoni Hong Kong Limited	Hong Kong/24 February 1984 limited liability company	Sales of footwear and leather good/Hong Kong	HK$1,000,000/ HK$1,000,000	NA	NA	100.00%	100.00%	*(16)*
A. Testoni Japan Co., Ltd.	Japan/14 February 1986 limited liability company	Sales of footwear and leather good/Japan	JPY50,000,000/ JPY50,000,000	NA	NA	100.00%	100.00%	*(2)*
a. Testoni Korea Co., Ltd.	Korea/25 August 1993 limited liability company	Sales of footwear and leather good/Korea	KWD142,860,000/ KWD142,860,000	NA	NA	100.00%	100.00%	*(2)*
LionRock Capital Partners QiLe Limited	BVI/14 September 2020 limited liability company	Investment holding/Hong Kong	GBP100,000,001/ GBP100,000,001	NA	NA	51.00%	100.00%	*(2)*
C&J Clark (No 1) Limited	UK/1 April 1997 limited liability company	Investment holding/UK	GBP100/ GBP100	NA	NA	26.01%	51.00%	*(17)*
C&J International Limited	UK/17 July 1915 limited liability company	Sales of footwear/UK	GBP18,028,202/ GBP18,028,202	NA	NA	26.01%	51.00%	*(17)*
C.&J. Clark Retail, Inc.	USA/7 December 1977 limited liability company	Sales of footwear/USA	US$3,000/ US$3,000	NA	NA	26.01%	51.00%	*(17)*

	Place and date of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Registered/ issued capital	Percentage of attributable equity interest				Notes
				As at 31 December			As at the date of this report	
				2020	2021	2022		
C. & J. Clark America, Inc.	USA/7 December 1997 limited liability company	Sales of footwear/USA	US$3,777/ US$3,777	NA	NA	26.01%	51.00%	
C & J Clark China Trading Company Limited	PRC/6 July 2004 limited liability company	Sales of footwear/PRC	US$200,000/ US$200,000	NA	NA	26.01%	51.00%	
C. & J. Clark Canada Limited	Canada/26 November 1979 limited liability company	Sales of footwear/Canada	CAD62,300/ CAD62,300	NA	NA	26.01%	51.00%	
Clarks Japan Company Limited	Japan/12 December 1983 limited liability company	Sales of footwear/Japan	JPY80,000,000/ JPY80,000,000	NA	NA	26.01%	51.00%	
Clarks Shoes Vertriebs GmbH	Germany/22 May 1978 limited liability company	Sales of footwear/Germany	EUR1,512,000/ EUR1,512,000	NA	NA	26.01%	51.00%	
C & J Clark Latin America, Inc	USA/15 January 2014 limited company	Sales of footwear/USA	US$1/ US$1	NA	NA	26.01%	51.00%	
C & J Clark (M) Sdn Bhd	Malaysia/19 December 2003 liability company	Sales of footwear/Malaysia	MYR500,000/ MYR500,000	NA	NA	26.01%	51.00%	
C & J Clark (S) Pte. Ltd	Singapore/19 December 2003 limited liability company	Sales of footwear/Singapore	SGD300,000/ SGD300,000	NA	NA	26.01%	51.00%	
Clarks Shoes Benelux BV	Netherlands/24 April 1980 limited liability company	Sales of footwear/Netherlands	EUR113,445/ EUR113,445	NA	NA	26.01%	51.00%	

Notes:

(1) All companies comprising the Group have adopted 31 December as their financial year end date.

(2) No statutory audited financial statements were issued for these companies as there is no statutory requirement in their respective places of incorporation.

(3) The statutory audited financial statements of these companies for the years ended 31 December 2020 and 2021 were audited by PricewaterhouseCoopers.

(4) The PRC statutory audited financial statements of these companies for the year ended 31 December 2020 were audited by RSM China (容誠會計師事務所(特殊普通合夥)). No statutory audited financial statements were issued for these companies for the year ended 31 December 2021 as there is no statutory requirement in their respective places of incorporation.

(5) The statutory audited financial statements of 深圳市非凡體育文化產業發展有限公司 for the years ended 31 December 2020 and 2021 were audited by Shenzhen Zhongrui Huazheng Certified Public Accountants (general Partnership) (深圳中瑞華正會計師事務所(普通合夥)).

(6) The statutory audited financial statements of these companies for the years ended 31 December 2020 and 2021 were audited by Yangzhou Depu Certified Public Accountants (General Partnership) (揚州德普會計師事務所(普通合夥)).

(7) The statutory audited financial statements of 臨沂非凡體育管理有限公司 for the years ended 31 December 2020 and 2021 were audited by Shandong Hongcheng Accounting Firm Co., Ltd. (山東鴻誠會計師事務所有限公司).

(8) The statutory audited financial statements of 天津市國達體育文化發展有限責任公司 for the years ended 31 December 2020 and 2021 were audited by Tianjin Lixin Accounting Co., Ltd. (天津立信會計師事務所有限公司).

(9) The statutory audited financial statements of 非凡領越體育發展(北京)有限公司 for the years ended 31 December 2020 and 2021 were audited by Jingzhou Accountant Affairs Office Co., Ltd. (京洲會計師事務所有限責任公司).

(10) The statutory audited financial statements of 上海內盛網絡科技有限公司 for the years ended 31 December 2020 and 2021 were audited by Shanghai Yongfan Certified Public Accountants (General Partnership) (上海永帆會計師事務所(普通合夥)).

(11) The statutory audited financial statements of 來賓寧聚力鞋業有限公司 for the year ended 31 December 2021 were audited by RSM China (容誠會計師事務所(特殊普通合夥)).

(12) The statutory audited financial statements of these companies for the years ended 30 June 2020 were audited by Ernst&Young. The statutory audited financial statements of these companies for the 18-month period ended 31 December 2021 were yet to be issued.

(13) The statutory audited financial statements of these companies for the years ended 31 December 2020 and 2021 were audited by BD14China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch.

(14) The statutory audited financial statements of J & R Bossini Fashion Pte. Ltd. for the years ended 30 June 2020 and the 18-month period ended 31 December 2021 were audited by Ecovis International.

(15) The statutory audited financial statements of 揚州非凡房地產開發有限公司 for the years ended 31 December 2020 were audited by 北京中天泰會計師事務所有限責任公司.

(16) The statutory audited financial statements of these companies for the years ended 30 June 2020 and 2021 were audited by Ernst & Young.

The statutory audit report of financial statements of these companies for the year ended 31 December 2022 has not been issued.

Apart from 珠海橫琴非凡健源體育文化產業股權投資管理中心(有限合夥) being registered as limited partnership, all the other principal subsidiaries of the Company are registered as limited liability companies.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

42. AMOUNTS DUE FROM/TO SUBSIDIARIES – THE COMPANY

Except for the non-current portion of an amount due to a subsidiary which the Company does not expect to repay within one year, balances with subsidiaries are unsecured, interest-free and repayment on demand.

43. INVESTMENTS IN SUBSIDIARIES – THE COMPANY

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Investments at cost			
Unlisted shares	1,376,837	1,376,837	1,376,837

Particulars of the Company's subsidiaries are set out in Note 41.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The Group does not have written risk management policies and guidelines. However, the board of directors of the Company meets periodically to analyse and formulate measures to manage the Group's exposure to market risk (including foreign currency risk, interest risk and other price risk), liquidity risk and credit risk. Generally, the Group employs a conservative strategy regarding its risk management. The Group enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the foreign currency risk arising from the Group's operations. The most significant financial risks to which the Group is exposed are discussed below.

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has interest-bearing assets and liabilities in relation to cash and cash equivalents and bank loans, details of which are disclosed in Notes 23 and 28, respectively, to the financial statements. The Group has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates risk for the Group's cash and cash equivalents and bank loans are considered minimal.

As at 31 December 2022, the Group has bank borrowing with floating rate of HK$302,478,000 (2021: Nil). If interest rate increase/decrease by 1%, the pretax result of the Group would be decreased/increased by HK$3,025,000 (2021: Nil).

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument (excluding investment in associates) will fluctuate because of changes in foreign exchange rates. The Group operates in the UK, USA, mainland China, Hong Kong, European and Asian countries. Most of the Group's sales are in GBP, US$, EUR, RMB and HK$. The Group invested into various bank deposits mainly denominated in GBP, US$, EUR, RMB and HK$.

The Group's exposure to foreign currency risk arising from monetary assets and liabilities denominated in a currency that is not the functional currency of the relevant group entities at the end of the reporting period, expressed in HK$, was mainly as follows:

	As at 31 December											
	2020				2021				2022			
	RMB	GBP	EUR	US$	RMB	GBP	EUR	US$	RMB	GBP	EUR	US$
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash and cash equivalents	73,478	269,484	–	–	104,193	15,794	–	–	5,259	859,816	23,373	401,786
Trade receivables	–	–	–	–	–	–	–	–	–	–	62,103	–
Financial assets at fair value through profit or loss	–	271,874	–	–	–	587,129	–	–	–	–	–	–
Trade payables	–	–	–	–	–	–	–	–	(25,881)	–	–	(990,043)

It is the Group's policy to enter into forward currency contracts to mitigate foreign currency risk arising from material transactions.

The Group uses foreign currency forwards to hedge its exposure to foreign currency risk. Under the group's policy, the critical terms of the forwards must align with the hedged items.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to foreign currency risk at year end date.

If RMB appreciates/depreciates against HK$ by 5%, the pre-tax results of the Group would be increased/decreased by approximately HK$6,287,000 and HK$5,210,000 for the years ended 31 December 2020 and 2021 respectively.

If RMB appreciates/depreciates against HK$ by 5%, the pre-tax results of the Group would be decreased/increased by approximately 1,087,000 for the years ended 31 December 2022.

If GBP appreciates/depreciates against HK$ by 5%, the pre-tax results of the Group would be increased/decreased by approximately HK$22,663,000, HK$29,674,000 and HK$42,991,000 for the years ended 31 December 2020, 2021 and 2022 respectively.

If EUR appreciates/depreciates against GBP by 5%, the pre-tax results of the Group would be increased/decreased by approximately nil, nil and HK$4,187,000 for the years ended 31 December 2020, 2021 and 2022 respectively.

If US$ appreciates/depreciates against GBP by 5%, the pre-tax results of the Group would be decreased/increased by approximately nil, nil and HK$26,181,000 for the years ended 31 December 2020, 2021 and 2022 respectively.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligations under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations. The carrying amounts of trade debtors and bills receivable, deposits and other receivable carried at amortised cost and cash and cash equivalents included in the face of the statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group generally has established long-term and stable relationships with its customers. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group generally allows credit period of one month extending up to six months to its major trade customers. The credit risk of other receivables arises from that borrowers fail to repay loans on time. The Group has assessed the historical payment pattern and credit status of each borrower and the value of the collaterals has been taken into account when calculating the allowances of expected credit loss. The Group's historical experience in collection of trade and other receivables falls within the recorded allowance and the directors are of the opinion that adequate allowance for credit loss for uncollectible receivables has been made in the consolidated financial statements.

The Group maintains its cash and cash equivalents with reputable banks in mainland China and Hong Kong, therefore the directors consider that the credit risk for such is minimal. The credit and investment policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

Impairment of financial assets

The Group applies the expected credit loss model to financial assets measured at cost, including trade debtors and bills receivable, deposits and other receivables and cash and cash equivalents.

Impairment on trade debtors and bills receivable is measured as the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, and deposit and other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering available, reasonable and supportive information.

Trade debtors and bills receivable, and deposit and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, default or delinquency in payments, and the failure of a debtor to engage in a repayment plan with the Group.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, no impairment loss was identified.

Trade debtors and bill receivables

To measure the expected credit losses, trade debtors and bills receivable have been grouped based on shared credit risk characteristics and the days past due.

	Current	**Less than 3 months past due**	**3 to 6 months past due**	**More than 6 months past due**	**Total**
31 December 2020					
Expected loss rate	0.2%	2.5%	33.3%	84.8%	16.5%
Gross carrying amount *(HK$'000)*	61,610	13,858	8,319	15,452	99,239
Loss allowance *(HK$'000)*	(132)	(340)	(2,770)	(13,110)	(16,352)
	61,478	13,518	5,549	2,342	82,887
31 December 2021					
Expected loss rate	0.2%	0.3%	15.4%	97.2%	6.5%
Gross carrying amount *(HK$'000)*	77,623	18,208	2,598	6,325	104,754
Loss allowance *(HK$'000)*	(158)	(53)	(400)	(6,147)	(6,758)
	77,465	18,155	2,198	178	97,996
31 December 2022					
Expected loss rate	0.1%	0.1%	2.5%	22.8%	1.2%
Gross carrying amount *(HK$'000)*	584,222	216,442	29,886	39,224	869,754
Loss allowance *(HK$'000)*	(449)	(134)	(759)	(8,934)	(10,276)
	583,773	216,288	29,127	30,290	859,478

The movement of loss allowances for trade debtors and bill receivables during the Track Record Period is as follows:

	For the year ended 31 December		
	2020	2021	2022
	HK$'000	*HK$'000*	*HK$'000*
At the beginning of the year	20,758	16,352	6,758
Net credit loss allowance (reversed)/recognised	(5,765)	(9,893)	4,116
Currency translation difference	1,359	299	(598)
At the end of the year	16,352	6,758	10,276

Deposits and other receivables

The management of the Group makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other receivables based on historical settlement records and past experiences looking forward. The Group measures credit risk using probability of default ("**PD**"), which is similar to the approach used for the purposes of measuring expected credit loss ("**ECL**") under HKFRS 9.

- Deposits and other receivables that are not credit-impaired on initial recognition are classified in 'Stage 1' and have their credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.

- If a significant increase in credit risk (specifically, when the debtor is more than 1 day past due on its contractual payments) since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The expected credit loss is measured on lifetime basis.

- If the financial instrument is credit-impaired (specifically, when the debtor is more than 90 days past due on its contractual payments), the financial instrument is then moved to 'Stage 3'. The expected credit loss is measured on lifetime basis.

In view of the history of cooperation with the debtors and collection from them, deposits and other receivables of approximately HK$118,983,000, HK$129,937,000 and HK$236,673,000 are classified in Stage 1 as at 31 December 2020, 2021 and 2022 respectively and the credit risk inherent in these other receivables is not significant. The average loss rate of 2%, 2% and 1% respectively was applied as at 31 December 2020, 2021 and 2022.

For the remaining deposits and other receivables of approximately HK$113,236,000, HK$93,735,000 and HK$92,550,000 as at 31 December 2020, 2021 and 2022 respectively, it was classified in Stage 3 and the loss allowance associated with these deposits and other receivables was approximately HK$93,505,000, HK$93,735,000 and HK$92,550,000 as at 31 December 2020, 2021 and 2022 respectively.

The movement of loss allowances for deposits and other receivables during the Track Record Period is as follows:

	For the year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
At the beginning of the year	88,166	94,836	96,013
Net credit loss allowance recognised	6,039	727	501
Currency translation difference	631	450	(1,193)
At the end of the year	94,836	96,013	95,321

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables, other payables and accruals and bank loans, also in respect of its cash flow management.

The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term. The Group manages its liquidity needs on a consolidated basis by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day to day business. Liquidity needs are monitored in various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 3 months projection. Long-term liquidity needs for a 180-day and 365-day lookout period are identified monthly. Net cash requirements are compared to available funds in order to determine headroom or any shortfalls. This analysis shows if available funds are expected to be sufficient over the lookout period. The Group maintains cash and short-term bank deposits to meet its liquidity requirements for 90 days to 365 days at a minimum. Funding for longer term liquidity needs is additionally secured by an adequate amount of borrowings and the ability to sell longer term financial assets. The Group's liquidity is mainly dependent upon the cash received from its trade customers.

The directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future. The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

Apart from the non-current bank loan disclosed in Notes 28 for the financial statements, the maturity profile of the Group's major financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is within one year or on demand and the contractual undiscounted payments approximate to their carrying amounts.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular, its cash resources and other liquid assets that readily generate cash. The Group's existing cash resources and other liquid assets significantly exceed the cash outflow requirements.

As at 31 December 2020, 2021 and 2022, the Group has bank facilities of HK$1,256,000,000, HK$205,890,000 and HK$2,614,763,000 of which nil, HK$193,138,000 and HK$1,828,321,000 remained unutilised at 31 December 2020, 2021 and 2022 respectively.

The following table shows the remaining contractual maturities at the end of the year, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rate) and the earliest date the Group can be required to pay:

	As at 31 December 2020					
	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities						
Trade payables	112,493	–	–	–	112,493	112,493
Other payables and accruals	240,947	–	–	–	240,947	240,947
Bank borrowings	36,951	1,292,951	–	–	1,329,902	1,256,000
Lease liabilities	155,922	82,277	96,428	205,273	539,900	408,788
Derivative financial liabilities						
Forward currency contract	456	–	–	–	456	456

	As at 31 December 2021					
	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities						
Trade payables	233,478	–	–	–	233,478	233,478
Bills payables	11,693	–	–	–	11,693	11,693
Other payables and accruals	322,222	–	–	–	322,222	322,222
Lease liabilities	169,900	135,007	206,922	197,259	709,088	486,319

	2022					
	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total contractual cash flows	Carrying amount at 31 December
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities						
Trade payables	2,090,720	–	–	–	2,090,720	2,090,720
Bills payables	14,812	–	–	–	14,812	14,812
Other payables and accruals	1,043,589	–	–	–	1,043,589	1,043,589
Bank borrowings	82,958	26,980	355,646	–	465,584	344,130
Lease liabilities	631,503	466,886	703,079	401,804	2,203,272	1,957,299
Financial guarantee contract to a joint venture	94,293	–	–	–	94,293	94,293
Derivative financial liabilities						
Derivative financial instruments – forward exchange contract cash flow hedges – Net settled (foreign currency forwards – cash flow hedges)	25,226	11,469	–	–	36,695	36,695
Derivative financial instruments – forward exchange contract not qualified for hedge accounting – Net settled (foreign currency forwards – not qualified for hedge accounting)	3,219	–	–	–	3,219	3,219

Fair value risk and disclosures

At 31 December 2020, 2021 and 2022, the Group held certain derivative financial instruments and loans and interest receivables which are carried in the financial statements at fair value, as further detailed in Notes 16, 17 and 18.

(I) Fair value hierarchy

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 31 December 2020, 2021 and 2022:

	Level 1 *HK\$'000*	**Level 2** *HK\$'000*	**Level 3** *HK\$'000*	**Total** *HK\$'000*
Financial assets at fair value through profit or loss				
As at 31 December 2020				
– Forward currency contracts	–	1,464	–	1,464
– Loan and interest receivable	–	–	271,874	271,874
Total	–	1,464	271,874	273,338
As at 31 December 2021				
– Loan and interest receivable	–	–	587,129	587,129
Total	–	–	587,129	587,129
As at 31 December 2022	–	–	–	–
Financial liabilities at fair value through profit or loss				
As at 31 December 2020				
– Forward currency contracts	–	456	–	456
Total	–	456	–	456
As at 31 December 2021 and 2022	–	–	–	–
Derivative financial assets				
As at 31 December 2020 and 2021	–	–	–	–
As at 31 December 2022				
– Forward currency contracts	–	91,987	–	91,987
Total	–	91,987	–	91,987
Derivative financial liabilities				
As at 31 December 2020 and 2021	–	–	–	–
As at 31 December 2022				
– Forward currency contracts	–	39,914	–	39,914
Total	–	39,914	–	39,914
Financial assets at fair value through other comprehensive income				
As at 31 December 2020 and 2021	–	–	–	–
As at 31 December 2022				
– Government bonds	7,959	–	–	7,959
Total	7,959	–	–	7,959

There were no transfers among different categories during the years ended 31 December 2020, 2021 and 2022.

Investments measured at fair value through other comprehensive income are mainly investments in government bonds, where the contractual cash flows are solely principal and interest. The fair values of such debt securities were determined based on market price. None of these investments are past due.

The Group analyses the financial instruments carried at fair value, by valuation method. Different levels are defined as follow:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(II) Fair value measurements using significant unobservable inputs (Level 3)

The fair value assessment methods and related key assumptions and judgements adopted by the Group's management are income approach (specifically, discounted cash flow method), which uses valuation techniques to convert future amount (specifically, cash flows based on the expected rate of return) to a present value.

Description	Fair value as at 31 December 2020	Fair value as at 31 December 2021	Fair value as at 31 December 2022	Valuation technique	Significant unobservable inputs	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	Range of inputs Relationship of unobservable inputs to fair value
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*					
Loan and interest receivable	271,874	587,129	–	Discounted cash flow	Discount rate	4.0%	4.0%	N/A	The higher the discount rate, the lower the fair value. A change in the discount rate by 10% does not have a significant impact on the fair value.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group actively and regularly reviews and manages its capital structure to ensure optimal structure and shareholder returns, taking into consideration the future capital requirements of the Group, prevailing and projected capital expenditure, projected strategic investment opportunities and economic conditions.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020, 2021 and 2022.

The Group regards total equity plus total debt (including bank borrowings and lease liabilities) of the company presented on the face of the consolidated statement of financial position as capital, for capital management purpose. The amount of capital as at 31 December 2020, 2021 and 2022 amounted to approximately HK$6,196,090,000, HK$8,240,761,000 and HK$13,299,657,000 respectively, which the management considers as optimal having considered the projected capital expenditures and the forecast strategic investment opportunities.

45. FINANCIAL INSTRUMENTS BY CATEGORY

Other than financial asset/liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income as disclosed in Notes 16, 17 and 18 to the financial statements, all financial assets and liabilities previously measured at amortised cost which meet the conditions for classification at amortised cost under HKFRS 9, respectively.

46. GUARANTEES AND CONTINGENT LIABILITIES

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Guarantee related to arrangement with land lords, HMRC and insurance cover	–	–	54,461
Bank guarantee given in lieu of utility and property rental deposits	5,359	1,047	8,855
Total	5,359	1,047	63,316

47. DIVIDEND

	For the year ended 31 December		
	2020	2021	2022
	HK$'000	*HK$'000*	*HK$'000*
Special dividend of HK$0.0265 and HK$0.133 per share during the years ended 31 December 2020 and 2021 respectively	298,505	1,504,119	–

The Directors do not recommend the payment of any final dividend in respect of the Track Record Period.

48. SUBSEQUENT EVENTS

(a) On 17 November 2022, Viva China Consumables Limited and the LionRock Capital GP Limited entered into a sale and purchase agreement in relation to the acquisition of the remaining 49% interest in the LionRock Capital Partners QiLe Limited (the "**Clark SPA**"). Pursuant to the Clark SPA, Viva China Consumables Limited agreed to acquire 490 shares of the LionRock Capital Partners QiLe Limited at the consideration of GBP110,000,000.

Following the shareholders' approval of the Clark SPA at the extraordinary general meeting of the Company on 18 January 2023, the acquisition was completed in late January 2023 and the SPV become a wholly owned subsidiary of the Company.

Further details of the above were set out in the Company's announcement dated 17 November 2022 and 30 January 2023 and the circular dated 30 December 2022.

(b) Proposed rights issue by a non-wholly owned subsidiary

On 24 February 2023, Bossini International Holdings Limited ("**Bossini**"), a non-wholly owned subsidiary of the Company with its shares listed on the Main Board of the Stock Exchange (stock code: 592), proposed to implement a rights issue on the basis of one (1) rights share for every two (2) existing shares held on the record date at the subscription price of HK$0.370 per rights share, to raise up to (i) approximately HK$465 million before expenses by way of issuing up to 1,257,784,545 rights shares (assuming no change in the number of shares in issue on or before the record date other than the full exercise of the vested share options); or (ii) approximately HK$457 million before expenses by way of issuing up to 1,235,179,045 rights shares (assuming no change in the number of shares in issue on or before the record date).

Details of the above were set out in Bossini's announcement dated 24 February 2023.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2022 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2022.