



SYMPHONY

新豐集團有限公司

SYMPHONY HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 01223



2024 INTERIM REPORT
SYMPHONY





Contents

Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	5
Other Information	9
Condensed Consolidated Statement of Profit or Loss	13
Condensed Consolidated Statement of Comprehensive Income	14
Condensed Consolidated Statement of Financial Position	15
Condensed Consolidated Statement of Changes in Equity	17
Condensed Consolidated Statement of Cash Flows	19
Notes to the Interim Condensed Consolidated Financial Statements	21

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Mr. Chan Kar Lee Gary

Mr. Lee Cheung Ming

Independent Non-executive Directors

Mr. Shum Pui Kay

Mr. Wah Wang Kei Jackie

Mr. Chow Yu Chun Alexander

BOARD COMMITTEES

Audit Committee

Mr. Chow Yu Chun Alexander (*Chairman*)

Mr. Shum Pui Kay

Mr. Wah Wang Kei Jackie

Remuneration Committee

Mr. Wah Wang Kei Jackie (*Chairman*)

Mr. Shum Pui Kay

Mr. Chow Yu Chun Alexander

Nomination Committee

Mr. Cheng Tun Nei (*Chairman*)

Mr. Shum Pui Kay

Mr. Wah Wang Kei Jackie

COMPANY SECRETARY

Mr. Tam Sik Wai

AUDITOR

BDO Limited

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

10/F., Island Place Tower

510 King's Road

North Point

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HONG KONG SHARE REGISTRAR

Tricor Tengis Limited

17/F., Far East Finance Centre

16 Harcourt Road

Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited

The Bank of East Asia, Limited

First Commercial Bank Limited

Bank of China (Hong Kong) Limited

WEBSITE

www.symphonyholdings.com

STOCK CODE

1223

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Symphony Holdings Limited (the "**Company**"), I hereby present the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**Symphony Group**") for the six months ended 30 June 2024 (the "**Period**") together with comparative figures for the corresponding period in 2023 (the "**Corresponding Period**").

During the first half of 2024, mainland China's economy was generally stable and domestic demand promoted the growth of consumption power. However, high interest rates and turbulent geopolitical situations had made the overall business environment inconceivably challenging. Presented with this unfamiliar landscape, Symphony Group has adopted a down-to-earth attitude to pursue progress while ensuring stability and continuously improved its competitiveness in the complex and ever-changing market environment.

The Group is operating "Park Outlets" outlets and community malls in different regions of mainland China. Located in Xiamen, Shenyang and Anyang, the outlets offer luxury fashion, outdoor and sports brands, blending shopping and entertainment into one place. In the first half of the year, Xiamen Outlet recorded double-digit growth year on year, and set a new monthly performance record. Shenyang Outlet achieved satisfying performance and even received the honour of being ranked among the top 50 outlets in China. Results of online promotion and Big Data operation were remarkable, with the number of WeChat fans and online membership cards both achieved double-digit growth year-on-year; the corporate WeChat group was officially launched in June, providing purchase agency, event traffic directing and other services to promote customer interaction and second-time visits to the outlets. "Park Outlets" in Tianjin and Chongqing provide residents with daily necessities. During the Period, performance of our community malls was stable, with merchants mainly in the catering and service industries bringing stable footfalls. The "Children's Playground" in Chongqing community mall completed an upgrade project at the beginning of the year, upon which it is now providing a new and more diversified playground experience and has become a popular spot in the area.

The Group's branding business covers different fields. It currently operates the world's first compression sportswear brand "SKINS", health care business Supremium Bio-Technology Limited ("**SBT**") and Japanese wine brand "Hakuryu". "SKINS" is jointly operated by a joint venture, which was formed by the Group and Itochu Corporation, one of Japan's largest conglomerates. During the Period, "SKINS" carried out a number of optimizations, including launching new forms of promotions, and developing a network of partnership in various regions etc. Faced with intensifying competition in the compression sportswear market, the Group will flexibly adjust its business strategies in response to market conditions to ensure long-term development of the brand.

As for SBT, which focuses on the local health care market, it is mainly engaged in the R&D, production and distribution of health care products. Its sales network covers 700 pharmacies and duty-free shops in Hong Kong. During the first half of the year, tourist arrivals to Hong Kong increased by more than 60% year-on-year, driving SBT's business to achieve considerable growth. At the same time, SBT has been deepening its sales network, including establishing a partnership with Hong Kong's century-old ginseng, antler and seafood brands, entering the leading e-commerce platforms in the Mainland and exploring business in Southeast Asia. The Group invested in Japan's 200-year-old Yoshida Brewery Limited in early years. The brand has been actively using exhibitions to increase exposure, strengthen social media promotion and expand cooperation networks to seize market opportunities for Japanese wine.

Chairman's Statement

The Group has been operating financial business in Hong Kong for a number of years now, mainly providing margin financing, underwriting and sales, consulting services and lending. In recent years, operating environment of Hong Kong's capital market has been rough due to the continued high-interest rate environment and weak fund-raising activities. In spite of the harsh reality, the Group's financial business has remained healthy and stable through good risk management and with a solid foundation.

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

Cheng Tun Nei

Chairman

Hong Kong, 29 August 2024

Management Discussion and Analysis

FINANCIAL REVIEW

Overview of interim results

For the Period, the Group's overall revenue decreased by approximately 1.9% to approximately HKD150.3 million (Corresponding Period: approximately HKD153.2 million). The Group recorded an unaudited consolidated loss attributable to owners of the Company of approximately HKD28.4 million for the Period as compared with an unaudited consolidated loss attributable to owners of the Company of approximately HKD87.6 million for the Corresponding Period.

Segment information

Branding

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

Revenue for the Period amounted to approximately HKD23.2 million (Corresponding Period: approximately HKD27.2 million), representing a decrease of approximately 14.5%. The segment gross profit margin decreased from approximately 62.7% for the Corresponding Period to approximately 57.7% for the Period. Reportable segment loss for the Period amounted to approximately HKD0.8 million (Corresponding Period: reportable segment loss of approximately HKD12.9 million).

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 long-term leases and for the purpose of either earning rental income or capital appreciation.

Revenue for the Period amounted to approximately HKD118.2 million (Corresponding Period: approximately HKD116.2 million), representing an increase of approximately 1.7%. Reportable segment profit for the Period amounted to approximately HKD13.4 million (Corresponding Period: reportable segment loss of approximately HKD29.7 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 HKD8.9 million (Corresponding Period: approximately HKD9.8 million), representing a decrease of approximately 9.4%. Reportable segment loss for the Period amounted to approximately HKD0.4 million (Corresponding Period: reportable segment loss of approximately HKD9.6 million).

Cost of sales and gross profit

Cost of sales comprised of the cost of goods sold. The cost of sales decreased from approximately HKD10.2 million for the Corresponding Period to approximately HKD9.8 million for the Period, representing a decrease of approximately 3.3%.

Gross profit for the Period amounted to approximately HKD140.5 million, representing a decrease of approximately HKD2.6 million or approximately 1.8% as compared with approximately HKD143.1 million for the Corresponding Period.

Other income and gains

Other income and gains mainly comprised of the reimbursement income of outlet malls and government grants. Other income and gains increased from approximately HKD15.3 million for the Corresponding Period to approximately HKD25.0 million for the Period, representing an increase of approximately 63.9%.

Management Discussion and Analysis

Distribution and selling expenses

Distribution and selling expenses mainly comprised of the advertising and promotion expenses and employees' costs. Distribution and selling expenses decreased from approximately HKD38.0 million for the Corresponding Period to approximately HKD26.8 million for the Period, representing a decrease of approximately 29.5%.

Administrative expenses

Administrative expenses mainly comprised of employees' costs, PRC tax surcharges and levies, professional fees and utility expenses. Administrative expenses decreased from approximately HKD75.0 million for the Corresponding Period to approximately HKD64.8 million for the Period, representing a decrease of approximately 13.6%.

Finance costs

Finance costs mainly comprised of interest expenses on bank borrowings. Finance costs decreased from approximately HKD49.2 million for the Corresponding Period to approximately HKD48.9 million for the Period, representing a decrease of approximately 0.6%.

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 HKD0.6 million, representing a decrease of approximately HKD11.0 million as compared with the fair value loss of approximately HKD11.6 million for the Corresponding Period.

Income tax (expense)/credit

Income tax expense for the Period amounted to approximately HKD3.6 million, as compared with income tax credit of approximately HKD2.2 million for the Corresponding Period.

Loss for the period attributable to owners of the Company

The Group reported loss for the period attributable to owners of the Company of approximately HKD28.4 million for the Period as compared with loss of approximately HKD87.6 million for the Corresponding Period. The reduction in loss was mainly due to the combined effect of, among others, (i) an increase in other income and gains; (ii) the implementation of cost control measures to reduce the distribution and selling costs and administrative expenses; and (iii) a decrease in fair value loss.

MARKET INFORMATION

During the Period, revenue from the PRC, Hong Kong and other Asian countries comprised of approximately 94.7% (Corresponding Period: approximately 94.4%) of the total revenue and the remaining 5.3% (Corresponding Period: approximately 5.6%) shared between the United States of America and other countries.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group had bank balances and cash amounted to approximately HKD55.8 million (31 December 2023: approximately HKD132.6 million). The Group was offered banking facilities amounted to approximately HKD1,721.1 million (31 December 2023: approximately HKD1,731.1 million).

As at 30 June 2024, the Group's bank borrowing amounted to approximately HKD1,294.4 million (31 December 2023: approximately HKD1,386.8 million). The Group had variable interest-rate bank borrowings carried at interest rates from approximately 1.92% to 7.83% (Corresponding Period: approximately 1.84% to 7.88%) per annum. The Group's gearing ratio, expressed as a percentage of the total liabilities to the total assets, was approximately 47.6% (31 December 2023: approximately 48.0%). Bank borrowings of approximately HKD1,037.2 million (31 December 2023: approximately HKD813.8 million) was repayable within one year (subject to potential refinancing and/or extension of the due date(s)), while the remaining balance was repayable from two to nineteen years.

Management Discussion and Analysis

As at 30 June 2024, the Group's current assets and current liabilities were approximately HKD1,476.3 million (31 December 2023: approximately HKD1,547.9 million) and HKD1,459.7 million (31 December 2023: approximately HKD1,259.1 million) respectively. Accordingly, the Group's current ratio that expressed as the ratio of the current assets to current liabilities was approximately 1.01 as at 30 June 2024 (31 December 2023: approximately 1.23).

PLEDGE OF ASSETS

As at 30 June 2024, the Group had pledged (i) certain of its leasehold land and buildings, outlet mall buildings, investment properties, right-of-use assets, assets classified as held for sale and restricted bank deposits, with the respective carrying amounts of approximately HKD244.7 million, HKD1,474.6 million, HKD468.0 million, HKD412.0 million, HKD763.3 million and HKD48.5 million (31 December 2023: approximately HKD250.0 million, HKD1,532.9 million, HKD493.9 million, HKD428.3 million, HKD759.8 million and HKD51.0 million); (ii) shares of certain of the Company's subsidiaries; (iii) corporate guarantees provided by the Company and certain of its subsidiaries and a related party; and (iv) personal guarantee provided by a director of the Company, to secure the banking facilities offered to the Group.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group's capital commitment was approximately HKD5.8 million in respect of the construction costs of outlet mall buildings located in Shenyang of the PRC (31 December 2023: approximately HKD9.1 million).

Save as disclosed above, the Group had no other material capital commitments as at 30 June 2024.

CAPITAL EXPENDITURE

Capital expenditure, which mainly includes purchases of property, plant and equipment, was approximately HKD0.6 million for the Period (Corresponding Period: approximately HKD18.2 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 8 to the Interim Condensed Consolidated Financial Statements.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group's total number of employees was 265 (30 June 2023: 301). Employees' costs (excluding Directors' emoluments) amounted to approximately HKD29.3 million (Corresponding Period: approximately HKD34.0 million).

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

TREASURY POLICY

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

INTERIM DIVIDEND

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

Management Discussion and Analysis

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, the Chinese government is actively expanding domestic demand and enhancing market confidence, and has introduced a number of sharply-focused and well-balanced policy measures to optimise the economic structure. The Group firmly believes that under the forward-looking planning of the central government, China's economic strength will be solid and the long-term positive momentum will remain intact. In addition, the market expects the US Federal Reserve to start an interest rate cut cycle soon, which is believed to have a positive impact on the overall investment environment. As it stands, both opportunities and challenges are featured in the business operation of the Group and it will enhance its own advantages and promote the core competitiveness of each business segment.

For the retailing segment, "Park Outlets" will devise a comprehensive structure that will encompass events, media, self-media, shopping space and joint effort with other parties in pursuing simultaneous increase in foot traffic and sales. The Group will continue to understand consumption trends with keen market acumen and strive to create a consumption point loved by a new generation of customers.

In terms of branding business, the Group believes that market competition will remain extremely tight. Major brands will respond flexibly to market demand. The Group will expand and optimise the product chain in the compression sportswear business, developing with its partners in various regions. The Group's health products business will continue to be Hong Kong-based, while taking a global view to capture the opportunities arising from growing demand in the healthcare market. For the Japanese wine business, it will deepen the segment's sales channel matrix, establish a good foundation and gradually increase market awareness. The Group is cautiously optimistic about its future development and will strive for progress and spare no effort in seizing every favourable opportunity.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event affecting the Group that had occurred after 30 June 2024 and up to date of this report.

Other Information

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

As at 30 June 2024, the interests and short positions of the Directors and chief executives and their associates of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (the "SFO") which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

Long positions in the ordinary shares of the Company

Director	Capacity/ Nature of interest	Number of ordinary shares held	Total number of ordinary shares held	Approximate percentage of the issued share capital
Cheng Tun Nei ("Mr. Cheng")	Beneficial owner Interest in a controlled corporation	167,040,000 1,129,190,000	1,296,230,000 (Note 1)	43.58%
Chan Kar Lee Gary	Beneficial owner	11,000,000	11,000,000	0.37%
Lee Cheung Ming ("Mr. Lee")	Beneficial owner Interest of spouse	91,050,000 2,000,000	93,050,000 (Note 2)	3.13%
Shum Pui Kay	Beneficial owner	10,000,000	10,000,000	0.34%

Notes:

1. Mr. Cheng owned the entire issued share capital of Goldsilk Capital Limited ("Goldsilk"). As at 30 June 2024, Goldsilk was directly interested in 1,129,190,000 shares of the Company. Together with his direct interest as beneficial owner of 167,040,000 shares of the Company, Mr. Cheng was deemed to be interested in 1,296,230,000 shares of the Company in total.
2. As at 30 June 2024, Mr. Lee was directly interested in 91,050,000 shares of the Company and he was deemed to be interested in 2,000,000 shares of the Company held by his spouse. He was thus deemed to be interested in 93,050,000 shares of the Company in total.

Save as disclosed above, (1) none of the Directors or chief executives of the Company or their associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register which were required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; and (2) none of the Directors of the Company or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right during the six months ended 30 June 2024.

Other Information

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

As at 30 June 2024, the following persons had interests and short positions of 5% or more of the issued share capital and underlying shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the ordinary shares of the Company

Shareholder	Capacity/ Nature of interest	Number of ordinary shares held	Total number of ordinary shares held	Approximate percentage of the issued share capital
Mr. Cheng	Beneficial owner Interest in a controlled corporation	167,040,000 1,129,190,000	1,296,230,000 (Note 1)	43.58%
Goldsilk	Beneficial owner	1,129,190,000	1,129,190,000 (Note 1)	37.97%
Or Ching Fai ("Mr. Or")	Beneficial owner Interest held jointly with another person	350,000,000 120,000,000	470,000,000 (Note 2)	15.80%
Wong Lai Ning ("Madam Wong")	Interest held jointly with another person Interest of spouse	120,000,000 350,000,000	470,000,000 (Note 2)	15.80%

Notes:

- As at 30 June 2024, Goldsilk was directly interested in 1,129,190,000 shares of the Company and Goldsilk is wholly owned by Mr. Cheng. Together with his direct interest as beneficial owner of 167,040,000 shares of the Company, Mr. Cheng was thus deemed to be interested in 1,296,230,000 shares of the Company.
- As at 30 June 2024, Mr. Or was directly interested in 350,000,000 shares of the Company and he also held 120,000,000 shares of the Company jointly with his spouse, Madam Wong. Therefore, Mr. Or and Madam Wong were deemed to be interested in 470,000,000 shares of the Company.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2024.

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.

Other Information

SHARE OPTION SCHEMES

A share option scheme (the “**2021 Scheme**”) was adopted by the Company on 25 June 2021 to provide incentives and/or rewards to the participants, by way of granting options. On 23 June 2023, the 2021 Scheme was terminated and a new share option scheme (the “**2023 Scheme**”) was adopted by the Company. The 2023 Scheme will remain in force for a period of 10 years commencing from the adoption date to give the participants with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and the shareholders as a whole. Under the 2023 Scheme, the Directors may at their discretion grant options to eligible participants to subscribe for shares in the Company.

During the Period and the Corresponding Period, no share option was granted, exercised, cancelled, or lapsed, and there was no outstanding share option under the 2021 Scheme and the 2023 Scheme. No option has been granted under the 2023 Scheme since its adoption.

The number of options available for grant under the Scheme Mandate Limit of the 2023 Scheme as at 1 January 2024 and 30 June 2024 were 297,422,523 and 297,422,523 respectively. The number of options available for grant under the Service Provider Sublimit of the 2023 Scheme as at 1 January 2024 and 30 June 2024 were 29,742,252 and 29,742,252 respectively.

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 C1 to the Listing Rules 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 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.
- Pursuant to code provision B.2.4(b) of the CG Code, if all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should appoint a new independent non-executive director on the board at the forthcoming annual general meeting for the financial year commencing on or after 1 January 2023. Starting from 15 December 2023, all independent non-executive Directors have served on the Board for more than nine years. Therefore, the Company should appoint a new independent non-executive Director on the Board. As at the date of this report, the Company is still in the process of identifying suitable candidate and will use its best endeavours to ensure that suitable candidate be appointed as soon as practicable in order to comply with code provision B.2.4(b) of the CG Code. Further announcement will be made by the Company as and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 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.

Other Information

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 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.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HKD'000 (Unaudited)	2023 HKD'000 (Unaudited)
Revenue	4	150,324	153,225
Cost of sales		(9,822)	(10,153)
Gross profit		140,502	143,072
Other income and gains	5	25,009	15,262
Distribution and selling expenses		(26,774)	(37,977)
Administrative expenses		(64,767)	(74,988)
Depreciation and amortisation expenses		(46,453)	(46,683)
Finance costs	6	(48,945)	(49,242)
Other expenses		(53)	(2,152)
Reversal/(provision) of impairment loss on financial assets		82	(187)
Decrease in fair value of investment properties		–	(25,890)
Share of results of joint ventures		(1,148)	(2,807)
Share of results of associates		9	(83)
Fair value loss on financial assets at fair value through profit or loss	16	(571)	(11,584)
Loss before income tax expense	7	(23,109)	(93,259)
Income tax (expense)/credit	8	(3,572)	2,193
Loss for the period		(26,681)	(91,066)
(Loss)/profit for the period attributable to:			
Owners of the Company		(28,372)	(87,573)
Non-controlling interests		1,691	(3,493)
Loss for the period		(26,681)	(91,066)
Loss per share:			
Basic and diluted	10	HK(0.95) cent	HK(2.94) cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HKD'000 (Unaudited)	2023 HKD'000 (Unaudited)
Loss for the period		(26,681)	(91,066)
Other comprehensive income for the period, net of tax			
Items that will not be reclassified to profit or loss:			
– Fair value changes arising on revaluation of properties		–	17,436
– Deferred tax charge arising on revaluation of properties		–	(5,595)
		–	11,841
Items that may be reclassified subsequently to profit or loss:			
– Share of other comprehensive income of joint ventures		(985)	(1,678)
– Share of other comprehensive income of an associate		19	(11)
– Exchange differences arising on translation of foreign operations		(54,628)	(114,969)
		(55,594)	(116,658)
Other comprehensive income for the period, net of tax		(55,594)	(104,817)
Total comprehensive income for the period		(82,275)	(195,883)
Total comprehensive income for the period attributable to:			
– Owners of the Company		(83,537)	(191,756)
– Non-controlling interests		1,262	(4,127)
		(82,275)	(195,883)

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	30.06.2024 HKD'000 (Unaudited)	31.12.2023 HKD'000 (Audited)
Non-current assets			
Property, plant and equipment	11	1,815,353	1,895,364
Investment properties	11	607,426	657,623
Right-of-use assets	11	412,592	429,093
Intangible assets		110,587	111,590
Interests in joint ventures		42,480	44,613
Interests in associates		6,407	6,379
Goodwill		141,401	141,401
Deferred tax assets		13,531	14,411
Club debenture		1,876	1,876
Restricted bank deposits		30,749	30,994
Statutory deposits for financial services business		200	200
Total non-current assets		3,182,602	3,333,544
Current assets			
Inventories	12	43,041	47,852
Trade and other receivables	13	202,391	226,367
Amount due from a related party		28,915	2,089
Amounts due from joint ventures		39,039	38,935
Amount due from an associate		2,378	1,453
Advances to customers in margin financing	14	136,086	135,334
Loans receivable	15	43,692	56,537
Financial assets at fair value through profit or loss	16	102,451	103,022
Restricted bank deposits		17,792	20,021
Bank balances and cash – held on behalf of customers		20,691	23,927
Bank balances and cash		55,801	132,594
		692,277	788,131
Assets classified as held for sale	17	783,996	759,765
Total current assets		1,476,273	1,547,896

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	30.06.2024 HKD'000 (Unaudited)	31.12.2023 HKD'000 (Audited)
Current liabilities			
Trade and other payables	18	300,476	337,100
Amounts due to directors		58,058	59,892
Lease liabilities	19	18,989	17,255
Bank borrowings	20	1,037,161	813,760
Dividend payable		14,871	–
Tax payable		30,169	31,079
Total current liabilities		1,459,724	1,259,086
Net current assets		16,549	288,810
Total assets less current liabilities		3,199,151	3,622,354
Non-current liabilities			
Lease liabilities	19	168,256	173,225
Bank borrowings	20	257,232	573,086
Deferred tax liabilities		331,511	336,745
Total non-current liabilities		756,999	1,083,056
NET ASSETS		2,442,152	2,539,298
Equity			
Share capital	21	297,422	297,422
Reserves		2,135,179	2,233,587
Total equity attributable to owners of the Company		2,432,601	2,531,009
Non-controlling interests		9,551	8,289
TOTAL EQUITY		2,442,152	2,539,298

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company									Total HKD'000
	Share capital HKD'000	Contributed surplus HKD'000	Share premium HKD'000	Properties revaluation reserve HKD'000	Translation reserve HKD'000	Other reserve HKD'000	Retained profits HKD'000	Subtotal HKD'000	Non- controlling interests HKD'000	
Balance at 1 January 2023 (audited)	297,422	523,213	1,071,657	766,795	(95,577)	38,267	223,285	2,825,062	20,532	2,845,594
Loss for the period	-	-	-	-	-	-	(87,573)	(87,573)	(3,493)	(91,066)
Fair value change arising on revaluation of properties	-	-	-	17,436	-	-	-	17,436	-	17,436
Deferred tax charge arising on revaluation of properties	-	-	-	(5,595)	-	-	-	(5,595)	-	(5,595)
Share of other comprehensive income of joint ventures	-	-	-	-	(1,678)	-	-	(1,678)	-	(1,678)
Share of other comprehensive income of an associate	-	-	-	-	(11)	-	-	(11)	-	(11)
Exchange differences arising on translation of foreign operations	-	-	-	-	(114,335)	-	-	(114,335)	(634)	(114,969)
Other comprehensive income for the period, net of tax	-	-	-	11,841	(116,024)	-	-	(104,183)	(634)	(104,817)
Total comprehensive income for the period	-	-	-	11,841	(116,024)	-	(87,573)	(191,756)	(4,127)	(195,883)
Dividend declared (Note 9)	-	-	-	-	-	-	(14,871)	(14,871)	-	(14,871)
Balance at 30 June 2023 (unaudited)	297,422	523,213	1,071,657	778,636	(211,601)	38,267	120,841	2,618,435	16,405	2,634,840

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company									
	Share capital HKD'000	Contributed surplus HKD'000	Share premium HKD'000	Properties revaluation reserve HKD'000	Translation reserve HKD'000	Other reserve HKD'000	Retained profits/ (accumulated losses) HKD'000	Subtotal HKD'000	Non-controlling interests HKD'000	Total HKD'000
Balance at 1 January 2024 (audited)	297,422	523,213	1,071,657	791,469	(163,007)	7,749	2,506	2,531,009	8,289	2,539,298
(Loss)/profit for the period	-	-	-	-	-	-	(28,372)	(28,372)	1,691	(26,681)
Share of other comprehensive income of joint ventures	-	-	-	-	(985)	-	-	(985)	-	(985)
Share of other comprehensive income of an associate	-	-	-	-	19	-	-	19	-	19
Exchange differences arising on translation of foreign operations	-	-	-	-	(54,199)	-	-	(54,199)	(429)	(54,628)
Other comprehensive income for the period, net of tax	-	-	-	-	(55,165)	-	-	(55,165)	(429)	(55,594)
Total comprehensive income for the period	-	-	-	-	(55,165)	-	(28,372)	(83,537)	1,262	(82,275)
Dividend declared (Note 9)	-	-	-	-	-	-	(14,871)	(14,871)	-	(14,871)
Balance at 30 June 2024 (unaudited)	297,422	523,213	1,071,657	791,469	(218,172)	7,749	(40,737)	2,432,601	9,551	2,442,152

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HKD'000 (Unaudited)	2023 HKD'000 (Unaudited)
Cash flows from operating activities		
Loss before income tax expense	(23,109)	(93,259)
Adjustments for:		
Interest income	(2,326)	(3,835)
Finance costs	48,945	49,242
Share of results of joint ventures	1,148	2,807
Share of results of associates	(9)	83
Loss on revaluation of property, plant and equipment	–	1,949
Depreciation of property, plant and equipment	38,421	38,554
Depreciation of right-of-use assets	7,029	7,126
Amortisation of intangible assets	1,003	1,003
Write off of property, plant and equipment	29	105
Decrease in fair value of investment properties	–	25,890
Fair value loss on financial assets at fair value through profit or loss	571	11,584
(Reversal)/provision of impairment loss on financial assets	(82)	187
Provision of allowance of inventories	394	1,773
Operating cash flows before movements in working capital	72,014	43,209
Decrease/(increase) in inventories	4,162	(819)
Decrease in trade and other receivables	24,021	3,127
(Increase)/decrease in advances to customers in margin financing	(752)	12,789
Decrease/(increase) in loans receivable	12,845	(14,506)
Decrease in financial assets at fair value through profit or loss	–	3,346
Decrease in bank balances and cash – held on behalf of customers	3,236	622
(Decrease)/increase in trade and other payables	(36,417)	608
Cash generated from operations	79,109	48,376
Overseas tax paid	(3,104)	(38)
Hong Kong Profits Tax paid	(318)	(1,720)
Net cash from operating activities	75,687	46,618

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HKD'000 (Unaudited)	2023 HKD'000 (Unaudited)
Cash flows from investing activities		
Repayments from joint ventures	–	1,319
Repayment from a joint ventures partner	–	419
Advance to a related party	(26,823)	–
Advance to an associate	(748)	(432)
Purchases of property, plant and equipment	(591)	(2,626)
Additions to construction in progress and buildings	–	(15,612)
Proceeds from disposals of property, plant and equipment	4	–
Decrease/(increase) in restricted bank deposits	1,890	(5,417)
Interest received	2,358	4,137
Net cash used in investing activities	(23,910)	(18,212)
Cash flows from financing activities		
Proceeds from bank borrowings	20,000	51,564
Repayments of bank borrowings	(99,365)	(82,807)
Repayment to a joint venture	–	(295)
(Repayments to)/advance from directors	(1,834)	13,620
Repayments of lease liabilities	(5,306)	(86)
Interest paid	(41,121)	(42,712)
Net cash used in financing activities	(127,626)	(60,716)
Net decrease in cash and cash equivalents	(75,849)	(32,310)
Cash and cash equivalents at the beginning of the period	132,594	98,131
Effect of foreign exchange rate changes on cash and cash equivalents	(944)	4,055
Cash and cash equivalents at the end of the period	55,801	69,876

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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. Its ultimate controlling party is Mr. Cheng Tun Nei, who is the chairman and a director of the Company. 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” trademarks; (ii) sourcing, manufacturing and trading of healthcare products in Hong Kong; and (iii) distribution of Japanese wine;
- 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

These 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**”).

These interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements (the “**2023 Annual Financial Statements**”), except for those that relate to amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) effective for the first time for the annual periods beginning on or after 1 January 2024 and expect to be reflected in the 2024 annual 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 the condensed consolidated statement of financial position as at 30 June 2024, and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and 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 2023 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 2023 Annual Financial Statements.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3. CHANGES IN ACCOUNTING POLICIES

(a) Adoption of amendments to HKFRSs – effective 1 January 2024

The Group has adopted the following amendments to HKFRSs, which included Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA relevant to the Group's accounting policies and business operations adopted for the first time prepared and presented on the Group's interim condensed consolidated financial statements for the annual periods beginning on or after 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The application of the amendments to HKFRSs in the current period has no material impact on the Group's performance and financial positions for the current and prior periods and/or on the disclosures set out in the interim condensed consolidated financial statements.

(b) New and amendments to HKFRSs that have been issued but are not yet effective

The following new and 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 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for the annual period beginning on or after 1 January 2025

² Effective for the annual period beginning on or after 1 January 2026

³ Effective for the annual period beginning on or after 1 January 2027

⁴ Effective for the annual period beginning on or after a date to be determined

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

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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

(A) Segment revenue and results (business segments)

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

For the six months ended 30 June 2024 (Unaudited)

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Inter- segment elimination HKD'000	Consolidated HKD'000
Revenue from external customers	23,234	118,174	8,916	–	150,324
Inter-segment revenue*	90	2,714	–	(2,804)	–
Reportable segment revenue	23,324	120,888	8,916	(2,804)	150,324
Reportable segment (loss)/profit	(785)	13,395	(437)	–	12,173
Reconciliation:					
Interest income					2,326
Central administrative expenses					(36,469)
Share of results of joint ventures					(1,148)
Share of results of associates					9
Loss before income tax expense					(23,109)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. SEGMENT INFORMATION *(Continued)*

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

For the six months ended 30 June 2023 (Unaudited)

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Inter- segment elimination HKD'000	Consolidated 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	27,197	118,039	9,844	(1,855)	153,225
Reportable segment loss	(12,925)	(29,721)	(9,584)	–	(52,230)
Reconciliation:					
Interest income					3,835
Central administrative expenses					(41,974)
Share of results of joint ventures					(2,807)
Share of results of associates					(83)
Loss before income tax expense					(93,259)

* 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 agreements entered.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. SEGMENT INFORMATION *(Continued)*

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

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

For the six months ended 30 June 2024 (Unaudited)

Revenue from contracts with customers within the scope of HKFRS 15

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
Primary geographical markets:				
The People's Republic of China (the "PRC")	1,612	89,564	–	91,176
Hong Kong (Place of domicile)	10,726	13	3,256	13,995
United States of America	2,224	–	–	2,224
Other Asian countries <i>(Note)</i>	2,884	–	–	2,884
Others <i>(Note)</i>	5,788	–	–	5,788
Total	23,234	89,577	3,256	116,067
Major products and services:				
Sales of goods	20,958	–	–	20,958
Commission income from concessionaire sales	–	89,249	–	89,249
Royalty income	2,270	–	–	2,270
Securities brokerage commission	–	–	434	434
Financial consultancy income	–	–	2,822	2,822
Other services income	6	328	–	334
Total	23,234	89,577	3,256	116,067
Timing of revenue recognition:				
At a point in time	20,958	–	434	21,392
Transferred over time	2,276	89,577	2,822	94,675
Total	23,234	89,577	3,256	116,067

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. SEGMENT INFORMATION *(Continued)*

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

For the six months ended 30 June 2024 (Unaudited) *(Continued)*

Revenue from other sources not within the scope of HKFRS 15

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
Primary geographical markets:				
The PRC	–	24,981	–	24,981
Hong Kong (Place of domicile)	–	3,616	5,660	9,276
Total	–	28,597	5,660	34,257
Major products and services:				
Rental income	–	28,597	–	28,597
Interest income	–	–	5,660	5,660
Total	–	28,597	5,660	34,257

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. SEGMENT INFORMATION *(Continued)*

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

For the six months ended 30 June 2023 (Unaudited)

Revenue from contracts with customers within the scope of HKFRS 15

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
Primary geographical markets:				
The PRC	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	27,183	85,104	1,394	113,681
Major products and services:				
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	27,183	85,104	1,394	113,681
Timing of revenue recognition:				
At a point in time	25,598	18	598	26,214
Transferred over time	1,585	85,086	796	87,467
Total	27,183	85,104	1,394	113,681

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (Continued)

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

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

Revenue from other sources not within the scope of HKFRS 15

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

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 2024 and 31 December 2023:

	30.06.2024 HKD'000 (Unaudited)	31.12.2023 HKD'000 (Audited)
Branding	295,584	315,515
Retailing	2,984,335	3,135,617
Financial services	355,991	377,176
Total reportable segment assets	3,635,910	3,828,308
Unallocated	238,969	293,367
Assets classified as held for sale	783,996	759,765
Consolidated total assets	4,658,875	4,881,440

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. SEGMENT INFORMATION *(Continued)*

(D) Segment liabilities

The following table provides an analysis of the reportable segment liabilities of different reportable segments recognised as at 30 June 2024 and 31 December 2023:

	30.06.2024 HKD'000 (Unaudited)	31.12.2023 HKD'000 (Audited)
Branding	36,966	53,714
Retailing	428,106	448,280
Financial services	22,641	25,576
Total reportable segment liabilities	487,713	527,570
Unallocated	1,729,010	1,814,572
Consolidated total liabilities	2,216,723	2,342,142

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2024 HKD'000 (Unaudited)	2023 HKD'000 (Unaudited)
Foreign exchange gain	1,331	–
Interest income	2,326	3,835
Government grants	11,810	3,101
Reimbursement income of operating outlet malls	7,531	6,412
Others	2,011	1,914
	25,009	15,262

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

6. FINANCE COSTS

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

	Six months ended 30 June	
	2024 HKD'000 (Unaudited)	2023 HKD'000 (Unaudited)
Interest expenses on bank borrowings	41,546	42,711
Interest expenses on bank overdrafts	–	1
Interest expenses on lease liabilities	6,323	6,530
Interest expenses on amounts due to directors	1,076	–
	48,945	49,242

7. LOSS BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2024 HKD'000 (Unaudited)	2023 HKD'000 (Unaudited)
Depreciation of property, plant and equipment	38,421	38,554
Loss on revaluation of property, plant and equipment	–	1,949
Depreciation of right-of-use assets	7,029	7,126
Amortisation of intangible assets	1,003	1,003
Provision of allowance of inventories	394	1,773
Written off of fixed assets	29	105
Cost of inventories recognised as expenses	9,822	10,153
Foreign exchange (gain)/loss	(1,331)	2,634
Short-term leases expenses	1,325	1,655
Directors' emoluments	3,300	3,300
Employees' costs (excluding Directors' emoluments)	29,272	33,950
Interest income	(2,326)	(3,835)
Fair value loss on financial assets at fair value through profit or loss	571	11,584
Reimbursement income of operating outlet malls	(7,531)	(6,412)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

8. INCOME TAX EXPENSE/(CREDIT)

	2024 HKD'000 (Unaudited)	2023 HKD'000 (Unaudited)
Current tax:		
Hong Kong		
– Profits Tax		
– Provision for the period	176	679
– Under provision in respect of prior periods	40	50
	216	729
The PRC and other jurisdictions		
– PRC Enterprise Income Tax		
– Provision for the period	2,609	1,279
– Under provision in respect of prior periods	112	–
	2,721	1,279
Foreign tax:		
– Provision for the period	18	–
– Under provision in respect of prior periods	–	6
	18	6
Deferred tax:		
Hong Kong and the PRC		
– Profits Tax and PRC Enterprise Income Tax		
– Provision/(reversal) for the period	617	(4,207)
Income tax expense/(credit)	3,572	(2,193)

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

8. INCOME TAX EXPENSE/(CREDIT) *(Continued)*

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 the Company’s subsidiaries to apply for the two-tiered profits tax rates to calculate the provision for Hong Kong Profits Tax for both current and prior 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 subsidiaries incorporated in Hong Kong engaged in the property investment business in the PRC, which is subject to the withholding tax rate of 10% on its gross rental income, net of value-added tax, earned in the PRC for both current and prior periods, based on the existing tax legislation, interpretation and practices in respect thereof.

Up to date of approval and authorisation for issuance of these 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 these 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.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

9. DIVIDENDS

For the six months ended 30 June 2024 and 2023, the board of directors has resolved not to declare any interim dividend to the shareholders of the Company (the "Shareholders").

The final dividend of HKD0.005 (six months ended 30 June 2023: HKD0.005) per ordinary share of the Company in respect of the financial year ended 31 December 2023 (six months ended 30 June 2023: 31 December 2022), in total of approximately HKD14,871,000 (six months ended 30 June 2023: HKD14,871,000), was declared and approved by the Shareholders at the annual general meeting of the Company held on 28 June 2024 (six months ended 30 June 2023: 23 June 2023) and will subsequently be paid in September 2024 (six months ended 30 June 2023: August 2023).

10. LOSS PER SHARE

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	
	2024 HKD'000 (Unaudited)	2023 HKD'000 (Unaudited)
Loss:		
Loss for the period attributable to owners of the Company	(28,372)	(87,573)
	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share ('000)	2,974,225	2,974,225
	Six months ended 30 June	
	2024 HK cent	2023 HK cents
Loss per share:		
Basic and diluted	(0.95)	(2.94)

The Company did not have any dilutive potential ordinary shares for the six months ended 30 June 2024 and 2023. Accordingly, the diluted loss per share are the same as the basic loss per share.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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

Property, plant and equipment

The Group acquired property, plant and equipment with a total cost of approximately HKD591,000 during the period (six months ended 30 June 2023: HKD2,626,000).

The property, plant and equipment, with a net book value of approximately HKD29,000 (six months ended 30 June 2023: HKD105,000), was written off during the period.

As at 30 June 2024, certain of the properties located in Hong Kong and the PRC, with carrying amounts of approximately HKD1,719,291,000 (31 December 2023: HKD1,782,925,000), are pledged to banks to secure banking facilities granted to the Group.

Investment properties

As at 30 June 2024, certain of the properties (including investment properties classified as held for sale) located in Hong Kong and the PRC, with carrying amounts of approximately HKD1,231,326,000 (31 December 2023: HKD1,253,643,000), are pledged to banks to secure banking facilities granted to the Group.

Right-of-use assets

For the six months ended 30 June 2024, no significant tenancy agreement was entered, modified or cancelled by the Group. The depreciation of right-of-use assets recognised during the period was approximately HKD7,029,000 (six months ended 30 June 2023: HKD7,126,000).

As at 30 June 2024, certain of the right-of-use assets, with carrying amounts of approximately HKD412,039,000 (31 December 2023: HKD428,258,000), are pledged to banks to secure banking facilities granted to the Group.

12. INVENTORIES

For the six months ended 30 June 2024, a net provision of allowance of inventories of approximately HKD394,000 (six months ended 30 June 2023: HKD1,773,000) was recognised in profit or loss during the period.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

13. TRADE AND OTHER RECEIVABLES

	30.06.2024 HKD'000 (Unaudited)	31.12.2023 HKD'000 (Audited)
Trade receivables arising from:		
– Other than financial services segment	23,306	35,570
– Financial services segment	6,670	8,494
Total gross carrying amount	29,976	44,064
Less: Loss allowance	(2,599)	(3,015)
Total net carrying amount after loss allowance	27,377	41,049
Prepayments, deposits and other receivables:		
Total gross carrying amount	181,259	191,377
Less: Loss allowance	(6,245)	(6,059)
Total net carrying amount after loss allowance	175,014	185,318
Total trade and other receivables	202,391	226,367

Note: As at 30 June 2024, the other receivables consist of the consideration receivables of approximately HKD77,002,000 (31 December 2023: HKD76,989,000) in relation to the disposal of intangible assets in prior years.

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

	30.06.2024 HKD'000 (Unaudited)	31.12.2023 HKD'000 (Audited)
0 to 30 days	15,615	26,678
31 to 60 days	1,235	1,737
61 to 90 days	617	787
Over 90 days	9,910	11,847
	27,377	41,049

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

14. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	30.06.2024 HKD'000 (Unaudited)	31.12.2023 HKD'000 (Audited)
Directors and their associates	23,054	16,011
Other margin clients	113,032	119,323
	136,086	135,334

As at 30 June 2024 and 31 December 2023, the carrying amount of advances to customers in margin financing arising from the margin financing business in Hong Kong was secured by listed equity securities, carried at average interest rates from Hong Kong Dollar Prime Rate ("**Prime Rate**") to Prime Rate plus 3% per annum and repayable on demand.

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

As at 30 June 2024, the total undiscounted market value of listed equity securities pledged in respect of the margin lending to the margin clients was approximately HKD436,748,000 (31 December 2023: HKD516,427,000). According to the client account opening agreements signed between the Group and margin clients, the Group is allowed to dispose of the listed equity securities pledged by the margin clients to settle their outstanding loan balances due to the Group.

Based on the result of the ECL calculation, with reference to the discounted market value of listed equity securities, no provision of loss allowance was recognised for current period and prior year given that no significant default events of failure to repay the margin calls from any margin clients and the discounted market value of listed equity securities pledged were sufficiently covered the outstanding loan balances as at 30 June 2024 and 31 December 2023.

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

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

15. LOANS RECEIVABLE

	30.06.2024 HKD'000 (Unaudited)	31.12.2023 HKD'000 (Audited)
Secured:		
Total gross carrying amount	46,406	59,251
Less: Loss allowance	(2,714)	(2,714)
	43,692	56,537

As at 30 June 2024 and 31 December 2023, the carrying amount of loans receivable arising from the money lending business in Hong Kong was secured by mortgages over the borrowers' properties and listed equity securities in Hong Kong, carried at interest rates from 12% to 18% (31 December 2023: 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 HKD2,725,000 (31 December 2023: HKD13,059,000) 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, no provision for loss allowance was limited to 12-month ECL calculation (six months ended 30 June 2023: reversal of loss allowance of approximately HKD38,000) was recognised in profit or loss for the period.

Loans receivable with aggregate gross carrying amount of approximately HKD1,100,000 (31 December 2023: HKD1,100,000) was classified as stage 2 due to significant increase in credit risk since initial recognition but not deemed to be credit-impaired at the end of reporting period. No loss allowance that subject to the lifetime ECL calculation was recognised in profit or loss for both current and prior periods.

Loans receivable with aggregate gross carrying amount of approximately HKD42,581,000 (31 December 2023: HKD45,092,000) 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.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at fair value through profit or loss represent investments in listed equity securities in Hong Kong classified as held for trading and an unlisted investment. Details of the fair value measurements of these assets are set out in Note 25 to the interim condensed consolidated financial statements.

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

	Six months ended 30 June	
	2024 HKD'000 (Unaudited)	2023 HKD'000 (Unaudited)
At the beginning of the period	103,022	127,294
Fair value loss	(571)	(11,584)
Disposal	–	(3,346)
Exchange realignment	–	336
At the end of the period	102,451	112,700

17. ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2023, the Group had committed plans of disposal of the investment properties in Hong Kong and Beijing. As at 30 June 2024, the carrying value of the investment properties in Hong Kong and Beijing were HKD237,000,000 (31 December 2023: HKD237,000,000) and HKD511,115,000 (31 December 2023: HKD522,765,000) respectively. As at 30 June 2024, the sale of the properties were not yet completed and as a result, the properties were presented as assets classified as held for sale in the interim condensed consolidated financial statements.

During the period ended 30 June 2024, the Group had committed another plans of disposal of the investment property in Hong Kong and Shanghai with carrying value of HKD15,200,000 and HKD20,681,000 respectively. As at 30 June 2024, the sale of the properties were not yet completed and as a result, the properties were presented as assets classified as held for sale in the interim condensed consolidated financial statements.

	30.06.2024 HKD'000 (Unaudited)	31.12.2023 HKD'000 (Audited)
Investment properties:		
– Hong Kong	252,200	237,000
– Beijing	511,115	522,765
– Shanghai	20,681	–
	783,996	759,765

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

18. TRADE AND OTHER PAYABLES

	30.06.2024 HKD'000 (Unaudited)	31.12.2023 HKD'000 (Audited)
Trade payables arising from:		
– Other than financial services segment	131,246	148,519
– Financial services segment	20,677	23,979
Total trade payables	151,923	172,498
Accruals, receipts in advance, temporary receipts and other payables	148,553	164,602
Total trade and other payables	300,476	337,100

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

	30.06.2024 HKD'000 (Unaudited)	31.12.2023 HKD'000 (Audited)
0 to 30 days	99,038	121,248
31 to 60 days	30,445	21,940
61 to 90 days	1,380	3,239
Over 90 days	383	2,092
	131,246	148,519

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

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

19. LEASE LIABILITIES

For the six months ended 30 June 2024, the total cash outflows for leases was approximately HKD6,631,000 (six months ended 30 June 2023: HKD1,741,000), comprising the payments of principal and interest elements of lease liabilities of approximately HKD5,306,000 (six months ended 30 June 2023: HKD86,000) and the payments of short-term leases of approximately HKD1,325,000 (six months ended 30 June 2023: HKD1,655,000).

For the six months ended 30 June 2024, interest expenses on lease liabilities was approximately HKD6,323,000 (six months ended 30 June 2023: HKD6,530,000).

20. BANK BORROWINGS

	30.06.2024 HKD'000 (Unaudited)	31.12.2023 HKD'000 (Audited)
Current portion:		
Secured with variable interest-rate bank borrowings that are repayable:		
– within one year	1,037,161	813,760
Non-current portion:		
Secured with variable interest-rate bank borrowings that are repayable:		
– over one year but within two years	25,219	306,483
– over two years but within five years	209,538	229,721
– over five years	22,475	36,882
	257,232	573,086
Total bank borrowings	1,294,393	1,386,846

As at 30 June 2024, the Group had secured variable interest-rate bank borrowings, carried interest rates from approximately 1.92% to 7.83% (six months ended 30 June 2023: 1.84% to 7.88%) per annum. The weighted average effective interest rate charged during the period was approximately 6.21% (six months ended 30 June 2023: 6.26%) per annum.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

21. SHARE CAPITAL

	Number of shares '000	Nominal value HKD'000
Authorised:		
Ordinary shares of HKD0.10 (31 December 2023: HKD0.10) each:		
At 1 January 2023 (audited) and 31 December 2023 (audited), and		
1 January 2024 (audited) and 30 June 2024 (unaudited)	20,000,000	2,000,000
Issued and fully paid: (Note)		
Ordinary shares of HKD0.10 (31 December 2023: HKD0.10) each:		
At 1 January 2023 (audited) and 31 December 2023 (audited), and		
1 January 2024 (audited) and 30 June 2024 (unaudited)	2,974,225	297,422

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

22. CAPITAL COMMITMENTS

As at 30 June 2024 and 31 December 2023, the Group had the following material contractual capital commitments not provided for in the interim condensed consolidated financial statements:

	30.06.2024 HKD'000 (Unaudited)	31.12.2023 HKD'000 (Audited)
Contracted but not provided:		
– Construction costs of outlet mall buildings located in Shenyang, the PRC	5,807	7,662
– Construction costs of brewery located in Japan	–	1,428
	5,807	9,090

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

23. RELATED PARTY DISCLOSURES

(A) Related party transactions

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

(a) Mr. Cheng Tun Nei and his associates

	Six months ended 30 June	
	2024 HKD'000 (Unaudited)	2023 HKD'000 (Unaudited)
Commission income from securities brokerage	9	–
Interest income from margin financing	323	689
Management fee expenses	–	105
Motor vehicle expenses	39	39
Total amount of margin financing facilities granted	17,000	17,000
Maximum outstanding balance of margin loans issued	16,596	16,628

(b) Mr. Lee Cheung Ming

	Six months ended 30 June	
	2024 HKD'000 (Unaudited)	2023 HKD'000 (Unaudited)
Interest income from margin financing	473	441
Total amount of margin financing facilities granted	15,000	15,000
Maximum outstanding balance of margin loans issued	11,285	10,649

(c) Other related parties

	Six months ended 30 June	
	2024 HKD'000 (Unaudited)	2023 HKD'000 (Unaudited)
Interest income from a non-controlling shareholder	–	475
Interest income from a joint venture	815	–
Service fee expenses charged by a non-controlling shareholder	–	260
Purchase of goods from an associate	(199)	(687)
Provision of services in sourcing, engaging and managing manufacturers to manufacture "SKINS" products and purchase a variety of products from ITOCHU Textile Prominent (Asia) Ltd.	–	2,296

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

23. RELATED PARTY DISCLOSURES *(Continued)*

(B) Key management personnel's emoluments

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

	Six months ended 30 June	
	2024 HKD'000 (Unaudited)	2023 HKD'000 (Unaudited)
Salaries, welfare and other expenses	6,072	5,790
Contributions to defined contribution retirement plans	102	76
	6,174	5,866

24. CONTINGENT ASSETS AND LIABILITIES

Except for the potential tax liabilities with respect to the potential tax penalty arising from the late filing of the PRC tax returns for reporting the PRC Enterprise Income Tax to the PRC tax authority as disclosed in Note 8 to the interim condensed consolidated financial statements, the Group had no other contingent assets or liabilities required to be recognised or disclosed in the interim condensed consolidated financial statements as at 30 June 2024 and 31 December 2023.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

25. FINANCIAL INSTRUMENTS

(A) Categories of financial instruments

The following table shows the carrying amounts and fair values of the financial instruments, comprised of the financial assets and financial liabilities, as at 30 June 2024 and 31 December 2023:

	30.06.2024 (Unaudited)		31.12.2023 (Audited)	
	Carrying amount HKD'000	Fair value HKD'000	Carrying amount HKD'000	Fair value HKD'000
Financial assets:				
At fair value through profit or loss:				
– Listed equity securities in Hong Kong	30,899	30,899	31,926	31,926
– Unlisted investments	71,552	71,552	71,096	71,096
At amortised cost:				
– Trade and other receivables	175,496	(Note)	192,809	(Note)
– Amount due from a related party	28,915	(Note)	2,089	(Note)
– Amounts due from joint ventures	39,039	(Note)	38,935	(Note)
– Amount due from an associate	2,378	(Note)	1,453	(Note)
– Advances to customers in margin financing	136,086	(Note)	135,334	(Note)
– Loans receivable	43,692	(Note)	56,537	(Note)
– Restricted bank deposits	48,541	(Note)	51,015	(Note)
– Bank balances and cash	76,492	(Note)	156,521	(Note)
Financial liabilities:				
At amortised cost:				
– Trade and other payables	295,170	(Note)	332,196	(Note)
– Amounts due to directors	58,058	(Note)	59,892	(Note)
– Dividend payable	14,871	(Note)	–	(Note)
– Bank borrowings	1,294,393	(Note)	1,386,846	(Note)
Financial instrument:				
– Lease liabilities	187,245	(Note)	190,480	(Note)

Note: The Directors consider the carrying amounts of the financial instruments measured at amortised cost were approximate to their fair values on the grounds that either of their maturity periods are short or their effective interest rates for interest-bearing financial instruments were approximate to the relevant discount rates used to reflect the credit risk of the borrowers or the Group as at 30 June 2024 and 31 December 2023.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

25. FINANCIAL INSTRUMENTS *(Continued)*

(B) Fair value measurements

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

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

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

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

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

	30.06.2024 HKD'000 (Unaudited)	31.12.2023 HKD'000 (Audited)
Level 1:		
– Listed equity securities in Hong Kong	30,899	31,926
Level 3:		
– Unlisted investment	71,552	71,096

For the six months ended 30 June 2024 and 2023, there was no significant change in the valuation technique, and no transfer between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise such change in valuation technique and transfer between levels of fair value hierarchy when it occurs.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

25. FINANCIAL INSTRUMENTS *(Continued)*

(B) Fair value measurements *(Continued)*

Information about Level 1 fair value measurements

For the listed equity securities in Hong Kong classified as Level 1, the Group's management uses the closing market prices of the identical securities as at 30 June 2024 and 31 December 2023 to perform the fair value measurement.

Information about Level 3 fair value measurements

In April 2018, the Group entered into an agreement with a third party investor for the purpose of forming two special purpose acquisition companies (the "SPAC 1" and "SPAC 2") by raising sizeable capital to acquire potential business targets through listing on NASDAQ. Up to date of approval and authorisation for issuance of these interim condensed consolidated financial statements, the SPAC 2 has not yet launched.

The fair value of the investment was previously determined by adjusting the closing market price with certain significant unobservable inputs, including risk-free rate and discount of lack of marketability ("DLOM") before the completion of the lock-up period. The fair value was negatively correlated to both risk-free rate and DLOM. After the lock-up period, the risk-free rate and DLOM inputs no longer exist. As at 30 June 2024 and 2023, the probability of default of this investment is considered to be minimal. The Group's management is estimated that with other variables held constant, an increase in probability of default in 5% would have decreased the fair value of investment by approximately HKD3,578,000 for the period ended 30 June 2024 (30 June 2023: decrease in fair value of approximately HKD3,718,000).

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

	Six months ended 30 June	
	2024 HKD'000 (Unaudited)	2023 HKD'000 (Unaudited)
Unlisted investment:		
At the beginning of the period	71,096	72,839
Fair value gain	456	1,183
Exchange realignment	–	336
At the end of the period	71,552	74,358

26. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 29 August 2024.