

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**SYMPHONY  
SYMPHONY HOLDINGS LIMITED**

**新豐集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 01223)**

**ANNOUNCEMENT OF FINAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of Symphony Holdings Limited (the “**Company**”) announces the final results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 (the “**Year**”) together with the comparative figures for the year ended 31 December 2019 (the “**Comparable Year**”).

\* For identification only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020	2019
	NOTES	HKD'000	HKD'000
Revenue	5	352,159	388,944
Cost of sales		<u>(106,753)</u>	<u>(109,831)</u>
Gross profit		245,406	279,113
Other income and gains	8(a)	29,278	43,579
Distribution and selling expenses		(97,927)	(114,086)
Administrative expenses		(119,586)	(129,711)
Depreciation and amortisation expenses		(99,481)	(54,254)
Finance costs	6	(69,564)	(53,691)
Other expenses	8(b)	(1,278)	(7,914)
Impairment loss on financial assets		(6,591)	(3,023)
Impairment loss on amount due from an associate		(4,024)	(11,631)
Impairment loss on goodwill		–	(6,100)
Increase in fair value of investment properties		6,066	44,217
Share of results of joint ventures		2,749	5,315
Share of result of an associate		(1,725)	–
Fair value (loss)/gain on financial assets at fair value through profit or loss		<u>(97,529)</u>	<u>88,843</u>
(Loss)/profit before income tax expense		(214,206)	80,657
Income tax (expense)/credit	7	<u>(2,880)</u>	<u>1,248</u>
(Loss)/profit for the year	8(c)	<u><u>(217,086)</u></u>	<u><u>81,905</u></u>
<b>(Loss)/profit for the year attributable to:</b>			
– Owners of the Company		(216,328)	71,705
– Non-controlling interests		<u>(758)</u>	<u>10,200</u>
		<u><u>(217,086)</u></u>	<u><u>81,905</u></u>
<b>(Loss)/earnings per share:</b>			
– Basic (loss)/earnings per share	10	<u><u>HK(7.27 cents)</u></u>	<u><u>HK2.41 cents</u></u>
– Diluted (loss)/earnings per share	10	<u><u>HK(7.27 cents)</u></u>	<u><u>HK2.41 cents</u></u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	<i>NOTE</i>	<b>2020</b> <b>HKD'000</b>	2019 <i>HKD'000</i>
(Loss)/profit for the year	8(c)	<u>(217,086)</u>	<u>81,905</u>
<b>Other comprehensive income for the year, net of tax</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Surplus arising on revaluation of properties		<b>48,198</b>	452,286
Deferred tax liability arising on revaluation of properties		<u>(11,510)</u>	<u>(111,346)</u>
		<u><b>36,688</b></u>	<u>340,940</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Share of other comprehensive income of joint ventures		<b>4,232</b>	(542)
Exchange differences arising on translation of foreign operations		<u><b>168,047</b></u>	<u>(32,457)</u>
		<u><b>172,279</b></u>	<u>(32,999)</u>
Other comprehensive income for the year, net of tax		<u><b>208,967</b></u>	<u>307,941</u>
<b>Total comprehensive income for the year</b>		<u><b>(8,119)</b></u>	<u>389,846</u>
<b>Total comprehensive income for the year attributable to:</b>			
– Owners of the Company		<b>(7,978)</b>	383,148
– Non-controlling interests		<u>(141)</u>	<u>6,698</u>
		<u><b>(8,119)</b></u>	<u>389,846</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 DECEMBER 2020*

		<b>2020</b>	2019
	<i>NOTES</i>	<i>HKD'000</i>	<i>HKD'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>1,826,363</b>	1,688,077
Investment properties	11	<b>1,587,247</b>	1,503,312
Right-of-use assets		<b>510,435</b>	495,515
Intangible assets		<b>218,824</b>	241,487
Interests in joint ventures		<b>72,849</b>	65,868
Interest in an associate		–	–
Goodwill		<b>141,401</b>	141,401
Deferred tax assets		<b>23,477</b>	21,691
Club debenture		<b>1,876</b>	1,876
Restricted bank deposits		<b>3,576</b>	3,356
Statutory deposits for financial services business		<b>200</b>	200
		<hr/>	<hr/>
Total non-current assets		<b>4,386,248</b>	4,162,783
<b>Current assets</b>			
Inventories	12	<b>61,680</b>	67,958
Trade and other receivables	13	<b>208,396</b>	190,369
Amounts due from joint ventures		<b>8,344</b>	10,048
Amount due from an associate		<b>6,959</b>	18,081
Advances to customers in margin financing	14	<b>107,676</b>	122,648
Loans receivable	15	<b>127,731</b>	167,193
Financial assets at fair value through profit or loss		<b>113,922</b>	240,953
Restricted bank deposits		<b>41,802</b>	37,174
Bank balances and cash			
– held on behalf of customers		<b>21,173</b>	13,415
Bank balances and cash		<b>234,577</b>	129,791
		<hr/>	<hr/>
Total current assets		<b>932,260</b>	997,630

	<i>NOTE</i>	<b>2020</b> <i>HKD'000</i>	2019 <i>HKD'000</i>
<b>Current liabilities</b>			
Trade and other payables	16	<b>282,997</b>	309,054
Amount due to a related party		<b>119</b>	112
Amount due to a director		<b>15,495</b>	–
Lease liabilities		<b>11,195</b>	11,692
Bank borrowings		<b>600,966</b>	198,822
Bank overdrafts		<b>–</b>	7,804
Tax payable		<b>14,846</b>	30,092
		<hr/>	<hr/>
Total current liabilities		<b>925,618</b>	557,576
		<hr/>	<hr/>
Net current assets		<b>6,642</b>	440,054
		<hr/>	<hr/>
Total assets less current liabilities		<b>4,392,890</b>	4,602,837
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Loan from non-controlling interests		<b>3,576</b>	2,114
Lease liabilities		<b>186,554</b>	173,207
Bank borrowings		<b>1,004,107</b>	1,212,079
Deferred tax liabilities		<b>301,824</b>	287,112
		<hr/>	<hr/>
Total non-current liabilities		<b>1,496,061</b>	1,674,512
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>2,896,829</b>	2,928,325
		<hr/> <hr/>	<hr/> <hr/>
<b>Equity</b>			
Share capital		<b>297,422</b>	297,422
Reserves		<b>2,588,293</b>	2,620,065
		<hr/>	<hr/>
Total equity attributable to owners of the Company		<b>2,885,715</b>	2,917,487
Non-controlling interests		<b>11,114</b>	10,838
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>2,896,829</b>	2,928,325
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 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 address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is 10th Floor, Island Place Tower, 510 King’s Road, North Point, Hong Kong.

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

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

### 2. BASIS OF PREPARATION

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

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

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

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

The consolidated financial statements have been approved for issue by the board (the “**Board**”) of directors (the “**Directors**”) of the Company on 26 March 2021.

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

#### (a) Adoption of new or revised HKFRSs – effective 1 January 2020

The Group has adopted the following new or revised HKFRSs issued by the HKICPA relevant to the Group’s accounting policies and business operations adopted for the first time prepared and presented on the consolidated financial statements for the annual period beginning on or after 1 January 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Amendments to HKFRS 3	Definition of a Business

The Group has early adopted the Amendments to HKFRS 16 “COVID-19-Related Rent Concessions” (“**Amendments to HKFRS 16**”) for the annual period beginning on or after 1 January 2020.

In addition to the above new or revised HKFRSs, a revised “Conceptual Framework for Financial Reporting” was issued in 2018 and its consequential amendments, the “Amendments to References to the Conceptual Framework in HKFRS Standards” (together the “**Conceptual Framework**”), both issued by the HKICPA, will be effective for the annual period beginning on or after 1 January 2020.

The Conceptual Framework sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard.

Except as described below regarding the impact of the adoption of the Amendments to HKFRS 16, the adoption of the remaining new or revised HKFRSs that are effective for the annual period beginning on or after 1 January 2020 did not have any significant impact on the Group’s accounting policies, financial position and performance for the current and prior years, and/or the disclosures set out in the consolidated financial statements.

#### **Amendments to HKFRS 16 “COVID-19-Related Rent Concessions”**

The amendments provide a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of COVID-19 pandemic (“**COVID-19-related rent concessions**”) are lease modifications and instead account for those rent concessions applying HKFRS 16 “Leases” (“**HKFRS 16**”) as if they were not lease modifications by satisfying all of the following criteria:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

The Group has elected to early adopt the amendments and applies the practical expedients to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, all of rent concessions received have been accounted for as negative variable lease payments, without revising discount rate, recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity on 1 January 2020.

If the Group fails to apply the practical expedients, all of rent concessions received have to be accounted for as lease modifications, which would have resulted remeasurements of lease liabilities to reflect the revised considerations to be paid by using revised discount rates with the effects of changes in lease liabilities recognised against right-of-use assets.

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

The following new or revised HKFRSs, potentially relevant to the Group's accounting policies and business operations, have been issued, but are not yet effective and have not been early adopted by the Group.

Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination <sup>4</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>1</sup>
Amendments to HKAS 41, HKFRS 1, HKFRS 9 and HKFRS 16	Annual Improvements to HKFRSs 2018–2020 <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>3</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>

<sup>1</sup> Effective for the annual period beginning on or after 1 January 2021

<sup>2</sup> Effective for the annual period beginning on or after 1 January 2022

<sup>3</sup> Effective for the annual period beginning on or after 1 January 2023

<sup>4</sup> Effective for business combination or common control combination for which the date of acquisition or combination is on or after the beginning of the first annual period beginning on or after 1 January 2022

<sup>5</sup> The amendments was originally intended to be effective for the annual period beginning on or after 1 January 2016. The effective date has now been deferred or removed. Early adoption of the amendments continue to be permitted

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



#### 4. SEGMENT INFORMATION

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

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

In the second half of the financial year of 2020, in order to have a better reflection of the revenue structure and performance measurement reported to the Chief Operating Decision Maker, the new reportable segments consist of: (i) branding; (ii) retailing; and (iii) financial services. The new branding segment combined the previous retailing and sourcing, branding and duty free segments; the new retailing segment combined the previous property investment and holding and outlet malls segments; and the financial services segment remained unchanged.

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

- Branding: (i) development and management of "PONY" and "SKINS" trademarks to derive revenue from sales of goods and royalty income in a worldwide basis; (ii) retailing and provisions of sourcing services for branded apparel, swimwear and accessories in the People's Republic of China (the "**PRC**"); (iii) sourcing, manufacturing and trading of healthcare products in Hong Kong; and (iv) operation of duty free shops;
- Retailing: (i) rental income from investment properties in Hong Kong and the PRC; and (ii) commission income from concessionaire sales by managing and operating outlet malls in the PRC; and
- Financial services: services income or interest income from the provisions of securities brokerage, margin financing, money lending, underwriting and placing of listed securities and financial consultancy services in Hong Kong.

The composition of reportable segments has been changed from six to three reportable segments during the year. Reportable segments are aligned with financial information provided regularly to the Chief Operating Decision Maker. As a result, the previous classification of reportable segments for the year ended 31 December 2019 has been represented to be comparable with the revised reportable segments as required by HKFRS 8.

(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 year:

*For the year ended 31 December 2020*

	<b>Branding</b> <i>HKD'000</i>	<b>Retailing</b> <i>HKD'000</i> <i>(Note)</i>	<b>Financial</b> <b>services</b> <i>HKD'000</i>	<b>Consolidated</b> <i>HKD'000</i>
Revenue from external customers	<b>167,931</b>	<b>156,093</b>	<b>28,135</b>	<b>352,159</b>
Inter-segment revenue*	<b>3,195</b>	<b>4,619</b>	<b>–</b>	<b>7,814</b>
Reportable segment revenue	<b>171,126</b>	<b>160,712</b>	<b>28,135</b>	<b>359,973</b>
Reportable segment loss	<b>(17,230)</b>	<b>(40,629)</b>	<b>(92,591)</b>	<b>(150,450)</b>
<b>Reconciliation:</b>				
Interest income				<b>3,253</b>
Central administrative expenses				<b>(64,009)</b>
Share of results of joint ventures				<b>2,749</b>
Share of result of an associate				<b>(1,725)</b>
Impairment loss on amount due from an associate				<b>(4,024)</b>
Loss before income tax expense				<b>(214,206)</b>
<i>Note:</i>				
<b>Revenue from commission income from concessionaire sales included in retailing segment is analysed as follows:</b>				
Gross revenue from concessionaire sales				<b>765,487</b>
Commission income from concessionaire sales				<b>98,417</b>

*For the year ended 31 December 2019 (Represented)*

	Branding HKD'000	Retailing HKD'000 (Note)	Financial services HKD'000	Consolidated HKD'000
Revenue from external customers	228,613	119,783	40,548	388,944
Inter-segment revenue*	<u>1,362</u>	<u>4,479</u>	<u>–</u>	<u>5,841</u>
Reportable segment revenue	<u>229,975</u>	<u>124,262</u>	<u>40,548</u>	<u>394,785</u>
Reportable segment profit	<u>9,742</u>	<u>8,476</u>	<u>102,144</u>	120,362
<b>Reconciliation:</b>				
Interest income				4,656
Gain on write-back of other payables				17,503
Central administrative expenses				(55,548)
Share of results of joint ventures				5,315
Impairment loss on amount due from an associate				<u>(11,631)</u>
Profit before income tax expense				<u><u>80,657</u></u>

*Note:*

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

Gross revenue from concessionaire sales				<u><u>514,698</u></u>
Commission income from concessionaire sales				<u><u>54,441</u></u>

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

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

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

*For the year ended 31 December 2020*

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

	<b>Branding</b>	<b>Retailing</b>	<b>Financial</b>	<b>Consolidated</b>
	<i>HKD'000</i>	<i>HKD'000</i>	<i>services</i>	<i>HKD'000</i>
			<i>HKD'000</i>	
<b>Primary geographical markets:</b>				
The PRC	124,768	98,417	–	223,185
Hong Kong (Place of domicile)	8,455	–	4,986	13,441
United Kingdom	7,042	–	–	7,042
United States of America	5,040	–	–	5,040
Other Asian countries ( <i>Note</i> )	7,821	–	–	7,821
Others ( <i>Note</i> )	14,805	–	–	14,805
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<b>167,931</b>	<b>98,417</b>	<b>4,986</b>	<b>271,334</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Major products and services:</b>				
Sales of goods	156,689	–	–	156,689
Commission income from concessionaire sales	–	98,417	–	98,417
Royalty income	8,449	–	–	8,449
Securities brokerage commission	–	–	2,809	2,809
Underwriting and placing income	–	–	702	702
Financial consultancy income	–	–	1,475	1,475
Other services income	2,793	–	–	2,793
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<b>167,931</b>	<b>98,417</b>	<b>4,986</b>	<b>271,334</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Timing of revenue recognition:</b>				
At a point in time	156,689	–	3,511	160,200
Transferred over time	11,242	98,417	1,475	111,134
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<b>167,931</b>	<b>98,417</b>	<b>4,986</b>	<b>271,334</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Revenue from other sources not within the scope of HKFRS 15

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

For the year ended 31 December 2019 (Represented)

Revenue from contracts with customers within the scope of HKFRS 15

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
<b>Primary geographical markets:</b>				
The PRC	192,166	54,441	–	246,607
Hong Kong (Place of domicile)	18,609	–	4,434	23,043
United States of America	6,526	–	–	6,526
Other Asian countries (Note)	7,716	–	–	7,716
Others (Note)	3,596	–	–	3,596
Total	228,613	54,441	4,434	287,488
<b>Major products and services:</b>				
Sales of goods	214,487	–	–	214,487
Commission income from concessionaire sales	–	54,441	–	54,441
Royalty income	12,877	–	–	12,877
Securities brokerage commission	–	–	2,388	2,388
Underwriting and placing income	–	–	536	536
Financial consultancy income	–	–	1,510	1,510
Other services income	1,249	–	–	1,249
Total	228,613	54,441	4,434	287,488
<b>Timing of revenue recognition:</b>				
At a point in time	214,487	–	2,924	217,411
Transferred over time	14,126	54,441	1,510	70,077
Total	228,613	54,441	4,434	287,488

Revenue from other sources not within the scope of HKFRS 15

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
<b>Primary geographical markets:</b>				
The PRC	–	57,567	–	57,567
Hong Kong (Place of domicile)	–	7,775	36,114	43,889
	<hr/>	<hr/>	<hr/>	<hr/>
Total	–	65,342	36,114	101,456
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Major products and services:</b>				
Rental income	–	65,342	–	65,342
Interest income	–	–	36,114	36,114
	<hr/>	<hr/>	<hr/>	<hr/>
Total	–	65,342	36,114	101,456
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

(c) **Segment assets**

The following table provides an analysis of reportable segment assets of different reportable segments recognised as at 31 December 2020 and 2019:

	2020 HKD'000	2019 HKD'000 (Represented)
Branding	294,913	304,131
Retailing	4,198,852	3,974,702
Financial services	431,283	593,695
	<hr/>	<hr/>
Total reportable segment assets	4,925,048	4,872,528
Unallocated	393,460	287,885
	<hr/>	<hr/>
Consolidated total assets	5,318,508	5,160,413
	<hr/> <hr/>	<hr/> <hr/>

(d) **Segment liabilities**

The following table provides an analysis of reportable segment liabilities of different reportable segments recognised as at 31 December 2020 and 2019:

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i> (Represented)
Branding	47,598	43,176
Retailing	410,205	432,882
Financial services	22,932	17,886
Total reportable segment liabilities	480,735	493,944
Unallocated	1,940,944	1,738,144
Consolidated total liabilities	<u>2,421,679</u>	<u>2,232,088</u>

(e) **Other segment information**

*For the year ended 31 December 2020*

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

*For the year ended 31 December 2019 (Represented)*

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
<b>Amounts included in the measures of segment results, segment assets and segment liabilities:</b>				
Capital expenditure ( <i>Note</i> )	46,934	420,800	3	467,737
Depreciation of property, plant and equipment	3,118	29,079	351	32,548
Depreciation of right-of-use assets	3,843	14,267	–	18,110
Amortisation of intangible assets	3,596	–	–	3,596
Gain on disposal of property, plant and equipment	–	(42)	–	(42)
Write off of property, plant and equipment	286	6	–	292
Increase in fair value of investment properties	–	(44,217)	–	(44,217)
Fair value gain on financial assets at fair value through profit or loss	–	–	(88,843)	(88,843)
Impairment loss on financial assets	2,068	455	500	3,023
Impairment loss on goodwill	–	6,100	–	6,100
Bad debts written off	(396)	700	–	304
Write off of obsolete inventories	12	–	–	12
Provision of allowance of inventories	8,951	–	–	8,951
Penalty expenses	–	–	6,300	6,300
Dividend income	–	–	(40)	(40)
Interest income	–	–	(36,114)	(36,114)
Interest expenses	753	52,777	161	53,691

*Note:* Capital expenditure including purchases of property, plant and equipment, additions to intangible assets, interest expenses on bank borrowings and construction costs of outlet malls located in Shenyang and Xiamen, the PRC.



(f) **Geographical information**

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

	Revenue from external customers		Specified non-current assets (Note)	
	2020 HKD'000	2019 HKD'000	2020 HKD'000	2019 HKD'000
The PRC	272,937	304,174	3,342,266	3,116,403
Hong Kong (Place of domicile)	44,514	66,932	798,153	763,823
United Kingdom	7,042	–	7	–
United States of America	5,040	6,526	–	–
Other Asian countries	7,821	7,716	–	–
Others	14,805	3,596	145,920	191,642
Total	<b>352,159</b>	<b>388,944</b>	<b>4,286,346</b>	<b>4,071,868</b>

Note: Non-current assets located in different geographical locations excluding interests in joint ventures, interest in an associate, deferred tax assets and restricted bank deposits which are located across different geographical locations and the costs of capturing such information will be excessive.

(g) **Information about major customers**

No revenue from transactions with a single external customer, in aggregate, representing 10% or more of the Group’s total revenue for the year ended 31 December 2020 and 2019.

5. **REVENUE**

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

	2020 HKD'000	2019 HKD'000
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>		
Sales of goods	156,689	214,487
Commission income from concessionaire sales	98,417	54,441
Royalty income	8,449	12,877
Securities brokerage commission	2,809	2,388
Underwriting and placing income	702	536
Financial consultancy income	1,475	1,510
Other services income	2,793	1,249
	<b>271,334</b>	<b>287,488</b>
<b>Revenue from other sources not within the scope of HKFRS 15:</b>		
Rental income	57,676	65,342
Interest income	23,149	36,114
	<b>80,825</b>	<b>101,456</b>
Total	<b>352,159</b>	<b>388,944</b>

## 6. FINANCE COSTS

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

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
Interest expenses on bank borrowings	60,920	62,171
Interest expenses on bank overdrafts	129	213
Interest expenses on loan from non-controlling interests	155	161
Interest expenses on lease liabilities	<u>12,713</u>	<u>12,762</u>
	73,917	75,307
Less: Interest expenses being capitalised ( <i>Note</i> )	<u>(4,353)</u>	<u>(21,616)</u>
	<u><u>69,564</u></u>	<u><u>53,691</u></u>

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

## 7. INCOME TAX (EXPENSE)/CREDIT

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

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
<b>Current tax:</b>		
Hong Kong		
– Profits Tax		
– Provision for the year	(805)	(710)
– Under provision in respect of prior years	(29)	–
The PRC and other jurisdictions		
– PRC Enterprise Income Tax		
– Provision for the year	(4,065)	(2,590)
– Foreign tax		
– Reversal/(provision) for the year	<u>1,495</u>	<u>(459)</u>
	(3,404)	(3,759)
<b>Deferred tax:</b>		
Hong Kong and the PRC		
– Profits Tax and PRC Enterprise Income Tax		
– Reversal for the year	<u>524</u>	<u>5,007</u>
Income tax (expense)/credit	<u><u>(2,880)</u></u>	<u><u>1,248</u></u>

### **Hong Kong Profits Tax**

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

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

### **PRC Enterprise Income Tax**

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

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

### **Foreign tax**

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

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

### (a) Other income and gains

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
Dividend income	660	40
Foreign exchange gains	434	1,495
Gain on disposal of property, plant and equipment	–	42
Interest income	3,253	4,656
Government grants ( <i>Note</i> )	5,877	2,003
Reimbursement income of operating outlet malls	12,133	8,970
Gain on write-back of other payables	–	17,503
Recovery of bad debts written off	194	–
Others	6,727	8,870
	<u>29,278</u>	<u>43,579</u>

*Note:* During the year, the Group has received financial support from the Hong Kong Special Administrative Region Government who set up the Anti-epidemic Fund under the Employment Support Scheme to encourage entities to retain their employees who would otherwise be made redundant. Under the Employment Support Scheme, the Group is required not to make redundancies during the subsidy period and to spend all of subsidies on paying salaries.

For the remaining portion of the government grants is received from the PRC local authorities who provide financial support on the branding business in the PRC. There was no unfulfilled condition to receive both government grants at the end of reporting period.

### (b) Other expenses

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
Bad debts written off	–	304
Loss on disposal of property, plant and equipment	895	–
Write off of property, plant and equipment	33	292
Penalty expenses	–	6,300
Others	350	1,018
	<u>1,278</u>	<u>7,914</u>

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

	2020 HKD'000	2019 HKD'000
<b>After charging:</b>		
Directors' emoluments	6,564	6,859
Employees' costs (excluding directors' emoluments) comprise:		
– Salaries	59,478	59,730
– Welfare and other expenses	2,287	3,586
– Contributions to defined contribution retirement plans	5,338	9,562
	<u>73,667</u>	<u>79,737</u>
Auditor's remuneration	2,030	2,030
Amortisation of intangible assets	22,670	3,596
Cost of inventories recognised as expenses	106,753	109,831
Depreciation of property, plant and equipment	59,507	32,548
Depreciation of right-of-use assets	17,304	18,110
Loss/(gain) on disposal of property, plant and equipment	895	(42)
Write off of obsolete inventories	2,106	12
Provision of allowance of inventories	17,455	8,951
Bad debts written off	–	304
Short-term leases expenses	12,547	23,491
	<u>12,547</u>	<u>23,491</u>
<b>After crediting:</b>		
Gross rental income from investment properties	(57,676)	(65,342)
Less: Direct operating expenses related to:		
– Investment properties that generate rental income	12,803	14,769
– Investment properties that did not generate rental income	65	13
	<u>65</u>	<u>13</u>
	<u>(44,808)</u>	<u>(50,560)</u>
<b>Interest income from:</b>		
– Bank deposits	(2,511)	(3,909)
– Loans receivable and advances to customers in margin financing	(23,149)	(36,114)
– Others	(742)	(747)
Dividend income	(660)	(40)
Foreign exchange gains	(434)	(1,495)
Recovery of bad debts written off	(194)	–
Increase in fair value of investment properties	(6,066)	(44,217)
Reimbursement income of operating outlet malls	(12,133)	(8,970)
COVID-19-related rent concessions received ( <i>Note</i> )	(1,767)	–
Gain on write-back of other payables	–	(17,503)
	<u>–</u>	<u>(17,503)</u>

*Note:* During the year, the lessors of the retail shops and Tianjin community mall provided rent concessions to the Group through rent reductions ranging from 1 to 17 months. Due to the rent concessions occurred as a direct consequence of COVID-19 pandemic and met all of the conditions in HKFRS 16.46B, the Group therefore applied the practical expedient not to assess whether the rent concessions constitute lease modifications. The effect on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of approximately HKD1,767,000 was recognised as negative variable lease payments in profit or loss.

## 9. DIVIDEND

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
2019 final dividend of HKD0.008 (2019: 2018 final dividend of HKD0.012) per ordinary share declared and paid	<u>23,794</u>	<u>35,690</u>

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

The Board recommended the payment of a final dividend to the Shareholders in respect of the financial year ended 31 December 2020 of HKD0.005 (2019: HKD0.008) per ordinary share of the Company, in total of approximately HKD14,871,000 (2019: HKD23,794,000). The final dividend proposed after the end of reporting period was not reflected as dividend payable in the consolidated financial statements as at 31 December 2020 and 2019.

## 10. (LOSS)/EARNINGS PER SHARE

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

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
<b>(Loss)/earnings:</b>		
(Loss)/profit for the year attributable to owners of the Company	<u>(216,328)</u>	<u>71,705</u>

	2020 Number of shares ( <i>'000</i> )	2019 Number of shares ( <i>'000</i> )
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted (loss)/earnings per share	<u>2,974,066</u>	<u>2,974,066</u>
<b>(Loss)/earnings per share:</b>		
Basic (loss)/earnings per share ( <i>HK cents</i> )	<u>(7.27)</u>	<u>2.41</u>
Diluted (loss)/earnings per share ( <i>HK cents</i> )	<u>(7.27)</u>	<u>2.41</u>

*Note:* The diluted loss per share is equal to the basic loss per share as there was no dilutive potential ordinary shares to be issued as there was no outstanding share options and warrants during the year after the share options was either fully exercised or lapsed and warrants was fully expired in the prior year.

The Company’s warrants did not give rise to any potential dilutive effect on the basic earnings per share presented for the period from 1 January 2019 to 5 July 2019 (the date when the Company’s warrants was fully expired) as the exercise price of the Company’s warrants outstanding during the period was higher than the average market price of the Company’s shares.

## 11. PROPERTY, PLANT AND EQUIPMENT/INVESTMENT PROPERTIES

### Property, plant and equipment

The carrying amount of the property, plant and equipment increased during the year was mainly due to the increase in fair value of leasehold land and buildings and outlet mall buildings located in Shanghai, Shenyang and Xiamen, the PRC, the commencement of construction works for the expansion of outlet mall building located in Shenyang, the PRC and the appreciation of Renminbi (“RMB”) against HKD. The management expects the construction works will be completed within two years.

### Investment properties

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

The carrying amount of the investment properties increased during the year was mainly due to the increase in fair value of investment properties located in Tianjin, the PRC and the appreciation of RMB against HKD.

## 12. INVENTORIES

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
Raw materials	2,331	4,323
Work-in-progress	453	333
Finished goods	88,083	83,255
Goods-in-transit	2,358	–
	<u>93,225</u>	<u>87,911</u>
Provision of allowance	<u>(31,545)</u>	<u>(19,953)</u>
	<u><u>61,680</u></u>	<u><u>67,958</u></u>

A provision of allowance of inventories of approximately HKD17,455,000 (2019: HKD8,951,000) was recognised in profit or loss during the year due to the decrease in estimated net realisable value of certain categories of inventories as a result of changes in customers' preferences and COVID-19 pandemic which affect the demand of customers.

### 13. TRADE AND OTHER RECEIVABLES

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
<b>Trade receivables arising from:</b>		
– Other than financial services segment	42,750	39,429
– Financial services segment	<u>10,088</u>	<u>13,147</u>
Total gross carrying amount	52,838	52,576
Less: Loss allowance	<u>(7,728)</u>	<u>(6,575)</u>
Total net carrying amount after loss allowance	<u>45,110</u>	<u>46,001</u>
<b>Prepayments, deposits and other receivables:</b>		
Total gross carrying amount	167,363	153,188
Less: Loss allowance	<u>(4,077)</u>	<u>(8,820)</u>
Total net carrying amount after loss allowance	<u>163,286</u>	<u>144,368</u>
Total trade and other receivables	<u><u>208,396</u></u>	<u><u>190,369</u></u>

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

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
0 to 30 days	26,904	19,929
31 to 60 days	4,728	8,766
61 to 90 days	800	2,482
Over 90 days	<u>12,678</u>	<u>14,824</u>
	<u><u>45,110</u></u>	<u><u>46,001</u></u>



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

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
Directors and their associates	13,249	18,036
Other margin clients	94,427	104,612
	<u>107,676</u>	<u>122,648</u>

At 31 December 2020 and 2019, the carrying amount of advances to customers in margin financing arising from the margin financing business in Hong Kong was secured by listed equity securities, carried at average interest rates from Hong Kong Dollar Prime Rate (“**Prime Rate**”) to Prime Rate plus 3% per annum and repayable on demand.

Based on the result of the expected credit loss calculation with reference to the discounted market value of listed equity securities, no provision of loss allowance was recognised for both current and prior years given that no significant default events of failure to repay the margin calls from any margin clients and the discounted market value of listed equity securities pledged were sufficiently covered the outstanding loan balances as at 31 December 2020 and 2019.

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

#### 15. LOANS RECEIVABLE

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
<b>Secured:</b>		
Total gross carrying amount	138,942	173,993
Less: Loss allowance	(11,211)	(6,800)
	<u>127,731</u>	<u>167,193</u>

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

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
At 1 January	6,800	6,800
Provision of loss allowance	4,411	–
At 31 December	<u>11,211</u>	<u>6,800</u>

At 31 December 2020 and 2019, 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% (2019: 8% to 36%) per annum and repayable within one year from the dates of advances to the borrowers or on demand.

## 16. TRADE AND OTHER PAYABLES

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
<b>Trade payables arising from:</b>		
– Other than financial services segment	<b>100,018</b>	87,871
– Financial services segment	<b>21,592</b>	13,731
	<hr/>	<hr/>
Total trade payables	<b>121,610</b>	101,602
Accruals, receipts in advance, temporary receipts and other payables	<b>161,387</b>	207,452
	<hr/>	<hr/>
Total trade and other payables	<b>282,997</b>	309,054
	<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:

	2020 <i>HKD'000</i>	2019 <i>HKD'000</i>
0 to 30 days	<b>85,822</b>	41,203
31 to 60 days	<b>5,093</b>	46,589
61 to 90 days	<b>1,836</b>	7
Over 90 days	<b>7,267</b>	72
	<hr/>	<hr/>
	<b>100,018</b>	87,871
	<hr/> <hr/>	<hr/> <hr/>

The settlement terms of trade payables arising from the ordinary course of business of dealing in securities are either one or two trading days after the trade date depending on the categories of the underlying securities transactions are executed. No ageing analysis is disclosed for the trade payables arising from financial services segment, as in the opinion of the Directors, an ageing analysis is not meaningful in the view of the business nature of dealing in securities and margin financing.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In 2020, despite the complex and changing external economic environment, the Group overcomes the challenges by actively increasing its operational efficiency and deepening the branding and retail business; and constantly strive to advance in the difficult situation for business operation.

After completing the acquisition of the global trademarks and patents of “SKINS”, a compression sportswear brand, at the end of 2020, the Group formed a joint venture with ITOCHU Corporation (“**ITOCHU**”), one of the largest comprehensive trading companies in Japan, to jointly operate the worldwide business of “SKINS”. The Group believes that, cooperating with ITOCHU will enhance the competitive advantage of “SKINS” and build a solid foundation in developing the new market.

Further, the Group works together with Japan DESCENTE LTD. (“**DESCENTE**”), which focuses on sports brand operation, to deepen the root in China’s swimming product market through the joint venture together and jointly operated “arena” brand; it is committed to bringing quality products for domestic swimming enthusiasts and catering market demand on swimming clothing trend. With the influence and profound experience of DESCENTE in sports branding community, as well as the competitive edge of the Group, “arena” has become a leading swimming brand in the China’s market.

As for the international footwear brand “PONY” owned by the Group, it will march towards the milestone of half a century of establishment in 2022. The Group has been preparing for the promotion work actively, planning a series of celebratory events awaited by “PONY” enthusiasts. “PONY” will reinforce its development along the route of its reform, and continuously explores and adjusts the operating strategies with its global trading partners to accelerate its pace on global development.

After years of continuous operations and reform, the sports brand business of the Group has gained a foothold in the mainland and expanded internationally; with diversified categories of sportswear, it grasps different business opportunities in sports and complements the advantages of each other. The Group believes that, the synergy between “SKINS”, “arena” and “PONY”, will strengthen the position of the Group in sports brand and lead the Group to advance.

In addition to operating sports brands, in different areas of the country, the Group strategically renders “Outlets + Community Malls” as the retail business and embraces big consumption as well as the business opportunities brought by internal circulation. Outlets located in Xiamen, Shenyang and Anyang focus on offering fashion shopping and entertainment consumption brands became admirable spots for consumers to visit at leisure; community malls located in Tianjin and Chongqing centre around residents in the Municipality, providing them with necessary consumption and services such as fitness, car detailing and study centre. During the Year, outlets continued to attract a number of prestigious international brands to expand their businesses and their brand portfolio was optimized continuously. In order to further

enhance the operation efficiency, the expansion project in the northern zone of Shenyang Park Outlets is under construction. It is expected that the completion will be in September 2021. The stationed brands will be more diversified at the time of completion. After years of operating history, “Park Outlets” has gradually built a chain retail brand to satisfy consuming needs in different aspects; and works with different brands to serve a wide range of terminal consumption populations.

Despite the challenging business environment in 2020, the financial business of the Group kept developing steadily, and upholds a practical, professional, concentrated business policy as always, to be devoted in wealth management and appreciation. To exert the advantages of the Group in financial business and to move a further step in China’s retail layout, in early 2020, the Special Purpose Acquisition Company (SPAC) founded by the Group and international mutual fund in 2018 has combined a mobile digital media company, which mainly brings a brand-new consuming experience to audience on different platforms through various short videos, online variety shows and live broadcasts. The Group believes that, the mobile digital media company will bring a conducive synergy to the brand’s expansion in the long term.

## **FINANCIAL REVIEW**

### **Overview of Annual Results**

During the Year, the Group’s overall revenue decreased by approximately 9.5% to approximately HKD352.2 million (2019: approximately HKD388.9 million). The Group recorded loss for the year attributable to owners of the Company of approximately HKD216.3 million for the Year, compared with profit for the year attributable to owners of the Company of approximately HKD71.7 million for the Comparable Year, representing a decrease of approximately 401.7% or approximately HKD288.0 million. This was primarily due to the fair value loss on financial assets at fair value through profit or loss, the increase in the provision of allowance of inventories, the significant reduction in the increase in fair value of investment properties, the absence of gain on write-back of other payables and the outbreak of novel coronavirus (COVID-19) which caused disruptions to certain numbers of business activities of the Group where the operating revenue of the Group has significantly deteriorated. As a result, the Group recorded basic loss per share of approximately HK7.27 cents for the Year, as compared with basic earnings per share of approximately HK2.41 cents for the Comparable Year.

### **Segment information**

In the second half of the Year, in order to have a better reflection of the revenue structure and performance measurement reported to the Directors and key management personnel of the Company, the new reportable segments of the Company consist of: (i) branding; (ii) retailing; and (iii) financial services. The new branding segment combined the previous retailing and sourcing, branding and duty free segments; the new retailing segment combined the previous property investment and holding and outlet malls segments; and the financial services segment remained unchanged.

Branding segment includes: (i) development and management of “SKINS” and “PONY” trademarks; (ii) retailing and provisions of sourcing services for branded apparel, swimwear and accessories; (iii) sourcing, manufacturing and trading of healthcare products; and (iv) sales of goods from duty free shops. Accordingly, revenue from retailing and provisions of sourcing services for branded apparel, swimwear and accessories, sourcing, manufacturing and trading of healthcare products and sales of goods from duty free shops of approximately HKD133.2 million (2019: approximately HKD210.7 million), in aggregate, were reallocated to branding segment during the Year from retailing and sourcing segment and duty free segment.

Property investment and holding segment and outlet malls segment were collectively combined as retailing segment. Accordingly, revenue from rental income from investment properties and commission income from concessionaire sales by managing and operating outlet malls of approximately HKD156.1 million (2019: approximately HKD119.8 million), in aggregate, were reallocated to retailing segment during the Year from property investment and holding segment and outlet malls segment.

Financial services segment remained unchanged.

As a result, the previous classification of reportable segments for the Comparable Year has been represented to be comparable with the revised reportable segments.

## **Revenue**

### ***Branding***

The branding segment comprised of: (i) development and management of “SKINS” and “PONY” trademarks; and (ii) retailing and provisions of sourcing services for branded apparel, swimwear and accessories in the People’s Republic of China (the “**PRC**”); (iii) sourcing, manufacturing and trading of healthcare products in Hong Kong; and (iv) sales of goods from duty free shops in Taiwan. Revenue for the Year amounted to approximately HKD168.0 million (2019: approximately HKD228.6 million), representing a decrease of approximately 26.6%. Reportable segment loss for the Year amounted to approximately HKD17.2 million (2019: reportable segment profit amounted to approximately HKD9.7 million).

### ***Retailing***

The retailing segment comprised of: (i) investment properties including commercial premises located in Hong Kong, Beijing and Shanghai of the PRC and community malls located in Chongqing and Tianjin of the PRC; (ii) management and operation of outlet malls located in Xiamen, Shenyang and Anyang of the PRC. The investment properties are held either medium or long-term leases and for the purpose of either earning rental income or capital appreciation. Revenue for the Year amounted to approximately HKD156.1 million (2019: approximately HKD119.8 million), representing an increase of approximately 30.3%. Reportable segment loss for the Year amounted to approximately HKD40.6 million (2019: reportable segment profit of approximately HKD8.5 million).

## ***Financial Services***

The financial services segment remained unchanged as provisions of securities brokerage, margin financing, money lending, underwriting and placing of listed securities and financial consultancy services in Hong Kong. Revenue for the Year amounted to approximately HKD28.1 million (2019: approximately HKD40.5 million), representing a decrease of approximately 30.6%. Reportable segment loss for the Year amounted to approximately HKD92.6 million (2019: reportable segment profit of approximately HKD102.1 million).

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

Cost of sales mainly comprised of the cost of goods sold and provision of allowance of inventories. The cost of sales decreased from approximately HKD109.8 million for the Comparable Year to approximately HKD106.8 million for the Year, representing a decrease of approximately 2.7%.

Gross profit for the Year amounted to approximately HKD245.4 million, representing a decrease of approximately HKD33.7 million or approximately 12.1% as compared with approximately HKD279.1 million for the Comparable Year.

The gross profit margin for the Year was approximately 69.7% (2019: approximately 71.8%).

### **Other income and gains**

Other income and gains mainly comprised of the reimbursement income of operating outlet malls. The other income and gains decreased from approximately HKD43.6 million for the Comparable Year to approximately HKD29.3 million for the Year, representing a decrease of approximately 32.8%.

### **Distribution and selling expenses**

Distribution and selling expenses mainly comprised of the advertising and promotion expenses and employees' costs. The distribution and selling expenses decreased from approximately HKD114.1 million for the Comparable Year to approximately HKD97.9 million for the Year, representing a decrease of approximately 14.2%.

### **Administrative expenses**

Administrative expenses mainly comprised of employees' costs and utilities expenses consumed in both community malls and outlet malls in the PRC. The administrative expenses decreased from approximately HKD129.7 million for the Comparable Year to approximately HKD119.6 million for the Year, representing a decrease of approximately 7.8%.

## **Finance costs**

Finance costs for the Year amounted to approximately HKD69.6 million, representing an increase of approximately HKD15.9 million or approximately 29.6% as compared with approximately HKD53.7 million for the Comparable Year. The increase was primarily due to the increase in bank borrowings during the Year.

## **Impairment loss on financial assets**

Impairment loss on financial assets for the Year amounted to approximately HKD6.6 million, representing an increase of approximately HKD3.6 million as compared with approximately HKD3.0 million for the Comparable Year. The impairment loss on financial assets mainly comprised of impairment loss on trade and other receivables and loans receivable.

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

Increase in fair value of investment properties for the Year amounted to approximately HKD6.1 million, representing a decrease of approximately HKD38.1 million as compared with approximately HKD44.2 million for the Comparable Year. The decrease in fair value of investment properties was primarily due to the economic uncertainty in Hong Kong and the PRC property market.

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

Fair value loss on financial assets at fair value through profit or loss for the Year amounted to approximately HKD97.5 million, representing a decrease of approximately HKD186.3 million as compared with the fair value gain on financial assets at fair value through profit or loss of approximately HKD88.8 million for the Comparable Year. The decrease was primarily due to the decrease in market value of unlisted investment outside Hong Kong.

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

Income tax expense for the Year amounted to approximately HKD2.9 million, representing an increase of approximately HKD4.1 million as compared with the income tax credit of approximately HKD1.2 million for the Comparable Year. The increase was mainly due to the deferred tax charges in respect of the property revaluation during the Year.

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

The Group reported loss for the year attributable to owners of the Company of approximately HKD216.3 million for the Year as compared with profit for the year attributable to owners of the Company of approximately HKD71.7 million for the Comparable Year. The loss for the year attributable to owners of the Company was mainly due to the fair value loss on financial assets at fair value through profit or loss, the increase in the provision of allowance of inventories, the significant reduction in the increase in fair value of investment properties, the absence of gain on write-back of other payables, and the outbreak of novel coronavirus (COVID-19) which caused disruptions to certain numbers of business activities of the Group where the operating revenue of the Group has significantly deteriorated.



## **FUTURE PROSPECTS**

Looking ahead, the pandemic urges more people to pay attention to their health and to exercise to strengthen their bodies. With the vaccines being available and widely used, the global economy will gradually move away from the shadow of the pandemic and be back on the track. Meanwhile, the PRC government values the developing direction of big consumption and internal circulation and keeps putting forward policies that encourage sports, brightening the prospect of sports and retail industry. The Group will continue to explore opportunities and plan the development of each brand in a forward-looking manner; to enhance its own value in the ever-changing market, and to seek victory amid stability with sustainable development as the operation target.

## **MARKET INFORMATION**

During the Year, revenue from the PRC, Hong Kong and other Asian countries comprised of approximately 92.4% (2019: approximately 97.4%) of the total revenue and the remaining of approximately 7.6% (2019: approximately 2.6%) shared between the United Kingdom, the United States of America and other countries.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2020, the Group had bank balances and cash amounted to approximately HKD234.6 million (2019: approximately HKD129.8 million). The Group was offered banking facilities amounted to approximately HKD1,605.1 million (2019: approximately HKD1,426.0 million).

As at 31 December 2020, the Group's bank borrowings amounted to approximately HKD1,605.1 million (2019: approximately HKD1,410.9 million). The Group had variable interest-rate bank borrowings carried at interest rates from approximately 1.79% to 6.03% (2019: approximately 4.10% to 6.03%) per annum. The weighted average effective interest-rate was approximately 3.5% (2019: approximately 4.7%) per annum. The Group's gearing ratio was expressed as a percentage of total outstanding net debt (being the total bank borrowings less bank balances and cash) to total equity was approximately 47.3% (2019: approximately 43.7%). Approximately HKD601.0 million (2019: approximately HKD198.8 million) must be repaid within one year, while the remaining balance must be repaid from two to five years.

As at 31 December 2020, the Group's current assets and current liabilities were approximately HKD932.3 million (2019: approximately HKD997.6 million) and approximately HKD925.6 million (2019: approximately HKD557.6 million) respectively. Accordingly, the Group's current ratio was expressed as current assets to current liabilities was approximately 1.01 (2019: approximately 1.79).



## **PLEDGE OF ASSETS**

As at 31 December 2020, the Group pledged certain of its leasehold land and buildings, outlet mall buildings, investment properties, right-of-use assets and restricted bank deposits, with the respective carrying amounts of approximately HKD282.0 million, HKD1,436.9 million, HKD1,383.6 million, HKD279.0 million and HKD41.8 million as at 31 December 2020 (2019: approximately HKD282.0 million, HKD nil, HKD1,314.4 million, HKD269.1 million and HKD37.2 million); shares of certain of the Company's subsidiaries; and corporate guarantees provided by the Company and certain of its subsidiaries, to secure the banking facilities offered to the Group.

## **CAPITAL COMMITMENTS**

As at 31 December 2020, the Group's capital commitments was approximately HKD57.2 million in respect of the construction costs of outlet mall buildings located in Shenyang, the PRC (2019: approximately HKD51.4 million in respect of the capital contribution of the unlisted equity investment outside Hong Kong).

## **CAPITAL EXPENDITURE**

The capital expenditure including purchases of property, plant and equipment, additions to intangible assets, interest expenses on bank borrowings and construction costs of outlet malls located in Shenyang and Xiamen, the PRC were approximately HKD61.6 million for the Year (2019: approximately HKD467.7 million).

## **CONTINGENT LIABILITIES**

Details of potential tax liabilities in connection with the potential tax penalty arising from the late filing of the PRC tax returns for reporting the PRC Enterprise Income Tax to the PRC tax authority are disclosed in Note 7 of this announcement.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2020, the Group's total number of employees was 406 (2019: 465). Employees' costs (excluding directors' emoluments) amounted to approximately HKD67.1 million (2019: approximately HKD72.9 million).

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

## **SHARE OPTION SCHEME**

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

## **TREASURY POLICY**

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

## **DIVIDEND**

The Board recommended the payment of a final dividend of HKD0.005 (2019: HKD0.008) per ordinary share for the Year, which is subject to the approval of the shareholders of the Company at the annual general meeting (the “AGM”) to be held on Friday, 25 June 2021. The final dividend is proposed to be paid on or about 28 July 2021 to the shareholders whose names appear on the register of members of the Company at the close of business on 6 July 2021.

## **CLOSURE OF REGISTER OF MEMBERS**

- (1) The AGM is scheduled to be held on Friday, 25 June 2021. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 22 June 2021 to Friday, 25 June 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a shareholder of the Company to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 21 June 2021.
- (2) For determining the entitlement to the final dividend for the Year, the register of members of the Company will be closed from Friday, 2 July 2021 to Tuesday, 6 July 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a shareholder of the Company to qualify for the final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 30 June 2021.

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

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

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

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

## **AUDIT COMMITTEE**

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Chow Yu Chun Alexander (the chairman of Audit Committee), Mr. Shum Pui Kay and Mr. Wah Wang Kei Jackie, has reviewed the final results for the Year.

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

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

## **CORPORATE GOVERNANCE CODE**

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

- (1) Under code provision A.2.1 of the CG Code, the roles of the Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Cheng Tun Nei ("**Mr. Cheng**") currently serves as both the Chairman and Chief Executive Officer of the Company. In view of the evolving business environment in which the Group operates, the Board is of the view that vesting the roles of both the Chairman and Chief Executive Officer of the Company on Mr. Cheng will provide the Group with strong and consistent leadership while enabling more effective and timely business planning and decision-making process.
- (2) Under code provision A.4.1 of the CG Code, non-executive Directors should be appointed for a specific term and are subject to re-election. All independent non-executive Directors of the Company were not appointed for specific term but are subject to the requirement to retire by rotation at least once every three years. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment.

- (3) During the period from 11 August 2020 (the date of the resignation of Ms. So Wai Yee, the former company secretary of the Company) to 10 December 2020, the Company did not comply with the requirement under Rule 3.28 of the Listing Rules and the relevant code provisions of the CG Code. On 10 December 2020, Mr. Yeung King Hang was appointed as the company secretary of the Company and the Company re-complied with such requirement and the relevant code provisions hereafter.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this announcement, there was no other significant event affecting the Group that had occurred after 31 December 2020 and up to date of this announcement.

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

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

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

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

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.symphonyholdings.com](http://www.symphonyholdings.com). The annual report for the Year containing all the information required by Listing Rules will be despatched to shareholders of the Company and will be made available on the above websites by the end of April 2021.

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

Hong Kong, 26 March 2021

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

*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