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SYMPHONY  
**SYMPHONY HOLDINGS LIMITED**

**新豐集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 01223)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Symphony Holdings Limited (the “**Company**”) announce the unaudited interim condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**” or “**Symphony Group**”) for the six months ended 30 June 2023 (the “**Period**”) together with the comparative figures for the six months ended 30 June 2022 (the “**Corresponding Period**”), which have been reviewed by the independent auditor and the audit committee of the Company.

\* For identification purpose only

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
		<b>HKD'000</b>	<b>HKD'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Continuing operations</b>			
Revenue	5	<b>153,225</b>	135,383
Cost of sales		<b>(10,153)</b>	(11,011)
Gross profit		<b>143,072</b>	124,372
Other income and gains	6	<b>15,262</b>	161,392
Distribution and selling expenses		<b>(37,977)</b>	(40,989)
Administrative expenses		<b>(74,988)</b>	(80,634)
Depreciation and amortisation expenses		<b>(46,683)</b>	(49,150)
Finance costs	7	<b>(49,242)</b>	(34,148)
Other expenses		<b>(2,152)</b>	(2,475)
Reversal of impairment loss on amount due from an associate		–	244
(Provision)/reversal of impairment loss on financial assets		<b>(187)</b>	964
Decrease in fair value of investment properties		<b>(25,890)</b>	(2,084)
Share of results of joint ventures		<b>(2,807)</b>	(3,230)
Share of results of associates		<b>(83)</b>	136
Fair value loss on financial assets at fair value through profit or loss		<b>(11,584)</b>	(84,839)
Loss before income tax expense	8	<b>(93,259)</b>	(10,441)
Income tax credit/(expense)	9	<b>2,193</b>	(2,501)
Loss for the period from continuing operations		<b>(91,066)</b>	(12,942)
<b>Discontinued operation</b>			
Profit for the period from discontinued operation	8(b)	–	3,757
Loss for the period		<b>(91,066)</b>	(9,185)

		<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
<i>Notes</i>		<b>HKD'000</b>	<b>HKD'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company			
	– From continuing operations	(87,573)	(7,159)
	– From discontinued operation	–	4,114
		<u>(87,573)</u>	<u>(3,045)</u>
Non-controlling interests			
	– From continuing operations	(3,493)	(5,783)
	– From discontinued operation	–	(357)
		<u>(3,493)</u>	<u>(6,140)</u>
Loss for the period		<u><b>(91,066)</b></u>	<u><b>(9,185)</b></u>
<b>Loss per share for loss from continuing and discontinued operations:</b>			
	Basic and diluted	11 <u><b>HK(2.94 cents)</b></u>	<u>HK(0.10 cent)</u>
<b>Loss per share for loss from continuing operations:</b>			
	Basic and diluted	11 <u><b>HK(2.94 cents)</b></u>	<u>HK(0.24 cent)</u>
<b>Earnings per share for profit from discontinued operation:</b>			
	Basic and diluted	11 <u><b>N/A</b></u>	<u>HK0.14 cent</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HKD'000</b>	<b>HKD'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss for the period	<u>(91,066)</u>	<u>(9,185)</u>
<b>Other comprehensive income for the period, net of tax</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Fair value changes arising on revaluation of properties	<b>17,436</b>	(556)
Deferred tax (charge)/credit arising on revaluation of properties	<u>(5,595)</u>	<u>610</u>
	<u><b>11,841</b></u>	<u>54</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Share of other comprehensive income of joint ventures	<b>(1,678)</b>	(1,765)
Share of other comprehensive income of an associate	<b>(11)</b>	–
Exchange differences arising on translation of foreign operations	<b>(114,969)</b>	(141,040)
Release of translation reserve upon disposal of a subsidiary	<u>–</u>	<u>(67)</u>
	<u><b>(116,658)</b></u>	<u>(142,872)</u>
Other comprehensive income for the period, net of tax	<u><b>(104,817)</b></u>	<u>(142,818)</u>
Total comprehensive income for the period	<u><b>(195,883)</b></u>	<u>(152,003)</u>
<b>Total comprehensive income for the period attributable to:</b>		
– Owners of the Company	<b>(191,756)</b>	(144,664)
– Non-controlling interests	<u>(4,127)</u>	<u>(7,339)</u>
	<u><b>(195,883)</b></u>	<u>(152,003)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	<i>Notes</i>	30.06.2023 <b>HKD'000</b> (Unaudited)	31.12.2022 <b>HKD'000</b> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		1,842,755	1,945,912
Investment properties		1,191,569	1,241,285
Right-of-use assets		426,820	454,420
Intangible assets		112,594	113,597
Interests in joint ventures		70,601	75,086
Interests in associates		6,608	6,702
Goodwill		141,401	141,401
Deferred tax assets		16,356	17,166
Club debenture		1,876	1,876
Restricted bank deposits		43,782	55,816
Statutory deposits for financial services business		200	200
		3,854,562	4,053,461
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		47,389	48,694
Trade and other receivables	12	254,683	252,294
Amounts due from joint ventures		39,156	39,170
Amount due from an associate		432	–
Advances to customers in margin financing	13	164,372	177,161
Loans receivable	14	70,791	56,247
Financial assets at fair value through profit or loss		112,700	127,294
Restricted bank deposits		19,635	3,390
Bank balances and cash – held on behalf of customers		20,123	20,745
Bank balances and cash		69,876	98,131
		799,157	823,126
Asset classified as held for sale		242,000	261,500
		1,041,157	1,084,626
<b>Total current assets</b>			

	<i>Note</i>	<b>30.06.2023</b> <b>HKD'000</b> <b>(Unaudited)</b>	31.12.2022 <i>HKD'000</i> <i>(Audited)</i>
<b>Current liabilities</b>			
Trade and other payables	15	265,258	266,772
Amount due to a joint venture		239	534
Amount due to a related party		108	113
Amount due to a director		34,597	21,989
Lease liabilities		17,551	11,484
Bank borrowings		611,758	549,790
Dividend payable		14,871	–
Tax payable		29,461	30,133
		<u>973,843</u>	<u>880,815</u>
Total current liabilities			
		<u>67,314</u>	<u>203,811</u>
Net current assets			
		<u>3,921,876</u>	<u>4,257,272</u>
Total assets less current liabilities			
<b>Non-current liabilities</b>			
Lease liabilities		170,067	178,666
Bank borrowings		783,618	894,255
Deferred tax liabilities		333,351	338,757
		<u>1,287,036</u>	<u>1,411,678</u>
Total non-current liabilities			
		<u>2,634,840</u>	<u>2,845,594</u>
<b>NET ASSETS</b>			
<b>Equity</b>			
Share capital		297,422	297,422
Reserves		2,321,013	2,527,640
		<u>2,618,435</u>	<u>2,825,062</u>
Total equity attributable to owners of the Company			
Non-controlling interests		16,405	20,532
		<u>2,634,840</u>	<u>2,845,594</u>
<b>TOTAL EQUITY</b>			

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

## 1. GENERAL INFORMATION

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

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

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

## 2. BASIS OF PREPARATION

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

The interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements (the “**2022 Annual Financial Statements**”), except for those that relate to a new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) effective for the first time for the annual periods beginning on or after 1 January 2023 and expect to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in Note 3 to the interim condensed consolidated financial statements.

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

The interim condensed consolidated financial statements are presented in Hong Kong Dollars (“**HKD**”), unless otherwise stated. The interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes to the interim condensed consolidated financial statements. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 Annual Financial Statements. The interim condensed consolidated financial statements and notes thereon do not include all of the information required for a complete set of financial statements prepared in accordance with the HKFRSs and should be read in conjunction with the 2022 Annual Financial Statements.

### 3. CHANGES IN ACCOUNTING POLICIES

#### Adoption of a new and amendments to HKFRSs – effective 1 January 2023

The Group has adopted the following new and amendments to HKFRSs, which included Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA relevant to the Group’s accounting policies and business operations adopted for the first time prepared and presented on the Group’s interim condensed consolidated financial statements for the annual periods beginning on or after 1 January 2023:

HKFRS 17	Insurance Contracts and the related Amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International tax reform – Pillar Two Model Rules

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

#### *Amendments to HKAS 8 “Definition of Accounting Estimates”*

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

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

#### *Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”*

In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

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

#### *Amendments to HKAS 12 “International Tax Reform – Pillar Two Model Rules”*

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD) (income tax arising from such tax laws is hereafter referred to as “**Pillar Two income taxes**”), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosures requirements about such tax, including the estimated exposure to Pillar Two income tax.



The recognition exception and disclosure about such exception are effective immediately upon issuance of the amendments. The other disclosure requirements are applicable to the annual periods beginning on or after 1 January 2023, but those disclosures are not required in interim reports for periods ending on or before 31 December 2023.

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

#### ***HKFRS 17 “Insurance Contracts”***

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4 “Insurance Contracts”. The standard outlines a “General Model”, which is modified for insurance contracts with direct participation features, described as the “Variable Fee Approach”. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The new standard has no impact on the interim condensed consolidated financial statements of the Group.

#### **Amendments to HKFRSs that have been issued but are not yet effective**

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

Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “ <b>2020 Amendments</b> ”) <sup>1, 3</sup>
Amendments to HKAS 1	Non-current liabilities with Covenants (the “ <b>2022 Amendments</b> ”) <sup>1</sup>

<sup>1</sup> Effective for the annual period beginning on or after 1 January 2024

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

<sup>3</sup> As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion.

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

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

In preparing the interim condensed consolidated financial statements, significant judgements made by the Group’s management in applying the Group’s accounting policies and key sources of estimation uncertainty, which have significant risks of causing material adjustments to the carrying amounts of assets and liabilities presented in the condensed consolidated statement of financial position, are the same as those that were applied and disclosed in the 2022 Annual Financial Statements.

## 5. SEGMENT INFORMATION

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

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

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

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

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

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

*For the six months ended 30 June 2023 (Unaudited)*

	Continuing operations				Consolidated HKD'000
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Inter- segment elimination HKD'000	
Revenue from external customers	27,183	116,198	9,844	–	153,225
Inter-segment revenue*	14	1,841	–	(1,855)	–
Reportable segment revenue	<u>27,197</u>	<u>118,039</u>	<u>9,844</u>	<u>(1,855)</u>	<u>153,225</u>
Reportable segment loss	<u>(12,925)</u>	<u>(29,721)</u>	<u>(9,584)</u>	<u>–</u>	<u>(52,230)</u>
<b>Reconciliation:</b>					
Interest income					3,835
Central administrative expenses					(41,974)
Share of results of joint ventures					(2,807)
Share of results of associates					<u>(83)</u>
Loss before income tax expense					<u><u>(93,259)</u></u>

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

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

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

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

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

*For the six months ended 30 June 2023 (Unaudited)*

*Revenue from contracts with customers within the scope of HKFRS 15*

	Continuing operations			Consolidated HKD'000
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	
<b>Primary geographical markets:</b>				
The PRC	3,788	85,086	–	88,874
Hong Kong (Place of domicile)	9,974	18	1,394	11,386
United Kingdom	2,391	–	–	2,391
United States of America	3,971	–	–	3,971
Other Asian countries ( <i>Note</i> )	7,059	–	–	7,059
Total	<u>27,183</u>	<u>85,104</u>	<u>1,394</u>	<u>113,681</u>
<b>Major products and services:</b>				
Sales of goods	25,598	18	–	25,616
Commission income from concessionaire sales	–	84,841	–	84,841
Royalty income	1,577	–	–	1,577
Securities brokerage commission	–	–	598	598
Financial consultancy income	–	–	796	796
Other services income	8	245	–	253
Total	<u>27,183</u>	<u>85,104</u>	<u>1,394</u>	<u>113,681</u>
<b>Timing of revenue recognition:</b>				
At a point in time	25,598	18	598	26,214
Transferred over time	1,585	85,086	796	87,467
Total	<u>27,183</u>	<u>85,104</u>	<u>1,394</u>	<u>113,681</u>

Revenue from other sources not within the scope of HKFRS 15

	Continuing operations			Consolidated HKD'000
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	
<b>Primary geographical markets:</b>				
The PRC	–	27,478	–	27,478
Hong Kong (Place of domicile)	–	3,616	8,450	12,066
Total	–	31,094	8,450	39,544
<b>Major products and services:</b>				
Rental income	–	31,094	–	31,094
Interest income	–	–	8,450	8,450
Total	–	31,094	8,450	39,544

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

*Revenue from contracts with customers within the scope of HKFRS 15*

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

Revenue from other sources not within the scope of HKFRS 15

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

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

**(C) Segment assets**

The following table provides an analysis of the reportable segment assets of different reportable segments recognised as at 30 June 2023 and 31 December 2022:

	<b>30.06.2023</b> <i>HKD'000</i> <b>(Unaudited)</b>	31.12.2022 <i>HKD'000</i> <b>(Audited)</b>
Branding	<b>284,910</b>	276,120
Retailing	<b>3,672,156</b>	3,860,713
Financial services	<b>428,330</b>	442,417
	<hr/>	<hr/>
Total reportable segment assets	<b>4,385,396</b>	4,579,250
Unallocated	<b>268,323</b>	297,337
Asset classified as held for sale	<b>242,000</b>	261,500
	<hr/>	<hr/>
Consolidated total assets	<b>4,895,719</b>	5,138,087

**(D) Segment liabilities**

The following table provides an analysis of the reportable segment liabilities of different reportable segments recognised as at 30 June 2023 and 31 December 2022:

	<b>30.06.2023</b> <i>HKD'000</i> <b>(Unaudited)</b>	31.12.2022 <i>HKD'000</i> <b>(Audited)</b>
Branding	<b>42,543</b>	37,693
Retailing	<b>388,405</b>	390,112
Financial services	<b>21,913</b>	29,103
	<hr/>	<hr/>
Total reportable segment liabilities	<b>452,861</b>	456,908
Unallocated	<b>1,808,018</b>	1,835,585
	<hr/>	<hr/>
Consolidated total liabilities	<b>2,260,879</b>	2,292,493



## 6. OTHER INCOME AND GAINS

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<i>HKD'000</i>	<i>HKD'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Continuing operations</b>		
Gain on disposal of intangible assets ( <i>Note</i> )	–	145,055
Interest income	<b>3,835</b>	1,173
Government grants	<b>3,101</b>	6,463
Reimbursement income of operating outlet malls	<b>6,412</b>	6,666
Others	<b>1,914</b>	2,035
	<b>15,262</b>	161,392
<b>Discontinued operation</b>		
Interest income	–	14
Government grants	–	155
Others	–	39
	–	208

*Note:* On 6 May 2022, the Group sold the intangible assets held by the Group related to the “PONY” trademark. The total consideration for the disposal was HKD218,400,000 (equivalent to approximately USD28,000,000) and the gain of disposal of approximately HKD145,055,000 was recognised in profit or loss.

## 7. FINANCE COSTS

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<i>HKD'000</i>	<i>HKD'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Continuing operations</b>		
Interest expenses on bank borrowings	<b>42,711</b>	27,185
Interest expenses on bank overdrafts	<b>1</b>	2
Interest expenses on lease liabilities	<b>6,530</b>	6,961
	<b>49,242</b>	34,148
<b>Discontinued operation</b>		
Interest expenses on loan from non-controlling interests	–	7

## 8. LOSS BEFORE INCOME TAX EXPENSE

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HKD'000</b>	<b>HKD'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Continuing operations</b>		
Depreciation of property, plant and equipment	38,554	40,253
Loss on revaluation of property, plant and equipment	1,949	–
Depreciation of right-of-use assets	7,126	7,894
Amortisation of intangible assets	1,003	1,003
Provision/(reversal) of allowance of inventories	1,773	(5,368)
Write off of fixed assets	105	2
Cost of inventories recognised as expenses	10,153	11,011
Bad debts written off	–	235
Foreign exchange loss	2,634	1,028
Short-term leases expenses	1,655	2,648
Directors' emoluments	3,300	3,142
Employees' costs (excluding Directors' emoluments)	33,950	36,135
Interest income	(3,835)	(1,173)
Fair value loss on financial assets at fair value through profit or loss	11,584	84,839
Gain on disposal of intangible assets	–	(145,055)
Loss on disposal on interests in joint ventures	–	1,907
Reimbursement income of operating outlet malls	(6,412)	(6,666)
	<b>_____</b>	<b>_____</b>
<b>Discontinued operation</b>		
Depreciation of property, plant and equipment	–	452
Provision of allowance of inventories	–	231
Write off of obsolete inventories	–	850
Cost of inventories recognised as expenses	–	31,165
Gain on disposal of a subsidiary	–	(380)
Short-term leases expenses	–	3,093
Employees' costs (excluding Directors' emoluments)	–	5,534
Interest income	–	(14)
	<b>_____</b>	<b>_____</b>

**(b) Discontinued operation**

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

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

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

	<i>Notes</i>	<b>From 1 January to 27 June 2022 HKD’000 (Audited)</b>
<b>Discontinued operation</b>		
Revenue		58,784
Cost of sales		<u>(31,165)</u>
Gross profit		27,619
Other income and gains	6	208
Distribution and selling expenses		(23,155)
Administrative expenses		(2,094)
Depreciation expenses		(452)
Finance costs	7	<u>(7)</u>
Profit before income tax expense from discontinued operation	8	2,119
Income tax credit	9	<u>1,258</u>
Profit after tax		3,377
Gain on disposal of a subsidiary	8(c)	<u>380</u>
Profit for the period from discontinued operation		<u><u>3,757</u></u>
<b>Profit for the period attributable to:</b>		
Owners of the Company		4,114
Non-controlling interests		<u>(357)</u>
		<u><u>3,757</u></u>
Operating cash flows		2,749
Investing cash flows		(357)
Financing cash flows		<u>(3,690)</u>
		<u><u>(1,298)</u></u>

\* For identification purpose only

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

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

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

## 9. INCOME TAX (CREDIT)/EXPENSE

	Continuing operations		Discontinued operation		Total	
	2023	2022	2023	2022	2023	2022
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Current tax:</b>						
Hong Kong						
– Profits Tax						
– Provision for the period	679	39	-	-	679	39
– Under/(over) provision in respect of prior periods	50	(201)	-	-	50	(201)
	<u>729</u>	<u>(162)</u>	<u>-</u>	<u>-</u>	<u>729</u>	<u>(162)</u>
The PRC and other jurisdictions						
– PRC Enterprise Income Tax						
– Provision for the period	1,279	1,840	-	-	1,279	1,840
– Over provision in respect of prior periods	-	-	-	(1,258)	-	(1,258)
	<u>1,279</u>	<u>1,840</u>	<u>-</u>	<u>(1,258)</u>	<u>1,279</u>	<u>582</u>
<b>Foreign tax:</b>						
– Under provision in respect of prior periods	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>-</u>
<b>Deferred tax:</b>						
Hong Kong and the PRC						
– Profits Tax and PRC Enterprise Income Tax						
– (Reversal)/provision for the period	(4,207)	823	-	-	(4,207)	823
	<u>(4,207)</u>	<u>823</u>	<u>-</u>	<u>-</u>	<u>(4,207)</u>	<u>823</u>
Income tax (credit)/expense	<u>(2,193)</u>	<u>2,501</u>	<u>-</u>	<u>(1,258)</u>	<u>(2,193)</u>	<u>1,243</u>

### Hong Kong Profits Tax

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

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

## **PRC Enterprise Income Tax**

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

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

## **Foreign tax**

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

## **10. DIVIDENDS**

For the six months ended 30 June 2023 and 2022, the Board does not recommend the payment of an interim dividend to the shareholders of the Company (the “**Shareholders**”).

The final dividend of HKD0.005 (six months ended 30 June 2022: HKD0.005) per ordinary share of the Company in respect of the financial year ended 31 December 2022 (six months ended 30 June 2022: 31 December 2021), in total of approximately HKD14,871,000 (six months ended 30 June 2022: HKD14,871,000), was declared and approved by the Shareholders at the annual general meeting of the Company held on 23 June 2023 (six months ended 30 June 2022: 24 June 2022) and was subsequently paid in July 2023 (six months ended 30 June 2022: July 2022).

## 11. (LOSS)/EARNINGS PER SHARE

### From continuing and discontinued operations

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

	Six months ended 30 June	
	2023	2022
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
<b>Loss:</b>		
Loss for the period attributable to owners of the Company	<u>(87,573)</u>	<u>(3,045)</u>
	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share ('000)	<u>2,974,225</u>	<u>2,974,225</u>
	<i>HK cents</i>	<i>HK cent</i>
<b>Loss per share:</b>		
Basic and diluted	<u>(2.94)</u>	<u>(0.10)</u>

The Company did not have any dilutive potential ordinary shares for the six months ended 30 June 2023 and 2022. Accordingly, the diluted (loss)/earnings per share from continuing and discontinued operations are the same as the basic (loss)/earnings per share from continuing and discontinued operations.

### From continuing operations

	Six months ended 30 June	
	2023	2022
	HKD'000	HKD'000
	(Unaudited)	(Unaudited)
<b>Loss:</b>		
Loss for the period attributable to owners of the Company	<u>(87,573)</u>	<u>(7,159)</u>

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share ('000)	<u><b>2,974,225</b></u>	<u>2,974,225</u>
	<i>HK cents</i>	<i>HK cent</i>

<b>Loss per share:</b>		
Basic and diluted	<u><b>(2.94)</b></u>	<u>(0.24)</u>

**From discontinued operation**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<i>HKD'000</i>	<i>HKD'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit:</b>		
Profit for the period attributable to owners of the Company	<u><b>–</b></u>	<u>4,114</u>

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted earnings per share ('000)	<u><b>2,974,225</b></u>	<u>2,974,225</u>
	<i>HK cent</i>	<i>HK cent</i>

<b>Earnings per share:</b>		
Basic and diluted	<u><b>N/A</b></u>	<u>0.14</u>



## 12. TRADE AND OTHER RECEIVABLES

	<b>30.06.2023</b> <i>HKD'000</i> <b>(Unaudited)</b>	31.12.2022 <i>HKD'000</i> (Audited)
<b>Trade receivables arising from:</b>		
– Other than financial services segment	<b>29,652</b>	32,036
– Financial services segment	<b>8,728</b>	8,708
	<hr/>	<hr/>
Total gross carrying amount	<b>38,380</b>	40,744
Less: Loss allowance	<b>(894)</b>	(1,034)
	<hr/>	<hr/>
Total net carrying amount after loss allowance	<b>37,486</b>	39,710
	<hr/>	<hr/>
<b>Prepayments, deposits and other receivables:</b>		
Total gross carrying amount	<b>221,942</b>	217,325
Less: Loss allowance	<b>(4,745)</b>	(4,741)
	<hr/>	<hr/>
Total net carrying amount after loss allowance	<b>217,197</b>	212,584
	<hr/>	<hr/>
Total trade and other receivables	<b>254,683</b>	252,294
	<hr/> <hr/>	<hr/> <hr/>

*Note:* As at 30 June 2023, the other receivables consist of the consideration receivables of approximately HKD89,458,000 (31 December 2022: HKD89,001,000) in relation to the disposal of intangible assets.

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

	<b>30.06.2023</b> <i>HKD'000</i> <b>(Unaudited)</b>	31.12.2022 <i>HKD'000</i> (Audited)
0 to 30 days	<b>15,090</b>	19,583
31 to 60 days	<b>4,724</b>	3,254
61 to 90 days	<b>2,634</b>	1,579
Over 90 days	<b>15,038</b>	15,294
	<hr/>	<hr/>
	<b>37,486</b>	39,710
	<hr/> <hr/>	<hr/> <hr/>

### 13. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	30.06.2023 <i>HKD'000</i> (Unaudited)	31.12.2022 <i>HKD'000</i> (Audited)
Directors and their associates	27,078	25,946
Other margin clients	<u>137,294</u>	<u>151,215</u>
	<u><u>164,372</u></u>	<u><u>177,161</u></u>

As at 30 June 2023 and 31 December 2022, the carrying amount of advances to customers in margin financing arising from the margin financing business in Hong Kong was secured by listed equity securities, carried at average interest rates from Hong Kong Dollar Prime Rate (“**Prime Rate**”) to Prime Rate plus 3% per annum and repayable on demand.

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

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

### 14. LOANS RECEIVABLE

	30.06.2023 <i>HKD'000</i> (Unaudited)	31.12.2022 <i>HKD'000</i> (Audited)
<b>Secured:</b>		
Total gross carrying amount	72,830	58,324
Less: Loss allowance	<u>(2,039)</u>	<u>(2,077)</u>
	<u><u>70,791</u></u>	<u><u>56,247</u></u>

As at 30 June 2023 and 31 December 2022, the carrying amount of loans receivable arising from the money lending business in Hong Kong was secured by mortgages over the borrowers’ properties and listed equity securities in Hong Kong, carried at interest rates from 5% to 18% (31 December 2022: 12% to 18%) per annum and repayable within one year from the dates of advances to the borrowers or on demand.

Loans receivable with aggregate gross carrying amount of approximately HKD27,728,000 (31 December 2022: HKD13,211,000) was classified as stage 1 due to limited exposure of credit risk and there is no significant increase in credit risk since initial recognition and not credit-impaired at the end of reporting period. Therefore, the reversal of loss allowance was limited to 12-month expected credit loss (“**ECL**”) calculation of approximately HKD38,000 (six months ended 30 June 2022: HKD38,000) was recognised in profit or loss for the period.

Loans receivable with aggregate gross carrying amount of approximately HKD45,102,000 (31 December 2022: HKD45,113,000) was classified as stage 3 due to significant increase in credit risk since initial recognition and credit-impaired at the end of reporting period. The loss allowance that subject to the lifetime ECL calculation was considered to be immaterial to be recognised for both current and prior periods.

## 15. TRADE AND OTHER PAYABLES

	<b>30.06.2023</b> <i>HKD'000</i> <b>(Unaudited)</b>	31.12.2022 <i>HKD'000</i> (Audited)
<b>Trade payables arising from:</b>		
– Other than financial services segment	<b>126,034</b>	118,540
– Financial services segment	<b>20,360</b>	27,682
	<hr/>	<hr/>
Total trade payables	<b>146,394</b>	146,222
	<hr/>	<hr/>
Accruals, receipts in advance, temporary receipts and other payables	<b>118,864</b>	120,550
	<hr/>	<hr/>
Total trade and other payables	<b>265,258</b>	266,772
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>30.06.2023</b> <i>HKD'000</i> <b>(Unaudited)</b>	31.12.2022 <i>HKD'000</i> (Audited)
0 to 30 days	<b>94,832</b>	74,016
31 to 60 days	<b>6,879</b>	35,496
61 to 90 days	<b>881</b>	4,233
Over 90 days	<b>23,442</b>	4,795
	<hr/>	<hr/>
	<b>126,034</b>	118,540
	<hr/> <hr/>	<hr/> <hr/>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In the first half of 2023, as China fully lifted its travel restrictions, its economic activities gradually recovered. However, weak consumer confidence and inadequate demand posed significant challenges to the economic recovery. Nevertheless, Symphony Group responded to these challenges with a proactive and flexible approach, enhancing its business resilience.

Despite the challenging business environment, the Group's revenue for the first half of the year recorded a double-digit growth compared to the same period last year, mainly benefiting from the increase in the revenue of domestic retail business. The Group strategically operated "Park Outlets", its retail business, on the model of "Outlets + Community Malls" across China at its early stage. Located in Xiamen, Shenyang and Anyang, the retail outlets offer both international and local brand mixes, integrating shopping, entertainment and leisure activities into one. In the first half of this year, the overall brand mixes were fully upgraded and optimised, with some of the brands opting to open their first outlets in China at Park Outlets. In January, sales at Xiamen's Park Outlets hit a record high for a single month, showing an impressive performance. The results of online promotion and traffic attraction were significant, with a more than 50% year-on-year substantial increase in WeChat fan count and over 30% growth in membership compared to the same period of the previous year. During the period, the outlets made good use of resources to improve their infrastructure and carried out various equipment upgrade projects to create a more pleasant shopping environment. In terms of promotion, the outlets hosted various large-scale events, including stage plays, bazaars and brand collaborations, successfully attracting new visitors. The community malls, which are located in Tianjin and Chongqing municipalities with excellent geographical advantages, have catered to the day-to-day consumption needs and services for residents. In the first half of the year, the community malls introduced more educational merchants such as bookstores and sports centres to diversify the merchant mix. "Park Outlets" have been developed in the domestic retail market for over a decade with an unwavering commitment to optimising the shopping experience for merchants and visitors and consolidating its strengths to strive for business growth.

The Group acquired SKINS, the world's first compression sportswear brand, at its early stage, and formed a joint venture with ITOCHU Corporation ("ITOCHU"), one of the largest general trading companies in Japan, to jointly operate SKINS. Due to the intense competition in the compression wear market, combined with high operating costs, the brand's business environment has been challenging. In spite of the above, the Group has remained committed to optimising the business model, adapting to the market environment, and boosting business development.

The Group has operated the global footwear brand PONY for years, consistently striving for the maximum value for the brand. Last year, the Group successfully sold the trademark of PONY outside Asia Pacific to Iconix International Inc. (“**Iconix**”), a US-based brand operator, and set up a joint venture with Iconix to run PONY in the Asia Pacific region (except Mainland China and Taiwan). Over the past few years, the Group has brought satisfactory revenue to the business by selling trademarks in different regions, reflecting its operational effectiveness. This year, with the consent of both parties, the joint venture for PONY in Asia Pacific will be fully managed by Iconix in advance. The Group firmly believes that this move will further benefit the brand in accelerating its global development while allowing the Group to focus on the development of other businesses.

The Group’s financial business remained stable in the first half of the year. In the face of factors such as weak market transactions, interest rate hikes and a slowdown in the launch of IPOs, the capital market environment has grown increasingly intricate compared to the past. In response to these challenges, the Group has always been prepared for risk management and continuous operation enhancement in an effort to sustain healthy and positive business development.

## **FINANCIAL REVIEW**

### **Overview of interim results**

For the Period, the Group’s overall revenue increased by 13.2% to approximately HKD153.2 million (Corresponding Period: approximately HKD135.4 million). The Group recorded an unaudited consolidated loss attributable to owners of the Company of approximately HKD87.6 million for the Period, representing a decrease of approximately 2,820.0% or approximately HKD84.6 million as compared with an unaudited consolidated loss attributable to owners of the Company of approximately HKD3.0 million for the Corresponding Period.

### **Segment information**

#### ***Branding***

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

Revenue for the Period amounted to approximately HKD27.2 million (Corresponding Period: approximately HKD21.9 million), representing an increase of approximately 24.2%. Reportable segment loss for the Period amounted to approximately HKD12.9 million (Corresponding Period: reportable segment profit of approximately HKD121.2 million). The decrease in reportable segment profit was mainly due to the absence of an one-off gain on disposal of “PONY” Business which was included in other income and gains for the Corresponding Period.

## ***Retailing***

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

Revenue for the Period amounted to approximately HKD116.2 million (Corresponding Period: approximately HKD101.2 million), representing an increase of approximately 14.8%). Reportable segment loss for the Period amounted to approximately HKD29.7 million (Corresponding Period: reportable segment loss of approximately HKD26.4 million).

## ***Financial services***

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

Revenue for the Period amounted to approximately HKD9.8 million (Corresponding Period: approximately HKD12.3 million), representing a decrease of approximately 20.3%. Reportable segment loss for the Period amounted to approximately HKD9.6 million (Corresponding Period: reportable segment profit of approximately HKD5.9 million). The decrease in reportable segment profit was mainly due to the loss in fair value during the Period.

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

Cost of sales comprised of the cost of goods sold. The cost of sales decreased from approximately HKD11.0 million for the Corresponding Period to approximately HKD10.2 million for the Period, representing a decrease of approximately 7.3%.

Gross profit for the Period amounted to approximately HKD143.1 million, representing an increase of approximately HKD18.7 million or approximately 15.0% as compared with approximately HKD124.4 million for the Corresponding Period.

The Gross profit margin for the Period was approximately 93.4% (Corresponding Period: approximately 91.9%).

## **Other income and gains**

Other income and gains mainly comprised of the reimbursement income of outlet malls. Other income and gains decreased from approximately HKD161.4 million for the Corresponding Period to approximately HKD15.3 million for the Period, representing a decrease of approximately 90.5%. The decrease was mainly due to the absence of a gain on disposal of intangible assets which was recorded in the Corresponding Period.

### **Distribution and selling expenses**

Distribution and selling expenses mainly comprised of the advertising and promotion expenses and salaries costs. Distribution and selling expenses decreased from approximately HKD41.0 million for the Corresponding Period to approximately HKD38.0 million for the Period, representing a decrease of approximately 7.3%.

### **Administrative expenses**

Administrative expenses mainly comprised of employees' costs, professional fees and utility expenses. Administrative expenses decreased from approximately HKD80.6 million for the Corresponding Period to approximately HKD75.0 million for the Period, representing a decrease of approximately 7.0%.

### **Finance costs**

Finance costs mainly comprised of bank loan interest. Finance costs increased from approximately HKD34.1 million for the Corresponding Period to approximately HKD49.2 million for the Period, representing an increase of approximately 44.3%. The increase was primarily due to the increase of interest rate during the Period.

### **Fair value of investment properties**

Decrease in fair value of investment properties for the Period amounted to approximately HKD25.9 million, representing an increase of approximately HKD23.8 million as compared with a decrease in fair value of investment properties amounted to approximately HKD2.1 million for the Corresponding Period.

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

Fair value loss on financial assets at fair value through profit or loss for the Period amounted to approximately HKD11.6 million, representing a decrease of approximately HKD73.2 million as compared with the fair value loss on financial assets at fair value through profit or loss amounted to approximately HKD84.8 million for the Corresponding Period. The decrease in loss was mainly due to more stable in stock market during the Period.

### **Income tax credit/(expense)**

Income tax credit for the Period amounted to approximately HKD2.2 million, representing a decrease of approximately HKD4.7 million as compared with income tax expense for approximately HKD2.5 million for the Corresponding Period. The decrease was mainly due to the decrease in the provision of Hong Kong profits tax during the Period.

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

The Group reported loss attributable to owners of the Company of approximately HKD87.6 million for the Period as compared with loss attributable to owners of the Company of approximately HKD3.0 million for the Corresponding Period. It was mainly due to the absence of an one-off gain on disposal of “PONY” Business which was recorded in the Corresponding Period.

## **MARKET INFORMATION**

During the Period, revenue from the PRC, Hong Kong and other Asian countries comprised of approximately 94.4% (Corresponding Period: approximately 96.1%) of the total revenue and the remaining 5.6% (Corresponding Period: approximately 3.9%) shared between the United Kingdom, the United States and other countries.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2023, the Group had bank and cash amounted to approximately HKD69.9 million (31 December 2022: approximately HKD98.1 million). The Group was offered banking facilities amounted to approximately HKD1,395.4 million (31 December 2022: approximately HKD1,473.6 million).

As at 30 June 2023, the Group’s bank borrowing amounted to approximately HKD1,395.4 million (31 December 2022: approximately HKD1,444.0 million). The Group had variable interest-rate bank borrowings carried at interest rates from approximately 1.84% to 7.88% (Corresponding Period: approximately 2.15% to 6.8%) per annum. The Group’s gearing ratio, expressed as a percentage of the total liabilities to the total assets, was approximately 46.2% (31 December 2022: approximately 44.6%). Approximately HKD611.8 million (31 December 2022: approximately HKD549.8 million) must be repaid within one year, while the remaining balance must be repaid from two to nineteen years.

As at 30 June 2023, the Group’s current assets and current liabilities were approximately HKD1,041.1 million (31 December 2022: approximately HKD1,084.6 million) and HKD973.8 million (31 December 2022: approximately HKD880.8 million) respectively. Accordingly, the Group’s current ratio, expressed as the ratio of the current assets to current liabilities was approximately 1.07 as at 30 June 2023 (31 December 2022: approximately 1.23).



## **PLEDGE OF ASSETS**

As at 30 June 2023, the Group had pledged certain of its leasehold land and buildings, outlet mall buildings, investment properties, right-of-use assets, asset classified as held for sale and restricted bank deposits, with the respective carrying amounts of approximately HKD257.0 million, HKD1,509.8 million, HKD1,266.0 million, HKD426.7 million, HKD242.0 million and HKD30.8 million (31 December 2022: approximately HKD277.2 million, HKD1,573.7 million, HKD825.5 million, HKD454.3 million, HKD261.5 million and HKD42.8 million); shares of certain of the Company's subsidiaries; corporate guarantees provided by the Company and certain of its subsidiaries and a related party; and personal guarantee provided by a director of the Group, to secure the banking facilities offered to the Group.

## **CAPITAL COMMITMENTS**

As at 30 June 2023, the Group's capital commitment was approximately HKD46.8 million in respect of the construction costs of outlet mall buildings in northern zone located in Shenyang of the PRC and construction costs of brewery located in Japan (31 December 2022: approximately HKD39.4 million).

Save as disclosed above, the Group had no other material capital commitments as at 30 June 2023.

## **CAPITAL EXPENDITURES**

Capital expenditures mainly including purchases of property, plant and equipment, construction costs of outlet malls located in Shenyang and Xiamen of the PRC and construction costs of brewery located in Japan were approximately HKD18.2 million for the Period (Corresponding Period: approximately HKD46.4 million).

## **CONTINGENT LIABILITIES**

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

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2023, the Group's total number of employees was 301 (30 June 2022: 347). Employees' costs (excluding Directors' emoluments) amounted to approximately HKD34.0 million (Corresponding Period: approximately HKD36.1 million).

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

## **SHARE OPTION SCHEME**

The Company has adopted a share option scheme for the purpose of, among others, providing incentive and rewards to eligible persons with outstanding performance and contributions to the Group.

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

## **TREASURY POLICY**

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

## **EVENTS AFTER THE REPORTING PERIOD**

On 5 July 2023, the Company entered into a share sale and purchase agreement (the "**Agreement**") with Luxembourg Pony Holdings S.à r.l ("**Luxembourg Pony**") (a company incorporated in Luxembourg with limited liability and is a wholly-owned subsidiary of Iconix International, Inc.) in relation to the 50% equity interest in Wisdom Class International Limited ("**Wisdom Class**") (a joint venture company incorporated in the British Virgin Islands with limited liability, and is owned as to 50% by the Company and 50% by Luxembourg Pony), pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the 50% equity interest in Wisdom Class. All conditions had been fulfilled and completion of the transfer of ownership of the 50% equity interest in Wisdom Class had taken place on 5 July 2023.

Save as disclosed in this announcement, there was no significant event affecting the Group that had occurred after 30 June 2023 and up to date of this announcement.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the Period (Corresponding Period: Nil).

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

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

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

The Group had no material acquisitions, disposals, significant investments and future plans of material investment during the Period.

## **FUTURE PROSPECTS**

Looking ahead, as the macro-economic environment is still subject to several uncertainties, such as the debt and financing issues of China's Real Estate industry, as well as the weakening Renminbi, consumers will remain conservative in their attitude. The Group firmly believes that the positive fundamentals of the market remain unchanged in the long run under the government's support. In the future, the Group will focus on improving operational efficiency while strengthening the core competitiveness of its retail and brand businesses. In terms of retail business, the Group will strengthen its collaborations with external partners to attract more young, emerging brands to join. In terms of branding, it will focus on key market development to deepen the market's understanding of compression wear. In the face of favourable conditions of the economic recovery, the Group will constantly consolidate its strengths, capture opportunities and pursue sustainable business growth.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the Period except for the following deviation:

Under code provision C.2.1 of the CG Code, the roles of the Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. Mr. Cheng Tun Nei ("**Mr. Cheng**") currently serves as both the Chairman and Chief Executive Officer of the Company. In view of the evolving business environment in which the Group operates, the Board is of the view that vesting the roles of both the Chairman and Chief Executive Officer of the Company on Mr. Cheng will provide the Group with strong and consistent leadership while enabling more effective and timely business planning and decision-making process.

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

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

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

## **REVIEW OF INTERIM RESULTS**

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

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.symphonyholdings.com](http://www.symphonyholdings.com). The unaudited interim report for the Period containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and will be made available on the above websites on or before 30 September 2023.

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

Hong Kong, 31 August 2023

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

*Executive Directors:*

Mr. Cheng Tun Nei  
*(Chairman and Chief Executive Officer)*  
Mr. Chan Kar Lee Gary  
Mr. Lee Cheung Ming

*Independent non-executive Directors:*

Mr. Shum Pui Kay  
Mr. Wah Wang Kei Jackie  
Mr. Chow Yu Chun Alexander