SYMPHONY
新灃集團有限公司
SYMPHONY HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
Stock Code : 01223

Contents

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 *(Appointed on 1 March 2023)*

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 BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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, I hereby present the audited consolidated final results of the Group for the Year together with comparative figures for the Comparable Year.

With economic activities frustrated by the pandemic in China and further interest hikes globally, the business environment was highly challenging in 2022. Pragmatic and seeking changes, the Group forged ahead with courage to capture opportunities.

The Group runs "Park Outlets", its retail business, on the model of "Outlets + Community Malls" across China. The outlets, distributed in Xiamen, Shenyang and Anyang, offer a variety of international and local brands to meet consumer demands for shopping, entertainment and leisure. Community malls, deployed in geographically advantageous locations of Tianjin and Chongqing, satisfy daily residential needs. In H1'22, "Park Outlets" saw dampened consumption due to reduced customer flows under tight pandemic control, but leveraged the chance to upgrade facilities and management. In H2'22, as the market picked up, the outlets, taking advantage of peak consumption seasons, launched activities and promotions both inside and outside stores to boost consumption. In early 2023, with the resumption of customs clearance and economic activities in China, the outlets welcomed much more visitors, whose consumption intention was fully released to fuel business growth. Empowered by years of management expertise, "Park Outlets" demonstrate strong resilience in operations at different stages of the retail sector.

The Group acquired SKINS, the world's first compression sportswear brand, at its early stage, and formed a joint venture with ITOCHU Corporation ("**ITOCHU**"), one of the largest general trading companies in Japan, to jointly operate SKINS. Thanks to the efforts of both parties, we expanded SKINS sales network worldwide and cooperated with a number of international sports events or athletes to unleash the tide of compression sportswear. The brand works for a better product portfolio, and offers functional compression wear for different sports to help athletes perform better. As the pandemic changed the way we shop, e-commerce became increasingly important. So, the Group further operated SKINS online while integrating it with offline operation to deliver faster and more convenient one-stop consumer services. Also, the Group promoted SKINS via diverse social platforms, to increase its penetration among different customer groups and build it into a brand recognized by professional athletes and even ordinary public.

In the middle of 2022, the Group sold the trademark of its global footwear brand PONY outside Asia Pacific to Iconix International Inc. ("**Iconix**"), a US-based leading brand operator, and set up a joint venture with Iconix to run PONY in the Asia Pacific region (except Chinese mainland and Taiwan). Built on Iconix's global advantages and the Group's expertise in Asia Pacific, the joint venture will help further improve PONY's brand value. By sharing each other's advantages, both parties can create unique products that meet specific demands of consumers in different areas. The new plan for PONY will lay a solid foundation for the Group's long-term development, and help boost the Group's operations.

In 2022, despite the fluctuations in the capital market and economic environment, the Group's financial segment ensured risk management, and maintained steady development with a consistently professional and sincere attitude, in an effort to provide customers quality services.

On behalf of the Board, I hereby extend my sincere thanks to shareholders, employees, banks, customers and business partners for your consistent trust and support. In pursuit of perfection, we will work further to drive business development and create greater values for all stakeholders.

Cheng Tun Nei
Chairman

Hong Kong, 31 March 2023

FINANCIAL REVIEW

Overview of Annual Results

Due to the impact of the COVID-19 pandemic and its associated consequences, certain business activities of the Group have been disrupted, leading to a deterioration in the Group's operating revenue compared to the Comparable Year. During the Year, the Group's overall revenue decreased by approximately 13.7% to approximately HKD279.2 million (2021: approximately HKD323.5 million).

Gross profit for the Year amounted to approximately HKD251.7 million, representing a decrease of approximately HKD21.6 million or approximately 7.9% as compared with approximately HKD273.3 million for the Comparable Year. Gross profit margin for the Year was approximately 90.2% (2021: approximately 84.5%).

The Group recorded loss for the year attributable to owners of the Company of approximately HKD81.3 million for the Year, compared with profit for the year attributable to owners of the Company of approximately HKD36.5 million for the Comparable Year, representing a decrease in profit of approximately 322.7% or approximately HKD117.8 million.

The loss for the year attributable to owners of the Company was mainly attributable to (i) the fair value loss of financial assets at fair value through profit or loss, primarily attributable to a fair value loss of approximately HKD85.4 million incurred by the listed security disposed during the Year, which a fair value gain of approximately HKD84.6 million was recorded from the security in the Comparable Year; (ii) the increase in finance costs for the Year due to the increase in Hong Kong Interbank Offered Rate; and (iii) the ongoing development and knock-on effects of the novel coronavirus (COVID-19) outbreak which caused disruptions to certain business activities of the Group where the operating revenue of the Group has deteriorated.

Overall, the Group recorded basic loss per share of approximately HK2.73 cents for the Year, as compared with basic earnings per share of approximately HK1.23 cents for the Comparable Year.

Revenue and operating results

Segment information

Branding

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

Revenue for the Year amounted to approximately HKD59.9 million (2021: approximately HKD97.4 million), representing a decrease of approximately 38.5%.

The segment gross profit margin increased to approximately 54.0% for the Year (2021: approximately 48.4%). Accordingly, after deducting expenses and taking into accounts the other income and gains, the reportable segment profit of the branding segment was approximately HKD109.0 million for the Year (2021: reportable segment loss of approximately HKD6.3 million). The increase in reportable segment profit was mainly due to the one-off gain on disposal of "PONY" Business which was included in other income and gains.

Retailing
The retailing segment comprised of: (i) management and operation of outlet malls located in Xiamen, Shenyang and Anyang of the PRC; (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 either medium or long-term leases and for the purpose of either earning rental income or capital appreciation.

Revenue for the Year amounted to approximately HKD197.3 million (2021: approximately HKD197.6 million), representing a decrease of approximately 0.2%. As our retail business is mainly focused in the PRC, and the pandemic prevention and control measures have not undergone significant changes in the past two years, our retailing revenue has remained roughly the same as the Comparable Year.

The segment gross profit margin is 100% for the Year (2021: 100.0%). Accordingly, after deducting expenses and taking into accounts the other income and gains, the reportable segment loss of the retailing segment increased by approximately 97.2% to approximately HKD49.1 million for the Year (2021: reportable segment loss of approximately HKD24.9 million).

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

Revenue for the Year amounted to approximately HKD21.9 million (2021: approximately HKD28.5 million), representing a decrease of approximately 23.2%. The segment gross profit margin is 100% for the Year (2021: 100.0%). However, driven by the unforeseeable external economic circumstance during the Year, that leading to the fair value of the investments significantly dropped. This Year, the financial services segment performance was mainly driven by the uncertain economic environment, a loss from the financial assets at fair value through profit or loss recorded for the Year.

All in all, reportable segment loss soared to approximately HKD10.2 million for the Year (2021: reportable segment profit of approximately HKD16.7 million).

Other income and gains
Other income and gains mainly comprised of the gain on disposal of intangible assets and the reimbursement income of outlet malls. Other income and gains increased from approximately HKD40.8 million for the Comparable Year to approximately HKD174.1 million for the Year, representing an increase of approximately 326.7%.

Distribution and selling expenses
Distribution and selling expenses mainly comprised of the advertising and promotion expenses and employees' costs. Distribution and selling expenses increased from approximately HKD75.6 million for the Comparable Year to approximately HKD77.6 million for the Year, representing an increase of approximately 2.6%. The increase was due to an increase in logistic cost, as the ongoing COVID-19 has brought significant disruptions in global supply chains and logistics networks.

Administrative expenses
Administrative expenses mainly comprised of employees' costs, PRC tax surcharges and other levies and utilities expenses. Administrative expenses increased from approximately HKD134.1 million for the Comparable Year to approximately HKD153.1 million for the Year, representing an increase of approximately 14.2%. The increase was due to an increase in manpower and salary level year-on-year driven by continuous scale expansion and waiver of PRC tax surcharges in the Comparable Year.

Finance costs

Finance costs mainly comprised of interest expenses on bank borrowings. Finance costs increased from approximately HKD62.7 million for the Comparable Year to HKD74.8 million for the Year, representing an increase of approximately 19.2%. The increase was primarily due to the increase in Hong Kong Interbank Offered Rate level year-on-year driven by uncertain global economic impact.

Provision/reversal of impairment loss on financial assets

Provision of impairment loss on financial assets for the Year amounted to approximately HKD0.7 million, as compared with reversal of impairment loss on financial assets amounted to approximately HKD13.2 million for the Comparable Year. The impairment loss on financial assets mainly comprised of impairment loss on trade and other receivables and loans receivable.

Decrease in fair value of investment properties

Decrease in fair value of investment properties for the Year amounted to approximately HKD7.0 million, as compared with a decrease in fair value of investment properties amounted to approximately HKD8.4 million for the Comparable Year. The decrease was primarily due to the decrease in property value of the community mall located in Tianjin of the PRC.

Fair value 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 HKD102.8 million, as compared with the fair value gain on financial assets at fair value through profit or loss of approximately HKD75.7 million for the Comparable Year. This was primarily due to the fair value loss of financial assets at fair value through profit or loss, primarily attributable to a fair value loss of approximately HKD85.4 million incurred by the listed security disposed during the Year, which a fair value gain of approximately HKD84.6 million was recorded from the security in the Comparable Year.

Income tax expense

Income tax expense for the Year amounted to approximately HKD5.2 million, representing a decrease of approximately 50.9% as compared with the income tax expense of approximately HKD10.6 million for the Comparable Year. The decrease was due to a decrease in taxable profits 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 HKD81.3 million for the Year as compared with profit for the year attributable to owners of the Company of approximately HKD36.5 million for the Comparable Year. This was mainly attributable to (i) the fair value loss of financial assets at fair value through profit or loss, primarily attributable to a fair value loss of approximately HKD85.4 million incurred by the listed security disposed during the Year, which a fair value gain of approximately HKD84.6 million was recorded from the security in the Comparable Year; (ii) the increase in finance costs for the Year due to the increase in Hong Kong Interbank Offered Rate; and (iii) the ongoing development and knock-on effects of the novel coronavirus (COVID-19) outbreak which caused disruptions to certain business activities of the Group where the operating revenue of the Group has deteriorated.

MARKET INFORMATION

During the Year, revenue from the PRC, Hong Kong and other Asian countries comprised of approximately 91.3% (2021: approximately 80.2%) of the total revenue and the remaining of approximately 8.7% (2021: approximately 19.8%) shared between the United States of America and other countries.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group had bank balances and cash amounted to approximately HKD98.1 million (2021: approximately HKD174.3 million). The Group was offered banking facilities amounted to approximately HKD1,473.6 million (2021: approximately HKD1,622.2 million).

As at 31 December 2022, the Group's bank borrowings amounted to approximately HKD1,444.0 million (2021: approximately HKD1,622.2 million). The Group had variable interest-rate bank borrowings carried at interest rates from approximately 2.51% to 7.40% (2021: approximately 1.66% to 6.8%) per annum. The weighted average effective interest-rate was approximately 6.2% (2021: approximately 3.3%) 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% (2021: approximately 45.7%). Approximately HKD549.8 million (2021: approximately HKD295.1 million) must be repaid within one year, while the remaining balance must be repaid from two to twenty years (2021: two to four years).

As at 31 December 2022, the Group's current assets and current liabilities were approximately HKD1,084.6 million (2021: approximately HKD1,069.8 million) and approximately HKD880.8 million (2021: approximately HKD732.3 million) respectively. Accordingly, the Group's current ratio was expressed as current assets to current liabilities was approximately 1.23 (2021: approximately 1.46).

PLEDGE OF ASSETS

As at 31 December 2022, the Group pledged certain of its leasehold land and buildings, outlet mall buildings, investment properties, right-of-use assets, asset classified as held for sale and restricted bank deposits, with the respective carrying amounts of approximately HKD277.2 million, HKD1,573.7 million, HKD825.5 million, HKD454.3 million, HKD261.5 million and HKD42.8 million as at 31 December 2022 (2021: approximately HKD282.0 million, HKD1,696.1 million, HKD1,423.6 million, HKD508.8 million, HKDNil and HKD42.7 million); shares of certain of the Company's subsidiaries; corporate guarantees provided by the Company and certain of its subsidiaries and a related party; and personal guarantee provided by a director of the Group, to secure the banking facilities offered to the Group.

CAPITAL COMMITMENTS

As at 31 December 2022, the Group's capital commitments was approximately HKD39.4 million in respect of the construction costs of outlet mall buildings in northern zone located in Shenyang of the PRC and construction costs of brewery located in Japan (2021: approximately HKD29.5 million in respect of the construction costs of outlet mall buildings in northern zone located in Shenyang of the PRC).

CAPITAL EXPENDITURE

The capital expenditure including purchases of property, plant and equipment, and construction costs of outlet malls located in Shenyang and Xiamen of the PRC and construction costs of brewery located in Japan were approximately HKD79.8 million for the Year (2021: approximately HKD109.0 million).

CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group's total number of employees was 193 (2021: 290). Employees' costs (excluding directors' emoluments) comprise of salaries, welfare and other expenses and contribution to defined contribution retirement plans amounted to approximately HKD68.7 million (2021: approximately HKD73.3 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 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 (2021: HKD0.005) per ordinary share for the Year, which is subject to the approval of the Shareholders at the Annual General Meeting to be held on Friday, 23 June 2023. The final dividend is proposed to be paid on or about 2 August 2023 to the Shareholders whose names appear on the register of members of the Company at the close of business on 3 July 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, SIGNIFICANT INVESTMENTS AND FUTURE PLANS OF MATERIAL INVESTMENT

Disposal of 70% equity interest in Arena Shanghai Industrial Co., Limited ("Arena Shanghai")

On 7 January 2022, Tian Feng (Shanghai) Apparel and Accessory Trading Co., Ltd.* (添峯（上海）服飾貿易有限公司, an indirect wholly owned subsidiary of the Company) ("**Tian Feng (Shanghai)**"), the Company, Descente, Ltd. (the "**Descente**") and Shanghai Descente Commercial Co. Ltd., entered into a share purchase agreement, pursuant to which Tian Feng (Shanghai) has conditionally agreed to sell, and Descente has conditionally agreed to purchase, the 70% of the equity interests in the registered capital of Arena Shanghai. The disposal was completed on 27 June 2022. Details of which were disclosed in the Company's announcements dated 7 January 2022, 27 January 2022, 28 April 2022 and 27 June 2022 and the Company's circular dated 24 February 2022.

* *For identification purpose only*

Disposal of "PONY" Business and formation of joint venture

On 6 May 2022, the Company entered into a business sale and purchase agreement (the "**Agreement I**") with Luxembourg Pony Holdings S.à r.l. (a company incorporated in Luxembourg with limited liability and is a wholly-owned subsidiary of Iconix, Inc.) (the "**Purchaser I**") in relation to the transfer of the assets held by any member of the Group relating to the "PONY" brand carried on in the jurisdictions in which any member of the Group holds assets relating to the "PONY" brand, and excluding APAC and any assets located in or relating to the PRC or Taiwan. On the same date, the Company entered into another business sale and purchase agreement (the "**Agreement II**") with Sym-Icon Holdings Limited (a company incorporated in Hong Kong with limited liability and being the wholly-owned subsidiary of Wisdom Class International Limited (as described below) (the "**Purchaser II**") in relation to the transfer of the assets held by any member of the Group relating to the "PONY" brand carried on in APAC (the "**Subject Business**") to the Purchaser II.

After entering into the Agreement I and Agreement II, the Company, the Purchaser I and Wisdom Class International Limited (a company incorporated in the British Virgin Islands with limited liability, and is owned as to 50% by the Company and 50% by the Purchaser I) entered into a shareholders' agreement in relation to formation of the joint venture company for holding and operating the Subject Business on 6 May 2022. Details of above were disclosed in the announcement of the Company dated 10 May 2022.

Disposal of listed securities

On 16 June 2022, Cosmo Group Holdings Limited (a company incorporated in the British Virgin Islands with limited liability and a direct wholly owned subsidiary of the Company) entered into a sale and purchase agreement in relation to the sale of 512,982,240 ordinary shares of Shunten International (Holdings) Limited (a company incorporated in the Cayman Islands with limited liability and its shares are listed on the main board of the Stock Exchange of Hong Kong Limited). Details of which were disclosed in the announcement of the Company dated 17 June 2022.

Save as disclosed above, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures, significant investments and future plans of material investment during the Year.

FUTURE PROSPECTS

Looking ahead, the economy has been clouded by external market fluctuations and uncertainties in the banking industry. However, every cloud has a silver lining. The mainland economy is showing promising signs of recovery while the long-term fundamentals remain favourable. All industries are in a golden strategic period. Pursuant to the "Government Work Report", China is focusing on promoting high-quality development and accelerating the implementation of policies for the enhancement of market confidence. Regarding the revitalisation of the economy as the focus in the future, it is believed that more favorable policies will be introduced to support the revival of all industries. Having taken root in the mainland, the core business of the Group will benefit from national policy and the continued recovery and improvement of consumer sentiment. Currently, domestic economic activities and personnel flow have returned to normal as consumption power has been released, bringing abundant opportunities for "Park Outlets". The Group will make proactive plans for the in-depth development of the brand and at the same time, step up our efforts to promote the "Park Outlets" business to seize new opportunities in the mainland economy. The Group maintains a positive outlook on the industry, and will actively improve our efficiency, strengthen our own advantage, and realize a collective growth for both brand and retail.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Cheng Tun Nei, aged 59, has been appointed as an Executive Director since 15 December 2014 and was further appointed as the chairman of the Board and the Chief Executive Officer on 23 December 2014 and 30 September 2015 respectively. He is the chairman of the Nomination Committee. Mr. Cheng is mainly responsible for the formulation of development strategies of the Group, as well as giving guidance to the Group's project investment, financing and investment. He is also a director of certain subsidiaries of the Company.

He is an experienced investor in securities and also a seasoned businessman engaging in securities and financing, consultancy, hotel investment, real estate investment and development, import and export of cigarettes, perfume and cosmetic products business for many years. He is also a director of Goldsilk Capital Limited, a substantial shareholder of the Company under the Securities and Futures Ordinance.

Mr. Cheng was appointed as the executive director and chairman of the investment and management committee of Lamtex Holdings Limited (HKSE: 1041) on 19 March 2020 and resigned from the positions on 30 July 2020.

Mr. Cheng is the father of Mr. Cheng Chun Lung, the vice president for Business Development of the Company, and the brother-in-law of Mr. Lee Cheung Ming, an Executive Director.

Mr. Chan Kar Lee, aged 67, has been appointed as an Executive Director on 2 January 2014. He was further appointed as the Chief Operating Officer of the Group on 1 November 2014. From January 2019, he has been in-charge of branding business and other general operations of the Group. Since January 2021, he has also been appointed as Chief Executive Officer of SYM ITO Sales & Distribution Company Limited, a joint venture between the Company and ITOCHU Corporation. He is a director of certain subsidiaries of the Company as well.

Mr. Chan possesses over 40 years of professional experience in marketing, sales, distribution and management in fast-moving consumer goods with multi-national corporations such as LVMH, British American Tobacco and Imperial Tobacco Group.

He holds an EMBA degree awarded jointly by the Business School of Hong Kong University of Science and Technology and the Kellogg School of Management of Northwestern University. He has also attended management courses at Stanford Law School, Harvard Business School and the Wharton School.

Mr. Lee Cheung Ming, aged 51, joined the Group in September 2014 and was appointed as an Executive Director on 1 January 2019. He is responsible for the property development and investment in the PRC of the Group. He is also a director of certain subsidiaries of the Group.

Mr. Lee possesses around 20 years of experience in hotel and real estate development cum investment in the PRC. He completed a business administration course with the Beijing Economy Management Distance Learning College.

Mr. Lee is the brother-in-law of Mr. Cheng Tun Nei, the chairman of the Board and substantial Shareholder, and the uncle of Mr. Cheng Chun Lung, the vice president for Business Development of the Company.

Biographies of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chow Yu Chun Alexander, aged 76, has been appointed as an Independent Non-executive Director since 15 December 2014 and is the chairman of the Audit Committee and a member of the Remuneration Committee.

Mr. Chow possesses over 40 years of experience in commercial, financial and investment management in Hong Kong and mainland China. He is currently also an independent non-executive director of Playmates Toys Limited (HKSE: 869) and CSC Holdings Limited (formerly known as China Strategic Holdings Limited) (HKSE: 235). Furthermore, he was also an independent non-executive director of Aquis Entertainment Limited (ASX: AQS), a company listed on Australian Securities Exchange, since 2015 and retired from the position in April 2022.

Mr. Shum Pui Kay, aged 74, has been appointed as an Independent Non-executive Director since 27 November 2013 and is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Shum possesses over 30 years of experience in the retailing and distribution of luxurious goods. He was instrumental in the establishment and expansion of the renowned French leather good brand Longchamp in the Asia Pacific region and has served as the Chairman of the Asia Pacific region of the brand Longchamp since 1978.

Mr. Wah Wang Kei Jackie, aged 56, has been appointed as an Independent Non-executive Director since 27 November 2013 and is a member of each of the Audit Committee and the Nomination Committee and the chairman of the Remuneration Committee.

Mr. Wah graduated from The University of Hong Kong in 1990 and was qualified as a solicitor in 1992. Up until 1997, he was a partner of a Hong Kong law firm. He is currently an executive director and the company secretary of CST Group Limited (formerly known as NetMind Financial Holdings Limited) (HKSE: 985).

Biographies of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Simon Goodfellow, aged 48, joined the Group in August 2019 and is currently the chief commercial officer of "SKINS".

Prior to joining the Group, he had been working for various consumer and sports industry brands in chief executive officer and international sales director roles. He has accumulated over 19 years of experience in sales, marketing, e-commerce and the international distribution of branded products. He graduated with a Bachelor of Arts degree in Design from Nottingham Trent University.

Mr. Toshiya Shimada, aged 57, was seconded by ITOCHU Corporation to join the Group in February 2021 as chief strategy officer of SYM ITO Sales & Distribution Company Limited, a joint venture between the Company and ITOCHU Corporation. He is currently responsible for the overall strategies and manufacturing functions for "SKINS".

He graduated from Kobe University of Commerce and started his career with ITOCHU Corporation in 1988. For over 35 years he has been specialising in garment manufacturing and brand marketing aspects, Mr. Shimada had been working as heads of different sections/branches of ITOCHU companies in Japan, the United States and Korea.

Ms. Liu Li-jun, aged 52, joined the Group in December 2014 and is currently the general manager of Shenyang Park Outlets and Xiamen Park Outlets.

Ms. Liu has 32 years of experience in business operation and management. She possesses extensive experience and practical skills in luxury product distribution and management, administration, property and human resources management. Since 2016, she has been responsible for the overall operation of Shenyang Park Outlets. Under her stewardship, Shenyang Park Outlets was awarded various honours. She graduated from the School of Continuing Education, Northeastern University major in financial management.

Mr. Chan Chuk Hei, aged 44, joined the Group in October 2019 and currently serves as vice president for "PONY" operation.

Mr. Chan has over 15 years of experience in the sporting goods industry, focusing on product and brand management. He worked previously with Belle International Holdings Limited, Swire Resources Limited and Win Hanverky Holdings Limited. He graduated with a Bachelor of Science degree from the University of Hong Kong.

Mr. Cheng Chun Lung, aged 23, joined the Group in August 2020 and currently serves as vice president for Business Development. He overlook's the Group's Investment and Business Development projects worldwide and heads the Group's Japanese sake brewery's sales and operations. Prior to joining the group, he has gained experience in the garment manufacturing industry with ITOCHU Corporation as well as FMCG sales and marketing with Japan Tobacco International.

Mr. Cheng graduated with a Bachelor of Science degree in Physics with Theoretical Physics from Imperial College London in the United Kingdom. He is the son of Mr. Cheng Tun Nei, the Chairman and an Executive Director, and the nephew of Mr. Lee Cheung Ming, an Executive Director.

Biographies of Directors and Senior Management

Mr. Wan Shing Lung, aged 47, joined the Group in January 2020, currently serves as the General Manager of China Rise Securities Asset Management Company Limited ("**China Rise Securities Asset Management**", a subsidiary of the Company). Mr. Wan is also one of the licensed responsible officers in respect of Type 1 (Dealing in securities), Type 4 (Advising on securities) and Type 9 (Asset management) regulated activities under the SFO for China Rise Securities Asset Management.

Mr. Wan possesses over 20 years of management and operation experience in finance industry, as well as acting as representatives and responsible officers in respect of regulated activities under the SFO for various securities firms. He graduated with a Bachelor of Business degree in Finance and Economics from The University of Wollongong in Australia.

Mr. Fung Wang Yuen, aged 42, joined the Group in September 2019, currently serves as the Chief Investment Officer of China Rise Securities Asset Management. Mr. Fung is also one of the licensed responsible officers in respect of Type 1 (Dealing in securities), Type 4 (Advising on securities) and Type 9 (Asset management) regulated activities under the SFO for China Rise Securities Asset Management.

Mr. Fung possesses over 15 years of working experience in financial analysis, as well as acting as representatives in respect of regulated activities under the SFO for securities firms. He graduated with a Bachelor of Science degree in Applied Chemistry from Hong Kong Baptist University.

Mr. Chan Chun Yeung Darren, aged 41, joined the Group as financial controller in June 2020.

Previously, Mr. Chan has held positions of executive director, financial controller, company secretary, authorised representative and compliance officer in two different Hong Kong listed companies. He has over 15 years of working experience in accounting and finance. He is also knowledgeable in corporate governance and company secretarial matters. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Hong Kong Chartered Governance Institute ("**HKCGI**") and The Chartered Governance Institute. He graduated from the University of British Columbia earlier with a Bachelor of Commerce degree and later from the Hong Kong Polytechnic University with a Master of Corporate Governance degree.

Mr. Tam Sik Wai, aged 27, joined the Group in January 2023 and is currently the company secretary of the Company.

Mr. Tam holds a degree of Master of Corporate Governance from The Open University of Hong Kong (currently known as Hong Kong Metropolitan University). Mr. Tam is an associate member of each of The Chartered Governance Institute and HKCGI. Mr. Tam is also a holder of the Practitioner's Endorsement issued by HKCGI. Prior to joining the Company, he worked in a professional firm providing regulatory compliance, corporate governance and company secretarial services to listed and non-listed corporations and served as the company secretary of a company listed on the Stock Exchange.

Ms. Fung Kim Wan Ewim, aged 59, joined the Group in July 2014 and is currently responsible for overseeing the financial services business of the Group.

With over 34 years of experience in business administration, operational and customer relationship management, Ms. Fung has been one of the key management members of a leading tobacco company in Hong Kong. Her main responsibilities include supervising and managing the distribution of products for the duty-free business. She graduated from the City College of Commerce in the discipline of business studies.

Directors' Report

The Directors would like to present the Annual Report together with the audited consolidated financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group mainly consist of:

- Branding: (i) development and management of "SKINS" and "PONY" trademarks; (ii) sourcing, manufacturing and trading of healthcare products in Hong Kong; and (iii) distribution of "SUNSEEKER" swimwear;

- Retailing: (i) 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.

The principal activities of the Company's principal subsidiaries are set out in Note 45 to the consolidated financial statements and an analysis of the performance of the Group for the Year by operating segments is set out in Note 6 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group including the challenges faced and ways to tackle them together with a discussion of the Group's future development are provided in the Chairman's Statement on page 3 and Management Discussion and Analysis on pages 4 to 9 of the Annual Report. An analysis of the Group's performance during the Year is included in the Management Discussion and Analysis on pages 4 to 9. A description of the financial risks including but not limited to foreign currency risk, interest rate risk, credit risk, liquidity risk, equity price risk could be found in the Management Discussion and Analysis on pages 4 to 9 and Note 38 to the consolidated financial statements. A discussion of the Group's environmental policies and performance is provided in the ESG Report on pages 38 to 65 of this Annual Report. The above sections form part of the Report of Directors.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and the consolidated statement of comprehensive income on pages 72 to 74 of the Annual Report.

The Board recommended the payment of a final dividend of HKD0.005 (2021: HKD0.005) per Share to the Shareholders in respect of the Year, in total of approximately HKD14,871,000 (2021: approximately HKD14,871,000). The final dividend proposed after the end of reporting period was not reflected as dividend payable in the consolidated financial statements as at 31 December 2022 and 2021.

The proposed final dividend is expected to be paid on or about 2 August 2023 to the Shareholders whose names appear on the register of members of the Company at the close of business on 3 July 2023. The payment of dividend is subject to the approval of Shareholders at the Annual General Meeting to be held on 23 June 2023.

PROPERTY, PLANT AND EQUIPMENT

The Group's leasehold land and buildings were revalued at 31 December 2022. The revaluation resulted in a surplus of approximately HKD35,305,000 which was credited directly to the properties revaluation reserve.

Details of movements during the Year in property, plant and equipment of the Group are set out in Note 14 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years is set out on pages 219 to 220 of the Annual Report.

INVESTMENT PROPERTIES

The Group's investment properties as at 31 December 2022 were fair valued by an independent firm of professional property valuers. The net decrease in fair value of approximately HKD7,023,000 was debited directly to profit or loss.

Details of movements in the investment properties of the Group during the Year are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the Year are set out in Note 34 to the consolidated financial statements.

BONUS WARRANT

On 18 March 2016, the Company announced a proposed bonus issue of warrants on the basis of one warrant for every five shares held on the record date (i.e. 17 June 2016). On 6 July 2016, approximately 539,733,000 units of warrants were issued. Each warrant entitles the holder thereof to subscribe in cash for one share at the initial subscription price of HKD1.00 per share subject to adjustments. The warrants are exercisable at any time during a period of three years commencing from the date of issue of the warrants (i.e. 6 July 2016). Details of the bonus warrants are disclosed in the Company's circular dated 29 April 2016.

On 5 July 2019, the subscription right to exercise the warrants for subscribing the shares of the Company granted to its qualifying shareholders was expired.

RESERVES

Details of movements in the reserves of the Company during the Year are set out in the consolidated statement of changes in equity on pages 77 to 78 of this Annual Report and Note 36 of the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The reserves of the Company available for distribution to the Shareholders as at 31 December 2022 and 2021 were as follows:

	2022	2021
	HKD'000	HKD'000
Share premium	**1,071,657**	1,071,657
Contributed surplus	**586,774**	586,774
Accumulated loss	**(214,918)**	(160,505)
	1,443,513	1,497,926

Under the Companies Act 1981 of Bermuda (as amended), the balances in a company's contributed surplus and share premium accounts are available for distribution. However, the company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

(a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of the assets of the Company would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

The Company's share premium account may be applied to pay up unissued Shares to be issued to the Shareholders as fully paid bonus shares.

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.

SHARE OPTION SCHEME

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. The 2021 Scheme will remain in force for a period of 10 years commencing from the adoption date to give 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 2021 Scheme, the Directors may at their discretion grant options to eligible participants including all Directors and employees of the Group and any other persons including consultants, advisors, agents, customers, suppliers, service providers, contractors, shareholders of the Group or any entity in which the Group holds any equity interest to subscribe for shares in the Company.

As at the date of this Annual Report, the total number of Shares available for issue under the 2021 Scheme is 297,422,523, representing approximately 10.0% of the issued Shares. The maximum number of shares issued and to be issued upon exercise of the options granted to each eligible participant in the 2021 Scheme (including exercised, cancelled and outstanding options) within any 12-month period is limited to 1% of the Shares in issue. Any further grant of options in the 12-month period up to and including the date of such further grant in excess of this limit is subject to the Shareholders' approval in a general meeting of the Company with such participant and his or her close associates (or his or her associates if the participant is a connected person (within the meaning under the Listing Rules)) abstaining from voting.

SHARE OPTION SCHEME *(Continued)*

The offer of a grant of options may be accepted within 14 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the options granted is determined by the Board, save that such a period shall not be more than 10 years from the date of offer of the options subject to the provisions for early termination as set out in the 2021 Scheme. Unless otherwise determined by the Board at its sole discretion, there is no requirement of minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

The exercise price of the options is determinable by the Board, but shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the options which must be a trading day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer; and

(iii) the nominal value of the Shares.

No options have been granted under the 2021 Scheme since its adoption. The remaining life of the scheme is 8 years.

During the Year and the Comparable Year, no share option was granted, exercised, cancelled, or lapsed and as at the date of this Annual Report, there was no outstanding share option under the 2021 Scheme adopted by the Company.

The number of options available for grant under the scheme mandate of the 2021 Scheme as at 1 January 2022 and 31 December 2022 were 297,422,523 and 297,422,523 respectively.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

Other than the 2021 Scheme, no equity-linked agreements that will or may result in the Company issuing shares or requiring the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the Year or subsisted at the end of the Year.

Details of the 2021 Scheme are set out in the section headed "Share Option Scheme" in this Annual Report.

Directors' Report

DIRECTORS

The Directors of the Company during the Year and up to the date of the Annual Report were:

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

The Directors' biographical details are set out in the section headed "Biographies of Directors and Senior Management" in this Annual Report.

Information regarding Directors' emoluments is set out in Note 11 to the consolidated financial statements. An annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules has been received from each of the Independent Non-executive Directors. The Company considered that all the Independent Non-executive Directors were independent, and that no family, material or other relevant relationships existed between any of them. In addition, save as disclosed in the Directors' biographies, none of the Directors was related to any of the others.

DIRECTORS' SERVICE CONTRACT

All the Executive Directors have respectively entered into a service contract with the Company for a term of two years unless terminated by not less than three months' notice in writing served by either party on the other.

None of the Directors who are proposed for re-election at the Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

During the Year, no contract concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every Director shall be entitled to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she shall or may incur or sustain in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that the indemnity shall not extend to any matter in respect of their own fraud or dishonesty.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the Year and up to the date of this Annual Report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, 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 SFO) which (a) were required to be notified to the Company and 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 to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares

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	166,170,000	1,237,360,000	41.60%
	Interest in a controlled corporation	1,071,190,000	*(Note 1)*	
Chan Kar Lee Gary	Beneficial owner	9,000,000	9,000,000	0.30%
Lee Cheung Ming ("**Mr. Lee**")	Beneficial owner	91,050,000	93,050,000	3.13%
	Interest of spouse	2,000,000	*(Note 2)*	
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 31 December 2022, Goldsilk was directly interested in 1,071,190,000 Shares. Together with his direct interest as beneficial owner of 166,170,000 Shares, Mr. Cheng was deemed to be interested in 1,237,360,000 Shares in total.

2. Mr. Lee was directly interested in 91,050,000 Shares and he was deemed to be interested in 2,000,000 Shares held by his spouse. He was thus deemed to be interested in 93,050,000 Shares 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 of the Company, 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 Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this Annual Report, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the Year or at the end of the Year.

DIRECTORS'/CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this Annual Report, no transactions, arrangements or contracts that are significant to the Group's business to which any of its subsidiaries was a party and in which a Director or controlling shareholder of the Company or his/her/its connected person had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors and their respective close associates has any competing interests which need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

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

As at 31 December 2022, the following 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 Shares

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	166,170,000 1,071,190,000	1,237,360,000 *(Note 1)*	41.60%
Li Wa Hei ("**Madam Li**")	Interest of spouse	1,237,060,000	1,237,360,000 *(Note 1)*	41.60%
Goldsilk	Beneficial owner	1,071,190,000	1,071,190,000 *(Note 1)*	36.02%
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%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Long positions in the Shares *(Continued)*

Notes:

1. As at 31 December 2022, Goldsilk was directly interested in 1,071,190,000 Shares and Goldsilk is wholly owned by Mr. Cheng. Together with his direct interest as beneficial owner of 166,170,000 Shares, Mr. Cheng was thus deemed to be interested in 1,237,360,000 Shares. Madam Li is the wife of Mr. Cheng and she was also deemed to be interested in 1,237,360,000 Shares.

2. As at 31 December 2022, Mr. Or was directly interested in 350,000,000 Shares and he also held 120,000,000 Shares jointly with his spouse, Madam Wong. Therefore, Mr. Or and Madam Wong were deemed to be interested in 470,000,000 Shares.

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 31 December 2022.

CHARITABLE DONATIONS

During the Year, the Group made charitable and other donations totaling approximately HKD102,000 (2021: approximately HKD78,000).

EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the Executive Directors are reviewed by the Remuneration Committee and determined by the Board, having regard to the Group's operating results, individual performance and prevailing market condition. The emoluments of the Independent Non-executive Directors are reviewed by the Remuneration Committee and determined by the Board.

No Director or any of his or her associates was involved in deciding his or her own remuneration.

PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float throughout the Year and up to the date of this Annual Report.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 25 to 37 of the Annual Report.

MAJOR CUSTOMERS, SUPPLIERS AND DISTRIBUTORS

During the Year, sales to the Group's five largest customers accounted for approximately 16% (2021: approximately 17%) of the total sales for the Year and sales to the largest customer included therein amounted to approximately 6% (2021: approximately 10%). The Group's five largest suppliers accounted for approximately 89% (2021: approximately 94%) of the Group's total purchases and amount which approximately 75% (2021: approximately 73%) is attributed to the largest supplier for the Year.

The Group's largest supplier that accounts for approximately 75% of the total purchases is ITOCHU Textile Prominent (Asia) Limited ("**IPA**") (a shareholder of SYM ITO Sales & Distribution Company Limited ("**SYM ITO**") (a direct non-wholly owned subsidiary of the Company). For details, please refer to the section "Continuing Connected Transaction" in Directors' Report.

MAJOR CUSTOMERS, SUPPLIERS AND DISTRIBUTORS *(Continued)*

To the best knowledge of the Directors, none of the Directors or any of their close associates or any Shareholders who holds more than 5% of the Shares has any interests in the customers and suppliers disclosed above.

We are committed to offer a broad and diverse range of life-style, value-for-money and good quality products with our brands to our customers. We stay connected with our customers through maintaining VIP database, ongoing communications, telephone, emails, marketing materials and social media. Training are also provided to sales personnel to provide quality and value-added customer services.

In addition, the Group will continue to widen the customer base by utilizing and maximizing current network.

We have developed long-standing relationships with our suppliers and take great care to ensure that they share our commitment to quality and ethics. We carefully select and assess our suppliers through track record, experience, reputation and ability to provide quality products.

We distribute certain products to end customers through third-party distributors. We work with our distributors like business partners and ensure that they also share our view for upholding brand value and customer services, specifically focusing on attracting and retaining customers in order to drive sales growth. We also monitor regularly the financial position and repayment history of these distributors and their sales performance.

CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group entered into the following transactions which constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules:

(i) On 29 December 2021, a margin financing agreement was entered into between Mr. Cheng Tun Nei ("**Mr. Cheng**") (a director and a substantial shareholder of the Company) together with Goldsilk Capital Limited ("**Goldsilk**") (a company wholly-owned by Mr. Cheng) and China Rise Securities Asset Management Company Limited ("**China Rise**") (an indirect wholly-owned subsidiary of the Company), pursuant to which China Rise agreed to grant Mr. Cheng (together with Goldsilk) the margin loan amount of up to HKD17,000,000 for a fixed term of three years commencing from 1 January 2022 to 31 December 2024. Details of which are disclosed in the Company's announcement dated 29 December 2021.

    The maximum outstanding balance of margin loans provided by China Rise to Mr. Cheng (together with GCL) during the Year was approximately HKD16.2 million;

(ii) On 29 December 2021, a margin financing agreement was entered into between Ms. Fung Kim Wan Ewim ("**Ms. Fung**") (a director of certain subsidiaries of the Company) and China Rise, pursuant to which China Rise agreed to grant Ms. Fung the margin loan amount of up to HKD10,000,000 for a fixed term of three years commencing from 1 January 2022 to 31 December 2024. Details of which are disclosed in the Company's announcement dated 29 December 2021.

    The maximum outstanding balance of margin loans provided by China Rise to Ms. Fung during the Year was approximately HKD4.2 million;

(iii) On 29 December 2021, a margin financing agreement was entered into between Mr. Lee Cheung Ming ("**Mr. Lee**") (a director of the Company) and China Rise, pursuant to which China Rise agreed to grant Mr. Lee the margin loan amount of up to HKD15,000,000 for a fixed term of three years commencing from 1 January 2022 to 31 December 2024. Details of which are disclosed in the Company's announcement dated 29 December 2021.

    The maximum outstanding balance of margin loans provided by China Rise to Mr. Lee during the Year was approximately HKD10.1 million;

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

The transactions disclosed under paragraphs (i) to (iii) adhere to the margin financing policy of a subsidiary of the Company, which is defined as per guidance from the SFC. All transactions (including but not limited to exposure limit and margin loan outstanding) are subject to review and monitoring on a daily basis by the responsible officer of such subsidiary, whereby margin calls if any shall be followed up with remedial action accordingly.

(iv) On 20 December 2021, the Company, SYM ITO and IPA entered into a master manufacturing and licensing agreement for the provision of services in sourcing, engaging and managing manufacturers to manufacture "SKINS" products and purchase a variety of products from IPA from 20 December 2021 to 31 December 2023. The annual caps should be USD6,200,000, USD9,400,000 and USD11,000,000 for the years ending 31 December 2021, 2022 and 2023 respectively. Details of which are disclosed in the Company's announcement dated 20 December 2021.

During the Year, SYM ITO has purchased approximately USD4.4 million of products from IPA.

Save as disclosed above, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The Independent Non-executive Directors have reviewed the above continuing connected transactions and have confirmed that the continuing connected transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and are in the interests of the Shareholders as a whole.

BDO Limited, the Company's auditor, was engaged to report on the Group's disclosed continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. BDO Limited has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions as disclosed in Note 43 to the consolidated financial statements, all transactions (save as disclosed) which also constitute connected transactions or continuing connected transactions are fully exempted connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Company has complied with the applicable disclosure requirements under Chapter 14A of the Listing Rules in relation to any connected transactions and continuing connected transactions.

MARKET CAPITALISATION

As at the end of the Year, the market capitalisation of the listed securities of the Company was approximately HK$2,647,060,457.37 based on the total number of 2,974,225,233 issued shares of the Company and the closing price of HK$0.89 per share on 30 December 2022 (the last trading day of the Year).

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2022 are set out in Note 30 to the consolidated financial statements.

PLEDGE OF ASSETS

Details of the pledge of assets of the Group are set out in Note 30 to the consolidated financial statements.

RETIREMENT BENEFITS PLANS

Details of the Group's retirement benefits plans are set out in Note 42 to the consolidated financial statements.

CLOSURE OF REGISTER OF MEMBERS

(1) The Annual General Meeting is scheduled to be held on Friday, 23 June 2023. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 19 June 2023 to Friday, 23 June 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a Shareholder to be eligible to attend and vote at the Annual General Meeting, 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 16 June 2023.

(2) For determining the entitlement to the final dividend for the Year, the register of members of the Company will be closed from Thursday, 29 June 2023 to Monday, 3 July 2023 (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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 28 June 2023.

AUDITOR

The financial statements have been audited by BDO Limited who will retire, and being eligible, offer themselves for reappointment. A resolution will be proposed at the Annual General Meeting to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board

Cheng Tun Nei
Chairman

Hong Kong, 31 March 2023

The Company firmly believes in the value and importance of achieving high standard of corporate governance through transparency, independence and accountability, as well as an effective risk and internal control system. With the merger and acquisition of new businesses, the corporate governance system is constantly reviewed, meticulously re-assessed and necessarily updated at appropriate time, by the Board to ensure that shareholders' and stakeholders' interests are safeguarded.

CORPORATE GOVERNANCE PRACTICE

The Company has complied with the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules throughout the Year except for the following deviations:

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

– During the period from 8 July 2022 (the date of the resignation of Mr. Yeung King Hang, the former company secretary of the Company) to 1 March 2023, 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 1 March 2023, Mr. Tam Sik Wai was appointed as the company secretary of the Company and the Company re-complied with such requirement and the relevant code provisions hereafter.

SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, each of them confirmed his compliance with the required standard set out in the Model Code for the Year.

Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

Promoting good corporate governance and managing enterprise-wide risk is a priority of the Company. The Company is convinced that corporate governance and Directors and Officers Liability Insurance (the "**D&O Insurance**") complement each other. The Company has arranged appropriate D&O Insurance coverage on Directors' and officers' liabilities in respect of legal actions against directors and senior management arising out from corporate activities. The D&O Insurance will be reviewed and renewed annually.

Corporate Governance Report

BOARD OF DIRECTORS

Board Composition

The Board currently comprises six members, consisting of three Executive Directors and three Independent Non-executive Directors. They include persons with a wealth of practical experiences in securities and financing, investment, business management, accountancy profession, sales, distribution and management in fast-moving consumer goods, properties management and legal profession. There is a balance of skills and experiences appropriate for the requirements of the business of the Company. The composition of the Board complies with Rules 3.10 and 3.10A of the Listing Rules. The current composition of the Board is set out as follows:

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

Mr. Lee Cheung Ming, an Executive Director, is the brother-in-law of Mr. Cheng Tun Nei, the Chairman of the Board. The biographical details of the Directors are set out in the section of "Biographies of Directors and Senior Management" on pages 10 to 13 of this Annual Report.

Roles and Responsibilities

The Board is responsible for leading, directing and supervising the Group's affairs to enable the long-term success of the Group. It sets strategic objectives with focus on value creation and risk management. It also ensures the adequacy of resources, staff qualifications and experience for achieving internal control and transparency requirements.

The Board has established a set of board diversity policy setting out the approach to achieve diversity on the Board aiming at enhancing its effectiveness and corporate governance as well as achieving our business objectives and sustainable development. Board diversity has been considered from a number of aspects, including but not limited to age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The current Board consists of a diverse mix of Board members appropriate to the requirement of the business of the Company.

Executive Directors are involved in the day-to-day operations of the Group. Independent Non-executive Directors are involved in scrutinising the Group's performance in achieving agreed corporate goals and objectives and monitor performance reporting process. As they are not involved in the daily management of the Group, they bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. Their presence helps to enhance the Board's balance of skills, experience and diversity of perspectives.

BOARD OF DIRECTORS *(Continued)*

Roles and Responsibilities *(Continued)*

The Board has delegated the authority and responsibility for implementing business strategy and managing day-to-day administration and operations of the Group's business to the Chief Operating Officer and the senior management. While granting management with substantial autonomy to run and develop the business, the Board is proactive in reviewing the results of the delegated functions and work tasks on an ongoing basis.

All Board members have separate and independent access to the Company's management to fulfil their duties, and upon reasonable request, to seek independent professional advice under appropriate circumstances and at the Company's expenses. All Directors also have access to the company secretary who is responsible for ensuring that the Board procedures, and all applicable rules and regulations, are followed. Board meetings are structured so as to encourage open discussion, frank debate and active participation by Directors in meetings. The Company provides the Board with such information and explanations as are necessary to enable Directors to make an informed assessment of the financial and other information put before the Board. Queries raised by Directors are answered fully and promptly. Meeting agenda accompanied by the relevant Board/committee papers are distributed to the Directors/committee members with reasonable notice in advance of a Board meeting. Minutes of board meetings and meetings of board committees, which recorded in sufficient detail the matters considered by the Board and decisions reached thereat, including any concerns raised or dissenting views expressed by any Director, are kept by the company secretary and open for inspection by the Directors.

Attendance Records

Details of the attendance of the Board members are as follows:

	Number of meetings attended					
Directors	**Board Meeting**	**Annual General Meeting**	**Special General Meeting**	**Audit Committee Meeting**	**Renumeration Committee Meeting**	**Nomination Committee Meeting**
Executive Directors						
Cheng Tun Nei	4/4	1/1	1/1	N/A	N/A	N/A
Chan Kar Lee Gary	4/4	1/1	1/1	N/A	N/A	N/A
Lee Cheung Ming	4/4	1/1	1/1	N/A	N/A	N/A
Independent Non-executive Directors						
Shum Pui Kay	4/4	1/1	1/1	2/2	N/A	N/A
Wah Wang Kei Jackie	4/4	1/1	1/1	2/2	N/A	N/A
Chow Yu Chun Alexander	4/4	1/1	1/1	2/2	N/A	N/A

BOARD OF DIRECTORS *(Continued)*

Continuous Professional Development

Every newly appointed Director will receive briefing and professional development so as to ensure that he has appropriate understanding of the Group's business and of his duties and responsibilities under the Listing Rules and the relevant statutory and regulatory requirements.

The Company also provides regular updates and presentation on the business development of the Group. The Directors are regularly briefed on the latest development of the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practices. All Directors are encouraged by the Company to participate in continuous professional development to develop and refresh their professional knowledge and skills.

To enable them to be kept abreast of the latest changes in the business, legal and regulatory environment in which the Group conducts its business, the Company provides continuous professional training to Directors through circulating Stock Exchange and regulatory updates to Directors.

Directors	Directors' Training*
Executive Directors	
Cheng Tun Nei	✓
Chan Kar Lee Gary	✓
Lee Cheung Ming	✓
Independent Non-executive Directors	
Shum Pui Kay	✓
Wah Wang Kei Jackie	✓
Chow Yu Chun Alexander	✓

* including regular information updates and reading materials relating to regulatory updates

Independence of Non-executive Directors

The Company confirms that the Board has received from each of the Independent Non-executive Directors, namely, Mr. Shum Pui Kay, Mr. Wah Wang Kei Jackie and Mr. Chow Yu Chun Alexander, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and, having taken into account the factors as set out in Rule 3.13 of the Listing Rules in assessing the independence of Independent Non-executive Directors, the Company considers that all Independent Non-executive Directors are independent.

Appointment and Re-election of Directors

Under the Bye-laws of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation and re-election at least once every three years.

Each of the executive Directors, Mr. Cheng Tun Nei, Mr. Chan Kar Lee Gary and Mr. Lee Cheung Ming, has entered into a service contract with the Company for a term of two years commencing from 1 January 2023. Either party may terminate the service contract by not less than three months' notice in writing served on the other.

All Independent Non – executive Directors of the Company were not appointed for a specific term but are subject to the requirement to retire by rotation at least once every three years.

CHAIRMAN AND CHIEF EXECUTIVE

The Chairman is responsible for the management of the Board and external corporate communication whereas the chief executive is responsible for the day-to-day operation, among other matters, the implementation of overall strategy and direction set by the Board.

Mr. Cheng Tun Nei 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.

BOARD COMMITTEES

The Board has established three committees namely the Audit Committee, the Remuneration Committee and the Nomination Committee with defined terms of reference, which are in line with the CG Code, for overseeing the respective aspects of the Company's affairs. All committees comprise a majority of Independent Non-executive Directors.

Audit Committee

The Audit Committee was established in accordance with written terms of reference accessible on the websites of the Company and the Stock Exchange.

The Audit Committee oversees the audit process and provides an independent review of the effectiveness of the financial reporting process and the internal control procedures. The chairman of the Audit Committee possesses appropriate accounting or related financial management expertise as required under the Listing Rules.

The Audit Committee currently consists of three Independent Non-executive Directors. The chairman of the committee is Mr. Chow Yu Chun Alexander and the members are Mr. Shum Pui Kay and Mr. Wah Wang Kei Jackie.

For the Year, the Audit Committee held two meetings and by way of the written resolutions to discuss and review with the external auditor and senior management for, inter alia, the interim and annual results of the Group and approve the appointment of internal audit and its scope of services. The work performed by the Audit Committee during the Year included: (i) discuss of the accounting principles and practices being adopted together with auditing and financial reporting matters; (ii) discuss of the nature and scope of the audit and determined the scope and extent of the interim review with the external auditor; (iii) review of the interim and annual financial statements of the Group, including true and fairness, integrity and significant financial reporting judgements contained therein; and (iv) review of and recommendations to the Board on the re-appointment of the external auditor after considering on the terms of engagement of the external auditor.

The Audit Committee also reviewed the risk management and internal control systems of the Group with an independent internal audit service provider for the Year. No material findings had been identified.

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

Auditor's Remuneration

A summary of remuneration paid to the external auditor of the Company, BDO Limited, for the audit services and non-audit services for the Year is as follows:

	2022 HKD'000
Nature of services	
Audit services	2,100
Non-audit services	340

The Group's external auditor is BDO Limited, their independence is a fundamental governance principle. The lead audit partner of BDO Limited is subject to rotation every seven years pursuant to the International Federation of Accountants rules on independence of external auditors. As part of the rotation, the current lead audit partner was first appointed for the 2021 financial year end audit. Significant non-audit services during the Year provided by external auditors included interim review.

Remuneration Committee

The Remuneration Committee was set up with written terms of reference posted on the websites of the Company and the Stock Exchange to assist the Board in achieving its objectives of attracting, retaining and motivating the highest calibre and experience needed to shape and execute the business strategies across the Group in order to maximise the shareholder value.

The Remuneration Committee currently consists of three Independent Non-executive Directors. The chairman of the Remuneration Committee is Mr. Wah Wang Kei Jackie and the members are Mr. Shum Pui Kay and Mr. Chow Yu Chun Alexander.

During the Year, the Remuneration Committee by way of written resolutions to consider and approve the following matters: (i) reviewed and recommended the remuneration packages of individual Executive Directors, considering the experience, qualifications, business performance, market practices and competitive market conditions. The recommended remuneration package is performance-based and includes salaries, discretionary bonus and share options; and (ii) made recommendations to the Board on the remuneration of Independent Non-executive Directors. The Independent Non-executive Directors are compensated fairly with reference to their effort and time dedicated to the Board.

Details of Director's and the five highest paid individuals (including the Directors) during the Year are set out in Note 11 to the consolidated financial statements.

During the Year, the remuneration of the senior management by band is set out below:

Remuneration Band	Number of persons
HKD1 to HKD500,000	3
HKD500,001 to HKD1,000,000	4
HKD1,000,001 to HKD1,500,000	3

BOARD COMMITTEES *(Continued)*

Nomination Committee

The Nomination Committee was established with written terms of reference accessible on the websites of the Company and the Stock Exchange and responsible for reviewing and providing recommendations to the Board on the nomination policy, evaluate and assess the optimal composition of the Board, considering the Group's strategies and objectives and take up a key role in recruitment of board members.

The Nomination Committee currently consists of one Executive Director and two Independent Non-executive Directors. The Nomination Committee is chaired by Mr. Cheng Tun Nei while Mr. Shum Pui Kay and Mr. Wah Wang Kei Jackie are the members.

During the Year, the following matters are considered and approved by the Nomination Committee in the way of written resolutions: (i) reviewed the structure, size and composition of the Board; (ii) assessed the independence of Independent Non-executive Directors; and (iii) made recommendations to the Board for the re-election of the retiring Directors at the annual general meeting of the Company held on 24 June 2022.

Nomination and Appointment of Directors

The nomination policy for the Directors is embedded in the Nomination Committee's terms of reference. The policy stipulates the nomination, appointment, re-appointment of Directors and the nomination procedures of the Company, which provides that in evaluating and selecting any candidate for directorship, the Nomination Committee shall consider the candidates' high ethical character with reputation for integrity, professional qualifications, skills, knowledge and experience, independence, diversity on the Board, willingness to devote adequate time to discharge the director's duties, any potential contributions the candidate can bring to the Board and such other perspectives that are appropriate to the Company's business.

During the Year, the Board reviewed its composition, the retirement and re-appointment of Directors. No new Director was appointed.

COMPANY SECRETARY

Mr. Tam Sik Wai ("**Mr. Tam**") has been appointed as the company secretary of the Company since 1 March 2023.

Mr. Tam confirms that he has complied with the requirements under Rule 3.29 of the Listing Rules.

CORPORATE GOVERNANCE FUNCTION

In order to achieve enhanced corporate governance of the Company, the Board has committed to constantly review the Company's policies and practices on corporate governance, the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the code of conduct and compliance manual applicable to employees and the Directors, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. During the Year, the Board performed the duties relating to corporate governance matters as aforementioned.

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk identification and control is the Board's responsibility. When the Board pursues the Group's long-term strategic objectives, it also deals with internal control issues including the Group's risk appetite, risk and return trade-offs, risk management and internal control systems.

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification

- Identifies risks that may potentially affect the Group's business and operations, the category of risks include but not limited to compliance risk, operational risk, media risk, legal risk, health, safety and environmental risk, market risk, financial risk and climate changes; and

- Through the daily communication between the Management and the business units, from bottom to top, and paying attention to the development and change of international and domestic political and economic situation, identify other risks that may have a potential impact on the Group's business and operation.

Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and

- Considers the impact on the business and the likelihood of risk occurrence.

Risk Response

- Prioritises the risks by comparing the results of the risk assessment;

- Determines the risk management strategies and internal control procedures to prevent, avoid or mitigate the risks;

- Strengthens the monitoring and warning function of the internal control and risk management systems continuously based on the result of risk assessment, including providing business with risk control rules and standards, business-based risk scenarios and coping strategies, customised solutions; and

- Provides different trainings according to the needs of different groups of people, including anti-fraud/anti-corruption training for key personnel, etc., promotion of compliance culture and enhance risk prevention awareness and risk alert capability of all staff.

Risk Monitoring and Reporting

- Establishes hierarchical supervisory responsibilities in the Group to ensure that risk monitoring is objective and effective;

- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control procedures are in place;

- Revises the risk management strategies and internal control procedures in case of any significant change of situation; and

- Reports the results of risk monitoring to the management and the Board regularly.

RISK MANAGEMENT AND INTERNAL CONTROLS *(Continued)*

Procedures are designed to identify and manage risks that might adversely impact the Group's business operations. Through the establishment of policies and internal guidelines such as the approval of detailed operational and financial reports, budgets and plans provided by the management of the business operations; inhouse code for the approval and control of expenditures; periodic review of actual results against budget or forecast; annual review by the Audit Committee of the ongoing work of the Group's internal audit and risk management functions, the effectiveness of the internal control systems is ensured.

An independent service provider was appointed to assist the Board to monitor the effectiveness of the risk management and internal control system of the Group. The service provider performed annual risk management and internal control review of the procedures, systems and controls of the Company in accordance with "Internal Control Integrated Framework". A risk management and internal control review report was submitted to the Audit Committee and the Board on a half-yearly basis so that remedial actions can be taken by formalizing management policies to manage external and internal risks in a systematic and timely manner.

Compliance procedures are in place to ensure adherence to the applicable laws, rules and regulations in particular, those with significant impact on the Group. As far as the Company is aware of, the Group has complied, in material respect, with the relevant rules and regulations promulgated by the relevant regulatory bodies to which the Group operates its business in and holds the relevant required licences for conducting certain licensed activities.

The Company is committed to achieving and maintaining the highest corporate cultures of openness, probity and accountability. Whistleblowing policy and anti-corruption policy are in place to create a system for the employees and business partners to report directly to the management in confidence for any serious concerns of the Company about suspected fraud, corruption and bribery and other improprieties. Investigations will be conducted according to procedures and the identity of whistleblower will be kept confidential. The Group will take accountability into practice according to the investigation results.

All Directors and those employees who could have access to, and monitor, the information of the Group, are responsible for making appropriate precautions to prevent abuse or misuse of such information. Employees of the Group are prohibited from using inside information for their own benefit. The Board is also vested with the responsibility to disseminate to the Shareholders and the public any inside information in the form of announcements, in accordance with the Listing Rules.

Internal Control Procedures for the Money Lending Business

Business model of the Money Lending Business

The money lending business of the Group (the "**Money Lending Business**") offers both secured and unsecured loans to borrowers comprising individuals and corporations. The Money Lending Business generates revenue and profit by way of providing loans in returns to earn interest income from the borrowers. The key business processes are as follows:

(i)	Customer assessment:	–	Verification of borrower information, perform know-your-client procedures and preliminary loan assessment
(ii)	Loan approval:	–	Assessment of borrowers' creditability, recoverability and value of collateral (if any)
		–	Approval of loan applications in accordance to internal guidelines
(iii)	Loan repayment follow-up:	–	Monitoring of repayment status and update of internal records

RISK MANAGEMENT AND INTERNAL CONTROLS *(Continued)*

Internal Control Procedures for the Money Lending Business *(Continued)*

Major terms of loans granted, size and diversity of clients and concentration of loans on major clients

To diversify the clients and lower the concentration of loans portfolio, the borrowers of the Money Lending Business included individuals and corporations from different industries. As at 31 December 2022, approximately 51% of the borrowers of the Money Lending Business was corporate borrowers and approximately 49% was individual borrowers. These borrowers mostly were acquired through referrals and introductions from the senior management of the Company.

As at 31 December 2022, all loans were secured by collateral, among which approximately 47% of the total loan receivables was due from the largest borrower.

Internal Control Procedures

The Money Lending Business has adopted a credit risk policy which includes compliance with the applicable laws and regulations, credit assessment on potential borrower and his/its assets, the credibility of the potential borrower, the necessity in obtaining collaterals, assessment for the use of proceeds and the source of repayment.

The following summary sets out the general guidelines to assess the credit worthiness and repayment ability of potential borrowers:

(A)	Identity proof	–	such as identity card and passport (for individuals) and business registration certificate, certificate of incorporation and the constitutional documents (for corporations) must be provided for verification;
(B)	Address proof	–	such as utility bills, bank/credit card statements or formal correspondence issued by a government or statutory body is required to be produced;
(C)	Repayment ability assessment	–	to assess and justify the repayment ability of the borrower, criteria such as availability of guarantor, the financial background of the borrower, and guarantor, where applicable and any other relevant information are to be considered; and
(D)	Credit worthiness assessment	–	For all borrowers, their creditability would be assessed before and after the loans are granted. Factors including but not limited to the applicant's background information, purpose of the loan, age of the applicant, encumbrances on the collateral, employment status and financial information of the applicant, liquidity and marketability of the collateral, shall be considered when conducting credit assessment. For corporations, online searches from data available from on the Companies Registry shall be conducted. For loans secured by properties, land search from data available from on the Hong Kong Land Registry shall be arranged as appropriate.

Based on the above procedures, the Group considers that the credit risk and the risk of breaching the relevant laws and regulations in connection with anti-money laundering or anti-terrorist financing of the Money Lending Business is relatively low. Nonetheless, the Money Lending Business has in place measures to mitigate the risk of money laundering or terrorist financing risk of potential borrowers' businesses, such as the nature and details of the business/occupation/employment of the potential borrower; the anticipated level and nature of the activity that is to be undertaken through the relationship, location of potential borrower; the expected source and origin of the funds to be used in the relationship; and the initial and ongoing source(s) of wealth or income.

RISK MANAGEMENT AND INTERNAL CONTROLS *(Continued)*

Internal Control Procedures for the Money Lending Business *(Continued)*

Internal Control Procedures *(Continued)*

At each month end, the designated loan officer will check if there is overdue balances or late payment and perform a review on the loans portfolio and closely monitor the status and report to the senior management.

There would be internal discussions on a case-by-case basis on what recovery actions to be taken so that the Group could recover the most in a timely manner. Means like phones calls, seizure of collaterals, statutory demand letter and further legal actions would be discussed. Reminder letter and statutory demand letter will be issued to the borrower when consider appropriately if there is overdue repayment. Where appropriate, legal action would be initiated against the borrower for the recovery of the amount due and taking possession of the collateral pledged. Seizure of collaterals and realization of underlying collaterals would also be taken if necessary. Where appropriate, the Company will also petition to the court for winding-up of the borrower and/or guarantor.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group, in accordance with accounting principles generally accepted in Hong Kong. The statement by the auditors of the Company about their responsibilities for the consolidated financial statements is set out in the "Independent Auditors' Report" contained in this Annual Report.

SHAREHOLDERS' COMMUNICATION

The Board recognises the importance of maintaining an effective two-way communication with its stakeholders. The Company has adopted a shareholders communication policy (the "**Shareholders Communication Policy**") setting out the principles of the Company in relation to shareholders' communications, with the objectives of ensuring a transparent and timely communication with the Shareholders and the investment community via various means including but not limited to, publication of financial reports and announcements.

Information in relation to the Group is disseminated to the Shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Such published documents together with the latest corporate information and news are also made available on the websites of the Stock Exchange and the Company at www.symphonyholdings.com.

The Company's general meetings are a valuable forum for the Board to communicate directly with the Shareholders and to answer questions that Shareholders may raise. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

To solicit and get feedback from Shareholders, the Company provides Shareholders with channels to express their views on matters affecting the Company including the Hong Kong Branch Share Registrar of the Company, Tricor Tengis Limited, for enquiries on shareholdings and the company secretary of the Company for direct questions, request for publicly available information and provide comments and suggestions.

Investor/analysts briefings and media interviews, marketing activities for investors and specialist industry forums etc. will be attended (where necessary) in order to facilitate communication between the Company, Shareholders and the investment community.

The Board has reviewed the implementation and effectiveness of the Shareholders Communication Policy including steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place, and considered that the Shareholders Communication Policy has been properly implemented during the Year and is effective.

CONSTITUTIONAL DOCUMENTS

During the Year, no change was made to the constitutional documents of the Company.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group realises the importance of environmental protection in pursuing long-term sustainability. In particular, the Group promotes water and energy saving, recycling of materials at its offices such as putting up notices in the restrooms and pantry reminding staff members to save water, switching off idle lightings, air-conditioning and electrical appliances. The Group also encourages the use of recycle papers and two-sided printing. The Group is committed to improving environmental sustainability and will closely monitor the performance. The ESG Report of the Company is included on pages 38 to 65 of the Annual Report.

DIVERSITY

Board Diversity Policy

The Board has established a set of board diversity policy (the "**Board Diversity Policy**") setting out the approach to achieve diversity on the Board aiming at enhancing its effectiveness and corporate governance as well as achieving our business objectives and sustainable development.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, nationality, professional experience, skills, knowledge and length of services. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the board.

The Nomination Committee shall review the Board's composition under diversified perspectives, and monitor the implementation of the Board Diversity Policy annually.

Board Gender Diversity

The current Board consists of a diverse mix of Board members appropriate to the requirement of the business of the Company. In respect of the gender diversity of the Board, as at the date of this report, all Directors are male. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance, and sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Company is conscious of gender diversity when considering potential successors to the Board to achieve gender diversity and will use its best endeavours to appoint at least one female Director by December 2024 through active nomination of suitable candidates.

Workforce Gender Diversity

As at 31 December 2022, the Company maintained the workforce (including senior management of the Company) gender ratio at approximately 9 male per 10 female. The Company has already achieved gender diversity and will timely review the gender diversity of the workforce in accordance with the business development of the Group because workforce gender diversity is associated with resources that can provide a sustained competitive advantage to the Company, which include market insight, and creativity and innovation. Male's and female's different experiences may provide insights into the different needs of male and female customers. Although there may be some mitigating circumstances where gender diversity can be very hard to achieve (for instance, male workers are more commonly seen regarding physical labour and female workers are more often seen on positions that require creativity and innovation such as marketing), the Company will keep focusing on the workforce gender diversity to maintain its current strength as well as to further improve its competitiveness in the future.

SHAREHOLDERS' RIGHTS

Procedures for Convening Special General Meetings by Shareholders

Pursuant to bye-law 58 of the Bye-laws, the Board may whenever it thinks fit call special general meetings.

Special general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings.

Such requisition shall be made in writing to the Board or the company secretary of the Company by mail at 10/F., Island Place Tower, 510 King's Road, North Point, Hong Kong for the purpose of requiring a special general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in accordance with the provision of section 74(3) of the Companies Act 1981 of Bermuda.

Procedures for Putting Forward Proposals at Shareholders' Meeting

Shareholders are requested to follow bye-law 58 of the Bye-laws for including a resolution at a special general meeting. The requirements and procedures are set out above in the paragraph headed "Procedures for Convening Special General Meetings by Shareholders".

DIVIDEND POLICY

The Company aims to provide stable and sustainable dividends to the Shareholders, linked to the earning performance of its business. The Board considers the Company's future business funding need and the Company's financial position when deciding the dividend amount to be paid.

To give flexibility to the Board in making payout decisions after having regard to the circumstances then pertaining, the dividend policy does not specify any payout ratio, the form of dividends shall take. The policy will be subject to review by the Board from time to time and be updated as and when considered necessary.

Environmental, Social and Governance Report

INTRODUCTION

Purpose of the Report

Symphony Holdings Limited ("**Symphony Holdings**" or the "**Company**") and its subsidiaries (collectively, the "**Group**", "**we**" or "**us**") are pleased to publish the Environmental, Social and Governance Report (the "Report") in 2022. The Report is intended to disclose the Group's progress and results in environmental, social and governance aspects for the period from 1 January 2022 to 31 December 2022 (the "**Reporting Period**") and present the sustainable development vision of the Group to stakeholders, thus boosting their understanding of and confidence in us. In addition, the Group wants to promote environmental, social and governance ("**ESG**") performance through sustainable development.

Reporting Scope

Unless otherwise stated, the reporting scope of the Report covers the principal operation of the Group, including:

- Hong Kong group companies;
- China Rise Securities Asset Management Company Limited ("**China Rise Securities**");
- Shenyang Park Outlets ("**Shenyang Park Outlets**");
- Xiamen Park Outlets ("**Xiamen Park Outlets**"); and
- the business of retailing and sourcing services of compression sportswear brand (the "**Brand Business**").

The Brand Business mainly involves "SKINS", a sportswear brand in China. Due to changes in business during the Reporting Period, "PONY" and "ARENA" brands are not included in the reporting scope in this report. We think the above activities represent the Group's major impact on economic, environmental and social aspects during the Reporting Period.

Basis of the Report

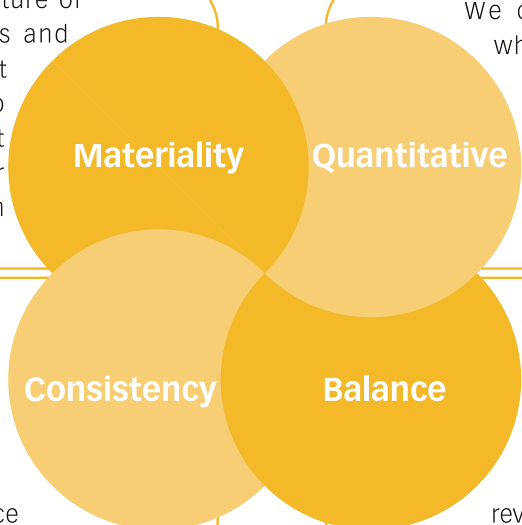
This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") contained in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Reporting Principles

The Report has been prepared in accordance with the following four reporting principles contained in the ESG Reporting Guide:

We take into account the nature of our business and concerns and engage consultants to conduct stakeholder surveys to identify and assess important sustainability issues. Please refer to the "Communication with Stakeholders" section for details.

We collect data systematically where practicable, disclose key environmental and social performance indicators in a quantitative manner, and specify the basis for the calculation method.



The Report uses the same methodology as that of last year and provides necessary explanations on any changes in methodology and reporting scope to ensure that readers can compare our performance with that of last year.

This report should reflect the Group's positive and negative information on an objective and unbiased basis, including the results and challenges encountered, and continuously review aspects that can be improved.

INTRODUCTION *(Continued)*

Access to the Report

This Report, as a part of the Annual Report of the Group, is prepared with Chinese and English versions, and can be accessed at the website of the Company http://www.symphonyholdings.com/tc/report. In case of any discrepancy between the Chinese and English versions, the Chinese version prevails.

Opinions and Feedback

We attach great importance to valuable feedback from stakeholders in respect of our sustainability performance and this report, and welcome your opinions and suggestions on the content of this Report, reporting method or the sustainability performance of the Group as a whole. Please contact us by emailing us at info@symphonyholdings.com.

SUSTAINABILITY GOVERNANCE STRUCTURE OF SYMPHONY HOLDINGS

To perform the Group's commitment to sustainable development, we established a governance framework for sustainable development. A clear framework enables departments to clarify their roles and responsibilities, thus effectively promoting and developing matters and issues related to sustainable development.

The Board is responsible for decision making, review and approval of the ESG-related matters, which include the Group's ESG strategies, assessment of ESG materiality issues, identification of and response to ESG-related risks, progress to ESG-related targets and indicators, and review of ESG report. Besides, the Board has also established the Environmental, Social and Governance Working Group ("**ESG Working Group**") to assist in the planning and implementation of ESG-related matters. The ESG Working Group consists of 3 key department members and the Corporate Social Responsibility Director with the following functions:

- To advise the Board on environmental, social and governance directions
- To communicate the environmental, social and governance objectives formulated by the Board to all business departments
- To support the Board in reviewing, monitoring and reporting the progress in implementing the Company's environmental, social and governance objectives and policies
- To promote the integration of the Group's environmental, social and governance aspects into all business departments
- To co-ordinate and implement corporate social responsibility related work
- To ensure the appropriateness of environmental, social and governance data for the Group

SUSTAINABILITY GOVERNANCE STRUCTURE OF SYMPHONY HOLDINGS *(Continued)*

Internal Control and Risk Management

We believe that risk management and internal control have a significant and far-reaching impact on sustainable development, therefore, we have incorporated relevant concepts into our daily operations. The Group's risk management structure consists of the management and business departments. In addition, the Audit Committee reviews the Group's risk management and internal control systems annually with an independent internal review consultant. For details of the Group's risk management and internal control system, please refer to the section headed "Risk Management and Internal Control" under the "Corporate Governance Report" in the 2022 Annual Report of the Group.

COMMUNICATION WITH STAKEHOLDERS

The Group attaches great importance to the valuable opinions of stakeholders. We maintain close communications with major stakeholders including customers, shareholders, employees, suppliers, business partners, government departments and regulators through various channels, so to collect their opinions and suggestions on the Group and enable us to make continuous improvements. The relevant channels for communication are set out as follows:

Stakeholders	Means of communication	
Employees	• Performance evaluation • Departmental briefings • Training and workshops • Safety meetings	• Recreational activities • Team building activities • Regular union activities • Questionnaires
Customers	• Communication in daily operations • WeChat official account	• Customer interviews and opinion collection • Public events
Suppliers	• Suppliers performance evaluation • Business meetings	• Site visits • Questionnaires
Shareholders and investors	• Annual general meetings • Announcements and circulars • Group website	• Financial reports • Results announcements • Questionnaires
Government authorities and regulators	• Work reports • Approval and reply on application	• Communication in meetings
Other business partners	• Communication in daily operations • Regular meetings	• Questionnaires

MATERIALITY ASSESSMENT

Materiality assessment is essential to confirm which sustainability issues are important to our stakeholders and the Group. In addition to the above communication channels, we also engaged an independent third-party consultant to conduct materiality assessment on stakeholders during the Reporting Period, and arranged an online questionnaire to understand the concerns of stakeholders, thus ensuring that those relevant topics and reflects can be covered in our sustainability focus and disclosure, and reflecting our efforts to reduce environmental and social impacts.

In order to provide brief description of the Group's ESG-related issues, we incorporated some of the materiality issues from last year and identified other issues which are of more importance to the Group with reference to the ESG Reporting Guides of the Stock Exchange of Hong Kong and the latest industry trend to formulate a list of the ESG issues for this year. The materiality assessment process is shown in the charts below:

We made reference to the ESG Reporting Guide of the Stock Exchange and identified 22 sustainability issues relevant to our business based on past and daily communication with stakeholders, and the latest market and industry trend.

Stage 1
Issue identification

We invited major internal and external stakeholders to answer online questionnaires, asked them to assess the degree of significance of various issues on the Group and give their opinions on the Group's sustainability work and performance.

Stage 2
Priorities setting

By integrating the feedback of internal and external stakeholders, we ultimately concluded the rank of sustainability issues. We submitted the results to the Group's management for discussion, and identified the significance of various issues and demonstrated them in a matrix, so as to confirm issues significant to the Group.

Stage 3
Significant issues confirmation

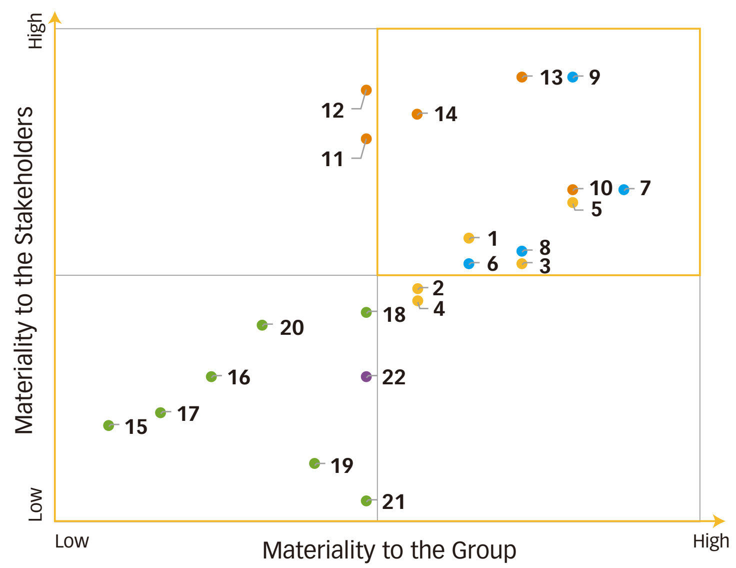
MATERIALITY ASSESSMENT *(Continued)*

ESG Issues

Product and Service Responsibilities	Operational Practices
1) Product and service quality	6) Review on suppliers/tenants
2) Customer services	7) Anti-corruption
3) Management of intellectual properties	8) Economic performance
4) Marketing and advertisements	9) Business expansion
5) Data protection and network security	
Working Environment	**Environmental Protection and Green Operation**
10) Employee Benefits	15) Exhaust emission
11) Equal opportunities, diversity, anti-discrimination	16) Waste management
12) Occupational health and safety	17) Carbon emission and energy
13) Staff development and training	18) Water resource management
14) Employment compliance	19) Risks on climate change
	20) Green purchasing
	21) Environmental risks in supply chain
Community Contribution	
22) Community Investment	

The Group conducted questionnaire in relation to materiality assessment from 10 October 2022 to 1 November 2022. Through online questionnaire, opinions on the ESG issues which the stakeholders concern and on the ESG report of last year had been collected. A total of 404 stakeholders participated in this questionnaire. The results of the materiality assessment are presented in the following materiality matrix:

Materiality Matrix



The 10 issues in the upper right corner are the most significant issues of stakeholders from this assessment and will be highlighted in the Report.

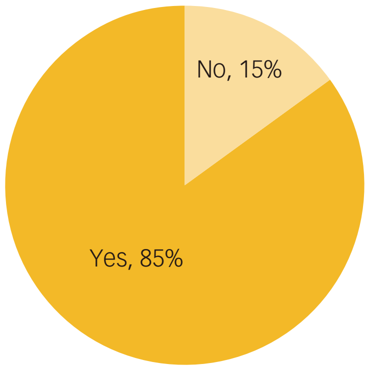
MATERIALITY ASSESSMENT *(Continued)*

Stakeholders' Feedbacks on the ESG Report of Last Year

1. Average score of the performance of 2021 ESG Report Given by Stakeholders:

9.5/10

2. Stakeholders' feedbacks on whether the Group has enough channels to share the approach, policies and result of ESG works to the internal and external stakeholders:



3. Stakeholders' opinions on the Group's specific approach and information disclosure:

Stakeholders' opinion: We hope the Group dedicates more effort on environmental protection measures to become an industry's pioneer on environmental governance.

The Group's Response: The Group has always been supporting and promoting sustainable business development. To better demonstrate our practical support to the environment protection, we set up relevant environment targets this year to facilitate the effectiveness of our environmental protection measures.

Stakeholders' opinion: We hope to have better understanding of the Group's contributions to care for the community and charitable activities.

The Group's Response: Adheres to its vision of "social harmony and harmonious neighbourliness", the Group has made dedicated effort to help the community and people in need. For the charitable activities and donation during the year, please refer to the section headed "Community Care" on P. 59.

PROVIDING CUSTOMERS WITH QUALITY SERVICES AND PRODUCTS

The Group values customer support and opinions as an important driving force for our long-term development. Therefore, we are committed to providing our customers with quality and reliable services and creating value, gaining their trust and building long-term partnerships. The Group is committed to understanding the opinions and demands of the market and the customers through various ways and channels, so as to provide product and services with higher quality to the customers. In addition, the Group have developed a comprehensive management system in product responsibility areas such as product and service quality, health and safety, advertising, labelling and privacy, so as to achieve standard day-to-day operations.

We also comply with all local laws and regulations of the places where we operate to ensure business compliance, they include but not limited to the Law of the People's Republic of China on Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》), and the Interim Measures for the Administration of Internet Advertisement (《互聯網廣告管理暫行辦法》). During the Reporting Period, the Group did not recall any products due to safety and health reasons, and did not violate any laws and regulations relevant to product safety and health, advertising and labelling issues.

Operations Management

Outlet Business

Currently, we have partnered with more than 300 renowned brands in our Shenyang and Xiamen Park Outlets, offering diversified shopping experience to visitors. In addition, we provide visitors with dining, children's playground and recreational facilities, delivering a quality one-stop experience combining leisure, entertainment and shopping to the visitors

Committed to our operation philosophy of "people-oriented, ethical operation, strict management, and excellent services", we conduct constant contact and communication patiently and positively with various customer groups, including outlet tenants and visitors, to collect their valuable opinions so as to provide quality services. To improve customers' leisure, entertainment and shopping experience, we strive to maintain the quality of our brand tenants and pay close attention to the environment of our outlets. Before any new tenants join us, we conduct a comprehensive and detailed review of the prospective tenants by examining their business permits, brand registration certificates, licensing certificates and other supporting documents. We have also established policies to ensure that all products sold have been approved and licensed by the relevant regulatory authorities, offering our visitors peace of mind and quality service experience. Meanwhile, we have adequate and experienced staff stationed in the outlets, to render customer service to tenants and visitors and deal with any on-site emergencies or accidents if necessary.

During the Reporting Period, we are committed to providing visitors with a welcoming leisure and shopping experience, and hosted a variety of activities, including but not limited to New Year market, cheongsam show, parent-child running race, lucky draws, etc.

PROVIDING CUSTOMERS WITH QUALITY SERVICES AND PRODUCTS *(Continued)*

Operations Management *(Continued)*

Outlet Business *(Continued)*

New Year Market

Cheongsam Runway Show

Superhero Family Race

Dragon Boat Festival's Children Luck Draw

Brand Business

The Group currently manages the world-renowned compression sportswear brand "SKINS". As the owner of some international renowned brands, we are committed to providing customers with quality products by ensuring that all products sold are safe and reliable and are approved by the relevant authorities to cater for the needs of different customer groups and consolidate the brands' international leading market position.

Securities Business

China Rise Securities of Symphony Holdings is principally engaged in securities business, and is currently licensed by the Securities and Futures Commission of Hong Kong to carry out Type 1 (Securities Dealing), Type 4 (Securities Advisory) and Type 9 (Asset Management) regulated activities. We are able to provide our customers with services in securities trading, margin financing, placing, underwriting, project investment, corporate consultancy, investment consultancy and asset management. We have established an effective set of internal control procedures to protect the Group, customers and employees from financial loss as a result of theft or fraud and other dishonest acts, professional misconduct or negligence, covering subject areas including but not limited to account opening procedures, account closing procedures, customer risk assessment, customer due diligence, transaction monitoring, payment process, trading system security, phone records, suspicious transaction monitoring and reporting, and record retaining. In addition, we also provide our staff with regular training to acquaint them with regulations and standard operating procedures to protect the interests of both the Group and our customers.

PROVIDING CUSTOMERS WITH QUALITY SERVICES AND PRODUCTS *(Continued)*

Sincerity in Customer Service

We believe customers' opinions are the driving force to our continuous improvement and a major source to understand market needs in brand promotion, retail and financial services. Therefore, we have established a variety of communication channels to maintain two-way contact with customers and visitors.

To enhance customers' experience and to ensure our service quality, we have established a sound complaint handling system and a policy for handling customer complaints. In doings so, we ensure that relevant departments will handle all customer complaints or comments timely and solve customers' problems in a sincere manner.

During the Reporting Period, the Group's outlet business, other brand business and securities business had not received any customer complaint.

Privacy Protection

The Group attaches great emphasis on the protection of customer data and information privacy. We strictly comply with the relevant requirements of the Personal Data (Privacy) Ordinance (《個人資料(私隱)條例》) in Hong Kong. The Group has formulated the "Confidentiality Policy", which stipulates the terms for the confidentiality of data, requiring employees not to disclose any information, technical data or other information to any third parties without the written consent of the Group. Furthermore, the Group has also taken precautionary measures to protect the data collected in its business, such as restricting the processing of customer data to persons with such authority to prevent any illicit access to or disclosure of customer data.

Advertisement and Promotion

The Group thinks highly of the advertisement and promotion of products and services. We are committed to providing customers with transparent and accurate information to protect their rights and interests, which in turn gaining customers' trust. To ensure the Group strictly complies with the Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》), Interim Measures for the Administration of Internet Advertisement (《互聯網廣告管理暫行辦法》), Law of the PRC on Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) and other applicable laws and regulations, the management of the Group is responsible for monitoring and approving the promotion materials for our outlet business and brand business. We have also engaged external professionals to review the promotion materials and content of our projects before publication to ensure their accuracy and compliance with the legal requirements, thus confirming that the advertising and promotion materials are not misleading or infringing others' rights.

PROVIDING CUSTOMERS WITH QUALITY SERVICES AND PRODUCTS *(Continued)*

Supply Chain Management

Supply chain with high quality and efficiency has directly linked to the quality of finished products and customers' satisfaction, therefore, we place high emphasis on supply chain management. We closely monitor and review the supplier selection process and strive to build long-term partnerships with suppliers who share the same environmental and social values and standards with us to actively undertake corporate social responsibilities.

We currently work with a total of 319 suppliers in mainland China to reduce greenhouse gas emissions generated from logistics and transportation. Before entering into partnerships with various suppliers, we will communicate with them and brief them on the Group's sustainability philosophy and expectations, ensuring that suppliers can also adhere to the principles of sustainability in their operations.

In addition, in order to further promote green operations, the Company has established green procurement guidelines for administrative departments to give priority to enterprises using environment-friendly materials or recycled materials when selecting office equipment suppliers. We will also continue to explore the feasibility of incorporating environmental and social factors into our supply chain risk assessment or to review our supplier management guidelines.

As the market increasingly focuses on supply chain transparency, it is of paramount importance for the Group to ensure the environmental and social standards of its suppliers. We believe sustainability could not be achieved solely by the Group, but the joint effort of the Group and its partners are essential. Therefore, we have established product procurement policies and procedures to purchase products from qualified suppliers only. In addition, we will also carry out spot checks on product quality to ensure that the quality of purchased products meets our specifications and expectations.

PEOPLE-ORIENTED

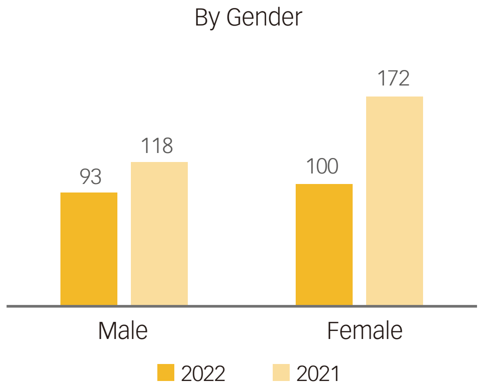
We believe talents are an important cornerstone for the business development of the Group and consider them as our valuable assets. To enhance employees' job satisfaction and sense of belonging, we aim to create a harmonious and inclusive working environment for them, thus building a professional business team to drive sustainable business growth. The Group strictly complies with applicable laws and regulations in relation to employment, including but not limited to the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), Regulation on the Implementation of the Employment Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》), Law of the People's Republic of China on Protection of Minors (《中華人民共和國未成年人保護法》), Regulations on the Prohibition of the Use of Child Labour (《禁止使用童工規定》), and Hong Kong's Employment Ordinance (《僱傭條例》) (Cap. 57 of the Laws of Hong Kong).

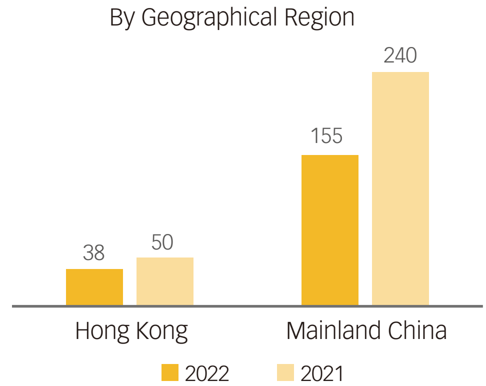
During the Reporting Period, the Group was not aware of any serious violations of employment-related laws and regulations.

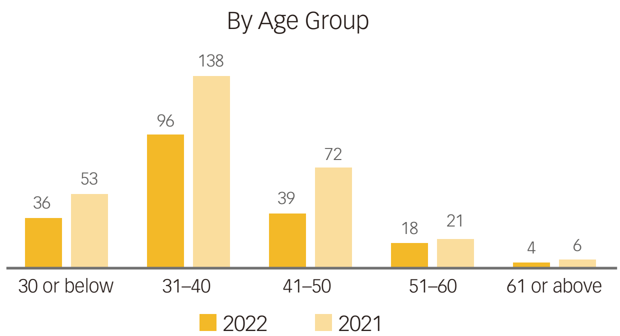
PEOPLE-ORIENTED *(Continued)*

Employee Statistics

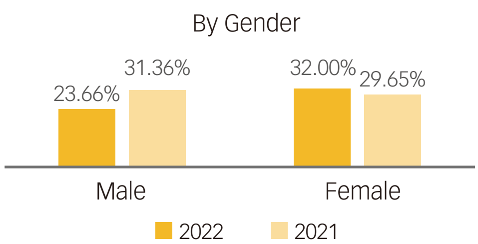
As at 31 December 2021, we had a total of 193 employees, all of them are full-time employees. The distribution of number of employees by gender, age and geographic region during the Reporting Period and year 2021 are outlined as follows:

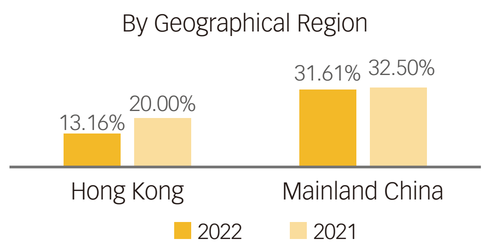


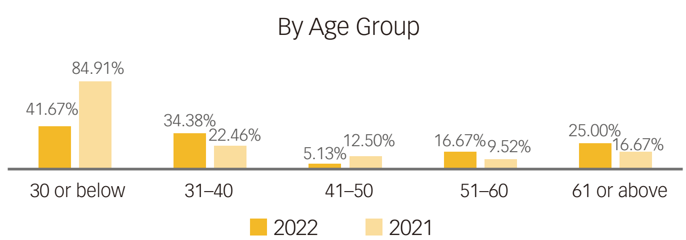




Our employee turnover rate was 28%[1] (2021: 30%), the distribution of employee turnover rate by gender, age group and geographical region are outlined as follows:







1 Employee turnover rate was calculated based on the number of employees as of the end of the Reporting Period.

PEOPLE-ORIENTED *(Continued)*

Employment Compliance

The Group has zero tolerance towards child labour and forced labour. During the recruitment process, the Human Resources Department will verify the identification of the candidates before official employment to prevent use of child labour and forced labour. The Group will immediately terminate any contract with illegal labour and make reasonable compensation for any violation of laws. In addition, we provide employees who work overtime with overtime pay and other related benefits in accordance with relevant laws, regulations and internal policies. The Group was not aware of any serious violations of child labour and forced labour laws and regulations during the Reporting Period.

Employee Benefits

Employees with high calibre can help drive business growth and maintain quality services, we understand the importance of attracting and retaining excellent employees. In terms of recruitment, we invite talents from different backgrounds through online recruitment, on-site recruitment, job fair, internal recommendation and other channels, and provide open and equal employment opportunities. Adhering to the principles of "openness, fairness and equity", the Group ensures that no one is discriminated against on the basis of age, nationality, race, religion, gender, marital status, pregnancy or disability, so as to maintain a harmonious and diverse working environment and culture.

In addition, we provide attractive remuneration and benefit packages to attract and retain talents, and strive to be the best employer by offering competitive remuneration packages and various welfare and benefits to our employees. Furthermore, we regularly review the remuneration package to ensure that it is sufficiently competitive in the market and commensurate with the work experience and performance of employees. Besides, the Group conducts regular employee performance evaluations every year and uses such evaluation results as a fair and objective benchmark to award annual salary increases and discretionary bonuses to our talents. In addition to remunerations, we also promote work life balance and we are committed to creating a harmonious culture and working conditions for our employees. To enhance communication and the sense of belongings of the employees, we had arranged a wide variety of activities for the employees and a series of benefits including but not limited to:

Leave

- Annual leave
- Sick leave
- Personal leave
- Wedding leave
- Bereavement leave
- Prenatal check-up leave
- Breastfeeding leave
- Companionship leave
- Miscarriage leave
- Female employees are entitled to half day's leave for Women's Day

Subsidies

- Allowance for high temperature
- Allowance for holidays
- Mobile phone allowance
- Meal allowance
- Medical insurance
- Free shuttle bus
- Overtime pay
- Annual body checkup

Incentives

- Year-end bonus
- Red envelop on the first working day after Chinese New Year
- First Prize
- Second Prize
- Commendation
- Merit
- Wedding gift
- Childbirth gift
- Birthday gift
- Hospitalisation/ surgery consolation
- Movie tickets

Employee activities

- Hiking
- Tangyuan Feast at Lantern Festival
- Giving fresh Flowers on Women's Day
- Fun Sports Day
- New Year Celebration
- Gaming for Mooncake on Mid-Autumn Festival
- Birthday Party for Employees

PEOPLE-ORIENTED *(Continued)*

Employee Benefits *(Continued)*

Employees' Birthday Party

Mid-Autumn Mooncake Celebration

Baihu Rock Hiking Activity

Employee Relationships and Team Building

The Group believes that continuous interaction with our employees allows us to listen and understand their needs for improving their working morale and efficiency. Therefore, we are committed to interacting with our employees and understanding their opinions through diversified and regular communication channels to facilitate dialogues between the management and general employees. Currently, our employees can communicate with each other in our WeChat group and make constructive suggestions to the Group. Our Hong Kong office has created an "employee bulletin board" on which employees are invited to post their suggestions and the Group regularly releases internal messages. In addition, employees of Xiamen Park Outlets can communicate with the general manager through an electronic version of the "general manager's mailbox", and the general manager would provide feedback on the last Friday of each month to strengthen the connection and exchange of opinions between the management and employees.

General Manager's Mailbox

PEOPLE-ORIENTED *(Continued)*

Support to Employee Development

We believe improvement in the skills of the employees helps create more value to our business. Therefore, we conduct regular review on the learning and development needs of our employees and provide diversified internal and external trainings and development opportunities to our employees to enable them mastering new knowledge and skills. We will provide employees with various types of internal and external training courses according to the training needs of each department and the Company's business objectives. Internal training courses include working procedures, management knowledge and specific skills. At the same time, we also provide training incentives to encourage employees to attend external training courses so that they can continue to absorb various professional knowledge and skills and give back to the Company. During the Reporting Period, the training courses we arranged for our employees included but were not limited to:

- New employee orientation
- Store specifications
- Project marketing and promotion
- Performance plan
- Cashier system
- Employees internal assessment
- Store examination and acceptance
- Fire safety
- Shopping centre design
- Procedures for maintenance
- Pandemic prevention and safety
- Software operation skills
- Etiquette training
- First aid
- Trainings of Anti-money laundering

The Group conducted over 1,500 hours of training courses during the Reporting Period and the average number of training hours per employee was approximately 6.42 hours. The following is a breakdown of the percentage of training and the average number of training hours by gender and employee category for the Group during the Reporting Period:

Percentage of training received by gender

	2022	2021
Male	43.90%	47.06%
Female	56.10%	52.94%

Percentage of training received by employee category

	2022	2021
Senior management	1.63%	5.88%
Mid-level management	28.86%	26.20%
General and technical staff	69.51%	67.91%

Average training hours by gender (hours)

	2022	2021
Male	6.33	4.66
Female	6.49	3.60

Average training hours by employee category (hours)

	2022	2021
Senior management	3.35	3.29
Mid-level management	2.86	4.50
General and technical staff	8.19	3.94

PEOPLE-ORIENTED *(Continued)*

Protection of Employees' Health and Safety

The Group is committed to provide a safe work place for its employees. To maintain strict compliance with the Law of the People's Republic of China on the Prevention of Occupational Diseases (《中華人民共和國職業病防治法》) and the Occupational Safety and Health Ordinance (《職業安全及健康條例》) of Hong Kong and other relevant laws and regulations, we have put in place comprehensive and detailed health and safety measures to shoulder the responsibility for the well-being of our employees and to reduce safety risks in the working environment. Of which, the occupational health and safety measures implemented by the Group include:

- Arrange body check-ups for eligible employees
- Provide "Pandemic Control Training" (《防疫指揮培訓》) to specify the responses and preventions to the health and safety risks and the influence thereof to other employees and customers arising from the pandemic outbreak in working place.
- Establish the Fire Evacuation Drill Plan (《消防疏散演習預案》), regularly conduct fire drills and training so that employees can learn how to use firefighting equipment and enhance their ability to respond to fire and other emergencies
- Regularly inspect fire pump rooms and facilities to ensure they are in good condition
- Formulate the Flood Emergency Plan (《防汛應急預案》) to clarify the process and initiatives for prevention, response and follow-up of extreme weather to protect the lives and properties of the customers and employees of the shopping centres. We require our engineering staff to check the facilities and equipment of the shopping centres before any extreme weather, properly implement waterproofing, check the outdoor drainage system, and reinforce the outdoor advertising facilities, landscape lights and other lighting equipment
- Put up fire prevention education information in the office to enhance staff awareness of fire safety

For the last three years, including the Reporting Period, the Group had no work-related casualty. Besides, during the Reporting Period, the Group was not aware of any serious violations of occupational health and safety regulations and there was no report of any work injury or lost working days as a result of work injury.

ANTI-CORRUPTION

The Group strives to create an honest, open and virtuous working atmosphere. We have zero tolerance to bribery, extortion, fraud and money-laundering, and we maintain strict compliance with all applicable laws and regulations, which include but not limited to the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), Criminal Law (《刑法》) and Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》). We formulated relevant policies, including anti-corruption, whistle-blowing and investigation mechanisms, and interest channelling, etc.. Any employee who discovers any suspected cases of corruption or other irregularities should immediately notify the head of department or human resources and administrative manager or make anonymous reports through other channels. During the Reporting Period, the Company had circulated the "Code on Corporate Governance" and "Practical Guide on Corruption Prevention System for Listed Companies" to the Board and all staff to enhance their awareness of corruption prevention. The Company also conducts regular review on the execution at the meeting with ESG Working Group to further secure the honest working environment.

The securities business of the Group involves money laundering and terrorist financing risks. To this end, we appoint a compliance officer to review and manage money laundering and terrorist financing risks and strictly comply with laws and regulations on money laundering, bribery, extortion, fraud and corruption, including:

- Drug Trafficking (Recovery of Proceeds) Ordinance (《販毒(追討得益)條例》);
- Organized and Serious Crimes Ordinance (《有組織及嚴重罪行條例》);
- Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (《證券及期貨事務監察委員會持牌人或註冊人操守準則》);
- United Nations (Anti-Terrorism Measures) Ordinance (《聯合國(反恐怖主義措施)條例》);
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (《打擊洗錢及恐怖分子資金籌集條例》);
- Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations) (證監會《打擊洗錢及恐怖分子資金籌集指引》(適用於持牌法團)) of the Securities and Futures Commission; and
- Law on Anti-money Laundering of China (《中國反洗錢法》)

During the Reporting Period, neither the Group nor its employees were involved in any complaints or litigation relating to corruption, bribery, extortion, fraud, and money laundering.

BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT

Environmental protection is one of the core policies of the government and the PRC government has exerted significant effort in promoting the policies regarding green enterprises in recent years. The Group has taken different measures to strike a balance between environmental protection and business sustainability and strictly complied with applicable environmental laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), and the Water Pollution Control Ordinance (《水污染管制條例》) and Waste Disposal Ordinance (《廢物處置條例》). During the Reporting Period, the Group was not aware of any serious violations of relevant environmental laws and regulations.

Environmental Protection Goals

The Group aims to save energy, water and other resource consumption and reduce greenhouse gas emissions, air pollutant emissions and waste generation by implementing a series of measures, and strives to ensure green production, green operations and green development. Our ESG Working Group reviews the implementation and progress of our goals and reports to the Board on a regular basis.

To effectively demonstrate our dedication to environmental sustainability, the Group set the environmental goals for Park Outlet business during the Reporting Period of reduction of water and energy consumption by 2% and 5%, respectively. The Group will further improve various energy and water resource management measures in order to achieve the goals and conduct timely review on the performance of relevant management measures. We will also adjust our effort thereto to reach the goals. For relevant management measures, please refer to the sections headed " Energy, Air and Greenhouse Gas Emissions Management" and "Water Management".

Energy, Air and Greenhouse Gas Emissions Management

The Group strives to save energy during its course of operations to reduce energy and fuel expenditures and the corresponding carbon footprint. The air, energy consumption and greenhouse gas emissions are mainly produced by fuel consumption of the Company's vehicle and purchased electricity consumed for our daily operations. We have in place a series of measures to increase the awareness of energy saving and emission reduction of our employee, including:

- Install automatic lighting sensors in our offices
- Set air-conditioners to a specific temperature to improve electricity consumption
- Turn off idle appliances including computers, printers and lights when leaving the office
- Encourage employees to switch off the lights when eating out to prevent unnecessary waste of electricity
- Regular vehicle maintenance and monitoring of the usage of vehicles
- Use electrical appliance with high energy efficiency, e.g. electrical appliances with grade 1 energy label
- increase employees' environmental awareness through promotion

BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT *(Continued)*

Energy, Air and Greenhouse Gas Emissions Management *(Continued)*

During the Reporting Period, we set our energy saving goals for Park Outlets for the next year and reduce unnecessary energy consumption by means of the following measures:

- Indoor plazas and walkways at Park Outlets are installed with glass rooftops to make full use of natural light, thus reducing our reliance on electricity
- Use LED lights to replace traditional light bulbs to reduce our reliance on non-renewable energy
- Shorten the periods of using outdoor lighting and air conditioners
- Closely monitor the electricity consumption of brand tenants
- Advise brand tenants to take appropriate energy-saving initiatives

Using electrical appliances with grade 1 energy label

Waste Management

The Group has always been dedicated to reduce office waste and prevent unnecessary waste and consumption. During the Reporting Period, our operations do not produce significant hazardous waste nor consume packaging materials for finished products. The non-hazardous waste generated by the Group mainly includes paper and general waste. We have taken a series of measures to reduce use of papers and for other general waste, including:

- Collect, sort and recycle our waste including waste paper, metals, plastics and glass bottles, etc.
- Hire qualified suppliers to handle and dispose of waste
- Advocate a paperless office in our workplace
- Collect used office paper for recycling
- Use electronic pay bills and will only print them out as per employees' special request
- Add more recycling bins at Park Outlet to encourage visitors to use

BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT *(Continued)*

Waste Management *(Continued)*

Paper recycling bin

Plastic bottles and glass bottles recycling bin

Water Management

The Group believes that water is a limited and valuable resource and is indispensable to us as well as to society and the environment. Therefore, we are committed to conforming with principles of water conservation in our business operations. During the Reporting Period, we have not encountered any problems in sourcing water that is fit for purpose. We provide our employees with proper training and put up water conservation reminders in the canteen and toilets to raise awareness of water conservation among our employees. In addition, we regularly inspect water tanks to identify potential leaks or overflows and repair dripping faucets in a timely manner to avoid wastage.

We set out the water conservation goal for the next year for Park Outlet business during the Reporting Period and implemented a series of regular water conservation measures, such as putting up water conservation posters and conducting regular checking of water facilities. We also carried out trials and execution of "Water Conservation Leading Group" ("**Leading Group**") in Shenyang Park Outlets. Headed by the general manager of Shenyang Park Outlets, the Leading Group strictly carries out various water conservation tasks, and expects to work together with all employees to achieve the goal of effectively reducing water consumption. During the Reporting Period, the Leading Group completed the following tasks:

- Made use of water conservation appliances
- Promoted water conservation awareness among employees and visitors by organizing various promotion activities in water conservation promotion week and on World Day for Water
- Established a computer-aided management model in each department to monitor water consumption in real time
- Recycled waste water, such as encouraging employees to collect waste water with a bucket for floor cleaning
- Replaced single pipe constant temperature water supply system with double pipe water supply system

BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT *(Continued)*

Green Park Outlets

As an industry leader, the Group is committed to reducing the environmental impact in the operations of its outlets, while hoping to leverage its influence to facilitate the sustainable development of our partners and brand tenants. Therefore, we prefer to partner with brands conforming to ISO 14001 Environmental Management System and require all brand tenants to comply with the environmental protection clauses set out in our cooperation agreements.

Addressing Climate Change

Climate change is the biggest environmental challenge in the 21st century, and has drawn global attention due to its effects including rising sea level and extreme storms, posing potential risks to the Group's operations. Therefore, we have formulated various environmental protection measures such as collecting, sorting and recycling waste and installing automatic lighting sensors in our offices to reduce energy consumption and greenhouse gas emissions. In addition, the Group has formulated countermeasures against physical risks and transition risks. Details are as follows:

Physical risk	Possible Impact on the Group	Mitigation measure
Extreme weather	• Employee safety issues caused by extreme weather • Park Outlets could be severely damaged by extreme weather events	• Guidelines for work arrangements under extreme weather events have been developed • Staff members have been arranged to strengthen inspection and monitoring of various facilities
Transition risk	**Possible Impact on the Group**	**Mitigation measure**
Policies and regulations	• Failure to comply with the latest disclosure requirements may cause legal problems and financial burden	• A professional third party has been entrusted to carry out relevant consultancy • Regular review of relevant legislation by staff has been arranged

BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT *(Continued)*

Overview of Environmental Performance Data[2]

Key environmental indicator	2022	2021	Unit
Greenhouse Gas (GHG)			
Total emissions[3]	**4,585.94**	4,542.33[4]	tonnes of CO_2e
Direct emissions (scope 1)	**46.16**	67.21[4]	tonnes of CO_2e
Indirect emissions (scope 2)[5, 6]	**4,539.78**	4,477.15	tonnes of CO_2e
GHG reduction (scope 1)[7]	**–**	1.98	tonnes of CO_2e
GHG emissions per m2 of floor area (scopes 1 and 2)	**48.77[8]**	48.92[4]	kg of CO_2e/m^2
Gas Emissions[7]			
Nitrogen oxides (NO_x)	**136.43**	262.25[9]	kg
Sulphur oxides (SO_x)	**0.25**	0.38	kg
Particulate Matter (PM)	**16.00**	31.00[9]	kg
Non-hazardous waste			
Total non-hazardous waste	**1,153.53**	1,026.12	tonnes
Amount of disposal of non-hazardous waste	**1,153.20**	1,025.62	tonnes
Recycled amount of non-hazardous waste	**0.33**	0.50	tonnes
Non-hazardous waste per m^2 of floor area	**12.27[8]**	11.05	kg/m^2
Energy			
Total consumption	**7,575.30**	7,542.94	MWh
Purchased electricity	**7,417.39**	7,313.09	MWh
Petrol	**117.78**	151.08	MWh
Diesel oil	**40.13**	78.76	MWh
Energy consumption per m^2 of floor area	**80.57[8]**	81.23	kWh/m^2
Water			
Total water consumption	**89,689.30**	87,036.05	m^3
Water consumption per m^2 of floor area	**0.95[8]**	0.94	m^3/m^2

2 The figures are rounded.

3 According to The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standards Revised Edition by the World Business Council for Sustainable Development and the World Resources Institute, scope 1 (direct emissions) covers the greenhouse gas emissions directly from operations owned or controlled by the Group, while scope 2 (indirect emissions) covers "indirect energy" greenhouse gas emissions from the Group's internal consumption (purchased or acquired) of electricity, heat, cooling and steam.

4 As the statistical method changed, we restated the data of carbon dioxide emission by fuel usage for yachts in 2021.

5 Such data only cover the electricity consumption known to the subsidiaries controlled by the Group as well as the indirect greenhouse gas emissions caused by electricity consumption, which include the part of lighting electricity publicly consumed by our offices and warehouses in Hong Kong and Shanghai as well as Shenyang Park Outlets and Xiamen Park Outlets. During the Reporting Period, the warehouse in Shanghai was included in our reporting scope.

6 Indirect emissions (scope 2) for the Reporting Period are calculated using the relevant emission factors in Appendix 2: Reporting Guidance on Environmental KPIs in the latest edition of How to prepare an ESG Report published by the Hong Kong Stock Exchange.

7 GHG reduction (scope 1) represents reduction of green house gas emission through tree planting. As there was no tree planting activity in 2021, the GHG reduction was zero.

8 The warehouse in Shanghai was included in 2022 such that the overall floor area included the offices and warehouses in Hong Kong and Shanghai and the malls at Shenyang Park Outlets and Xiamen Park Outlets.

9 We have restated the gas emission data for 2021 due to a change in the statistical method of vehicle fuel.

COMMUNITY CARE

We believe the Group's development depends on the resources and support from the society, therefore, we are committed to contribute the community where we are operating in the hope of contributing to its overall well-being. In addition, the Group adheres to its vision of "social harmony and harmonious neighbourliness" to build a more harmonious community in collaboration with its employees. Though the pandemic continues to rage, we exert our best efforts to contribute to the community through various channels. During the Reporting Period, the resources invested by the Group in communities are mainly used for fighting against the pandemic and charitable donations.

Caring for Disabled and Poor Community

During the Reporting Period, the Group organized different types of activities including "Love Care Supermarket in Shenbeixin District", a large-scaled, warehouse styled supermarket aiming for donation of supplies led by the government of Shenbei District, and other charitable activities such as "Celebration of Chinese New Year with Heart Warming Love Across the Country".

Love Care Supermarket in Shenbeixin District

Charitable Donation

Concerned with community welfare, the Group participates in community investment projects such as volunteer services, donations and fund-raising activities. Targeting on disabled children, we make good use of our network and social influence to promote community investment projects to undertake our corporate social responsibility. During the Reporting Period, we actively participated in charitable work involving disabled children, including purchasing charity raffle tickets of The Society for the Relief of Disabled Children and supporting and participating in activities organized by Yan Chai Hospital. During the Reporting Period, the Group made sponsorship contributions and donations with over HK$100,000.

Sponsored publications of Yan Chai Hospital

REMAINING TRUE TO OUR ORIGINAL ASPIRATION AND EMBRACING THE FUTURE

Last year, in addition to challenges caused by COVID-19 pandemic, we also needed to face unprecedented difficulties brought by energy crisis and economic downturn, which put us to severe test in terms of our fundamental strengths and adaptability to changes. Nevertheless, through our perseverance and thanks to the concerted effort of all employees, we have adhered to the Group's principles and achieved its expectation, continued to pay attention and listen to the opinions of the stakeholders and facilitated the sustainable development of the Group.

In the future, the Group will further contribute a positive impact on our environment and society while strengthening our capability to cope with economic and market changes. We promise to leverage the Group's business strength to contribute to the community to build a sustainable community for all stakeholders.

We would like to take this opportunity to express our sincere gratitude all of our stakeholders, business partners and our valuable customers for their trust, support and sincere cooperation. We will continue to adhere to our vision of sustainable development and perform corporate social responsibilities and we are dedicated to create a better social environmental for next generation.

CONTENT INDEX FOR ESG REPORTING GUIDE

Subject Areas, Aspects, General Disclosures and KPIs		Chapter/Statement	Page
A. Environmental			
Aspect A1: Emissions			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Building a Green Enterprise to Protect the Environment Energy, Air and Greenhouse Gas Emissions Management Waste Management	P. 54–56
KPI A1.1	Types of emissions and respective emissions data.	Overview of Environmental Performance Data	P. 58
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		P. 58
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		P. 58
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		P. 58
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Building a Green Enterprise to Protect the Environment Energy, Air and Greenhouse Gas Emissions Management Waste Management	P. 54–55
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.		P. 55–56
Aspect A2: Use of Resources			
General Disclosure Policies on the efficient use of resources including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.		Building a Green Enterprise to Protect the Environment Energy, Air and Greenhouse Gas Emissions Management Waste Management Water Management	P. 54–56
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Overview of Environmental Performance Data	P. 58
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).		P. 58

Subject Areas, Aspects, General Disclosures and KPIs		Chapter/Statement	Page
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Building a Green Enterprise to Protect the Environment Energy, Air and Greenhouse Gas Emissions Management	P. 54–55
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Management	P. 56
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	As our operation did not involved the consumption of packaging materials, therefore this KPI is not applicable to the Group	N/A
Aspect A3: The Environment and Natural Resources			
General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.		Green Park Outlets	P. 57
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.		P. 57
Aspect A4: Climate Change			
General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Addressing Climate Change	P. 57
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Addressing Climate Change	P. 57
B. Social			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti- discrimination, and other benefits and welfare.		People-Oriented Attracting Talents Employee Relationship and Team Building	P. 47–50
KPI B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	Employee Statistics	P. 48
KPI B1.2	Employee turnover rate by gender, age group and geographical region.		P. 48

Subject Areas, Aspects, General Disclosures and KPIs		Chapter/Statement	Page
Aspect B2: Health and Safety			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Protection of Employees' Health and Safety	P. 52
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Protection of Employees' Health and Safety	P. 52
KPI B2.2	Lost days due to work injury.	Protection of Employees' Health and Safety	P. 52
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Protection of Employees' Health and Safety	P. 52
Aspect B3: Development and Training			
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities		Support to Employee Development	P. 51
KPI B3.1	The percentage of employees trained by gender and employee category.		P. 51
KPI B3.2	The average training hours completed per employee by gender and employee category.		P. 51
Aspect B4: Labour Standards			
General Disclosure Information on: (a) the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Labour Standards	P. 49
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.		P. 49
KPI B4.2	Description of steps taken to eliminate such practices when discovered.		P. 49

Subject Areas, Aspects, General Disclosures and KPIs		Chapter/Statement	Page
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure Policies on managing environmental and social risks of the supply chain.		Supply Chain Management	P. 47
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management	P. 47
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management	P. 47
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	P. 47
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	P. 47
Aspect B6: Product Responsibility			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Providing Customers with Quality Services and Products	P. 44
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group	N/A
KPI B6.2	Number of products and service in relation to complaints received and how they are dealt with.	Sincerity in Customer Service	P. 46
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not applicable to the Group	N/A
KPI B6.4	Description of quality assurance process and recall procedures.	Not applicable to the Group	N/A
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Privacy Protection	P. 46

Subject Areas, Aspects, General Disclosures and KPIs		Chapter/Statement	Page
Aspect B7: Anti-corruption			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Anti-corruption	P. 53
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.		P. 53
KPI B7.2	Description of preventive measures and whistle- blowing procedures, how they are implemented and monitored.		P. 53
KPI B7.3	Description of anti-corruption training provided to directors and staff.		P. 53
Community			
Aspect B8: Community Investment			
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration the communities' interests.		Community Care	P. 59
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)		P. 59
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.		P. 59

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SYMPHONY HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Symphony Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 72 to 218, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

– Fair value of investment properties, leasehold land and buildings and outlet mall buildings classified as level 3 recurring fair value measurements;

– Impairment assessment of trade and other receivables and loans receivable; and

– Impairment assessment of goodwill and intangible assets.

KEY AUDIT MATTERS *(Continued)*

Fair value of investment properties, leasehold land and buildings and outlet mall buildings classified as level 3 recurring fair value measurements

Refer to Notes 15 and 14 to the consolidated financial statements and the accounting policies and critical accounting judgement and key sources of estimation uncertainty set out in Notes 4(h), 4(g) and 5(b)(vi) the consolidated financial statements.

At 31 December 2022, the Group's investment properties (including investment property in asset classified as held for sale), leasehold land and buildings and outlet mall buildings, with the carrying amounts of approximately HKD1,502,785,000, HKD304,325,000 and HKD1,573,708,000, were measured at fair values respectively. The fair values of these assets were classified as level 3 recurring fair value measurements under the definition of HKFRS 13 "Fair Value Measurement" because certain key inputs used for determining the fair values of properties were not largely based on observable market data and involved management significant judgement and high level of estimation uncertainty.

Management has engaged independent qualified professional valuers to assist with the fair value measurements of these assets.

We identified the fair value of investment properties (including investment property in asset classified as held for sale), leasehold land and buildings and outlet mall buildings classified as level 3 recurring fair value measurements as a key audit matter because of the significant judgement and high level of estimation uncertainty involved in the valuation of these assets and the carrying amounts thereof are significant to the consolidated financial statements.

Our key audit procedures in relation to this key audit matter included:

- Evaluating the competence, capabilities and objectivity of the independent qualified professional valuers used by the management;

- Assessing the appropriateness of valuation methodologies and the reasonableness of key inputs and assumptions used in the valuation;

- Evaluating the accuracy, completeness and relevance of the data used in the valuation provided by the management to the independent qualified professional valuers; and

- Evaluating the reasonableness of disclosures relating to the fair value of investment properties, leasehold land and buildings and outlet mall buildings.

KEY AUDIT MATTERS *(Continued)*

Impairment assessment of trade and other receivables and loans receivable

Refer to Notes 22 and 24 to the consolidated financial statements and the accounting policies and critical accounting judgement and key sources of estimation uncertainty set out in Note 4(q) and 5(b)(viii) to the consolidated financial statements.

At 31 December 2022, the Group had trade and other receivables, net of loss allowance, and related loss allowance of approximately HKD252,294,000 and HKD5,775,000 respectively. In addition, the Group had loans receivable, net of loss allowance, and related loss allowance of approximately HKD56,247,000 and HKD2,077,000 respectively.

The expected credit loss ("**ECL**") calculations of financial assets at amortised cost under HKFRS 9 "Financial Instruments" ("**HKFRS 9**") involved management's significant judgement and high level of estimation uncertainty. It includes key assumptions such as probability of default rates, expected recovery rates in the event of loss-given default and forward-looking information specific to the debtors and the macroeconomic environment where the debtors are located.

We identified the impairment assessment of trade and other receivables and loans receivable as a key audit matter because of the significant judgement and high level of estimation uncertainty involved in the ECL calculations and the carrying amounts thereof are significant to the consolidated financial statements.

Our key audit procedures in relation to this key audit matter included:

– Assessing the appropriateness of the ECL models by challenging the reasonableness of key assumptions and inputs used by the management in estimating the ECL, including evaluating the accuracy and relevance of the historical default rates and whether they are properly adjusted based on the recent credit loss experience and forward-looking information specific to the debtors and the macroeconomic environment where the debtors are located; and

– Evaluating the reasonableness of disclosures relating to impairment assessment of trade and other receivables and loans receivable.

Impairment assessment of goodwill and intangible assets

Refer to Notes 20 and 17 to the consolidated financial statements and the accounting policies and critical accounting judgement and key sources of estimation uncertainty set out in Notes 4(e), 4(j), 4(s) and 5(b)(v) to the consolidated financial statements.

At 31 December 2022, the Group's goodwill, net of impairment loss, and intangible assets with indefinite useful lives, with the carrying amounts of approximately HKD141,401,000 and HKD93,527,000, were required to be tested for impairment at the end of reporting period, irrespective of whether there is any indication of impairment.

KEY AUDIT MATTERS *(Continued)*

Impairment assessment of goodwill and intangible assets *(Continued)*

At 31 December 2022, the Group's intangible assets with finite useful lives, with the carrying amount of approximately HKD20,070,000, were required to be tested for impairment when there is an indication of impairment.

The management concluded that except for the impairment loss on goodwill arising from the acquisition of healthcare products business recognised in the prior years, there was no impairment loss in respect of the rest of goodwill and intangible assets at 31 December 2022. This conclusion was based on the assessment of recoverable amounts of the cash-generating units allocated in the value-in-use calculations performed by independent qualified professional valuers. The assessment of recoverable amounts required management's significant judgement and high level of estimation uncertainty, including long-term growth rates, gross profit margins and discount rates.

We identified the impairment assessment of goodwill and intangible assets as a key audit matter because of the significant judgement and high level of estimation uncertainty involved in the assessment of recoverable amounts and the carrying amounts thereof are significant to the consolidated financial statements.

Our key audit procedures in relation to this key audit matter included:

– Evaluating the competence, capabilities and objectivity of the independent qualified professional valuers used by the management;

– Checking the arithmetic accuracy of the cash flow projections used in the impairment assessment of goodwill and intangible assets;

– Assessing the reasonableness of key inputs used in the cash flow projections, including long-term growth rates, gross profit margins and discount rates; and

– Evaluating the reasonableness of disclosures relating to the impairment assessment of goodwill and intangible assets.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Lau Kin Tat, Terry
Practising Certificate Number: P07676

Hong Kong, 31 March 2023

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022

	Notes	2022 HKD'000	2021 HKD'000 (re-presented)
Continuing operations			
Revenue	7	**279,153**	323,498
Cost of sales		**(27,484)**	(50,244)
Gross profit		**251,669**	273,254
Other income and gains	10(a)	**174,087**	40,816
Distribution and selling expenses		**(77,615)**	(75,583)
Administrative expenses		**(153,133)**	(134,057)
Depreciation and amortisation expenses		**(95,615)**	(84,424)
Finance costs	8	**(74,831)**	(62,715)
Other expenses	10(b)	**(2,925)**	(866)
(Provision)/reversal of impairment loss on financial assets		**(666)**	13,191
Impairment loss on amount due from an associate	19	**(979)**	(725)
Decrease in fair value of investment properties	15	**(7,023)**	(8,428)
Share of results of joint ventures	18	**2,602**	1,256
Share of results of associates	19	**(272)**	(310)
Fair value (loss)/gain on financial assets at fair value through profit or loss	25	**(102,832)**	75,652
(Loss)/profit before income tax expense		**(87,533)**	37,061
Income tax expense	9	**(5,185)**	(10,638)
(Loss)/profit for the year from continuing operations	10(c)	**(92,718)**	26,423
Discontinued operation			
Profit for the year from discontinued operation	10(d)	**3,757**	9,299
(Loss)/profit for the year		**(88,961)**	35,722
(Loss)/profit for the year attributable to:			
Owners of the Company			
– From continuing operations		**(85,392)**	26,612
– From discontinued operation		**4,114**	9,889
		(81,278)	36,501
Non-controlling interests			
– From continuing operations		**(7,326)**	(189)
– From discontinued operation		**(357)**	(590)
		(7,683)	(779)
(Loss)/profit for the year		**(88,961)**	35,722

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022

	Notes	2022 HKD'000	2021 HKD'000 (re-presented)
(Loss)/earnings per share for (loss)/profit from continuing and discontinued operations:			
Basic (loss)/earnings per share	13	**HK(2.73 cents)**	HK1.23 cents
Diluted (loss)/earnings per share	13	**HK(2.73 cents)**	HK1.23 cents
(Loss)/earnings per share for (loss)/profit from continuing operations:			
Basic (loss)/earnings per share	13	**HK(2.87 cents)**	HK0.90 cents
Diluted (loss)/earnings per share	13	**HK(2.87 cents)**	HK0.90 cents
Earnings per share for profit from discontinued operation:			
Basic earnings per share	13	**HK0.14 cents**	HK0.33 cents
Diluted earnings per share	13	**HK0.14 cents**	HK0.33 cents

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 HKD'000	2021 HKD'000 (re-presented)
(Loss)/profit for the year		**(88,961)**	35,722
Other comprehensive income for the year, net of tax			
Items that will not be reclassified to profit or loss:			
Fair value changes arising on revaluation of properties	14	**35,305**	156,605
Deferred tax charge arising on revaluation of properties	29	**(8,283)**	(38,238)
		27,022	118,367
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of joint ventures	18	**(2,778)**	1,661
Share of other comprehensive income of associates	19	**5**	–
Exchange differences arising on translation of foreign operations		**(225,297)**	55,546
Release of translation reserve upon disposal of a subsidiary		**(67)**	73
		(228,137)	57,280
Other comprehensive income for the year, net of tax		**(201,115)**	175,647
Total comprehensive income for the year		**(290,076)**	211,369
Total comprehensive income for the year attributable to:			
– Owners of the Company		**(281,150)**	211,972
– Non-controlling interests		**(8,926)**	(603)
		(290,076)	211,369

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 HKD'000	2021 HKD'000
Non-current assets			
Property, plant and equipment	14	**1,945,912**	2,070,932
Investment properties	15	**1,241,285**	1,618,066
Right-of-use assets	16	**454,420**	509,458
Intangible assets	17	**113,597**	216,817
Interests in joint ventures	18	**75,086**	75,766
Interests in associates	19	**6,702**	–
Goodwill	20	**141,401**	141,401
Deferred tax assets	29	**17,166**	19,120
Club debenture		**1,876**	1,876
Restricted bank deposits	26(a)	**55,816**	46,359
Statutory deposits for financial services business		**200**	200
Total non-current assets		**4,053,461**	4,699,995
Current assets			
Inventories	21	**48,694**	86,689
Trade and other receivables	22	**252,294**	236,539
Amounts due from joint ventures	18	**39,170**	7,367
Amount due from an associate	19	**–**	4,202
Advances to customers in margin financing	23	**177,161**	148,408
Loans receivable	24	**56,247**	85,265
Financial assets at fair value through profit or loss	25	**127,294**	262,158
Restricted bank deposits	26(a)	**3,390**	–
Bank balances and cash – held on behalf of customers	26(b)	**20,745**	64,896
Bank balances and cash	26(c)	**98,131**	174,278
		823,126	1,069,802
Asset classified as held for sale	27	**261,500**	–
Total current assets		**1,084,626**	1,069,802
Current liabilities			
Trade and other payables	28	**266,772**	382,587
Loan from non-controlling interests	46	**–**	3,683
Amount due to a joint venture	18	**534**	–
Amount due to a related party	32	**113**	123
Amount due to a director	33	**21,989**	7,367
Lease liabilities	31	**11,484**	11,966
Bank borrowings	30	**549,790**	295,132
Tax payable		**30,133**	31,419
Total current liabilities		**880,815**	732,277
Net current assets		**203,811**	337,525
Total assets less current liabilities		**4,257,272**	5,037,520

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 HKD'000	2021 HKD'000
Non-current liabilities			
Lease liabilities	31	**178,666**	193,325
Bank borrowings	30	**894,255**	1,327,024
Deferred tax liabilities	29	**338,757**	346,900
Total non-current liabilities		**1,411,678**	1,867,249
NET ASSETS		**2,845,594**	3,170,271
Equity			
Share capital	34	**297,422**	297,422
Reserves	36	**2,527,640**	2,847,143
Total equity attributable to owners of the Company		**2,825,062**	3,144,565
Non-controlling interests	46	**20,532**	25,706
TOTAL EQUITY		**2,845,594**	3,170,271

The consolidated financial statements on pages 72 to 218 were approved and authorised for issue by the board of directors on 31 March 2023 and were signed on its behalf by:

Cheng Tun Nei
Director

Chan Kar Lee Gary
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company									
	Share capital HKD'000 *(Note 34)*	Contributed surplus HKD'000 *(Note 36)*	Share premium HKD'000 *(Note 36)*	Properties revaluation reserve HKD'000 *(Note 36)*	Translation reserve HKD'000 *(Note 36)*	Other reserve HKD'000 *(Note 36)*	Retained profits HKD'000 *(Note 36)*	Subtotal HKD'000	Non-controlling interests HKD'000 *(Note 46)*	Total HKD'000
Balance at 1 January 2021	297,422	523,213	1,071,657	621,406	74,213	–	297,804	2,885,715	11,114	2,896,829
Profit/(loss) for the year	–	–	–	–	–	–	36,501	36,501	(779)	35,722
Fair value change arising on revaluation of properties	–	–	–	156,605	–	–	–	156,605	–	156,605
Deferred tax charge arising on revaluation of properties	–	–	–	(38,238)	–	–	–	(38,238)	–	(38,238)
Share of other comprehensive income of joint ventures	–	–	–	–	1,661	–	–	1,661	–	1,661
Exchange differences arising on translation of foreign operations	–	–	–	–	55,370	–	–	55,370	176	55,546
Release of translation reserve upon disposal of a subsidiary	–	–	–	–	73	–	–	73	–	73
Other comprehensive income for the year, net of tax	–	–	–	118,367	57,104	–	–	175,471	176	175,647
Total comprehensive income for the year	–	–	–	118,367	57,104	–	36,501	211,972	(603)	211,369
Capital contribution from a non-controlling shareholder *(Note 46)*	–	–	–	–	–	–	–	–	9,319	9,319
Disposal of a subsidiary	–	–	–	–	–	–	–	–	938	938
Partial disposal of subsidiaries without loss of control *(Note 47)*	–	–	–	–	–	61,749	–	61,749	4,938	66,687
Dividend paid *(Note 12)*	–	–	–	–	–	–	(14,871)	(14,871)	–	(14,871)
Balance at 31 December 2021	297,422	523,213	1,071,657	739,773	131,317	61,749	319,434	3,144,565	25,706	3,170,271

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company									
	Share capital HKD'000 *(Note 34)*	Contributed surplus HKD'000 *(Note 36)*	Share premium HKD'000 *(Note 36)*	Properties revaluation reserve HKD'000 *(Note 36)*	Translation reserve HKD'000 *(Note 36)*	Other reserve HKD'000 *(Note 36)*	Retained profits HKD'000 *(Note 36)*	Subtotal HKD'000	Non-controlling interests HKD'000 *(Note 46)*	Total HKD'000
Balance at 1 January 2022	297,422	523,213	1,071,657	739,773	131,317	61,749	319,434	3,144,565	25,706	3,170,271
Loss for the year	–	–	–	–	–	–	(81,278)	(81,278)	(7,683)	(88,961)
Fair value change arising on revaluation of properties	–	–	–	35,305	–	–	–	35,305	–	35,305
Deferred tax charge arising on revaluation of properties	–	–	–	(8,283)	–	–	–	(8,283)	–	(8,283)
Share of other comprehensive income of joint ventures	–	–	–	–	(2,778)	–	–	(2,778)	–	(2,778)
Share of other comprehensive income of associates	–	–	–	–	5	–	–	5	–	5
Exchange differences arising on translation of foreign operations	–	–	–	–	(224,054)	–	–	(224,054)	(1,243)	(225,297)
Release of translation reserve upon disposal of a subsidiary	–	–	–	–	(67)	–	–	(67)	–	(67)
Other comprehensive income for the year, net of tax	–	–	–	27,022	(226,894)	–	–	(199,872)	(1,243)	(201,115)
Total comprehensive income for the year	–	–	–	27,022	(226,894)	–	(81,278)	(281,150)	(8,926)	(290,076)
Capital contribution from a non-controlling shareholder *(Note 46)*	–	–	–	–	–	–	–	–	16,067	16,067
Acquisition of further interests in a subsidiary *(Note 46)*	–	–	–	–	–	(23,482)	–	(23,482)	(1,818)	(25,300)
Disposal of a subsidiary *(Note 48)*	–	–	–	–	–	–	–	–	(10,497)	(10,497)
Dividend paid *(Note 12)*	–	–	–	–	–	–	(14,871)	(14,871)	–	(14,871)
Balance at 31 December 2022	297,422	523,213	1,071,657	766,795	(95,577)	38,267	223,285	2,825,062	20,532	2,845,594

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 HKD'000	2021 HKD'000
Cash flows from operating activities		
(Loss)/profit before income tax expense		
– Continuing operations	**(87,533)**	37,061
– Discontinued operation	**2,119**	10,591
	(85,414)	47,652
Adjustments for:		
Interest income	**(2,337)**	(1,813)
Dividend income	**(55)**	(41)
Finance costs	**74,838**	62,851
Share of results of joint ventures	**(2,602)**	(1,256)
Share of results of associates	**272**	310
Gain on disposal of intangible asset	**(144,269)**	–
Loss on disposal of interests in joint ventures	**1,907**	–
Gain on disposal of a subsidiary	**–**	(1,266)
COVID-19-related rent concessions	**–**	(9)
Depreciation of property, plant and equipment	**78,964**	67,451
Depreciation of right-of-use assets	**15,096**	15,999
Amortisation of intangible assets	**2,007**	2,007
Loss on disposal of property, plant and equipment	**–**	82
Write off of property, plant and equipment	**4**	2
Decrease in fair value of investment properties	**7,023**	8,428
Fair value loss/(gain) on financial assets at fair value through profit or loss	**102,832**	(75,652)
Bad debts written off	**640**	333
Provision/(reversal) of impairment loss on financial assets	**666**	(13,354)
Impairment loss on amount due from an associate	**979**	725
Write off of obsolete inventories	**872**	1,606
Reversal of allowance of inventories	**(12,704)**	(3,158)
Operating cash flows before movements in working capital	**38,719**	110,897
Increase in inventories	**(23,642)**	(21,601)
Decrease/(increase) in trade and other receivables	**4,523**	(11,543)
Increase in advances to customers in margin financing	**(28,753)**	(40,732)
Decrease in loans receivable	**28,706**	42,466
Decrease/(increase) in financial assets at fair value through profit or loss	**32,012**	(5,897)
Decrease/(increase) in bank balances and cash – held on behalf of customers	**44,151**	(43,723)
Increase in trade and other payables	**14,386**	97,901
Cash generated from operations	**110,102**	127,768
Overseas tax refund/(paid)	**1,014**	(2,304)
Hong Kong Profits Tax paid	**(3,851)**	(2,380)
Net cash from operating activities	**107,265**	123,084

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 HKD'000	2021 HKD'000
Cash flows from investing activities			
Disposal of subsidiaries, net of cash disposed	48	**4,754**	(138)
Acquisition of an associate		**3,483**	–
Repayments from joint ventures		**2,083**	1,228
Repayments from/(advance to) a joint ventures partner		**628**	(523)
Repayment from an associate		**2,469**	1,931
Purchases of property, plant and equipment		**(50,303)**	(49,884)
Proceeds from disposal of property, plant and equipment		**–**	36
Proceeds from disposal of intangible asset		**134,914**	–
Additions to buildings		**(25,332)**	(57,175)
Increase in restricted bank deposits		**(14,942)**	(325)
Interest received		**2,271**	2,105
Dividend received from financial assets at fair value through profit or loss		**55**	41
Net cash from/(used in) investing activities		**60,080**	(102,704)
Cash flows from financing activities	49(b)		
Capital contribution from a non-controlling shareholder		**3,119**	9,319
Repayment to a non-controlling shareholder		**(3,390)**	–
Acquisition of further interests in a subsidiary	45	**(25,300)**	–
Proceeds from bank borrowings		**256,180**	161,309
Repayments of bank borrowings		**(400,790)**	(158,989)
Advance from a joint venture		**534**	–
Advance from a director		**15,208**	–
Repayment to a director		**–**	(8,594)
Repayments of lease liabilities		**(10,136)**	(12,108)
Dividend paid		**(14,871)**	(14,871)
Interest paid		**(61,438)**	(52,623)
Net cash used in financing activities		**(240,884)**	(76,557)
Net decrease in cash and cash equivalents		**(73,539)**	(56,177)
Cash and cash equivalents at the beginning of the year	49(a)	**174,278**	234,577
Effect of foreign exchange rate changes on cash and cash equivalents		**(2,608)**	(4,122)
Cash and cash equivalents at the end of the year	49(a)	**98,131**	174,278

1. GENERAL INFORMATION

Symphony Holdings Limited (the "**Company**") was incorporated in Bermuda on 24 November 1993 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 1 March 1995. The addresses of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, 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 "SKINS" and "PONY" trademarks; (ii) sourcing, manufacturing and trading of healthcare products in Hong Kong; and (iii) distribution of "SUNSEEKER" swimwear;

– Retailing: (i) management and operation of outlet malls; and (ii) property investment and holding; and

– Financial services: provisions of securities brokerage, margin financing, money lending, underwriting and placing of listed securities and financial consultancy services.

On 27 June 2022, the Group completed its disposal of entire 70% equity interests in Arena (Shanghai) Industrial Co., Limited ("**Arena Shanghai**") which was principally engaged in retailing and provisions of sourcing services for "arena", swimwear and accessories in The People's Republic of China (the "**PRC**") (the "**discontinued operation**") to Shanghai Descente Commercial Co. Ltd ("**Shanghai Descente**"), owning 30% of the equity interests in the registered capital of Arena Shanghai. The accompanying consolidated financial statements and the comparative figures have been re-presented to reflect the results of the discontinued operation separately. Details are set out in note 6 and 10(d).

On 6 May 2022, the Company entered into a business sale and purchase agreement (the "**Agreement I**") with Luxembourg Pony Holdings S.à r.l. (a company incorporated in Luxembourg with limited liability and is a wholly-owned subsidiary of Iconix International, Inc.) (the "**Purchaser I**") in relation to the transfer of the assets held by any member of the Group relating to the "PONY" brand carried on in the jurisdictions in which any member of the Group holds assets relating to the "PONY" brand, and excluding APAC and any assets located in or relating to the PRC or Taiwan. On the same date, the Company entered into another business sale and purchase agreement (the "**Agreement II**") with Sym-Icon Holdings Limited (a company incorporated in Hong Kong with limited liability and being the wholly-owned subsidiary of Wisdom Class International Limited (the "**Purchaser II**") in relation to the transfer of the assets held by any member of the Group relating to the "PONY" brand carried on in APAC (the "**Subject Business**") to the Purchaser II.

After entering into the Agreement I and Agreement II, the Company, the Purchaser I and Wisdom Class International Limited (a company incorporated in the British Virgin Islands with limited liability, and is owned as to 50% by the Company and 50% by the Purchaser I) entered into a shareholders' agreement in relation to formation of the joint venture company for holding and operating the Subject Business on 6 May 2022.

The principal activities of the Company's principal subsidiaries are set out in Note 45 to the consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amendments to HKFRSs – effective 1 January 2022

The Group has adopted the following amendments to HKFRSs, which included 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 ("**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 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual Improvements to HKFRSs 2018–2020

Except as described below, 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 years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRS 3 "Reference to the Conceptual Framework"

The amendments update HKFRS 3 "Business Combinations" ("**HKFRS 3**") so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" ("**HKAS 37**"), an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 "Levies" ("**HK(IFRIC)-Int 21**"), the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

These amendments had no impact on the consolidated financial statements of the Group.

Amendments to HKAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

These amendments had no impact on the consolidated financial statements of the Group.

Amendments to HKAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"

The amendments specify that the 'cost of fulfilling a contract' comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

These amendments had no impact on the consolidated financial statements of the Group.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of amendments to HKFRSs – effective 1 January 2022 *(Continued)*

Annual Improvements to HKFRSs 2018–2020

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards ("**HKFRS 1**"), which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- HKFRS 9, Financial Instruments ("**HKFRS 9**"), which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

These amendments had no impact on the consolidated financial statements of the Group.

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

The following new or 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.

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	Non-current liabilities with Covenants (the "2022 Amendments")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for the annual period beginning on or after 1 January 2023
2 Effective for the annual period beginning on or after 1 January 2024
3 Effective for the annual period beginning on or after a date to be determined
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" (the "2020 Amendments")

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of reporting period. The amendments also introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to HKAS 1 "Non-current liabilities with Covenants" (the "2022 Amendments")

This update relates to the publication of Non-current Liabilities with Covenants (Amendments to HKAS 1 "Presentation of Financial Statements") (the "**2022 Amendments**"). The 2022 Amendments deal with the classification of long-term loan arrangements with covenants by specifying that covenants to be complied with after the reporting date do not affect the classification of loan arrangements as current or non-current at the reporting date. Instead, companies are required to disclose information about these covenants in the notes to the financial statements.

Amendments to HKAS 8 "Definition of Accounting Estimates"

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

Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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

HKFRS 17 "Insurance Contracts"

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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

Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Amendments to HKFRS 16 "Lease Liability in a Sale and Leaseback"

The amendments add subsequent measurement requirements for a sale and leaseback transaction, where the transfer of the asset satisfies the requirements in HKFRS 15 "Revenue from Contracts with Customers" ("**HKFRS 15**") to be accounted for as a sale.

HKFRS 16 "Lease" ("**HKFRS 16**") includes requirements on how to account for a sale and leaseback at the date the transaction takes place. However, HKFRS 16 had not specified how to measure the transaction when reporting after that date. The amendments add to the sale and leaseback requirements in HKFRS 16, thereby supporting the consistent application of the accounting standard.

The directors of the Company do not anticipate that the adoption of these new or amendments to HKFRSs that have been issued but not yet effective will have any material impact on these consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by 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 "**Listing Rules**").

(b) Basis of measurement

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 as explained in the Group's accounting policies set out in Note 4 to the consolidated financial statements.

(c) Use of critical accounting judgement and estimation

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.

3. BASIS OF PREPARATION *(Continued)*

(c) Use of critical accounting judgement and estimation *(Continued)*

As a result, the management review, on an ongoing basis, to revise for any changes of these critical accounting judgement and estimation, and recognise in the period when it is revised or in the period of the revision and the future periods as if the revision affects both periods. For details of the critical accounting judgement and estimation that have significant impact on the consolidated financial statements are further discussed in Note 5 to the consolidated financial statements.

(d) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("**HKD**"), which is the same as the functional currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is remeasured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Business combination and basis of consolidation *(Continued)*

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributable to owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the relevant assets or liabilities were disposed of.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the Company considers all relevant facts and circumstances, including:

- the size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- substantive potential voting rights held by the Company and other parties who hold voting rights;
- other contractual arrangements; and
- historic patterns in voting attendance.

In the Company's statement of financial position, investments in subsidiaries are stated at costs less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Subsidiaries *(Continued)*

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiaries in the period when the dividend is declared or if the carrying amounts of these investments in the separate financial statements exceed the carrying amounts of the investees' net asset including goodwill.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions are eliminated against the carrying amount of the associate. Where unrealised losses provide evidence of impairment of the asset transferred, they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, all amounts previously recognised in other comprehensive income in relation to that associate are recognised on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest it that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or

- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- the structure of the joint arrangement;

- the legal form of joint arrangements structured through a separate vehicle;

- the contractual terms of the joint arrangement agreement; and

- any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as interests in associates (i.e. using the equity method – see Note 4(c) to the consolidated financial statements).

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

(e) Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree over the fair value of the identifiable assets and liabilities measured as at the acquisition date.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after reassessment.

Goodwill is measured at cost less impairment losses, if any. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see Note 4(s) to the consolidated financial statements), and whenever there is an indication that the unit may be impaired.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Goodwill *(Continued)*

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit on a pro-rata basis on the carrying amount of each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value-in-use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(f) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value-added taxes or other sales-related taxes and is after deduction of any trade discounts, volume rebates, rights of return or allowances.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time. Control of the goods or services is transferred over time if the Group's performance included the following criteria:

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

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

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted by using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expenses accreted on the contract liability under the effective interest method.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Revenue recognition *(Continued)*

(i) Sales of goods

Revenue from sales of goods directly to customers is recognised at a point in time when the control of goods have been passed to customers, which is primarily upon the underlying goods are delivered to and have been accepted by customers. There is generally one performance obligation for sales of goods for all categories of customers. For goods sold to wholesales customers, payment is normally due from 30 to 60 days. For goods sold to retail customers, payment is normally due immediately when customers purchase goods in retail shops. For goods sold to e-trading customers, payment is normally due within 30 days when customers place orders in online platform.

Invoice amounts are net of value-added taxes or other sales-related taxes. Sales contracts normally provide no trade discounts, volume rebates, rights of return or allowances that may give rise to variable consideration in the sales contracts.

(ii) Commission income from concessionaire sales

Commission income from concessionaire sales is recognised over time when the underlying services are provided to the relevant retail shops located in the outlet malls based on commission rates charged for concessionaire sales generated from retail shops in accordance with the agreed terms and conditions of the underlying services contracts. There is no minimum guarantee income restricted on retail shops to generate concessionaire sales during the contractual period. Invoices are issued on a monthly basis to the retail shops and are normally due from 30 to 60 days.

(iii) Royalty income

Royalty income represents licence fees received from the licensees who are granted to access the intellectual property right, not limited to design, manufacture, package, sales, distribution and marketing of "PONY" and "SKINS" branded products in foreign licensed territories. All of licensing agreements including minimum guarantee plus sales-based royalty payments. The management considers that the intellectual property right is significantly affected by the activities committed by the Group. As a result, the minimum guarantee element is recognised over time rateably over licensing periods, any additional sales-based element in excess of the minimum guarantee element would be subject to the royalty exception and recognised in the period accordingly when the usage occurs.

(iv) Securities brokerage commission

Securities brokerage income is recognised at a point in time based on the execution date of trade charged at an agreed commission rate of transaction volume of the trade executed in accordance with the terms and conditions specified in account opening agreements. Invoices are issued on a monthly basis to customers and payment is normally due within 30 days.

(v) Underwriting and placing income

Underwriting and placing income is recognised at a point in time when the relevant underwriting and placing services are completed and charged at an agreed commission rate in accordance with the agreed terms and conditions of underwriting and placing agreements or mandate letters, where appropriate. Invoice are issued when the relevant activities are rendered and payment is normally due within 60 days.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Revenue recognition *(Continued)*

(vi) Financial consultancy income

Financial consultancy income is recognised over time as the customers simultaneously receive and consume benefits whenever they request for consultancy services, not limited to, legal and compliance, corporate finance, and merger and acquisition advisory services from the Group. The services performed are normally charged at a fixed monthly fee regardless of any services performed. Invoices are issued on a monthly basis to customers and payment is normally due from 30 to 60 days.

(vii) Other services income

Other services income is recognised over time when the underlying services are rendered to customers. Invoices are issued on a monthly basis to customers and payment is normally due from 30 to 60 days.

(viii) Rental income

Rental income under operating leases is recognised on a straight-line basis over the relevant lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

(ix) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. Interest income is recognised as it accrues by using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost, i.e. the gross carrying amount, net of loss allowance of the asset.

(x) Dividend income

Dividend income is recognised when the right to receive the dividend is established.

(xi) Securities investment income

Investment income from trading of listed securities through the recognised stock market is recognised on the execution date of trade when sales and purchase agreement of trading of listed securities is entered with clients.

(g) Property, plant and equipment

Owner-occupied leasehold land and buildings are stated at revaluation less accumulated depreciation. Revaluation is performed with sufficient regularity to ensure that the carrying amount does not differ materially from which would be determined by using fair values at the end of reporting period. Increases in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of "properties revaluation reserve". Decreases in value arising on revaluation are first offset against increases on earlier revaluation in respect of the same property and thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the properties revaluation reserve. When the use of a property changes from owner-occupied to investment property, the property is also remeasured to fair value prior to the reclassification.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Property, plant and equipment *(Continued)*

Upon disposal, the relevant portion of the properties revaluation reserve realised in respect of the previous revaluation is released from the properties revaluation reserve to retained profits on the date of disposal of properties.

Apart from properties and construction in progress, other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Apart from construction in progress, other property, plant and equipment are depreciated so as to write off their cost or revaluation, net of expected residual value, over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted, if appropriate, at the end of each reporting period.

The below items of property, plant and equipment, other than construction in progress, are depreciated over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, their annual depreciation rates are listed as follows:

Leasehold land and buildings in Hong Kong and the People's Republic of China (the "**PRC**")	Shorter of expected useful lives and remaining lease terms
Buildings	Shorter of expected useful lives and remaining lease terms
Leasehold improvements	Shorter of expected useful lives and remaining lease terms
Plant and machinery	9%–45%
Furniture, fixtures and equipment	9%–20%
Motor vehicles	16%–20%
Vessel	10%

Construction in progress is stated at cost less impairment losses, if any. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Property, plant and equipment *(Continued)*

If an item of property, plant and equipment becomes an investment property because its usage has changed as evidenced by the end of owner-occupation, any difference between the carrying amount and the fair value of that item, at the date of transfer, is recognised in other comprehensive income and accumulated in properties revaluation reserve. On the subsequent sales or retirement of the asset, the relevant properties revaluation reserve will be transferred directly to retained profits on the date of sales or retirement.

An item of property, plant and equipment is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount. For details of the determination of recoverable amount is set out in Note 4(s) to the consolidated financial statements.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected to arise from continuous usage of the asset. Any gain or loss arising from disposal or retirement of the asset is the difference between the net sales proceeds and the carrying amount of the asset, which is recognised in profit or loss on the date of disposal or determined as no future economic benefit.

Asset held under a finance lease is depreciated over its expected useful life on the same basis as owned assets, or where shorter, the relevant lease term. The asset is depreciated the finance lease asset under the category of right-of-use asset from the commencement date to the end of useful life of the underlying asset if the underlying lease transfers ownership of the underlying asset to the lessee by the end of lease term.

(h) Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held-for-sales in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include land held for undetermined future use and properties that are constructed or under development for future use as an investment property.

When the Group holds a property interest under an operating lease to earn rental income, which has met the definition of an investment property, the Group should classify the property interest as an investment property by using the fair value model.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values by using the fair value models, unless they are still in the course of construction or development and their fair values cannot be reliably determined at the end of reporting period. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction or development are capitalised as part of the carrying amount of investment properties under construction or development.

If an investment property becomes an item of property, plant and equipment because of its usage has been changed as evidenced by the commencement of owner-occupation, the property's deemed cost for subsequent accounting is determined with reference to its fair value at the date of change in use.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the investment property, calculated as the difference between the net disposal proceeds and the carrying amount of the investment property, which is included in profit or loss for the period in which the investment property is derecognised or determined as no future economic benefit.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Leases

Accounting as lessee

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contact conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise when: (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on a straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets by applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses (see Note 4(s) to the consolidated financial statements for the impairment assessment of right-of-use assets), and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property (see Note 4(h) to the consolidated financial statements), they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use (see Note 4(g) to the consolidated financial statements), they are carried at fair value.

The Group accounts for leasehold land and buildings that are held for rental or capital appreciation purpose under HKAS 40 "Investment Property" ("**HKAS 40**") and are carried at fair value. The Group accounts for leasehold land and buildings which is held for own use under HKAS 16 "Property, Plant and Equipment" ("**HKAS 16**") and are carried at fair value. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Leases *(Continued)*

Accounting as lessee *(Continued)*

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate as an alternative.

In the consolidated statement of financial position, the current portion of long-term lease liability is determined as the present value of lease payments that are due to be settled within twelve months after the end of reporting period.

After the initial recognition, the lease liability is measured at amortised cost and interest expenses is calculated by using the effective interest method. Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed lease payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or the rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modification, e.g. a change in future lease payments arising from change in an index or a rate, a change in the lease term, a change in the in-substance of fixed lease payments or a change in assessment to purchase the underlying asset.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Leases *(Continued)*

Accounting as lessee *(Continued)*

Lease liability (Continued)

When the Group revises its estimates of the term of any lease because, for example, it reassesses the probability of a lessee extension or termination option being exercised, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted by using a revised discounted rate. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on an index or a rate is revised, except for the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use asset with the revised carrying amount being amortised over the remaining revised lease term. If the carrying amount of the right-of-use asset is adjusted to nil, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use asset obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease whether that is an extension to the lease term, or one or more additional assets being leased, the lease liability is remeasured by using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. With the exception to which the practical expedient for the COVID-19-related rent concessions applies, if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

Accounting as a lessor

When the Group acts as a lessor, it determines at the lease inception whether each of the lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

The Group has leased out its investment properties to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate leases. The sub-lease is classified as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption criteria as aforementioned, then the Group classifies the sub-lease as an operating lease.

Any changes in the scope of the consideration for a lease that was not part of the original terms and conditions of the lease are accounted for as lease modifications. The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, recognising the remaining lease payments as income on either straight-line basis or another systematic basis over the remaining lease term.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Intangible assets (other than goodwill)

(i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses and intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses (see Note 4(s) to the consolidated financial statements for the impairment assessment of intangible assets).

Intangible assets with finite useful lives

For intangible assets with finite useful lives, amortisation is provided on a straight-line basis over their useful lives, and the amortisation expenses is recognised in profit or loss. The following intangible assets with finite useful lives are amortised from the date when they are available for use and their estimated useful lives are as follows:

Customer relationships	5–15 years

Both of the estimated useful lives and method of amortisation are reviewed at the end of each reporting period.

Intangible assets with indefinite useful lives

For intangible assets with indefinite useful lives comprise of: (i) intellectual property right, not limited to design, manufacture, package, sales, distribution and marketing of "PONY" and SKINS" branded products, with licensing periods from 7 to 15 years granted by the local government agencies in the foreign licensed territories; (ii) rights to manufacture, market, distribute and sell of healthcare products under patents and trademarks in Hong Kong, with licensing periods from 1 to 2 years; (iii) trading rights granted by Hong Kong Exchanges and Clearing Limited, which allows the Group to trade securities on or through the Stock Exchange and The Hong Kong Futures Exchange Limited; and (iv) trading right of liquor retail business license in Japan acquired in 2022.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed at the end of each reporting period to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite useful lives as set above.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Intangible assets (other than goodwill) *(Continued)*

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it incurred.

(iii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(iv) Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at the end of each reporting period, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 4(s) to the consolidated financial statements).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount; however, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in the prior years. All reversals are recognised in the profit or loss immediately.

(k) Foreign currencies

In preparing the financial statements of each individual group entity, transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "**functional currency**") are recorded at the exchange rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the exchange rates ruling at the end of each reporting period. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing on the date when the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary assets and liabilities, and on the translation of monetary assets and liabilities, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary assets and liabilities carried at fair value are included in profit or loss for the period, except for exchange differences arising on the retranslation of non-monetary assets and liabilities in respect of which gains and losses are recognised in other comprehensive income, in which cases, the exchange differences are also recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Foreign currencies *(Continued)*

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group, i.e. Hong Kong dollars at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the exchange rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as "translation reserve" and attributable to non-controlling interests, as appropriate. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary assets and liabilities forming part of the Group's net investments in the foreign operations concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that foreign operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the translation reserve.

(l) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sales, are capitalised as part of the cost of those assets until such assets are substantially ready for their intended use or sales. Income earned on temporary investment of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees rendered to related service.

(ii) Defined contribution retirement plans

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met: (i) in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or (ii) in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets that are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

Current tax

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated by using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Additional income taxes that arise from the distribution of dividend are recognised when the liability to pay the related dividend is recognised.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising from investments in subsidiaries or interests in joint ventures and associates where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Income tax *(Continued)*

Deferred tax *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

An exception to the general requirement in determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40. Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured by using the tax rates that would apply on sales of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sales. In other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities by using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(o) Club debenture

Club debenture acquired is measured on the initial recognition at cost and its useful life is assessed to be indefinite. The club debenture is tested for impairment at the end of each reporting period and not to be amortised. Its useful life is also reviewed at the end of each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present locations and conditions. Cost is calculated by using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sales.

When the inventories are sold, the carrying amount of inventories is recognised as expenses in the period in which the related revenue is recognised.

The amount of any written down of inventories to net realisable value and all loss of inventories are recognised as an expense in the period when the written down occurs. The amount of any reversal of any written down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The amount of any written down of inventories to net realisable value and all losses of inventories are recognised as expenses in the period in which the written down or loss incurred. The amount of any reversal of any written down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal incurred.

(q) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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

Debt instruments

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

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

(i) Financial assets *(Continued)*

Debt instruments (Continued)

FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividend and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowance for expected credit loss ("**ECL**") on trade receivables and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-months ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The Group measured loss allowance for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical experience, adjusted for forward-looking factors specific to the debtors and the macroeconomic environment where the debtors located.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets *(Continued)*

For other debt financial assets (including loan commitments issued), the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since initial recognition, the loss allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset (including a loan commitment) has increased significantly since initial recognition and when estimating the ECLs, the Group considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

In particular, the following information has taken into account of when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or the financial asset is more than 90 days past due.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets *(Continued)*

The Group considers a financial asset to be credit-impaired when: (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising securities collateral, if applicable; or (ii) the financial asset is more than 180 days past due; or (iii) significant financial difficulty of the issuer or the counterparty; or (iv) a breach of contract, such as a default or past due event; or (v) the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or (vi) it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or (vii) the disappearance of an active market for that financial asset because of financial difficulties.

ECLs are remeasured at the end of each reporting period to reflect changes in the financial asset's credit risk since initial recognition. Any change in the ECLs is recognised as provision or reversal of loss allowance in profit or loss. The Group recognises provision or reversal of loss allowance for financial assets measured at amortised cost with a corresponding adjustment to their carrying amount through the usage of loss allowance account.

Interest income on credit-impaired financial assets is calculated based on the amortised cost, i.e. the gross carrying amount less loss allowance of the financial assets. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount of financial assets.

Write off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, i.e. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account of legal advice where appropriate. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, amounts due to a related party and a director, bank borrowings and loan from non-controlling interests are subsequently measured at amortised cost, using the effective interest method. The related interest expenses is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the financial liabilities are derecognised as well as through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with the accounting policy set out in Note 4(q)(ii) to the consolidated financial statements; and (ii) the amount initially recognised less, where appropriate, the cumulative amortisation recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantee contract is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation. Where guarantee in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss when the financial asset is derecognised.

Financial liabilities are derecognised when the obligation specified in the relevant contract is either discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss when the financial liabilities is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

(vii) Derecognition *(Continued)*

When the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

(viii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(r) Share-based payments

Where share options are awarded to directors, key management personnel, employees and others providing similar services, the fair value of the services received is measured with reference to the fair value of the options at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share options reserve within the equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Equity-settled share-based payments transactions with parties other than directors, key management personnel, employees and others providing similar services are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date when the Group obtains the goods or the counterparty renders the services. The fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Share-based payments *(Continued)*

Non-market performance and services conditions are included in the assumptions about the number of options that are expected to vest. The total expenses is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In some circumstances when the employees may provide services in advance of the grant date and therefore the grant-date fair value is estimated for the purpose of recognising the expenses during the period between the service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions, which recognises the impact of the revision to original estimates, if applicable, in the consolidated statement of comprehensive income, with a corresponding adjustment to the equity. The cumulative expenses is not adjusted for failure to achieve a market vesting condition.

(s) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment under cost model;
- intangible assets with definite useful lives;
- right-of-use assets;
- investments in subsidiaries and interests in associates and joint ventures; and
- club debenture

If the recoverable amount, i.e. the greater of the fair value less costs of disposal and value-in-use of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or cash-generating unit (see Note 4(e) to the consolidated financial statements), discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently, i.e. a cash-generating unit.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Impairment of assets (other than financial assets) *(Continued)*

Except for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in the prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable to result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided that the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined as aforesaid. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as aforesaid.

(u) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses of the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquired non-current assets, including property, plant and equipment, are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rationale basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other income, rather than reducing the related expense.

The benefit of a government loan at a below-market rate of interest is treated as a government grant and measured at the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly-controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include: (i) that person's children and spouse or domestic partner; (ii) children of that person's spouse or domestic partner; and (iii) dependents of that person or that person's spouse or domestic partner.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances, short-term deposits and highly liquid investments with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the consolidated statement of cash flows that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Bank balances held on behalf of customers

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The Group has classified the clients' monies as "bank balances and cash – held on behalf of customers" under the current assets presented in the consolidated statement of financial position as the Group is allowed to retain some or all of the interest income on the clients' monies and recognised the corresponding amount of trade payables to the respective customers under the current liabilities payable to clients on the grounds that it is liable for any loss or misappropriation of clients' monies. Under the Hong Kong Securities and Futures Ordinance (Cap. 571), the Group is not allowed to use the clients' monies to settle its own financial obligations.

(x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "**CODM**"). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company that make strategic decisions.

(y) Asset classified as held for sale

Assets are classified as held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The investment properties, which are classified as held-for-sale, would continue to be measured in accordance with the policies set out in note 4(h).

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Given that COVID-19 pandemic has created and may continue to create significant uncertainty in the macroeconomic conditions, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgement in applying accounting policies

(i) Classification between investment properties and owner-occupied properties

The Group has developed criteria required management significant judgement and estimation to determine whether a property qualifies as an investment property. According to the accounting policies set out in Notes 4(g) and 4(h) to the consolidated financial statements, investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the management considers whether a property generates cash flows largely independent of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held-for-use in the production or supply of goods or services or for administrative purposes. The Group may provide ancillary services to the occupants of properties it holds. The management significant judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as an investment property. The property is an investment property only if the ancillary services are insignificant to the arrangement as a whole.

At 31 December 2022, the carrying amounts of right-of-use assets and outlet mall buildings of approximately HKD454,292,000 and HKD1,573,708,000 (2021: HKD508,770,000 and HKD1,696,062,000) related to the leasehold land and building interests of outlet malls, where located in Shenyang and Xiamen, the PRC. Regarding the operation models, the concessionaire sales generated is largely dependent on the sales performance of the retail shops located in the outlet malls, which the Group has the power to exercise significant operating and financing decisions on daily operations of the outlet malls. As a result, the directors are in the opinion of the outlet malls are in the nature of owner-occupied properties and should follow the accounting policies as set out in Note 4(g) to the consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(a) Critical judgement in applying accounting policies *(Continued)*

(ii) Determination of control, joint control and power to exercise significant influence

The management is required to exercise significant judgement to determine whether the Group has control, joint control or power to exercise significant influence on the entities held by the Group. This requires an assessment of relevant activities and whether the decision of those activities are either under control, require unanimous consent or has power to exercise significant influence on those entities.

In determining the classification of a joint arrangement between a joint venture and a joint operation, evaluation of rights and obligations arising from the joint arrangement is required. Where the Group holds less than 20% of voting rights but the Group has the power to exercise significant influence, such entity is treated as an associate. Alternatively, when the Group holds over 20% but not over 50% of voting rights and the Group does not have the power to exercise significant influence, such entity is treated as a financial instrument.

Differing conclusions around these judgement may materially affect how the group entities to be presented in the consolidated financial statements, either in a full consolidation method, an equity method or a proportionate consolidation method.

(iii) Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As at 31 December 2022, the Group has recognised deferred taxes on revaluation of investment properties amounted to approximately HKD74,756,000 (2021: approximately HKD80,037,000).

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Key sources of estimation uncertainty

In addition to information disclosed elsewhere in the consolidated financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Impairment of interests in joint ventures

The management determines whether interests in joint ventures has any impairment indicators with reference to the requirements under HKFRS 11 "Joint Arrangements" ("**HKFRS 11**") and HKAS 36 "Impairment of Assets" involved significant judgement and estimation at the end of each reporting period.

In order to identify the impairment indicators, the management particularly in assessing: (i) whether the carrying amount of the interests can be supported by the recoverable amount, being the higher of fair value less cost of disposal or value-in-use; and (ii) the appropriate key assumptions of inputs to be applied in preparing cash flow projections including whether the projections is discounted by an appropriate rate and projected by an appropriate growth rate. The cash flow projections is therefore used as the value-in-use calculation to estimate the share of future cash flows expected to arise from the business operations held by the joint venture companies with an appropriate discount rate to calculate the share of present value of the interests in joint ventures. The calculation of fair value less cost of disposal of the interests may require the assistance by the independent qualified professional valuer particularly when the joint venture companies operate and manage an outlet mall located in Anyang, the PRC.

Where the actual cash flows are less than the expected cash flow projections, impairment loss may arise in the profit or loss to the extent when the recoverable amounts exceed the carrying amounts of the interests in joint ventures.

(ii) Useful lives of property, plant and equipment

The management determines the estimated useful lives, residual values and related depreciation expenses for the Group's property, plant and equipment based on the historical experience and expectations of the actual useful lives and residual values of property, plant and equipment with similar nature and functions. The management will revise the depreciation expenses where the useful lives and residual values are different to those previously estimated, or it will write off or write down as if there is any technological obsolescence, changes in market demand or service outputs that has been reduced significantly to abandon or sell the assets.

(iii) Useful lives of intangible assets

According to the past experience, all of intangible assets with indefinite useful lives comprising of the intellectual property right of "PONY" and "SKINS" trademarks, patents and trademarks of healthcare product business, trading rights of securities and trading right of liquor retail business can be renewed indefinitely at little or even no cost and are expected to generate net cash inflow in an indefinite manner.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Key sources of estimation uncertainty *(Continued)*

(iii) Useful lives of intangible assets *(Continued)*

For "PONY" and "SKINS" trademarks, the management also considers that a relatively significant amount of marketing and promotion support has been spent providing that the trademarks have considerable and stable economic benefits to the Group. The Group has demonstrated its financial ability to protect the legal rights in the absence of any regulatory, economic or competitive factors that may truncate the useful life assessment. However, the management is aware of any changes of strategic decision, not limited to withdrawal of marketing support or weakening of customers' preference may result changes in the assessment of useful lives from indefinite to finite. If an intangible asset is defined as having a finite useful life, annual amortisation expenses will be recognised to reduce both operating profits and the carrying amount of intangible asset.

The useful lives of intangible assets are reviewed at the end of each reporting period to determine whether the indefinite useful life assessment continue to be supportable. If not, the change in the useful life assessment from indefinite to definite is accounted for prospectively from the date of change.

(iv) Impairment of non-financial assets (other than goodwill and intangible assets)

The Group assesses whether there are any indicators of impairment for all categories of non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. For the purpose of impairment testing, a non-financial asset is allocated to its cash-generating unit. It requires management significant judgement and estimation in the area of impairment testing, particularly in assessing: (i) whether the carrying amount of a non-financial asset can be supported by the recoverable amount, being the higher of fair value less cost of disposal or value-in-use; and (ii) the appropriate key assumptions of inputs to be applied in preparing cash flow projections including whether the projection is discounted by an appropriate rate. The cash flow projections is therefore used as the value-in-use calculation to estimate the future cash flows expected to arise from the cash-generating unit with an appropriate discount rate to calculate the present value of a non-financial asset. The calculation of fair value less cost of disposal of a non-financial asset is based on binding sales transactions or market prices less incremental costs for disposing the asset with reference to market data.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Key sources of estimation uncertainty *(Continued)*

(v) Impairment of goodwill and intangible assets

Goodwill and intangible assets are tested for impairment when indicators exist and irrespective of whether there is any indication of impairment, goodwill is required to be tested annually for impairment. For the purpose of impairment testing, goodwill has been allocated to the cash-generating units operating in financial services and healthcare product businesses.

Determining whether goodwill and intangible assets is impaired requires an estimation an estimation of the recoverable amount of the cash-generating unit to which goodwill or intangible assets has been allocated. For the purpose of impairment testing, goodwill and intangible assets are allocated to their respective cash-generating units. The assessment of recoverable amounts required management's significant judgement and high level of estimation uncertainty, including long-term growth rates, gross profit margins and discount rates.

The management has also taken into account of past performance, future market development, exit prices, marketing costs and related economic parameters affecting the goodwill and intangible assets when preparing cash flow projections. The significant judgement and high level of estimation uncertainty are involved in the assessment of recoverable amounts. These significant assumptions and estimation reflect the management best understanding and prediction to the business but involve inherent uncertainty outside the control by the management.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Key sources of estimation uncertainty *(Continued)*

(vi) Fair value measurement of properties and financial instruments

For the leasehold land and buildings, outlet mall buildings, investment properties and unlisted investment are carried at fair at the end of each reporting period. In determining the fair value, the valuers use the most relevant valuation techniques involving certain estimates of market conditions and utilisation of market observable inputs and data as far as possible. The key inputs used in the fair value measurement are categorised into different levels based on how observable of the key inputs used in the valuation techniques are: (i) Level 1: Quoted prices in active markets for identical items (unadjusted); (ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and (iii) Level 3: Unobservable inputs (i.e. not derived from market data). The classification of an item into the above levels is based on the lowest level of the key inputs used that has a significant effect on the fair value measurement. Transfer of items between levels are recognised in the period as they occur. Changes to key assumptions and inputs used in the valuation techniques would result in changes in the fair and the corresponding adjustments to the amount of gain or loss are reported in profit or loss or other comprehensive income respectively.

The significant judgement and high level of estimation uncertainty are involved in the valuation of these assets. Information of the valuation techniques and key inputs used in determining the fair value of properties and financial instruments are set out in Notes 14, 15 and 38(c) to the consolidated financial statements.

(vii) Provision of allowance of inventories

At the end of each reporting period, the management reviews the inventories ageing analysis and provides allowance for slow-moving and obsolete inventory items which are identified as no longer suitable for consumption and saleable. Management significant judgement and estimation is required in determining such allowance. If there is any condition which have an impact on the net realisable value of inventories to be deteriorated, additional allowance of inventories may be required. The management estimates the net realisable value based on the latest invoice amounts and current market conditions on similar inventories. When the actual outcome is different from the original estimation, such difference will impact the provision of allowance to be recognised or reversed in the period when such estimation is changed.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Key sources of estimation uncertainty *(Continued)*

(viii) ECL assessment of financial assets measured at amortised cost

The management measures loss allowance of financial assets measured at amortised cost based on 12-months or lifetime ECL assessment. For trade receivables, the loss allowance using HKFRS 9 simplified approach is calculated by lifetime ECL assessment. For other financial assets (including loan commitments issued), the loss allowance is calculated by 12-month ECL assessment. However, when there has been a significant increase in credit risk since initial recognition, the loss allowance will be calculated by lifetime ECL assessment.

When determining whether the credit risk of a financial asset (including a loan commitment) has increased significantly since initial recognition and when estimating the loss allowance, it involves management significant judgement and high level of estimation uncertainty for the management to consider reasonable and supportable information that is relevant and available without undue costs or effort. This includes key assumptions such as probability of default rates, expected recovery rates in the event of loss-given default and forward-looking information specific to the debtors and the macroeconomic environment where the debtors are located.

In order to determine the most appropriate ECL models in estimating the loss allowance, the significant judgement and high level of estimation uncertainty are involved in the ECL calculations. The management identifies appropriate key drivers of credit risks as well as future movement of different economic drivers and how these drivers affect each other in the contractual period of the financial assets. When the actual outcome is different from the original estimation, such difference will impact the loss allowance to be recognised or reversed in the period when such estimation is changed.

(ix) Estimation of income taxes and deferred taxes

The Group is subject to taxation exposures mainly in Hong Kong, the PRC and foreign tax jurisdictions. Management significant judgement and estimation is required in determining the anticipated amounts of provisions of taxes and the timing of the related payments. There is a certain extent of transactions and calculations for which the ultimate tax determination is uncertain arising from the ordinary course of business. The Group recognises provisions of taxes only to the extent for the anticipated tax amounts based on prevailing tax regulations and the best estimates whether additional taxes to be due particularly on uncertain tax items. Where the final tax outcome of these matters is different from the tax amounts that were initially recorded, such differences will impact on the provisions of taxes in the period when such determination is made.

Providing that the Group recognised deferred tax assets related to unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised in accordance with business plans and budgets formed in the prior years. Management significant judgement and estimation is required to determine an appropriate amount of deferred tax assets to be recognised based on the likelihood of timing and level of future taxable profits to be generated, together with the consideration of future tax planning strategies. Where the expectation is different from the original estimation, such differences will impact the recognition of deferred tax assets in the period when such estimation is changed.

6. 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'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, segment liabilities, other segment information, geographical information and information about major customers, which is regularly provided to the Chief Operating Decision Maker to serve the above purpose.

A major line of operating business included in the Branding segment was discontinued and disposed during the year ended 31 December 2022. During the year, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. The segment information reported below does not include any amount for the discontinued operation, which are described in more detail in note 10(d). Prior year segment disclosures have been represented to conform with the current year's presentation.

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

– Branding: (i) development and management of "SKINS" and "PONY" trademarks; (ii) sourcing, manufacturing and trading of healthcare products in Hong Kong; and (iii) distribution of "SUNSEEKER" swimmer;

– 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.

6. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue and results (Business segments)

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

For the year ended 31 December 2022

	Continuing operations			
	Branding HKD'000	Retailing HKD'000 *(Note)*	Financial services HKD'000	Consolidated HKD'000
Revenue from external customers	59,901	197,330	21,922	279,153
Inter-segment revenue*	11	4,114	–	4,125
Reportable segment revenue	59,912	201,444	21,922	283,278
Reportable segment profit/(loss)	108,963	(49,123)	(10,292)	49,548
Reconciliation:				
Interest income				2,323
Central administrative expenses				(55,335)
Fair value loss on financial assets at fair value through profit or loss				(85,420)
Share of results of joint ventures				2,602
Share of results of associates				(272)
Impairment loss on amount due from an associate				(979)
Loss before income tax expense				(87,533)

Note:

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

Gross revenue from concessionaire sales	870,941
Commission income from concessionaire sales	131,276

6. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue and results (Business segment) *(Continued)*

For the year ended 31 December 2021 (Re-presented)

	Continuing operations			
	Branding HKD'000	Retailing HKD'000 *(Note)*	Financial services HKD'000	Consolidated HKD'000
Revenue from external customers	97,387	197,603	28,508	323,498
Inter-segment revenue*	111	4,487	–	4,598
Reportable segment revenue	97,498	202,090	28,508	328,096
Reportable segment (loss)/profit	(6,338)	(24,935)	16,689	(14,584)
Reconciliation:				
Interest income				1,782
Central administrative expenses				(35,000)
Fair value gain on financial assets at fair value through profit or loss				84,642
Share of results of joint ventures				1,256
Share of result of an associate				(310)
Impairment loss on amount due from an associate				(725)
Profit before income tax expense				37,061

Note:

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

Gross revenue from concessionaire sales	923,718
Commission income from concessionaire sales	127,357

* 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.

The accounting policies across different reportable segments are the same as the Group's accounting policies. The segment results is evaluated based on different reportable segment profit/(loss), which is a common measure of profit or loss incurred in different reportable segments, with the adjustments of profit/(loss) before income tax expense. The adjusted profit/(loss) before income tax expense of each reportable segment is measured consistently with the Group's (loss)/profit before income tax expense except for the corporate income and expenses, including interest income, central administrative expenses, fair value gain/(loss) on certain financial assets at fair value through profit or loss, share of results of joint ventures and associates and impairment losses on amount due from an associate which are managed by the headquarter for daily monitoring of working capital purpose.

6. SEGMENT INFORMATION *(Continued)*

(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; and (ii) revenue from other sources not within the scope of HKFRS 15:

For the year ended 31 December 2022

Revenue from contracts with customers within the scope of HKFRS 15

	Continuing operations			
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
Primary geographical markets:				
The PRC	9,879	131,664	–	141,543
Hong Kong (Place of domicile)	13,251	–	3,742	16,993
United States of America	8,405	–	–	8,405
Other Asian countries *(Note)*	12,350	–	–	12,350
Others *(Note)*	16,016	–	–	16,016
Total	59,901	131,664	3,742	195,307
Major products and services:				
Sales of goods	57,932	–	–	57,932
Commission income from concessionaire sales	–	131,276	–	131,276
Royalty income	1,531	–	–	1,531
Securities brokerage commission	–	–	2,798	2,798
Financial consultancy income	–	–	944	944
Other services income	438	388	–	826
Total	59,901	131,664	3,742	195,307
Timing of revenue recognition:				
At a point in time	57,932	–	2,798	60,730
Transferred over time	1,969	131,664	944	134,577
Total	59,901	131,664	3,742	195,307

6. SEGMENT INFORMATION *(Continued)*

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

For the year ended 31 December 2022 *(Continued)*

Revenue from other sources not within the scope of HKFRS 15

	Continuing operations			
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
Primary geographical markets:				
The PRC	–	58,433	–	58,433
Hong Kong (Place of domicile)	–	7,233	18,180	25,413
Total	–	65,666	18,180	83,846
Major products and services:				
Rental income	–	65,666	–	65,666
Interest income	–	–	18,180	18,180
Total	–	65,666	18,180	83,846

6. SEGMENT INFORMATION *(Continued)*

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

For the year ended 31 December 2021 (Re-presented)

Revenue from contracts with customers within the scope of HKFRS 15

	Continuing operations			
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
Primary geographical markets:				
The PRC	9,038	127,962	–	137,000
Hong Kong (Place of domicile)	12,718	–	7,300	20,018
United States of America	1,903	–	–	1,903
Other Asian countries *(Note)*	11,505	–	–	11,505
Others *(Note)*	62,223	–	–	62,223
Total	97,387	127,962	7,300	232,649
Major products and services:				
Sales of goods	90,479	–	–	90,479
Commission income from concessionaire sales	–	127,357	–	127,357
Royalty income	6,548	–	–	6,548
Securities brokerage commission	–	–	5,145	5,145
Underwriting and placing income	–	–	346	346
Financial consultancy income	–	–	1,809	1,809
Other services income	360	605	–	965
Total	97,387	127,962	7,300	232,649
Timing of revenue recognition:				
At a point in time	90,479	–	5,491	95,970
Transferred over time	6,908	127,962	1,809	136,679
Total	97,387	127,962	7,300	232,649

6. SEGMENT INFORMATION *(Continued)*

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

For the year ended 31 December 2021 (Re-presented) *(Continued)*

Revenue from other sources not within the scope of HKFRS 15

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

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.

6. SEGMENT INFORMATION *(Continued)*

(c) Segment assets

The following table provides an analysis of reportable segment assets of different reportable segments recognised as at 31 December 2022 and 2021:

	2022 HKD'000	2021 HKD'000
Branding	**276,120**	348,099
Retailing	**3,860,713**	4,624,231
Financial services	**442,417**	468,499
Total reportable segment assets	**4,579,250**	5,440,829
Unallocated	**297,337**	328,968
Asset classified as held for sale	**261,500**	–
Consolidated total assets	**5,138,087**	5,769,797

The segment assets is evaluated based on different reportable segment assets, which is a common measure of assets held by different reportable segments. The consolidated total assets are allocated to different reportable segments which are measured consistently with the Group's assets except for the corporate assets held by headquarter or inactive subsidiaries, including interests in joint ventures, interests in associates, deferred tax assets, club debenture, amounts due from joint ventures, amount due from an associate, restricted bank deposits, bank balances and cash and asset classified as held for sale.

6. SEGMENT INFORMATION *(Continued)*

(d) Segment liabilities

The following table provides an analysis of reportable segment liabilities of different reportable segments recognised as at 31 December 2022 and 2021:

	2022 HKD'000	2021 HKD'000
Branding	**37,693**	98,229
Retailing	**390,112**	419,504
Financial services	**29,103**	70,133
Total reportable segment liabilities	**456,908**	587,866
Unallocated	**1,835,585**	2,011,660
Consolidated total liabilities	**2,292,493**	2,599,526

The segment liabilities is evaluated based on different reportable segment liabilities, which is a common measure of liabilities held by different reportable segments. The consolidated total liabilities are allocated to different reportable segments which are measured consistently with the Group's liabilities except for the corporate liabilities held by headquarter or inactive subsidiaries, including amount due to a related party, a director and a joint venture, bank borrowings, tax payable and deferred tax liabilities.

6. SEGMENT INFORMATION *(Continued)*

(e) Other segment information

For the year ended 31 December 2022

	Continuing operations				
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Corporate and other unallocated HKD'000	Consolidated HKD'000
Amounts included in the measures of segment results, segment assets and segment liabilities:					
Capital expenditure *(Note)*	21,385	58,416	35	–	79,836
Depreciation of property, plant and equipment	935	75,939	1,638	–	78,512
Depreciation of right-of-use assets	405	14,691	–	–	15,096
Amortisation of intangible assets	2,007	–	–	–	2,007
Gain on disposal of intangible assets	(144,269)	–	–	–	(144,269)
Write off of property, plant and equipment	–	4	–	–	4
Decrease in fair value of investment properties	–	7,023	–	–	7,023
Fair value loss on financial assets at fair value through profit or loss	–	–	17,412	85,420	102,832
Impairment loss on financial assets	(105)	431	340	–	666
Bad debts written off	187	453	–	–	640
Write off of obsolete inventories	22	–	–	–	22
Reversal of allowance of inventories	(12,935)	–	–	–	(12,935)
Dividend income	–	–	(55)	–	(55)
Interest income	–	–	(18,180)	(2,323)	(20,503)
Interest expenses	30	74,796	5	–	74,831

6. SEGMENT INFORMATION *(Continued)*

(e) Other segment information *(Continued)*

For the year ended 31 December 2021 (Re-presented)

	Continuing operations				
	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Corporate and other unallocated HKD'000	Consolidated HKD'000
Amounts included in the measures of segment results, segment assets and segment liabilities:					
Capital expenditure *(Note)*	1,875	107,107	16	–	108,998
Depreciation of property, plant and equipment	765	64,146	1,632	–	66,543
Depreciation of right-of-use assets	759	15,115	–	–	15,874
Amortisation of intangible assets	2,007	–	–	–	2,007
Loss on disposal of property, plant and equipment	–	9	–	–	9
Write off of property, plant and equipment	–	2	–	–	2
Decrease in fair value of investment properties	–	8,428	–	–	8,428
Fair value loss/(gain) on financial assets at fair value through profit or loss	–	–	8,990	(84,642)	(75,652)
Bad debts written off	333	–	–	–	333
Reversal of allowance of inventories	(3,637)	–	–	–	(3,637)
COVID-19-related rent concessions	(9)	–	–	–	(9)
Dividend income	–	–	(41)	–	(41)
Interest income	–	–	(21,208)	(1,782)	(22,990)
Interest expenses	94	62,619	2	–	62,715

Note: Capital expenditure including purchases of property, plant and equipment and construction costs of outlet malls located in Shenyang and Xiamen, the PRC.

6. SEGMENT INFORMATION *(Continued)*

(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**"):

	Continuing operations			
	Revenue from external customers		Specified non-current assets *(note)*	
	2022 HKD'000	2021 HKD'000 (re-presented)	**2022 HKD'000**	2021 HKD'000
The PRC	**199,976**	199,408	**3,353,718**	3,694,162
Hong Kong (Place of domicile)	**42,406**	48,459	**512,204**	794,510
United States of America	**8,405**	1,903	**42,091**	–
Other Asian countries	**12,350**	11,505	**26,162**	–
Others	**16,016**	62,223	**46,304**	145,844
Total	**279,153**	323,498	**3,980,479**	4,634,516

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

(g) Information about major customers

No revenue from transactions with a single external customer, in aggregate, representing 10% or more of the Group's total revenue for the year ended 31 December 2022 and 2021.

7. REVENUE

Revenue from external customers including net invoiced amounts of goods sold, commission income from concessionaire sales, royalty income, securities brokerage commission, underwriting and placing income, financial consultancy income, other services income, rental income and interest income. The amounts of each significant categories of revenue recognised during the year are disaggregated as follows:

	2022 HKD'000	2021 HKD'000 (re-presented)
Continuing operations		
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of goods	57,932	90,479
Commission income from concessionaire sales	131,276	127,357
Royalty income	1,531	6,548
Securities brokerage commission	2,798	5,145
Underwriting and placing income	–	346
Financial consultancy income	944	1,809
Other services income	826	965
	195,307	232,649
Revenue from other sources not within the scope of HKFRS 15:		
Rental income	65,666	69,641
Interest income	18,180	21,208
	83,846	90,849
Total	279,153	323,498
Discontinued operation		
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of goods	58,784	169,061

All contracts with customers within the scope of HKFRS 15 are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

8. FINANCE COSTS

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

	2022 HKD'000	2021 HKD'000 (re-presented)
Continuing operations		
Interest expenses on bank borrowings	**61,426**	52,493
Interest expenses on bank overdrafts	**5**	2
Interest expenses on lease liabilities	**13,400**	13,678
	74,831	66,173
Less: Interest expenses being capitalised *(Note)*	**–**	(3,458)
	74,831	62,715
Discontinued operation		
Interest expenses on lease liabilities	**–**	8
Interest expenses on loan from non-controlling interests	**7**	128
	7	136

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 prior years.

9. INCOME TAX EXPENSE

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

	Continuing operations		Discontinued operation		Total	
	2022 HKD'000	2021 HKD'000 (re-presented)	**2022 HKD'000**	2021 HKD'000 (re-presented)	**2022 HKD'000**	2021 HKD'000
Current tax:						
Hong Kong						
– Profits Tax						
– Provision for the year	**(520)**	(1,213)	**–**	–	**(520)**	(1,213)
– Under provision in respect of prior years	**(30)**	(208)	**–**	–	**(30)**	(208)
	(550)	(1,421)	**–**	–	**(550)**	(1,421)
The PRC and other jurisdictions						
– PRC Enterprise Income Tax						
– Provision for the year	**(3,469)**	(3,568)	**–**	(1,292)	**(3,469)**	(4,860)
– (Under)/over provision in respect of prior years	**(9)**	–	**1,258**	–	**1,249**	–
	(3,478)	(3,568)	**1,258**	(1,292)	**(2,220)**	(4,860)
Foreign Tax						
– Provision for the year	**(171)**	(147)	**–**	–	**(171)**	(147)
– Over provision in respect of prior years	**72**	–	**–**	–	**72**	–
	(99)	(147)	**–**	–	**(99)**	(147)
Deferred tax:						
Hong Kong and the PRC						
– Profits Tax and PRC Enterprise Income Tax						
– Provision for the year	**(1,058)**	(5,502)	**–**	–	**(1,058)**	(5,502)
Income tax (expense)/credit	**(5,185)**	(10,638)	**1,258**	(1,292)	**(3,927)**	(11,930)

9. INCOME TAX EXPENSE *(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 years. According to the definition of "connected entity" under the Two-tiered Profits Tax Regime, the management has elected one of the Company's subsidiaries to apply for the two-tiered profits tax rates to calculate the provision for Hong Kong Profits Tax for both current and prior years in the following manner.

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

PRC Enterprise Income Tax

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

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

Foreign tax

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

9. INCOME TAX EXPENSE *(Continued)*

The amount of income tax expense recognised during the year can be reconciled to (loss)/profit before income tax expense in the consolidated statement of profit or loss as follows:

	2022 **HKD'000**	2021 HKD'000 (re-presented)
(Loss)/profit before income tax expense		
– Continuing operations	**(87,533)**	37,061
– Discontinued operation	**2,119**	10,591
	(85,414)	47,652
Tax credit/(expense) calculated at the statutory tax rate	**14,093**	(7,863)
Tax effect of expenses not deductible for tax purpose	**(29,409)**	(30,981)
Tax effect of revenue not taxable for tax purposes	**36,894**	39,232
Tax effect of share of results of joint ventures	**430**	207
Tax effect of share of results of associates	**(45)**	(51)
Tax effect of tax losses not recognised	**(41,621)**	(21,259)
Tax effect of deductible temporary difference not recognised	**(385)**	(1,051)
Tax effect of utilisation of tax losses previously not recognised	**9,486**	12,861
Effect of different tax rates of subsidiaries operating in other jurisdictions	**5,339**	(2,817)
Over/(under) provision in respect of prior years	**1,291**	(208)
Income tax expense	**(3,927)**	(11,930)

In addition to the amount charged to the profit or loss, deferred tax liability relating to deferred tax charge arising on revaluation of properties of approximately HKD8,283,000 (2021: HKD38,238,000) has been charged to other comprehensive income during the year as set out in Note 29 to the consolidated financial statements.

10. (LOSS)/PROFIT FOR THE YEAR

(a) Other income and gains

	2022 HKD'000	2021 HKD'000 (re-presented)
Continuing operations		
Dividend income	55	41
Foreign exchange gains	–	14,465
Gain on disposal of a subsidiary	–	1,266
Gain on disposal of intangible asset *(Note (i))*	144,269	–
Interest income	2,323	1,782
Government grants *(Note (ii))*	8,306	4,184
Reimbursement income of operating outlet malls	13,362	13,130
Others	5,772	5,948
	174,087	40,816
Discontinued operation		
Interest income	14	31
Government grants	155	1,546
Others	39	1,462
	208	3,039

Notes:

(i) On 6 May 2022, the Group entered into the Agreement I and the Agreement II with the Purchaser I and the Purchaser II, which the Group sold the intangible assets held by the Group related to the "Pony" trademark. The total consideration for the disposal was HKD218,400,000 (equivalent to approximately USD28,000,000) and the gain of disposal of approximately HKD144,269,000 was recognised in profit or loss.

(ii) 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 subsidies on paying salaries.

In addition, government grants are received from the PRC local authorities which 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.

10. (LOSS)/PROFIT FOR THE YEAR *(Continued)*

(b) Other expenses

	2022 HKD'000	2021 HKD'000 (re-presented)
Continuing operations		
Bad debts written off	640	333
Loss on disposal of property, plant and equipment	–	9
Loss on disposal on interests in joint ventures	1,907	–
Write off of property, plant and equipment	4	2
Penalty expense	249	35
Others	125	487
	2,925	866
Discontinued operation		
Loss on disposal of property, plant and equipment	–	73
Penalty expense	–	5,919
	–	5,992

10. (LOSS)/PROFIT FOR THE YEAR *(Continued)*

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

	2022 HKD'000	2021 HKD'000 (re-presented)
Continuing operations		
After charging:		
Directors' emoluments *(Note 11(a))*	7,202	6,841
Employees' costs (excluding directors' emoluments) comprise:		
– Salaries	57,681	62,937
– Welfare and other expenses	2,043	2,622
– Contributions to defined contribution retirement plans	8,942	7,747
	75,868	80,147
Auditor's remuneration	2,100	2,100
Amortisation of intangible assets	2,007	2,007
Cost of inventories recognised as expenses	27,484	50,244
Depreciation of property, plant and equipment	78,512	66,543
Depreciation of right-of-use assets	15,096	15,874
Loss on disposal of property, plant and equipment	–	9
Decrease in fair value of investment properties	7,023	8,428
Write off of obsolete inventories	22	–
Bad debts written off	640	333
Short-term leases expenses	4,875	5,406
After crediting:		
Reversal of allowance of inventories *(note i)*	(12,935)	(3,637)
Gross rental income from investment properties	(65,666)	(69,641)
Less: Direct operating expenses related to:		
– Investment properties that generate rental income	15,580	15,633
– Investment properties that did not generate rental income	87	72
	(49,999)	(53,936)

10. (LOSS)/PROFIT FOR THE YEAR *(Continued)*

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

	2022 HKD'000	2021 HKD'000 (re-presented)
Interest income from:		
– Bank deposits	**(977)**	(985)
– Loans receivable and advances to customers in margin financing	**(18,180)**	(21,208)
– Others	**(1,346)**	(797)
Dividend income	**(55)**	(41)
Foreign exchange gains	**–**	(14,465)
Reimbursement income of operating outlet malls	**(13,362)**	(13,130)
COVID-19-related rent concessions received *(note ii)*	**–**	(9)
Discontinued operation		
Employees' costs (excluding directors' emoluments) comprise:		
– Salaries	**4,343**	12,068
– Welfare and other expenses	**37**	37
– Contributions to defined contribution retirement plans	**1,154**	2,319
	5,534	14,424
Cost of inventories recognised as expenses	**31,165**	85,820
Depreciation of property, plant and equipment	**452**	908
Depreciation of right-of-use assets	**–**	125
Loss on disposal of property, plant and equipment	**–**	73
Write off of obsolete inventories	**850**	1,606
Provision of allowance for inventories	**231**	479
Short-term leases expenses	**3,093**	12,451
Interest income from bank deposits	**(14)**	(31)

Notes:

(i) The reversal of allowance of inventories arising from increase in net realisable value caused by the increase in estimated scrap value.

(ii) For the year ended 31 December 2021, the lessors of the office premises provided rent concessions to the Group with three-month rent deductions. Due to the rent concessions occurred as a direct consequence of COVID-19 pandemic and met all of the conditions in HKFRS 16.46B, the Group therefore applied the practical expedient not to assess whether the rent concessions constitute lease modifications. The effect on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of approximately HKD9,000 was recognised as negative variable lease payments in profit or loss.

10. (LOSS)/PROFIT FOR THE YEAR *(Continued)*

(d) Discontinued operation

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

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

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

	Notes	**From 1 January to 27 June 2022 HKD'000**	From 1 January to 31 December 2021 HKD'000
Discontinued operation			
Revenue	7	**58,784**	169,061
Cost of sales		**(31,165)**	(85,820)
Gross profit		**27,619**	83,241
Other income and gains	10(a)	**208**	3,039
Distribution and selling expenses		**(23,155)**	(63,772)
Administrative expenses		**(2,094)**	(4,919)
Depreciation expenses		**(452)**	(1,033)
Finance costs	8	**(7)**	(136)
Other expenses	10(b)	**–**	(5,992)
Reversal of impairment loss on financial assets		**–**	163
Profit before income tax expense from discontinued operation		**2,119**	10,591
Income tax credit/(expense)	9	**1,258**	(1,292)
Profit after tax		**3,377**	9,299
Gain on disposal of a subsidiary	48	**380**	–
Profit for the year from discontinued operation		**3,757**	9,299
Profit/(loss) for the year attributable to:			
Owners of the Company		**4,114**	9,889
Non-controlling interests		**(357)**	(590)
		3,757	9,299
Operating cash flows		**2,749**	9,635
Investing cash flows		**(357)**	(460)
Financing cash flows		**(3,690)**	(441)
		(1,298)	8,734

* *For identification purpose only*

10. (LOSS)/PROFIT FOR THE YEAR *(Continued)*

(d) Discontinued operation *(Continued)*

The carrying amounts of the assets and liabilities of Arena Shanghai at the date of disposal are disclosed in note 48 to the consolidated financial statements.

A gain of approximately HK$380,000 arose on the disposal of Arena Shanghai, being the proceeds of disposal less the carrying amount of the subsidiary group's net assets and associated transaction costs. No tax charge or credit arose from the disposal.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and Chief Executive's emoluments

Directors' and Chief Executive's emoluments paid or payable by the Group during the year is disclosed as follows:

For the year ended 31 December 2022

	Executive Directors			Independent Non-executive Directors			
	Cheng Tun Nei HKD'000 *(Note a)*	Chan Kar Lee Gary HKD'000	Lee Cheung Ming HKD'000	Shum Pui Kay HKD'000	Wah Wang Kei Jackie HKD'000	Chow Yu Chun Alexander HKD'000	Total HKD'000
Directors' fees	–	–	–	160	170	170	500
Other emoluments:							
Salaries, welfare and other expenses	2,400	1,980	1,801	–	–	–	6,181
Discretionary bonus *(Note b)*	200	165	120	–	–	–	485
Contributions to defined contribution retirement plans	18	–	18	–	–	–	36
Total emoluments	2,618	2,145	1,939	160	170	170	7,202

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' and Chief Executive's emoluments *(Continued)*

For the year ended 31 December 2021

	Executive Directors			Independent Non-executive Directors			
	Cheng Tun Nei HKD'000 *(Note a)*	Chan Kar Lee Gary HKD'000	Lee Cheung Ming HKD'000	Shum Pui Kay HKD'000	Wah Wang Kei Jackie HKD'000	Chow Yu Chun Alexander HKD'000	Total HKD'000
Directors' fees	–	–	–	160	170	170	500
Other emoluments:							
Salaries, welfare and other expenses	2,400	1,980	1,440	–	–	–	5,820
Discretionary bonus *(Note b)*	200	165	120	–	–	–	485
Contributions to defined contribution retirement plans	18	–	18	–	–	–	36
Total emoluments	2,618	2,145	1,578	160	170	170	6,841

Notes:

(a) Mr. Cheng Tun Nei acts as Chairman and Chief Executive Officer of the Company; and

(b) The distribution amounts of discretionary bonus was determined based on the individual's performance during the year after the review and approval from the remuneration committee of the Company.

No actual or accrued compensation was recognised for any loss of office as a director in connection with the management of affairs towards the Group for both current and prior years.

No actual or accrued payment to any of the director in respect of an inducement to accept office as the director or paid as the consideration to any third parties for making available of directors' services for both current and prior years.

No loans, quasi-loans and other dealing arrangements in favour of the directors, controlled bodies corporate by or connected entities with any of the directors at 31 December 2022 and 2021.

Except for the contributions to defined contribution retirement plans, no other retirement benefits was paid or payable to and received or receivable by the directors for the management of affairs towards the Group. None of the director was waived for emoluments for both current and prior years.

Salaries, welfare and other expenses paid or payable to the Executive Directors of the Company is general emoluments in respect of their services rendered in connection with the management of affairs towards the Group.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

Among the five individuals of the Group with the highest emoluments during the year, which included the Chief Executive Officer and two directors (2021: the Chief Executive Officer and two directors) of the Company. Their emoluments are disclosed in Note 11(a) to the consolidated financial statements. The emoluments of the remaining two (2021: two) individuals during the year is disclosed as follows:

	2022 HKD'000	2021 HKD'000
Salaries, welfare and other expenses	2,890	1,914
Contributions to defined contribution retirement plans	418	36
	3,308	1,950

The aggregate of the emoluments in respect of the remaining two (2021: two) individuals with the highest emoluments paid or payable during the year were within the following bands:

	2022 No. of employees	2021 No. of employees
Below HKD1,000,000	–	2
HKD1,000,001 to HKD1,500,000	1	–
HKD1,500,001 to HKD2,000,000	1	–

No actual or accrued compensation was recognised for any loss of office in connection with the management of affairs towards the Group for both current and prior years.

No actual or accrued payment to any of the individuals in respect of an inducement to accept office or paid as the consideration to any third parties for making available of individuals' services for both current and prior years.

12. DIVIDEND

	2022 HKD'000	2021 HKD'000
2021 final dividend of HKD0.005 (2021: 2020 final dividend of HKD0.005) per ordinary share declared and paid	14,871	14,871

No interim dividend was declared and paid to the shareholders of the Company for both current and prior years.

The board of directors recommended the payment of a final dividend to the shareholders of the Company in respect of the financial year ended 31 December 2022 of HKD0.005 (2021: HKD0.005) per ordinary share of the Company, in total of approximately HKD14,871,000 (2021: HKD14,871,000). The final dividend proposed after the end of reporting period was not reflected as dividend payable in the consolidated financial statements as at 31 December 2022 and 2021.

13. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

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

	2022 HKD'000	2021 HKD'000 (re-presented)
(Loss)/earnings:		
(Loss)/profit for the year attributable to owners of the Company	**(81,278)**	36,501

	2022 Number of shares ('000)	2021 Number of shares ('000)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted (loss)/earnings per share	**2,974,225**	2,974,225
(Loss)/earnings per share:		
Basis (loss)/earnings per share (HK cents)	**(2.73)**	1.23
Diluted (loss)/earnings per share (HK cents)	**(2.73)**	1.23

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share from continuing and discontinued operations as there was no dilutive potential ordinary shares in issue for both years.

From continuing operations

	2022 HKD'000	2021 HKD'000 (re-presented)
(Loss)/earnings:		
(Loss)/profit for the year attributable to owners of the Company	**(85,392)**	26,612

13. (LOSS)/EARNINGS PER SHARE *(Continued)*

From continuing operations *(Continued)*

	2022 Number of shares ('000)	2021 Number of shares ('000)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted (loss)/earnings per share	**2,974,225**	2,974,225
(Loss)/earnings per share:		
Basic (loss)/earnings per share (HK cents)	**(2.87)**	0.90
Diluted (loss)/earnings per share (HK cents)	**(2.87)**	0.90

From discontinued operation

	2022 HKD'000	2021 HKD'000 (re-presented)
Profit:		
Profit for the year attributable to owners of the Company	**4,114**	9,889

	2022 Number of shares ('000)	2021 Number of shares ('000)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted earnings per share	**2,974,225**	2,974,225
Earnings per share:		
Basic earnings per share (HK cents)	**0.14**	0.33
Diluted earnings per share (HK cents)	**0.14**	0.33

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings in Hong Kong HKD'000	Leasehold land and buildings in the PRC HKD'000	Outlet mall buildings HKD'000	Leasehold improvements HKD'000	Construction in progress HKD'000	Plant and machinery HKD'000	Furniture, fixtures and equipment HKD'000	Motor vehicles HKD'000	Vessel HKD'000	Total HKD'000
At cost or revaluation:										
At 1 January 2021	282,000	28,606	1,436,900	105,023	33,170	2,113	28,165	4,502	16,162	1,936,641
Additions	–	–	21,029	26,574	58,846	222	2,000	57	2	108,730
Transfer from construction in progress to buildings	–	–	92,330	–	(92,330)	–	–	–	–	–
Fair value changes arising on revaluation of properties	–	–	100,900	–	–	–	–	–	–	100,900
Disposal	–	–	–	(129)	–	–	(275)	(332)	–	(736)
Write off	–	–	–	–	–	–	(147)	–	–	(147)
Exchange realignment	–	861	44,903	3,179	314	3	541	100	–	49,901
At 31 December 2021	282,000	29,467	1,696,062	134,647	–	2,338	30,284	4,327	16,164	2,195,289
Representing:										
At cost	–	–	–	134,647	–	2,338	30,284	4,327	16,164	187,760
At revaluation	282,000	29,467	1,696,062	–	–	–	–	–	–	2,007,529
	282,000	29,467	1,696,062	134,647	–	2,338	30,284	4,327	16,164	2,195,289

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold land and buildings in Hong Kong HKD'000	Leasehold land and buildings in the PRC HKD'000	Outlet mall buildings HKD'000	Leasehold improvements HKD'000	Construction in progress HKD'000	Plant and machinery HKD'000	Furniture, fixtures and equipment HKD'000	Motor vehicles HKD'000	Vessel HKD'000	Total HKD'000
At cost or revaluation:										
At 1 January 2022	282,000	29,467	1,696,062	134,647	–	2,338	30,284	4,327	16,164	2,195,289
Additions	–	–	54,589	3,452	18,995	306	2,317	165	12	79,836
Fair value changes arising on revaluation of properties	(4,800)	–	(22,026)	–	–	–	–	–	–	(26,826)
Disposal of a subsidiary *(Note 48)*	–	–	–	(2,392)	–	–	(4,012)	–	–	(6,404)
Write off	–	–	–	–	–	–	(90)	–	–	(90)
Exchange realignment	–	(2,342)	(154,917)	(10,291)	122	(13)	1,589	(246)	–	(166,098)
At 31 December 2022	277,200	27,125	1,573,708	125,416	19,117	2,631	30,088	4,246	16,176	2,075,707
Representing:										
At cost	–	–	–	125,416	19,117	2,631	30,088	4,246	16,176	197,674
At revaluation	277,200	27,125	1,573,708	–	–	–	–	–	–	1,878,033
	277,200	27,125	1,573,708	125,416	19,117	2,631	30,088	4,246	16,176	2,075,707

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold land and buildings in Hong Kong HKD'000	Leasehold land and buildings in the PRC HKD'000	Outlet mall buildings HKD'000	Leasehold improvements HKD'000	Construction in progress HKD'000	Plant and machinery HKD'000	Furniture, fixtures and equipment HKD'000	Motor vehicles HKD'000	Vessel HKD'000	Total HKD'000
Accumulated depreciation:										
At 1 January 2021	–	–	–	83,651	–	1,930	20,369	3,254	1,074	110,278
Provided for the year	10,744	483	44,266	6,452	–	97	3,297	496	1,616	67,451
Write back on revaluation of properties	(10,744)	(489)	(44,472)	–	–	–	–	–	–	(55,705)
Eliminated on disposal	–	–	–	(77)	–	–	(226)	(315)	–	(618)
Eliminated on write off	–	–	–	–	–	–	(145)	–	–	(145)
Exchange realignment	–	6	206	2,444	–	2	367	71	–	3,096
At 31 December 2021	–	–	–	92,470	–	2,029	23,662	3,506	2,690	124,357
Provided for the year	11,169	477	50,994	11,262	–	152	2,826	466	1,618	78,964
Write back on revaluation of properties	(11,169)	(464)	(50,498)	–	–	–	–	–	–	(62,131)
Disposal of a subsidiary *(Note 48)*	–	–	–	(1,872)	–	–	(3,336)	–	–	(5,208)
Eliminated on write off	–	–	–	–	–	–	(86)	–	–	(86)
Exchange realignment	–	(13)	(496)	(7,292)	–	(6)	1,918	(212)	–	(6,101)
At 31 December 2022	–	–	–	94,568	–	2,175	24,984	3,760	4,308	129,795
Net book value:										
At 31 December 2022	277,200	27,125	1,573,708	30,848	19,117	456	5,104	486	11,868	1,945,912
At 31 December 2021	282,000	29,467	1,696,062	42,177	–	309	6,622	821	13,474	2,070,932

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The net book value of construction in progress consists of an amount of HKD19,117,000 (2021: HKDnil) related to the construction work located in Japan and will be depreciated once it is available for use. The estimated cost to completion of construction work which is contractually committed amounted to HKD23,552,000.

In 2021, the carrying amount of construction in progress of approximately HKD92,330,000 related to the outlet mall located in Shenyang, the PRC was reclassified when the construction work was completed. Additions of HKD58,846,000 was related to interest expenses capitalised and direct cost attributable to the construction during 2021.

At 31 December 2022 and 2021, the Group's leasehold land and buildings and outlet mall buildings were valued by independent qualified professional valuers. The management will have discussions with the valuers regarding the key assumptions and methodologies when the fair value measurements is performed at the end of each reporting period. All of the revaluation surplus/deficit net of applicable deferred taxes was credited/charged to the properties revaluation reserve for both current and prior years.

The following table provides the fair value of the leasehold land and buildings and outlet mall buildings held by the Group as at 31 December 2022 and 2021:

	2022 HKD'000	2021 HKD'000
Fair value:		
Leasehold land and buildings located in Hong Kong	277,200	282,000
Leasehold land and buildings located in the PRC	27,125	29,467
Outlet mall buildings	1,573,708	1,696,062
At 31 December	1,878,033	2,007,529

The fair values of the above properties were based on the highest and best use, which did not differ from their actual usage for both current and prior years.

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Reconciliations of the opening and closing fair values of the leasehold land and buildings and outlet mall buildings at Level 3 recurring fair value measurements are provided as follows:

	2022 HKD'000	2021 HKD'000
Level 3 recurring fair value:		
At 1 January	2,007,529	1,747,506
Additions	54,589	21,029
Transfer from construction in progress to buildings	–	92,330
Fair value changes arising on revaluation of properties	35,305	156,605
Depreciation	(62,640)	(55,493)
Exchange realignment	(156,750)	45,552
At 31 December	1,878,033	2,007,529

At 31 December 2022 and 2021, all of the fair values of leasehold land and buildings and outlet mall buildings of approximately HKD1,878,033,000 (2021: HKD2,007,529,000) were classified as Level 3 recurring fair value measurements in accordance with the definitions set out in Note 5(b)(vi) to the consolidated financial statements. There was no transfer between different levels of the fair value hierarchy for both current and prior years as the key inputs used by the independent qualified professional valuers were remained as unobservable with significant adjustments before deriving the appropriate fair values of the properties.

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Information about fair value measurements using significant unobservable inputs

				Range of estimates	
Properties	**Valuation approach**	*Notes*	**Significant unobservable inputs**	**2022**	2021
Hong Kong	Direct comparison approach	(i)	(Discount)/premium on characteristics of the properties	**-12%–12%**	-12%–12%
			Average market price of similar properties (HKD/sq. feet)	**21,097**	22,240
Shanghai, the PRC	Capitalisation of rental receivables approach	(ii)	Term yield	**4.5%**	4.5%
			Reversionary yield	**5%**	5%
			Market unit rent per month (RMB/sq. metre)	**158**	156
Shenyang, the PRC	Discount of rental income approach	(iii)	Rental yield	**6.5%**	6.5%
			Market unit rent per month (RMB/sq. metre)	**71–101**	74–105
Xiamen, the PRC	Discount of rental income approach	(iii)	Rental yield	**4%**	4%
			Market unit rent per month (RMB/sq. metre)	**109–182**	111–184

Notes:

(i) The direct comparison approach takes into account of the characteristics of the properties, which included the location, size, timing, floor level, view, age and quality against comparable sales evidence available in the market nearby.

A significant increase/(decrease) in the discount on characteristics of the properties, or a significant (decrease)/increase in the premium on characteristics of the properties or market prices of similar properties, would result in a significant (decrease)/increase in the fair value of leasehold land and buildings.

(ii) The capitalisation of rental receivables approach takes into account of the rental receivables outstanding during the residual period of the existing tenancy, which is then capitalised at an appropriate capitalisation rate with due allowance for the reversionary interests after the expiry of the tenancy.

A significant increase/(decrease) in both term yield and reversionary yield of the property, or a significant (decrease)/increase in the average market unit rent of the property would result in a significant (decrease)/increase in the fair value of the leasehold land and buildings.

(iii) The discount of rental income approach takes into account of the future rental income arising from the retail shops located in the outlet mall buildings located in Shenyang and Xiamen, the PRC for the remaining lease terms. This approach also consider different factors, such as rental yield and market unit rent of comparable properties available for rental purposes nearby.

A significant increase/(decrease) in rental yield and market unit rent of the property, would result in a significant increase/(decrease) in the fair value of the outlet mall buildings.

There was no changes in the valuation technique of level 3 fair value measurements during the year.

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Had the leasehold land and buildings and outlet mall buildings not been revalued and stated at historical cost less accumulated depreciation and impairment loss, if any, their net book value would have been approximately HKD869,739,000 (2021: HKD1,120,599,000).

	2022 HKD'000	2021 HKD'000
Leasehold land and buildings located in Hong Kong	**77,619**	79,875
Leasehold land and buildings located in the PRC	**20,804**	23,611
Buildings located in the PRC	**771,316**	1,017,113
	869,739	1,120,599

The leasehold land and buildings located in Hong Kong and outlet mall buildings located in Shenyang and Xiamen, the PRC of approximately HKD1,850,908,000 (2021: leasehold land and buildings located in Hong Kong and outlet mall buildings located in Shenyang and Xiamen, the PRC of approximately HKD1,978,062,000) were pledged to secure banking facilities granted to the Group as set out in Note 30 to the consolidated financial statements.

15. INVESTMENT PROPERTIES

	HKD'000
At fair value:	
At 1 January 2021	1,587,247
Decrease in fair value	(8,428)
Exchange realignment	39,247
At 31 December 2021	1,618,066
Decrease in fair value	(7,023)
Exchange realignment	(108,258)
Transferred to asset classified as held for sale *(note 27)*	(261,500)
At 31 December 2022	1,241,285

The Group's 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 Group classified the operating lease arrangement related to the community mall located in Tianjin, the PRC as an investment property under the definition of HKAS 40, i.e. held for the purpose of earning rental income.

15. INVESTMENT PROPERTIES *(Continued)*

At 31 December 2022 and 2021, the Group's investment properties were valued by independent qualified professional valuers. The management will have discussions with the valuers regarding the key assumptions and methodologies when the fair value measurements is performed at the end of each reporting period. All of the changes in fair value net of applicable deferred taxes was recognised in profit or loss for both current and prior years.

The fair values of the above properties were based on the highest and best use, which did not differ from their actual usage for both current and prior years.

Reconciliations of the opening and closing fair values of the investment properties at Level 3 recurring fair value measurements are provided as follows:

	2022 **HKD'000**	2021 HKD'000
At Level 3 recurring fair value:		
At 1 January	**1,618,066**	1,587,247
Decrease in fair value	**(7,023)**	(8,428)
Exchange realignment	**(108,258)**	39,247
Transferred to asset classified as held for sales *(note 27)*	**(261,500)**	–
At 31 December	**1,241,285**	1,618,066

At 31 December 2022 and 2021, all of the fair values of investment properties of approximately HKD1,241,285,000 (2021: HKD1,618,066,000) were classified as Level 3 recurring fair value measurements in accordance with the definition set out in Note 5(b)(vi) to the consolidated financial statements. There was no transfer between different levels of the fair value hierarchy for both current and prior years as the key inputs used by the independent qualified professional valuers were remained as unobservable with significant adjustments before deriving the appropriate fair values of the properties.

15. INVESTMENT PROPERTIES *(Continued)*

Information about fair value measurements using significant unobservable inputs

Properties	Valuation approach	*Notes*	Significant unobservable inputs	Range of estimates 2022	2021
Beijing, the PRC	Capitalisation of rental receivables approach	(ii)	Term yield	**4.5%**	4.5%
			Reversionary yield	**5%**	5%
			Market unit rent per month (RMB/sq. metre)	**300**	290
Shanghai, the PRC	Capitalisation of rental receivables approach	(ii)	Term yield	**4.5%**	4.5%
			Reversionary yield	**5%**	5%
			Market unit rent per month (RMB/sq. metre)	**158**	156
Chongqing, the PRC	Direct comparison approach	(i)	Average market prices of similar properties (RMB/sq. metre)	**19,910 (commercial) 1,950 (carpark)**	19,910 (commercial) 1,950 (carpark)
Tianjin, the PRC	Capitalisation of rental receivables approach	(ii)	Term yield	**2.5%–5%**	2.5%–5%
			Reversionary yield	**3.0%–5.5%**	3.0%–5.5%
			Market unit rent per month (RMB/sq. metre)	**40 to 99 (commercial) 190 (carpark)**	47 to 94 (commercial) 219 (carpark)
Hong Kong	Direct comparison approach	(i)	(Discount)/premium on characteristics of the properties	**-10%–10%**	-10%–10%
			Average market prices of similar properties (HKD/sq. feet)	**3,729 (warehouse) 14,533 (office)**	3,576 (warehouse) 16,419 (office)

Notes:

(i) The direct comparison approach takes into account of the characteristics of the properties, which included the location, size, timing, floor level, view, age and quality against comparable sales evidence available in the market nearby.

A significant increase/(decrease) in the discount on characteristics of the properties, or a significant (decrease)/increase in the premium on characteristics of the properties or market prices of similar land or properties, would result in a significant (decrease)/increase in the fair value of the investment properties.

(ii) The capitalisation of rental receivables approach takes into account of the rental receivables outstanding during the residual period of the existing tenancy, which is then capitalised at an appropriate capitalisation rate with due allowance for the reversionary interests after the expiry of the tenancy.

A significant increase/(decrease) in both term yield and reversionary yield of the property, or a significant (decrease)/increase in the average market unit rent of the property would result in a significant (decrease)/increase in the fair value of the investment properties.

15. INVESTMENT PROPERTIES *(Continued)*

Information about fair value measurements using significant unobservable inputs *(Continued)*

There was no changes in the valuation techniques of level 3 fair value measurements during the year.

The investment properties (including investment property classified as held for sales) located in Hong Kong, Beijing and Chongqing, the PRC of approximately HKD825,538,000 (2021: HKD1,423,595,000) were pledged to secure banking facilities granted to the Group as set out in Note 30 to the consolidated financial statements.

16. RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets categorised by class of underlying assets at 31 December 2022 and 2021 was as follows:

	Leasehold land interests	Buildings	Motor vehicles	Total
	HKD'000	HKD'000	HKD'000	HKD'000
At 1 January 2021	508,710	1,288	437	510,435
Depreciation	(14,961)	(884)	(154)	(15,999)
Exchange realignment	15,021	1	–	15,022
At 31 December 2021	508,770	405	283	509,458
Depreciation	(14,536)	(405)	(155)	(15,096)
Exchange realignment	(39,942)	–	–	(39,942)
At 31 December 2022	454,292	–	128	454,420

The right-of-use assets comprise of: (i) upfront lease payments paid for acquiring leasehold land interests located in Shenyang and Xiamen, the PRC under medium lease terms; (ii) right-to-use of office premises, warehouses and retail shops, where located in Hong Kong and the PRC under non-cancellable tenancy agreements, with lease terms from one to three years (2021: one to three years); (iii) a motor vehicle held under a finance lease.

The Group does not have any options to renew or terminate the existing tenancy agreements and no major lease incentives was received from the lessors or landlords for both current and prior years.

The leasehold land interests located in Shenyang and Xiamen, the PRC of approximately HKD454,292,000 (2021: Shenyang and Xiamen, the PRC of approximately HKD508,770,000) was pledged to secure a banking facility granted to the Group as set out in Note 30 to the consolidated financial statements.

16. RIGHT-OF-USE ASSETS *(Continued)*

The analysis of expense items in relation to leases recognised in profit or loss during the year is as follows:

	2022 HKD'000	2021 HKD'000
Depreciation charge of right-of-use assets by class of underlying assets:		
– Leasehold land	**14,536**	14,961
– Leased properties	**405**	884
– Motor vehicles	**155**	154
	15,096	15,999
Interest expenses on lease liabilities *(Note 8)*	**13,400**	13,686
Expenses relating to short-term leases	**7,968**	17,857
Variable lease payments not included in the measurement of lease liabilities	**4,038**	13,358
COVID-19-related rent concessions	**–**	(9)

Details of the total cash outflows for leases and the maturity analysis of lease liabilities (including fixed and variable lease payments) are set out in Notes 49(c) and 31 to the consolidated financial statements.

17. INTANGIBLE ASSETS

	Trading rights HKD'000	**Trademarks** HKD'000	**Customer relationships** HKD'000	**Total** HKD'000
Cost:				
At 1 January 2021 and 31 December 2021	599	194,141	53,946	248,686
Addition	2,514	–	–	2,514
Disposal	–	(103,727)	–	(103,727)
At 31 December 2022	3,113	90,414	53,946	147,473
Accumulated amortisation:				
At 1 January 2021	–	–	29,862	29,862
Provided for the year	–	–	2,007	2,007
At 31 December 2021	–	–	31,869	31,869
Provided for the year	–	–	2,007	2,007
At 31 December 2022	–	–	33,876	33,876
Net book value:				
At 31 December 2022	3,113	90,414	20,070	113,597
At 31 December 2021	599	194,141	22,077	216,817

17. INTANGIBLE ASSETS *(Continued)*

As at 31 December 2022 and 2021, the intangible assets consisted of the "PONY" and "SKINS" trademarks, patents and trademarks of healthcare products and trading rights, which are considered by the management as having indefinite useful lives required to be tested for impairment at the end of each reporting period, plus the customer relationships of healthcare products business which is considered by the management as having estimated useful lives of 5–15 years (2021: 5–15 years).

For the impairment testing, the intangible assets have been allocated to their respective cash-generating units. Their recoverable amounts are determined based on the higher of fair value less costs of disposal or value-in-use. The value-in-use calculations are derived from the most recent financial budgets approved by the management. The key inputs implemented in the value-in-use calculations reflect the best estimate of the past performance, expectation of market development and specific risks encountered in the underlying businesses.

For the "PONY" trademark, it covers a detailed budget plan, plus an extrapolated cash flow projection by applying a long-term growth rate subsequent to the budget plan, with a pre-tax discount rate of 16% (2021: 12.5%).

The key assumptions used in the budget plan are:

i. Cash flows beyond the budget plan are extrapolated by using an estimated 3% (2021: 3%) long-term growth rate; and

ii. Gross profit margins will be maintained at its current level throughout the budget plan.

For the "SKINS" trademark, it covers a detailed budget plan, plus an extrapolated cash flow projection by applying a long-term growth rate subsequent to the budget plan, with a pre-tax discount rate of 18.6% (2021: 16.9%).

The key assumptions used in the budget plan are:

i. Cash flows beyond the budget plan are extrapolated by using an estimated 3% (2021: 3%) long-term growth rate; and

ii. Gross profit margins will be maintained at its current level throughout the budget plan.

For the patents and trademarks of healthcare products, it covers a detailed budget plan, plus an extrapolated cash flow projection by applying a long-term growth rate subsequent to the budget plan, with a pre-tax discount rate of 20.3% (2021: 17.2%).

17. INTANGIBLE ASSETS *(Continued)*

The key assumptions used in the budget plan are:

i. Cash flows beyond the budget plan are extrapolated by using an estimated 3% (2021: 3%) long-term growth rate; and

ii. Gross profit margins will be maintained at its current level throughout the budget plan.

The management concluded that all of the cash-generating units identified in their respective business operations were sufficiently demonstrated, in any reasonable changes in key inputs used in the value-in-use calculations, the recoverable amounts exceeded the carrying amounts of the cash-generating units. As a result, no provision of impairment was recognised for both current and prior years.

18. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM/(TO) JOINT VENTURES

	2022 HKD'000	2021 HKD'000
At 1 January	**75,766**	72,849
Addition	**36,304**	–
Share of results for the year	**2,602**	1,256
Disposal	**(36,808)**	–
Exchange realignment	**(2,778)**	1,661
At 31 December	**75,086**	75,766

Details of the Company's interests in joint ventures at 31 December 2022 and 2021 are as follows:

Name of joint ventures	**Place of incorporation/ registration and operation**	**Particulars of registered share capital**	**Effective interest in registered/share capital indirectly held by the Company**		**Principal activities**
			2022	2021	
武漢喬尚實業發展有限公司	The PRC (natural person investment or holding)	Registered paid-up shares of RMB50,000,000	**25%**	25%	Investment holding
安陽喬尚尚柏奧萊商業管理有限公司	The PRC (Taiwan, Hong Kong or Macau and domestic joint venture)	Registered paid-up shares of RMB10,000,000	**25%**	62.5%	Operation and management of outlet malls
安陽國旅尚柏奧萊置業有限公司	The PRC (domestic and foreign joint venture)	Registered paid-up shares of RMB60,000,000	**25%**	62.5%	Property investment
Wisdom Class International Limited ("**Wisdom Class**")	The British Virgin Islands	Ordinary paid-up USD100	**50%**	N/A	Development and management of "PONY" trademarks

18. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM/(TO) JOINT VENTURES *(Continued)*

For the above joint venture companies are unlisted entities whose quoted market prices are not available to the Group.

The contractual arrangements provide the Group joint controls in the joint arrangements with the rights to the net assets to share the net income generated by the business operations from the joint ventures, whereas the rights to the assets and obligations for the liabilities under the joint arrangements rested primarily on the joint ventures. Under the requirement of HKFRS 11, the equity interests in these joint arrangements are classified as interests in joint ventures and accounted for using the equity method in the consolidated financial statements at 31 December 2022 and 2021.

At 31 December 2021, the Company indirectly held 50% of the equity interests in 安陽喬尚尚柏奧萊商業管理有限公司 and 安陽國旅尚柏奧萊置業有限公司 and 25% of the equity interests in 武漢喬尚實業發展有限公司 and its wholly-owned subsidiary, 安陽國旅實業發展有限公司, which in aggregate held the remaining 50% of the equity interests in 安陽喬尚尚柏奧萊商業管理有限公司 and 安陽國旅尚柏奧萊置業有限公司.

In 2022, the Company entered into a shareholders' agreement in relation to formation of the joint venture company, Wisdom Class, for holding and operating the Subject Business.

In 2022, the indirectly held 50% of the equity interests in 安陽喬尚尚柏奧萊商業管理有限公司 and 安陽國旅尚柏奧萊置業有限公司 by the Company was disposed to 武漢喬尚實業發展有限公司 and its wholly-owned subsidiary, 安陽國旅實業發展有限公司.

At 31 December 2022, the Company directly held 50% of the equity interests in Wisdom Class; and indirectly held 25% of the equity interests in 安陽喬尚尚柏奧萊商業管理有限公司 and 安陽國旅尚柏奧萊置業有限公司 and 武漢喬尚實業發展有限公司 and its wholly-owned subsidiary.

Aggregate financial information of the joint ventures that are not individually material

	2022 **HKD'000**	2021 HKD'000
Share of results for the year	**2,602**	1,256
Share of other comprehensive income for the year	**(2,778)**	1,661
Share of total comprehensive income for the year	**(176)**	2,917

	2022 **HKD'000**	2021 HKD'000
Amounts due from joint ventures	**39,170**	7,367
Amount due to a joint venture	**(534)**	–

18. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM/(TO) JOINT VENTURES *(Continued)*

For the above summarised financial information has been adjusted for any differences in accounting policies between the Group and the joint ventures. There are no contingent liabilities nor capital commitments to be shared with the joint ventures at 31 December 2022 and 2021.

At 31 December 2022, the carrying amount of the amounts due from joint ventures of approximately HKD39,170,000 (2021: HKD7,367,000) and the amount due to a joint venture of approximately HKD534,000 (2021: HKDnil) were unsecured, interest-free and repayable on demand.

Movements of loss allowance of amounts due from joint ventures during the year were as follows:

	2022 HKD'000	2021 HKD'000
At 1 January	**–**	–
Provision of loss allowance	**126**	–
At 31 December	**126**	–

19. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM AN ASSOCIATE

	2022 HKD'000	2021 HKD'000
At 1 January	**–**	–
Addition	**6,549**	–
Share of results for the year	**(272)**	(310)
Unrecognised share of loss of an associate for the year	**420**	310
Exchange realignment	**5**	–
At 31 December	**6,702**	–

19. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM AN ASSOCIATE *(Continued)*

Details of the Company's interests in associates at 31 December 2022 and 2021 are as follows:

Name of associates	Place of incorporation and operation	Particulars of share capital	Effective interest in share capital indirectly held by the Company 2022	2021	Principal activities
Just Dawn Limited	The British Virgin Islands	Ordinary paid-up shares of USD30	**30%**	30%	Investment holding
Yoshida Brewery Limited	Japan	Ordinary paid-up shares of JPY85,000,000	**20%**	N/A	Manufacturing, developing and retailing of sake

The above associate companies are an unlisted entities and the directors considered that the Group has the ability to exercise significant influence in accordance with the rights stated in the articles of association. Therefore, the associate companies are accounted for using the equity method in the consolidated financial statements at 31 December 2022 and 2021.

Aggregate financial information of the associates that are not individually material

	2022 HKD'000	2021 HKD'000
Share of results for the year	**(272)**	(310)
Share of other comprehensive income for the year	**5**	–
Share of total comprehensive income for the year	**(267)**	(310)

	2022 HKD'000	2021 HKD'000
Unrecognised share of loss of an associate for the year	**(420)**	(310)
Accumulative unrecognised share of loss of an associate	**(4,817)**	(4,397)
Amount due from an associate	**–**	4,202

At 31 December 2022, the carrying amount of amount due from an associate of approximately HKDnil (2021: HKD4,202,000) was unsecured, interest-free and repayable on demand. During the year, provision of loss allowance on the amount due from an associate was recognised of approximately HKD979,000 (2021: HKD725,000).

20. GOODWILL

	2022 HKD'000	2021 HKD'000
Cost:		
At 1 January and 31 December	**147,501**	147,501
Accumulated impairment loss:		
At 1 January and 31 December	**6,100**	6,100
Net book value:		
At 31 December	**141,401**	141,401

At 31 December 2022 and 2021, the carrying amount of goodwill is allocated to the business combinations of financial services and healthcare products businesses including in branding segment of approximately HKD33,796,000 and HKD107,605,000 respectively.

For the impairment testing, the goodwill has been allocated to the respective cash-generating units of financial services and healthcare products businesses separately. Their recoverable amounts are determined based on the higher of fair value less costs of disposal or value-in-use. The value-in-use calculations are derived from the most recent financial budgets approved by the management. The key inputs implemented in the value-in-use calculations reflect the best estimate of the past performance, expectation of market development and specific risks encountered in the underlying businesses.

In prior years, the management identified an impairment indicator of the healthcare product business due to the outbreak of social incidents in Hong Kong. The management therefore assessed the recoverable amount of cash-generating units and as a result the carrying amount was written down to the recoverable amount, with an impairment loss of approximately HKD6,100,000 was recognised in profit or loss in prior years.

(i) Financial services business

For the financial services business, it covers a detailed budget plan, plus an extrapolated cash flow projection by applying a long-term growth rate subsequent to the budget plan, with a pre-tax discount rate of 19.5% (2021: 19.5%).

The key assumptions used in the budget plan are:

i. Cash flows beyond the budget plan are extrapolated by using an estimated 0% (2021: 0%) long-term growth rate; and

ii. Gross profit margins will be maintained at its current level throughout the budget plan.

20. GOODWILL *(Continued)*

(ii) Healthcare products business

For the healthcare products business, it covers a detailed budget plan, plus an extrapolated cash flow projection by applying a long-term growth rate subsequent to the budget plan, with a pre-tax discount rate of 20.3% (2021: 17.2%).

The key assumptions used in the budget plan are:

i. Cash flows beyond the budget plan are extrapolated by using an estimated 3% (2021: 3%) growth rate; and

ii. Gross profit margins will be maintained at its current level throughout the budget plan.

Except as described above in respect of the impairment of the goodwill of the healthcare product business in prior years, the management concluded that for all of the cash-generating units for both financial services and healthcare product business were sufficiently demonstrated, in any reasonable changes in key inputs used in the value-in-use calculations, the recoverable amounts exceeded the carrying amounts of the cash-generating units, and no provision of impairment was recognised for both current and prior years.

21. INVENTORIES

	2022 **HKD'000**	2021 HKD'000
Raw materials	**2,035**	1,992
Work-in-progress	**717**	857
Finished goods	**36,505**	88,918
Goods-in-transit	**14,224**	23,337
	53,481	115,104
Provision of allowance	**(4,787)**	(28,415)
	48,694	86,689

21. INVENTORIES *(Continued)*

Movements of provision of allowance of inventories during the year were as follows:

	2022 HKD'000	2021 HKD'000
At 1 January	**28,415**	31,545
Reversal of allowance	**(12,704)**	(3,158)
Write off	**(3,627)**	(1,268)
Disposal of a subsidiary	**(6,489)**	–
Exchange realignment	**(808)**	1,296
At 31 December	**4,787**	28,415

A reversal of allowance of inventories of approximately HKD12,704,000 (2021: HKD3,158,000) was recognised in profit or loss during the year due to the increase in estimated net realisable value of certain categories of inventories as a result of increase in estimated scrap value.

22. TRADE AND OTHER RECEIVABLES

	2022 HKD'000	2021 HKD'000
Trade receivables arising from:		
– Other than financial services segment	**32,036**	64,940
– Financial services segment	**8,708**	8,207
Total gross carrying amount	**40,744**	73,147
Less: Loss allowance	**(1,034)**	(3,550)
Total net carrying amount after loss allowance	**39,710**	69,597
Prepayments, deposits and other receivables:		
Total gross carrying amount	**217,325**	171,019
Less: Loss allowance	**(4,741)**	(4,077)
Total net carrying amount after loss allowance	**212,584**	166,942
Total trade and other receivables	**252,294**	236,539

22. TRADE AND OTHER RECEIVABLES *(Continued)*

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:

	2022 HKD'000	2021 HKD'000
0 to 30 days	**19,583**	34,932
31 to 60 days	**3,254**	11,442
61 to 90 days	**1,579**	1,705
Over 90 days	**15,294**	21,518
	39,710	69,597

The management measures the loss allowance of trade receivables through HKFRS 9 simplified approach by assuming all of the trade debtors share a similar credit risk characteristic under the lifetime ECL calculation. Provision matrix is used to measure the loss allowance of trade receivables. The default rates are based on the past due days by grouping of customers arising from different reportable segments with similar loss patterns. The ECL calculation reflects the probability-weighted outcome based on the Group's historical experience, adjusted for forward-looking factors specific to the debtors and the macroeconomic environment where the trade debtors located. Generally, the balance of trade receivables is written off in full if it is past due more than one year without any credit enhancement.

Trade receivables arising from other than financial services segment

The Group allows an average credit period ranged from 60 to 90 days (2021: 60 to 90 days) for its trade debtors arising from other than financial services segment.

Movements of loss allowance of trade receivables arising from other than financial services segment during the year were as follows:

	2022 HKD'000	2021 HKD'000
At 1 January	**3,388**	5,737
Reversal of loss allowance	**(465)**	(2,041)
Write off	**(1,761)**	(363)
Disposal of a subsidiary	**(217)**	(13)
Exchange realignment	**(100)**	68
At 31 December	**845**	3,388

22. TRADE AND OTHER RECEIVABLES *(Continued)*

Trade receivables arising from financial services segment

	2022 HKD'000	2021 HKD'000
Trade receivables arising from the ordinary course of business of dealing in securities:		
– Cash clients	**236**	217
– Others	**1,239**	673
	1,475	890
Trade receivables arising from the ordinary course of business of the provision of:		
– Money lending	**7,233**	7,317
Total gross carrying amount	**8,708**	8,207
Less: Loss allowance	**(189)**	(162)
Total net carrying amount after loss allowance	**8,519**	8,045

Movements of loss allowance of trade receivables arising from financial services segment during the year were as follows:

	2022 HKD'000	2021 HKD'000
At 1 January	**162**	1,991
Provision/(reversal) of loss allowance	**27**	(1,829)
At 31 December	**189**	162

Save for the credit period allowed by the Group, the settlement terms of trade receivables 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. The Group did not hold any securities collateral or other credit enhancement over the cash clients. In the view of the fact that those receivables related to a number of diversified cash clients and there is no significant increase in credit risk since initial recognition and not credit-impaired at the end of reporting period, the amount of loss allowance under lifetime ECL assessment was immaterial to be recognised for both current and prior years.

22. TRADE AND OTHER RECEIVABLES *(Continued)*

Prepayments, deposits and other receivables

Movements of loss allowance of other receivables during the year were as follows:

	Stage 1 HKD'000	Stage 2 HKD'000	Stage 3 HKD'000	Total HKD'000
Loss allowance:				
At 1 January and 31 December 2021	–	–	4,077	4,077
Provision of allowance, net	664	–	–	664
At 31 December 2022	664	–	4,077	4,741

The loss allowance of other receivables recognised during the year was limited to 12-month ECL calculation, except for those classified as stage 3 under the lifetime ECL calculation as described below, given that there is no significant increase in credit risk since initial recognition and are not credit-impaired at the end of reporting period. Therefore, the gross carrying amount of other receivables of approximately HKD212,584,000 (2021: HKD166,942,000) was classified as stage 1, and the lifetime ECL calculation was approximately HKD664,000 (2021: HKD Nil).

The definition of stages of default is set out in Note 24 to the consolidated financial statements.

The loss allowance of other receivables is related to certain counterparties who are slow in settlement and none of the balances are expected to be recovered in the remaining lifetime of the balances. At 31 December 2022, the gross carrying amount of credit-impaired receivables classified as stage 3 under the lifetime ECL calculation was approximately HKD4,077,000 (2021: HKD4,077,000).

23. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	2022 HKD'000	2021 HKD'000
Directors and their associates	**25,946**	25,258
Other margin clients	**151,215**	123,150
	177,161	148,408

At 31 December 2022 and 2021, 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.

23. ADVANCES TO CUSTOMERS IN MARGIN FINANCING *(Continued)*

At 31 December 2022, the total undiscounted market value of listed equity securities pledged in respect of the margin lending to the margin clients was approximately HKD518,162,000 (2021: HKD975,837,000). 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 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 2022 and 2021.

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.

24. LOANS RECEIVABLE

	2022 **HKD'000**	2021 HKD'000
Secured:		
Total gross carrying amount	**58,324**	86,992
Less: Loss allowance	**(2,077)**	(1,727)
	56,247	85,265

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

	2022 **HKD'000**	2021 HKD'000
At 1 January	**1,727**	11,211
Provision/(reversal) of loss allowance	**350**	(9,484)
At 31 December	**2,077**	1,727

At 31 December 2022 and 2021, 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% (2021: 8% to 24%) per annum and repayable within one year from the dates of advances to the borrowers or on demand.

24. LOANS RECEIVABLE *(Continued)*

Analysis of the gross carrying amount and loss allowance of loans receivable under different stages of default as at 31 December 2022 and 2021 were as follows:

	Stage 1 HKD'000	**Stage 2** HKD'000	**Stage 3** HKD'000	**Total** HKD'000
Gross carrying amount:				
At 1 January 2021	93,741	–	45,201	138,942
Proceeds from new loans	29,008	–	–	29,008
Repayments of loans	(80,892)	–	(66)	(80,958)
At 31 December 2021	41,857	–	45,135	86,992
Proceeds from new loans	1,046	–	–	1,046
Repayments of loans	(29,692)	–	(22)	(29,714)
At 31 December 2022	13,211	–	45,113	58,324
Loss allowance:				
At 1 January 2021	43	–	11,168	11,211
Provision/(reversal) of allowance, net	31	–	(9,515)	(9,484)
At 31 December 2021	74	–	1,653	1,727
(Reversal)/provision of allowance, net	(6)	–	356	350
At 31 December 2022	68	–	2,009	2,077

Loans receivable with aggregate gross carrying amount of approximately HKD13,211,000 (2021: HKD41,857,000) was classified as stage 1 due to limited exposure of credit risk and there is no significant increase in credit risk since initial recognition and not credit-impaired at the end of reporting period. Therefore, the reversal of loss allowance was limited to 12-month ECL calculation of approximately HKD6,000 (2021: provision of the loss allowance HKD31,000) was recognised in profit or loss for the year.

24. LOANS RECEIVABLE *(Continued)*

Loans receivable with aggregate gross carrying amount of approximately HKD45,113,000 (2021: HKD45,135,000) 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 of provision of allowance of approximately HKD356,000 (2021: reversal of allowance of approximately HKD9,515,000) was recognised in profit or loss during the year.

Definition of stage 1, stage 2 and stage 3, collectively known as "stages of default" under the requirement of HKFRS 9 is as follows:

Stage 1: Exposure where the outstanding balance has not been recorded a significant increase in credit risk since the initial recognition and is not deemed to be credit-impaired at the end of reporting period, the proportion of lifetime ECL calculation associated with the probability of default events occurring within the next 12-months after the end of reporting period is recognised in profit or loss when it incurred.

Stage 2: Exposure where the outstanding balance has been recorded a significant increase in credit risk since the initial recognition but is not deemed to be credit-impaired at the end of reporting period, the lifetime ECL calculation which reflects the remaining lifetime of the associated balance is recognised in profit or loss when it incurred.

Stage 3: Exposure where the outstanding balance is deemed to be credit-impaired at the end of reporting period, the lifetime ECL calculation is implemented when there is one or more events identified that has/have a detrimental impact against the repayment of interest and/or principal in the remaining lifetime of the associated balance, being the net amount after loss allowance, is recognised in profit or loss when it incurred.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HKD'000	2021 HKD'000
Listed equity securities in Hong Kong	**54,455**	185,216
Unlisted investment	**72,839**	76,942
	127,294	262,158

Both of the listed equity securities in Hong Kong and unlisted are classified as financial assets at FVTPL under the requirement of HKFRS 9. The key inputs of fair value measurements are disclosed in Note 38(c) to the consolidated financial statements.

During the year, fair value loss on financial assets at FVTPL of approximately HKD102,832,000 (2021: fair value gain of approximately HKD75,652,000) was recognised in profit or loss.

26. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

(a) Restricted bank deposits

At 31 December 2022 and 2021, a restricted bank deposit of approximately HKD3,390,000 (2021: HKD3,683,000) was classified as a current asset (2021: non-current asset), denominated in RMB and carried at a fixed interest rate of 0.25% (2021: 2.75%) per annum. The bank deposit is restricted to access the amount on demand by one of the retail shop in the outlet mall, where located in Shenyang, the PRC. During the year, it was reclassified from a non-current asset to a current asset given that the rental agreement of the retail shop will be expired less than one year from the end of reporting period.

At 31 December 2022 and 2021, a restricted bank deposit of HKD20,000,000 (2021: HKD20,000,000) was classified as a non-current asset, denominated in HKD and carried at a fixed interest rate of 4.82% (2021: 1.1%) per annum. The bank deposit is restricted to access the amount on demand to secure a banking facility of HKD170,000,000 (2021: HKD170,000,000) granted to the Group.

At 31 December 2022 and 2021, a restricted bank deposit of approximately HKD22,816,000 (2021: HKD22,676,000) was classified as a non-current asset, denominated in RMB and carried at a fixed interest rate of 1.25% (2021: 1.95%) per annum. The bank deposit is restricted to access the amount on demand to secure a banking facility of RMB350,000,000 (2021: RMB350,000,000) granted to the Group.

At 31 December 2022, a restricted bank deposit of approximately HKD13,000,000 classified as non-current asset, denominated in HKD and carried at a fixed interest rate of 4.5% per annum. The bank deposit is restricted to access the amount on demand to secure a banking facility of HKD150,000,000 granted to the Group.

26. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH *(Continued)*

(b) Bank balances and cash – held on behalf of customers

The Group maintains trust and segregated account with a bank to hold bank balances on behalf of cash and margin clients arising from the regulated activities governed under the Securities and Futures Commission (the "**SFC**"). The Group has recognised the related bank balances as "bank balances and cash – held on behalf of customers" in the current assets and the related payables due to timing difference between trade date and settlement date as "trade payables" in the current liabilities (refer to Note 28 to the consolidated financial statements) given that the Group is liable for any loss or misappropriation of clients' bank balances under the "Securities and Futures Ordinance (Cap. 571)" (the "**SFO**") governed by the SFC.

At 31 December 2022, the balance of bank balances and cash held on behalf of customers was approximately HKD20,745,000 (2021: HKD64,896,000).

(c) Bank balances and cash

At 31 December 2022, the bank balances and cash comprised of time deposits with original maturity date less than 3 months with banks of approximately HKD4,535,000 (2021: HKDnil), which carried at fixed interest rates from 3.88% to 4.5% per annum, and were withdrawn upon their respective dates of maturities. At 31 December 2022, the bank balances of approximately HKD98,131,000 (2021: HKD174,278,000), which carried at market interest rates from 0.09% to 4.82% (2021: 0.01% to 10.60%) per annum.

At 31 December 2022, the bank balances and cash and restricted bank deposits held in the bank accounts located in the PRC and denominated in RMB were approximately HKD27,705,000 (2021: HKD70,672,000). RMB is not freely convertible into any of the foreign currencies in the PRC. Under the "Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations" governed by the State Administration of Foreign Exchange in the PRC, the Group is permitted to exchange RMB into foreign currencies through the respective bank authorisation to conduct the foreign exchange businesses.

27. ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2022, the Group has committed a plan of disposal its investment property with a carrying value of HKD261,500,000. As at 31 December 2022, the sales of the property was not yet completed and as a result, it is presented as assets classified as held for sale on the consolidated financial statements.

	2022 HKD'000
Investment property	**261,500**

28. TRADE AND OTHER PAYABLES

	2022 HKD'000	2021 HKD'000
Trade payables arising from:		
– Other than financial services segment	**118,540**	144,566
– Financial services segment	**27,682**	68,730
Total trade payables	**146,222**	213,296
Accruals, receipts in advance, temporary receipts and other payables	**120,550**	169,291
Total trade and other payables	**266,772**	382,587

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:

	2022 HKD'000	2021 HKD'000
0 to 30 days	**74,016**	115,489
31 to 60 days	**35,496**	6,685
61 to 90 days	**4,233**	7,489
Over 90 days	**4,795**	14,903
	118,540	144,566

The average credit period granted by the suppliers or service providers arising from other than financial services segment is approximately 90 days (2021: 90 days).

Trade payables arising from financial services segment

	2022 HKD'000	2021 HKD'000
Trade payables arising from the ordinary course of business of dealing in securities:		
– Cash clients	**18,626**	63,270
– Margin clients	**1,976**	1,901
– Clearing house	**7,080**	3,559
	27,682	68,730

28. TRADE AND OTHER PAYABLES *(Continued)*

Trade payables arising from financial services segment *(Continued)*

The balances of trade payables arising from financial services segment represented the outstanding balance due to cash and margin clients in respect of the bank balances temporarily received in the trust and segregated account held on behalf of cash and margin clients arising from the regulated activities governed under the SFC (refer to Note 26(b) to the consolidated financial statements). At 31 December 2022, the balance of the trust and segregated account was approximately HKD20,745,000 (2021: HKD64,896,000).

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.

29. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities are offset when there is a legally enforceable right to offset under the same tax authorities. The following table is the analysis of the deferred tax balances for financial reporting purpose at 31 December 2022 and 2021:

	2022 **HKD'000**	2021 HKD'000
Deferred tax assets	**(17,166)**	(19,120)
Deferred tax liabilities	**338,757**	346,900
	321,591	327,780

29. DEFERRED TAXATION *(Continued)*

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the related movements during the year were as follows:

	Revaluation of leasehold land and buildings HKD'000	Revaluation of investment properties HKD'000	Accelerated tax depreciation HKD'000	Undistributed profits of the PRC subsidiaries HKD'000	Tax loss HKD'000	Fair value adjustment on intangible assets HKD'000	Total HKD'000
At 1 January 2021	217,127	77,334	9,465	73	(41,325)	15,673	278,347
Charged to profit or loss	–	884	7	–	4,611	–	5,502
Charged to other comprehensive income	38,238	–	–	–	–	–	38,238
Exchange realignment	4,078	1,819	56	–	(260)	–	5,693
At 31 December 2021	259,443	80,037	9,528	73	(36,974)	15,673	327,780
Charged to profit or loss	–	(289)	1,373	–	(26)	–	1,058
Charged to other comprehensive income	8,283	–	–	–	–	–	8,283
Exchange realignment	(11,143)	(4,992)	(2)	–	607	–	(15,530)
At 31 December 2022	256,583	74,756	10,899	73	(36,393)	15,673	321,591

At 31 December 2022, a total amount of unused tax losses of approximately HKD1,248,187,000 (2021: HKD1,001,077,000) arising from different group entities is available to be offset against the future taxable profits available in the relevant tax jurisdictions. To the extent of approximately HKD435,462,000 (2021: HKD433,263,000) in respect of the unused tax losses was recognised as deferred tax assets at 31 December 2022 due to the future taxable profits and tax planning opportunities can be foreseen. During the year, the Group had recognised the deferred tax asset arising from the unused tax losses of approximately HKD26,000 and also did not write off or impaired the balance of deferred tax assets. For the year ended 31 December 2021, the Group had utilised deferred tax assets arising from the unused tax losses of approximately HKD4,611,000 and did not write off or impaired any of the deferred tax assets for both current and prior years.

Deferred tax assets not recognised

In accordance with the Group's accounting policy as set out in Note 4(n) to the consolidated financial statements, the Group has not recognised deferred tax assets in respect of the remaining unused tax losses of approximately HKD812,725,000 (2021: HKD567,814,000) due to the unpredictability of future taxable profits against the unused tax losses that can be utilised in the relevant tax jurisdictions. All of the unused tax losses can be carried forward indefinitely under the tax regulations, except for those arising from the PRC subsidiaries of approximately HKD435,109,000 (2021: HKD331,811,000), which can be carried forward only for five years from the recognition date of unused tax losses.

30. BANK BORROWINGS

	2022 HKD'000	2021 HKD'000
Current portion:		
Secured with variable interest-rate bank borrowings that are repayable:		
– within one year	**549,790**	295,132
Non-current portion:		
Secured with variable interest-rate bank borrowings that are repayable:		
– over one year but within two years	**710,535**	459,777
– over two years but within five years	**183,720**	867,247
	894,255	1,327,024
Total bank borrowings	**1,444,045**	1,622,156

At 31 December 2022, the Group had secured with variable interest-rate bank borrowings, carried at interest rates from approximately 2.51% to 7.4% (2021: 1.66% to 6.80%) per annum. The weighted average effective interest rate charged during the year was approximately 6.2% (2021: 3.3%) per annum.

At 31 December 2022, all of the bank borrowings was secured by: (i) mortgages over the leasehold land and buildings, outlet mall buildings, investment properties (including investment property in asset classified as held for sale), right-of-use assets and restricted bank deposits, with the respective carrying amounts of approximately HKD277,200,000, HKD1,573,708,000, HKD825,538,000, HKD454,292,000 and HKD42,816,000 (2021: HKD282,000,000, HKD1,696,062,000, HKD1,423,595,000, HKD508,770,000 and HKD42,676,000); (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 Group, to secure the banking facilities offered to the Group.

At 31 December 2022 and 2021, all of the bank borrowings are repayable in accordance with the agreed repayment schedules subject to the fulfilment of covenants. If the Group breach any of the covenants, the associated bank borrowings will become repayable on demand. Further details of the liquidity risk management is set out in Note 38(b)(iv) to the consolidated financial statements. At 31 December 2022 and 2021, none of the covenants had been breached.

At 31 December 2022, the Group was offered a total amount of banking facilities of approximately HKD1,473,606,000 (2021: HKD1,622,156,000) for the usage of bank borrowings available to the Group. At 31 December 2022, the Group had utilised bank borrowings of approximately HKD1,444,045,000 (2021: HKD1,622,156,000).

31. LEASE LIABILITIES

The following table shows the remaining future minimum lease payments under non-cancellable tenancy agreements recognised as lease liabilities at 31 December 2022 and 2021, which were fall due as follows:

	2022		2021	
	Present value of minimum lease payments HKD'000	**Total minimum lease payments HKD'000**	Present value of minimum lease payments HKD'000	Total minimum lease payments HKD'000
Within one year	**11,484**	**12,264**	11,966	12,785
Over one year but within two years	**12,257**	**13,994**	11,673	13,312
Over two years but within five years	**38,517**	**50,379**	38,001	49,662
Over five years	**127,892**	**256,558**	143,651	298,983
	178,666	**320,931**	193,325	361,957
	190,150	**333,195**	205,291	374,742
Less: Total future interest expenses		**(143,045)**		(169,451)
Present value of lease liabilities		**190,150**		205,291

31. LEASE LIABILITIES *(Continued)*

The analysis of the carrying amount of lease liabilities at 31 December 2022 and 2021 was as follows:

	Properties leased for own use HKD'000	**Motor vehicles** HKD'000	**Total** HKD'000
At 1 January 2021	197,344	405	197,749
Interest expenses	13,670	16	13,686
Repayments	(11,959)	(149)	(12,108)
COVID-19-related rent concessions	(9)	–	(9)
Exchange realignment	5,973	–	5,973
At 31 December 2021	205,019	272	205,291
Interest expenses	13,390	10	13,400
Repayments	(9,987)	(149)	(10,136)
Exchange realignment	(18,405)	–	(18,405)
At 31 December 2022	190,017	133	190,150

The present value of the remaining future minimum lease payments under non-cancellable tenancy agreements is analysed as follows:

	2022 **HKD'000**	2021 HKD'000
Current liabilities	**11,484**	11,966
Non-current liabilities	**178,666**	193,325
	190,150	205,291

32. AMOUNT DUE TO A RELATED PARTY

	2022 **HKD'000**	2021 HKD'000
Amount due to a related party	**113**	123

The related party is an entity commonly controlled by Mr. Cheng Tun Nei, who acts as Chairman, Chief Executive Officer and a substantial shareholder of the Company. At 31 December 2022 and 2021, the balance of amount due to a related party was unsecured, interest-free and repayable on demand.

33. AMOUNT DUE TO A DIRECTOR

	2022 HKD'000	2021 HKD'000
Amount due to a director	**21,989**	7,367

At 31 December 2022 and 2021, the balance of amount due to a director was unsecured, interest-free and repayable on demand.

34. SHARE CAPITAL

	Number of shares '000	Nominal value HKD'000
Authorised:		
Ordinary shares of HKD0.10 (2021: HKD0.10) each		
At 1 January 2021 and 2022, 31 December 2021 and 2022	20,000,000	2,000,000
Issued and fully paid:		
Ordinary shares of HKD0.10 (2021: HKD0.10) each		
At 1 January 2021 and 2022, 31 December 2021 and 2022	2,974,225	297,422

Note:

(i) 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 not entitled to any distribution of dividend.

35. SHARE OPTION SCHEME

On 10 June 2011, the shareholders of the Company have approved and adopted a share option scheme (the "**Scheme**") for the purpose of providing eligible participants with the opportunity to acquire the proprietary interests of the Company. The Scheme aims to encourage the eligible participants to work towards to enhance the value of shares of the Company for the benefit of the Company and its shareholders as a whole. All of the directors, full-time employees and any other persons within the Group who, at the sole discretion of the board of directors, have contributed to the Group, are eligible to participate the Scheme.

Pursuant to the Scheme, the total number of shares of the Company which may be issued upon the exercise of all share options to be granted under the Scheme and any other share option scheme adopted by the Company must not in aggregate exceed 10% of the aggregate shares of the Company for issue on the date of adoption of the Scheme. Share options lapsed in accordance with the terms of the Scheme and any other share option scheme adopted by the Company will not be counted for the purpose of calculating the 10% limit.

35. SHARE OPTION SCHEME *(Continued)*

With the approval of the shareholders of the Company in general meeting, the Company may renew the 10% limit at any time provided that the total number of shares of the Company which may be issued upon the exercise of all of the share options to be granted under the Scheme and any other share option scheme adopted by the Company shall not exceed 10% of shares of the Company for issue on the date of approval of the renewed limit. For the share options previously granted under the Scheme and any other share option scheme adopted by the Company will not be counted for the purpose of calculating the renewed limit.

The board of directors may, with the approval of the shareholders of the Company, grant the share options in excess of the 10% limit to the eligible participants. In such situation, the Company is required to issue a circular to the shareholders containing a generic description of the eligible participants who may be granted such share options, the number and terms of such share options to be granted and the purpose of granting such share options to the eligible participants with an explanation of how the terms of the share options will serve the purpose. The total number of shares of the Company which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Scheme or any other share option scheme adopted by the Company shall not exceed 30% of the shares of the Company for the issue from time to time. No share options may be granted under the Scheme or any other share option scheme adopted by the Company if it will result the limit to be exceeded.

Unless approved by the shareholders of the Company in a general meeting with the issue of a circular to the shareholders specifying the identity of the eligible participants, the number and terms of the share options to be granted or previously granted to the eligible participants, the board of directors shall not grant any share options to any eligible participants which, if exercised, would result the eligible participants becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares of the Company already issued or to be issued upon the exercise of the share options granted to the eligible participants (including those exercised or unexercised share options) under the Scheme or any other share option scheme adopted by the Company in any 12-month period shall not exceed 1% of the shares of the Company for issue on the date of approval.

The period within the share options must be exercised will be specified by the Company when the share options was granted. This period must be expired no later than 10 years from the date of grant of the share options. When the share options granted, the Company may specify a minimum period for which share options must be held before it can be exercised. The offer of share options to be granted may be accepted within 14 days from the date when the letter containing the offer is delivered to the eligible participant and the notional amount payable on such acceptance of share options to be granted is HKD1.00.

The subscription price of the shares of the Company to be issued upon the exercise of share options shall be no less than the higher of: (i) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant; (ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediate preceding the date of grant; and (iii) the nominal value of a share of the Company on the date of grant. The subscription price of the shares of the Company will be approved by the board of directors at the time when the share options is offered to the eligible participants.

No share options was granted, exercised, lapsed or cancelled by the eligible participants in accordance with the Scheme for both current and prior years. No share options may be granted under the Scheme after the date of the tenth year of anniversary since the adoption of the Scheme.

At 31 December 2022 and 2021, the total number of shares of the Company available for issue under the Scheme was approximately 892,268,000 shares without any share option that has been granted but not yet exercised, lapsed or cancelled, which represented 30% of the outstanding issued share capital of the Company.

36. RESERVES

The Company level	Share premium HKD'000	Contributed surplus HKD'000	Accumulated losses HKD'000	Total HKD'000
At 1 January 2021	1,071,657	586,774	(4,068)	1,654,363
Loss for the year	–	–	(141,566)	(141,566)
Dividend paid *(Note 12)*	–	–	(14,871)	(14,871)
At 31 December 2021	1,071,657	586,774	(160,505)	1,497,926
Loss for the year	–	–	(39,542)	(39,542)
Dividend paid *(Note 12)*	–	–	(14,871)	(14,871)
At 31 December 2022	1,071,657	586,774	(214,918)	1,443,513

The following describes the nature and purpose of each reserve within the equity attributable to owners of the Company:

Name of reserve	Nature and purpose of reserve
Contributed surplus	Contributed surplus of approximately HKD63,561,000 represents the excess of fair value of shares of the subsidiaries acquired and the nominal value of the shares of the Company issued for the acquisition at the time of the group reorganisation on 9 February 1995. The remaining balance of approximately HKD523,213,000 represents the implementation of capital reduction in the prior year of 2012 in connection with the par value of each existing share as if HKD0.50 each in the issued capital of the Company was reduced by HKD0.40 each.
Share premium	A premium amount subscribed for the shares of the Company in excess of the nominal value of the shares of the Company and any excess of consideration shares of the Company issued over the carrying amount of the acquired non-controlling interests, less the amount of expenses incurred in connection with the issue.
Properties revaluation reserve	Fair value gains/(losses) arising on revaluation of properties (other than investment properties) and the accumulated balance is not distributable.
Translation reserve	Foreign exchange gains/(losses) arising from translation of net assets of foreign operations into the presentation currency of the Company at the end of reporting period.
Other reserve	Other reserves represent the difference between the consideration and the carrying amount of the net assets attributable to the additional and reduction of interests in subsidiaries being acquired from and disposed to non-controlling equity holders respectively.
Accumulated losses	Accumulated net gains/(losses) recognised in profit or loss.

36. RESERVES *(Continued)*

The above reserves cannot be used for any purpose other than those for which they are created. Details of the movements of the Group's reserves are disclosed in the consolidated statement of changes in equity.

37. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' return that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure to reduce cost of capital and risks associated with each class of capital, including the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, raising new debts or sell assets to reduce debts in light of changes in economic conditions. The Group's overall strategy and capital structure remained similar against the prior year of 2021.

The Group monitors its capital structure on the basis of an adjusted net debt-to-equity ratio. For this purpose, the adjusted net debt is defined as total debt (which includes trade and other payables, amounts due to a related party and a director, lease liabilities, bank borrowings and loan from non-controlling interests), less bank balances and cash and restricted bank deposits. The total equity attributable to owners of the Company comprised of share capital and reserves.

The adjusted net debt-to-equity ratio at 31 December 2022 and 2021 were as follows:

	2022 **HKD'000**	2021 HKD'000
Trade and other payables	**266,772**	382,587
Amount due to a joint venture	**534**	–
Amount due to a related party	**113**	123
Amount due to a director	**21,989**	7,367
Lease liabilities	**190,150**	205,291
Bank borrowings	**1,444,045**	1,622,156
Loan from non-controlling interests	**–**	3,683
Total debt	**1,923,603**	2,221,207
Less:		
– Bank balances and cash	**(98,131)**	(174,278)
– Restricted bank deposits	**(59,206)**	(46,359)
Net debt	**1,766,266**	2,000,570
Total equity attributable to owners of the Company	**2,825,062**	3,144,565
Net debt-to-equity ratio	**63%**	64%

37. CAPITAL RISK MANAGEMENT *(Continued)*

One of the Company's subsidiaries is registered with the SFC to conduct regulated activities governed under the SFC. The subsidiary is required to comply with the minimum liquid capital requirement under the Securities and Futures (Financial Resources) Rules (the "**SF(FR)R**") of the SFO. Under the SF(FR)R, the subsidiary must maintain at a certain level of liquid capital, being calculated by the assets and liabilities adjusted as determined by the SF(FR)R, in excess of the statutory floor requirement of HKD3,000,000 or 5% of the total adjusted liabilities, whichever is higher, and also maintain a 20% buffer of the required liquid capital. The directors monitor, on a daily basis, the required liquid capital of the subsidiary to ensure that it satisfies the minimum liquid capital requirement for both current and prior years.

38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table provides the carrying amounts and fair values of the financial instruments, comprised of financial assets and financial liabilities, at 31 December 2022 and 2021:

	2022		2021	
	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	**54,455**	**54,455**	185,216	185,216
– Unlisted investment	**72,839**	**72,839**	76,942	76,942
At amortised cost:				
– Trade and other receivables	**206,987**	***(Note)***	142,447	*(Note)*
– Amounts due from joint ventures	**39,170**	***(Note)***	7,367	*(Note)*
– Amount due from an associate	**–**	***(Note)***	4,202	*(Note)*
– Advances to customers in margin financing	**177,161**	***(Note)***	148,408	*(Note)*
– Loans receivable	**56,247**	***(Note)***	85,265	*(Note)*
– Restricted bank deposits	**59,206**	***(Note)***	46,359	*(Note)*
– Bank balances and cash	**118,876**	***(Note)***	239,174	*(Note)*
Financial liabilities:				
At amortised cost:				
– Trade and other payables	**262,798**	***(Note)***	369,473	*(Note)*
– Amount due to a joint venture	**534**	***(Note)***	–	*(Note)*
– Amount due to a related party	**113**	***(Note)***	123	*(Note)*
– Amount due to a director	**21,989**	***(Note)***	7,367	*(Note)*
– Bank borrowings	**1,444,045**	***(Note)***	1,622,156	*(Note)*
– Loan from non-controlling interests	**–**	***(Note)***	3,683	*(Note)*
Financial instrument:				
– Lease liabilities	**190,150**	***(Note)***	205,291	*(Note)*

38. FINANCIAL INSTRUMENTS *(Continued)*

(a) Categories of financial instruments *(Continued)*

Note: The directors consider the carrying amounts of 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 as disclosed in Note 38(b)(ii) to the consolidated financial statements were approximate to the relevant discount rates used to reflect the credit risks of the borrowers or the Group at 31 December 2022 and 2021.

(b) Financial risk management objectives and policies

The Group's financial instruments as defined in Note 4(q) to the consolidated financial statements included financial assets at FVTPL, trade and other receivables, amounts due from joint ventures and associates, advances to customers in margin financing, loans receivable, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to a related party, a director and a joint venture, lease liabilities, bank borrowings and loan from non-controlling interests.

Details of these financial instruments are disclosed in the respective notes to the consolidated financial statements. The risks associated with these financial instruments mainly include foreign currency risk, interest rate risk, credit risk, liquidity risk and equity price risk. The policies on how to mitigate these risks are further disclosed as below. The management regularly reviews these exposures to ensure appropriate policies are implemented on a timely and effective manner to minimise the potential adverse impact on the financial position and financial performance of the Group.

(i) Foreign currency risk

At 31 December 2022 and 2021, there were subsidiaries of the Company exposed to foreign currency risk primarily through sales and purchases which give rise to monetary assets and liabilities that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily those monetary assets and liabilities denominated in RMB and USD.

The Group did not enter into any financial derivatives to hedge against its foreign currency risk, as in the view of the directors, the associated foreign currency risk is not significant to the Group based on the result of the sensitivity analysis for both current and prior years.

For the foreign currency risk exposure arising from the possible movement of exchange rate between HKD and USD on those monetary assets and liabilities denominated in USD was insignificant since HKD is pegged to USD for both current and prior years.

38. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Foreign currency risk *(Continued)*

At 31 December 2022 and 2021, the carrying amounts of monetary assets and liabilities that were denominated in RMB mainly exposed the Group to foreign currency risk were as follows:

	Liabilities		Assets	
	2022 HKD'000	2021 HKD'000	**2022 HKD'000**	2021 HKD'000
RMB	**39,580**	31,364	**49,197**	33,236

Sensitivity analysis

The following table details the sensitivity analysis of RMB/HKD. 5% is the sensitivity rate used when reporting the foreign currency risk internally to key management personnel and represents the management best estimate of the possible change of RMB/HKD in the foreseeable future. The sensitivity analysis includes only the monetary assets and liabilities that are denominated in RMB exposed the Group to foreign currency risk, with the adjustments arising from the translation of RMB/HKD at the end of each reporting period for a 5% change determined in the possible change of RMB/HKD. A positive (2021: positive) number below indicates a decrease in loss (2021: an increase in profit) for the year, net of tax, and an increase (2021: an increase) in retained profits when RMB strengthens 5% against HKD at the end of reporting period. For a 5% weakening of RMB against HKD, there would be an equal and opposite impact against net loss (2021: net profit) for the year, net of tax, and retained profits, and the balances below would be negative (2021: negative).

For the purpose of presentation, the amount of foreign currency risk exposure are shown in HKD, being translated by using the spot rate of RMB/HKD at the end of reporting period.

	2022 HKD'000	2021 HKD'000
Decrease in loss for the year, net of tax	**481**	–
Increase in profit for the year, net of tax	**–**	94

The above sensitivity analysis was determined by assuming that the possible change of RMB/HKD had been occurred at the end of reporting period and applied to those subsidiaries with foreign currency risk exposure in existence, and all other risk variables, in particular the market interest rate remained constant for both current and prior years.

The stated changes represent the best estimate by the management on the possible change of RMB/HKD over the period until the next annual reporting date. In this respect, it is assumed that the pegged USD/HKD would be materially unaffected by any changes in movement of RMB/HKD. The sensitivity analysis represents an aggregation of the effect on the affected subsidiaries during the year, being translated into HKD from RMB at the prevailing exchange rate at the end of reporting period for the purpose of presentation.

The key assumptions used in the sensitivity analysis is performed on the same basis for the prior year of 2021.

38. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will be fluctuated under the changes in market interest rate.

The Group is exposed to fair value interest rate risk mainly arises from fixed interest-rate bank deposits, loans receivable and lease liabilities. The directors consider that the associated fair value interest rate risk is insignificant due to the bank deposits and loans receivable are within short maturity periods for both current and prior years.

The Group is also exposed to cash flow interest rate risk mainly arises from variable interest-rate bank deposits, advances to customers in margin financing, cash clients including in trade receivables and bank borrowings. It is the Group's policy to keep certain of the bank deposits at floating interest rates in order to minimise the associated fair value interest rate risk for both current and prior years.

The Group's cash flow interest rate risk is mainly concentrated on the possible change of Hong Kong Interbank Offered Rate ("**HIBOR**"), Loan Prime Rate and the PBOC benchmark interest rate arising from the bank borrowings denominated in HKD, USD and RMB.

The Group did not enter into any financial derivatives to hedge against its exposure to interest rate risk. The management monitors the interest rate risk exposure on an ongoing basis.

Sensitivity analysis

The following details the sensitivity analysis for the possible change in net loss (2021: net loss) for the year, net of tax, and retained profits that would arise by assuming that the possible changes in the interest rates had been occurred at the end of reporting period and applied to remeasure the interest-bearing financial instruments held by the Group which expose to fair value interest rate risk at the end of reporting period. In respect of the cash flow interest rate risk arising from variable interest-rate financial instruments held by the Group, the impact on net loss (2021: net loss) for the year, net of tax, and retained profits is estimated as an annualised impact on interest expenses or income of such a change of interest rates.

The key assumptions used in the sensitivity analysis is performed on the same basis for the prior year of 2021.

A 50 basis point increase or decrease used when reporting the interest rate risk internally to key management personnel and represents the management best estimate of the possible change of interest rates in the foreseeable future.

If the interest rates on bank deposits, advances to customers in margin financing and cash clients including in trade receivables were 50 basis points (2021: 50 basis points) higher/lower, with all other variables held constant, the net loss (2021: net profit) for the year, net of tax, and retained profits would decrease/increase (2021: increase/decrease) by approximately HKD1,261,000 (2021: HKD1,112,000) attributable to the cash flow interest rate risk exposure on variable interest-rate bank deposits advances to customers in margin financing and cash clients including in trade receivables.

38. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Interest rate risk *(Continued)*

Sensitivity analysis (Continued)

In addition, if the interest rates on bank borrowings were 50 basis points (2021: 50 basis points) higher/lower, with all other variables held constant, the net loss (2021: net profit), net of tax, and retained profits would increase/decrease (2021: decrease/increase) by approximately HKD6,000,000 (2021 HKD6,773,000) attributable to the cash flow interest rate risk exposure on variable interest-rate bank borrowings.

The stated changes represent the best estimate by the management on the possible changes of interest rates over the period until the next annual reporting date.

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group's credit risk is primarily attributable to trade and other receivables, advances to customers in margin financing and loans receivable. The Group does not provide any financial guarantee which would expose the Group to credit risk for both current and prior years. The management has an appropriate credit policy and monitors the credit risk exposure on an ongoing basis.

In order to minimise the credit risk, the management has delegated a team who is responsible for determination of credit limits, credit approvals and other monitoring procedures on trade debtors who required individual credit evaluation to ensure that follow-up actions are taken immediately to recover overdue trade debts. To be specific, the evaluation focuses on the trade debtors' past history of making repayments when due and current ability to pay, market value of pledged securities, and taken into account of information specific to the trade debtors as well as pertaining to the macroeconomic environment where the trade debtors located. Ongoing credit evaluation is performed on the financial condition of trade debtors. Trade debtors with balances that are more than a reasonable period of past due are requested to settle all outstanding balances before any further credit is granted. In response to the COVID-19 pandemic, the management has also been performing more frequent review of credit limits for trade debtors in the certain market or geographic locations that are severely impacted, if applicable. Any of the extension of credit period of trade debtors under the adverse impact of COVID-19 pandemic are after careful consideration over the creditworthiness of trade debtors, if applicable.

Except for the balance of advances to customers in margin financing and loans receivable, the Group does not obtain any securities collateral from trade debtors. However, the Group regularly reviews the recoverable amount of each individual trade debts at the end of each reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors consider that the credit risk is significantly reduced.

38. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Credit risk *(Continued)*

Concentration of credit risk

(a) Other than financial services segment

The Group had a concentration of credit risk in relation to trade receivables arising from the trade debtors located in other than financial services segment was approximately 15% (2021: 36%) and 48% (2021: 59%) of total trade receivables of these segments were due from the largest customer and top five customers respectively. These trade receivables were mainly for those trade debtors with sounded credit standing or with whom the Group had no default repayment history. The credit risk of trade debtors was limited because they are with good repayment history and the default risk arising from the market and geographical location where the trade debtors located has an influence on the credit risk but to a lesser extent.

(b) Financial services segment

Financial services segment has put in place a well-established credit policy governing the credit limits granted to customers. Customers were generally required to deposit listed equity securities, properties or other appropriate assets with the Group for securing their borrowings. The credit risks arising from these customers are regularly monitored by the management with reference to the realisable values of the securities collateral and individual credit risk assessments. For the default risk of the market and geographic location where the customers located also has an influence on the credit risk but to a lesser extent. For the trade receivables arising from the clearing house is at a high credit standing and the management does not expect the clearing house will fail to meet any of its obligations. In response to COVID-19 pandemic, the management has performed a more frequent review of the credit risk assessment for those customers and will make further adjustment if applicable.

The Group had a concentration of credit risk in relation to advances to customers in margin financing and loans receivable was 15% (2021: 11%) and 55% (2021: 46%) of total receivables of this segment were due from the largest customer and top five customers respectively. These trade receivables were mainly for those customers with sounded credit standing or with whom the Group possessed the ownership over their securities collateral. Details of the credit quality and the maximum exposure to credit risk in terms of the advances to customers in margin financing and loans receivable are set out in Notes 23 and 24 to the consolidated financial statements, respectively.

38. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Credit risk *(Continued)*

Loss allowance calculation of trade receivables

The Group adopted the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime ECLs for all of the trade receivables balances. At 31 December 2022, the loss allowance of trade receivables was determined in the following provision matrix on the basis of the ageing analysis as disclosed in Note 22 to the consolidated financial statements. The ECLs below also incorporated forward-looking information and groupings of various customers' segments with similar loss patterns in the ECLs calculations, which reflected the probability-weighted outcome, time value of money and reasonable and supportable information that is available at the reporting date. The management taken into account of the impact of COVID-19 pandemic on the grouping of customers and will make adjustment on the ECLs calculations as if the impact is material.

	Weighted average expected loss rate %	Gross carrying amount HKD'000	Loss allowance HKD'000
Gross carrying amount of trade debtors subject to provision matrix:			
0 to 30 days	1.8	20,043	362
31 to 60 days	2.2	3,378	74
61 to 90 days	2.4	1,619	39
91 to 180 days	2.6	1,178	31
More than 180 days	3.6	14,526	528
At 31 December 2022		40,744	1,034

38. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Credit risk *(Continued)*

Loss allowance calculation of trade receivables (Continued)

	Weighted average expected loss rate %	Gross carrying amount HKD'000	Loss allowance HKD'000
Gross carrying amount of trade debtors subject to provision matrix:			
0 to 30 days	0.5	35,102	170
31 to 60 days	0.6	11,508	66
61 to 90 days	1.5	1,732	26
91 to 180 days	9.5	1,736	164
More than 180 days	13.5	23,069	3,124
At 31 December 2021		73,147	3,550

Loss allowance calculation of other financial assets at amortised cost

Except for the loss allowance recognised on the amount due from an associate and loans receivable that were calculated under the lifetime ECL calculations being classified as stage 3 as set out in Notes 19 and 24 to the consolidated financial statements, the loss allowance of other receivables, advances to customers in margin financing and amounts due from joint ventures was immaterial under 12-months ECL calculations being classified as stage 1. The credit risks on restricted bank deposits and bank balances and cash are limited because they are placed with reputable banks.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting of its obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the business operations and investments.

In the management of the liquidity risk, the management regularly monitors and maintains an optimal level of cash and cash equivalents and undrawn borrowing facilities deemed adequate by the management to finance the Group's business operations for meeting its liquidity requirement and mitigate the effects of fluctuations in cash flows at all times. The management will be more cautious to take appropriate actions to mitigate the adverse impact attributable from the COVID-19 pandemic.

In addition, there is a minimum liquid capital requirement under the SF(FR)R and a constant need of funding for the financial services segment. The management aims to maintain flexibility in funding for the settlement of securities transactions, margin financing and loans to customers.

38. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iv) Liquidity risk *(Continued)*

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities based on their agreed repayment terms. The table illustrated below is based on the undiscounted cash flows of financial liabilities according to the earliest date on which the Group can be required to pay. The table includes both principals and interests cash flows:

	Weighted average interest rate %	On demand or less than 1 month HKD'000	1–3 months HKD'000	3–12 months HKD'000	More than 1 year HKD'000	Total undiscounted cash flows HKD'000	Carrying amount at 31.12.2022 HKD'000
2022							
Non-derivative financial liabilities							
Trade and other payables	–	262,798	–	–	–	262,798	262,798
Amount due to a joint venture	–	534	–	–	–	534	534
Amount due to a related party	–	113	–	–	–	113	113
Amount due to a director	–	21,989	–	–	–	21,989	21,989
Bank borrowings	6.2	10,203	179,802	405,835	1,047,052	1,642,892	1,444,045
Lease liabilities	6.9	1,022	2,044	9,198	320,931	333,195	190,150
		296,659	181,846	415,033	1,367,983	2,261,521	1,919,629

	Weighted average interest rate %	On demand or less than 1 month HKD'000	1–3 months HKD'000	3–12 months HKD'000	More than 1 year HKD'000	Total undiscounted cash flows HKD'000	Carrying amount at 31.12.2021 HKD'000
2021							
Non-derivative financial liabilities							
Trade and other payables	–	369,473	–	–	–	369,473	369,473
Amount due to a related party	–	123	–	–	–	123	123
Amount due to a director	–	7,367	–	–	–	7,367	7,367
Bank borrowings	3.4	8,203	83,750	246,993	1,382,510	1,721,456	1,622,156
Loan from non-controlling interests	2.5	3,690	–	–	–	3,690	3,683
Lease liabilities	6.9	1,065	2,131	9,589	361,957	374,742	205,291
		389,921	85,881	256,582	1,744,467	2,476,851	2,208,093

38. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(v) Equity price risk

Equity price risk is the risk that the fair values of financial assets at FVTPL decrease as a result of the adverse changes of market prices.

The Group's listed equity securities in Hong Kong are listed in the Stock Exchange. Decisions to buy or sell the securities are based on daily monitoring of their performance compared to that of the Hang Seng Index, other market factors and the liquidity needs of the Group.

The Group's unlisted investment was held for trading purposes. The performance of the Group's unlisted investment is assessed regularly against the performance of investment.

The following table demonstrates the sensitivity analysis to every 10% (2021: 5%) change in the fair values of which the directors expect the possible changes of financial assets at FVTPL, with all other variables held constant and before tax, based on their carrying amounts at the end of reporting period.

	Increase/ (decrease) in fair value %	Decrease/ (increase) in loss before income tax expense HKD'000	Increase/ (decrease) in retained profits HKD'000
2022			
Listed equity securities in Hong Kong	**10**	**5,446**	**–**
Unlisted Investment	**10**	**7,284**	**–**

	Increase/ (decrease) in fair value %	Increase/ (decrease) in profit before income tax expense HKD'000	Increase/ (decrease) in retained profits HKD'000
2021			
Listed equity securities in Hong Kong	5	9,261	–
Unlisted investment	5	3,847	–

38. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(vi) Offsetting financial assets and financial liabilities

The following tables represent details of the Group's financial assets and liabilities subject to offsetting, restricted by the enforceable master netting arrangements or similar agreements between the Group and Hong Kong Securities Clearing Company Limited ("**HKSCC**") at 31 December 2022 and 2021.

	Financial assets subject to offsetting					
				Related amounts not offset in the consolidated statement of financial position		
	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities offset in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Financial instruments other than cash collateral	Cash collateral received	Net amount
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
At 31 December 2022						
Trade receivable from HKSCC	**14,722**	**(14,722)**	**–**	**–**	**–**	**–**
At 31 December 2021						
Trade receivable from HKSCC	72,218	(72,218)	–	–	–	–

	Financial liabilities subject to offsetting					
				Related amounts not offset in the consolidated statement of financial position		
	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets offset in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Financial instruments other than cash collateral	Cash collateral received	Net amount
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
At 31 December 2022						
Trade payable from HKSCC	**21,802**	**(14,722)**	**7,080**	**–**	**–**	**7,080**
At 31 December 2021						
Trade payable from HKSCC	75,777	(72,218)	3,559	–	–	3,559

38. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(vi) Offsetting financial assets and financial liabilities *(Continued)*

The tables below reconcile the amounts of trade and other receivables, and trade and other payables as presented in the consolidated statement of financial position as at 31 December 2022 and 2021:

	2022 HKD'000	2021 HKD'000
Trade and other receivables		
Trade and other receivables not within the scope of offsetting disclosure	**252,294**	236,539
Trade and other receivables as disclosed in the consolidated statement of financial position	**252,294**	236,539

	2022 HKD'000	2021 HKD'000
Trade and other payables		
Net amount of trade payable from HKSCC	**7,080**	3,559
Trade and other payables not within the scope of offsetting disclosure	**259,692**	379,028
Trade and other payables as disclosed in the consolidated statement of financial position	**266,772**	382,587

(c) 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 is 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.

38. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements *(Continued)*

The directors consider that the carrying amounts of financial instruments measured at amortised cost at 31 December 2022 and 2021 were approximate to their fair values on the grounds that either of their maturity periods are short or their effective interest rates were approximate to the relevant discount rates.

There was no change in the valuation techniques and transfers between Level 1 and Level 2, or transfers into or out of Level 3 fair value hierarchy for both current and prior years. The Group's accounting policy is to recognise transfers between levels of fair value hierarchy at the end of reporting period in which they occur.

The following table provides an analysis of financial instruments measured at fair value. The listed equity securities in Hong Kong is classified as Level 1 and the unlisted investment is classified as Level 3. The classification is based on the degree to which the key inputs used in the fair value measurements are observable and the significance of adjustments to the key inputs used in the fair value measurements.

	2022 HKD'000	2021 HKD'000
Level 1		
– Listed equity securities in Hong Kong	**54,455**	185,216
Level 3		
– Unlisted investment	**72,839**	76,942

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 31 December 2022 and 2021 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. The SPAC 1 was successfully listed on NASDAQ in August 2018, and then acquired a business target in February 2020. After the acquisition, the investment in the SPAC 1 was subject to a 12-month lock-up period before the Group or the third party investor can dispose the investment, i.e. until 15 February 2021. According to the agreement, the Group will share the proceeds from the disposal equally with the third party investor. As at 31 December 2021, the SPAC 1 has completed the lock-up period and the third party investor had exchanged the underlying SPAC 1 investment into a security listed in Hong Kong. Up to date of approval and authorisation for issuance of these consolidated financial statements, the SPAC 2 has not yet launched.

38. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements *(Continued)*

Information about Level 3 fair value measurements *(Continued)*

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 31 December 2022 and 2021, the probability of default of this investment is considered to be minimal. The Group's management 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 HKD3,642,000 for the year ended 31 December 2022 (2021: decrease in fair value of approximately HKD3,847,000).

Reconciliations of the opening and closing balance of financial instruments classified as level 3 fair value hierarchy are provided as follows:

	2022 HKD'000	2021 HKD'000
Unlisted investment		
At 1 January	**76,942**	98,665
Decrease in fair value	**(4,103)**	(21,723)
At 31 December	**72,839**	76,942

The fair value loss of the unlisted investment of approximately HKD4,103,000 (2021: HKD21,723,000) was mainly attributable to a reduction of market price and exchange of investment of the underlying investment.

39. 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 9 to the consolidated financial statements, the Group had no other contingent assets or contingent liabilities required to be recognised or disclosed in the consolidated financial statements at 31 December 2022 and 2021.

40. OPERATING LEASES COMMITMENTS

As a lessee

During the year, the Group incurred minimum and contingent lease payments in respect of its office premises, staff quarters, warehouses and retail shops under non-cancellable tenancy agreements for those qualified under the recognition exemptions of HKFRS 16, which were recognised as short-term leases expenses in profit or loss disclosed as follows:

	2022 **HKD'000**	2021 HKD'000
Operating lease expenses comprised of:		
Minimum lease payments		
– Office premises	**1,961**	1,691
– Staff quarters	**210**	295
– Warehouses	**1,760**	2,513
– Retail shops	**272**	2,590
	4,203	7,089
Contingent lease payments	**3,765**	10,768
	7,968	17,857

Among the contingent lease payments, the Group leased a number of retail shops which contain contingent lease payment terms that are calculated based on the relevant shops' revenue generated and minimum lease payment terms that are fixed for both current and prior years. The amount of such contingent lease payments to be incurred in the future cannot be readily estimated in advance and is excluded in the calculation of lease commitment as disclosed above.

40. OPERATING LEASES COMMITMENTS *(Continued)*

As a lessor

Rental income generated by leasing the investment properties held by the Group during the year was approximately HKD65,666,000 (2021: HKD69,641,000). Tenants who located in those investment properties were committed with the Group for leasing the properties for the next one to fourteen years (2021: one to fifteen years). Included in the rental income, the rental income arising from the sub-leasing of retail shops for the community located in Tianjin, the PRC, generated during the year was approximately HKD10,770,000 (2021: HKD11,886,000).

The Group had the following future minimum lease receivables under non-cancellable tenancy agreements, which were entitled to be received at 31 December 2022 and 2021:

	2022 HKD'000	2021 HKD'000
Within 1 year	**46,572**	50,551
After 1 year but within 2 years	**23,885**	29,628
After 2 year but within 3 years	**14,992**	14,235
After 3 year but within 4 years	**10,200**	10,233
After 4 year but within 5 years	**8,019**	8,157
After 5 years	**55,499**	61,279
	159,167	174,083

41. CAPITAL COMMITMENTS

At 31 December 2022 and 2021, the Group had the following material contractual capital commitments not provided for in the consolidated financial statements:

	2022 HKD'000	2021 HKD'000
Contracted for but not provided		
– Construction costs of outlet mall buildings located in Shenyang, the PRC	**15,828**	29,528
– Construction costs of brewery located in Japan	**23,552**	–
	39,380	29,528

42. RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution retirement plan under the Mandatory Provident Fund Scheme (the "**MPF Scheme**") applied for all of its qualifying employees in Hong Kong, who are eligible to participate. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group under the control of the independent trustees. Under the rules of the MPF Scheme, both employer and its employees are required to contribute for the MPF Scheme on a specific percentage of the qualifying employees' basic salaries. The only obligation of the Group with respect to the MPF Scheme, which is to contribute 5% of the employees' basic salaries or HKD1,500 per month in maximum under the MPF Scheme and charged to profit or loss.

The Company's subsidiaries operate in the PRC are the members of the state-managed retirement benefits scheme, namely the Central Provident Fund operated by the relevant PRC tax authorities. The related contributions are determined based on a certain percentage of the monthly salaries of the relevant subsidiaries' employees, and charged to profit or loss once the amount of contributions become payable by these subsidiaries with the rules specified in the scheme. The Group has no other obligations under the scheme other than the contributions to the Central Provident Fund for both current and prior years.

In addition, the Group also participates in defined contribution retirement schemes organised by the relevant local government authorities in other jurisdictions where the Group operates. Certain employees of the Group are eligible for participating in the retirement benefits schemes are entitled to the retirement benefits from the relevant schemes. As a result, the Group is required to contribute to the retirement schemes upon the retirement of the eligible employees, excluding those employees who resigned before their respective retirements, at a percentage that is specified by the local governments.

During the year of 2022, no forfeited contributions made by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions may be used by the Group, as the employer, to reduce existing level of contributions. As at 31 December 2022, the Group had no significant obligation apart from the contributions as stated above.

43. RELATED PARTY DISCLOSURES

(a) Related party transactions

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

	2022 HKD'000	2021 HKD'000
Mr. Cheng Tun Nei and his associates:		
Commission income from securities brokerage	20	33
Interest income from margin financing	1,248	570
Motor vehicle expenses	78	78
Total amount of margin financing facilities granted *(Note (i))*	17,000	10,000
Maximum outstanding balance of margin loans issued	16,242	13,734
Mr. Lee Cheung Ming:		
Interest income from margin financing	803	3,801
Total amount of margin financing facilities granted *(Note (i))*	15,000	10,000
Maximum outstanding balance of margin loans issued	10,128	9,543
Other related parties:		
Interest income from a non-controlling shareholder	–	517
Interest expenses of loan from non-controlling interests	7	128
Minimum purchase for the sales and distribution of "Arena" branded swimwear and other sportswear, shoes and related accessories *(Note (ii))*	–	100,915
Provision of services in sourcing, engaging and managing manufacturers to manufacture "SKINS" products and purchase a variety of products from IPA *(Note (iii))*	34,504	32,047

Notes:

(i) Mr. Lee Cheung Ming ("**Mr. Lee**") who is the Executive Director of the Company entered into a margin financing agreement with the Group, with a facility amount of HKD15,000,000 (2021: HKD10,000,000) granted to Mr. Lee for securities trading transaction. The balance of margin financing granted to Mr. Lee was secured by a cash deposit of HKD15,000,000 (2021: HKD10,000,000) or assets of equivalent value in his securities account maintained with the Group, interest-bearing at Prime Rate plus 3% per annum.

Margin financing agreement granted to Mr. Cheng Tun Nei ("**Mr. Cheng**") and a company wholly-owned by Mr. Cheng, which is secured by a cash deposit of HKD17,000,000 (2021: HKD10,000,000) or assets of equivalent value in their securities accounts in aggregate maintained with the Group, interest-bearing at Prime Rate plus 3% (2021: Prime Rate plus 3%) per annum.

(ii) After conducting an annual review of the 2018 business performance, an amendment to the original "Arena" Joint Venture and China-exclusive Distribution Agreement was entered into on 7 May 2019 under which the price and minimum level of purchase for "Arena" branded swimwear and other sportswear, shoes and related accessories have been adjusted.

(iii) On 20 December 2021, the Company, the subsidiary of the Company, SMITO Sales & Distribution Company Limited ("**SYMITO**") and ITOCU Textile Prominent (Asia) Limited ("**IPA**") entered into a Master Manufacturing and Licensing Agreement for the provision of services in sourcing, engaging and managing manufacturers to manufacture "SKINS" Products and purchase a variety of products from IPA, including but not limited to "SKINS" products and other branded products sourced by IPA.

43. RELATED PARTY DISCLOSURES *(Continued)*

(a) Related party transactions *(Continued)*

The related party transactions disclosed in Notes (i), (ii) and (iii) above are constituted as continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section headed "Continuing Connected Transactions" of the Directors' Report for both current and prior years.

(b) Key management personnel's emoluments

Regarding to Note 11 to the consolidated financial statements, the emoluments of the directors and the senior management are defined as the key management personnel during the year were as follows:

	2022 **HKD'000**	2021 HKD'000
Salaries, welfare and other expenses	**10,397**	10,221
Contributions to defined contribution retirement plans	**116**	122
	10,513	10,343

The emoluments of the directors and the senior management was reviewed and approved by the remuneration committee of the Company after taken into account of their relevant experience, qualifications, business performance, market practices and competitive market conditions as further disclosed in the Directors' Report and Corporate Governance Report.

44. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2022 HKD'000	2021 HKD'000
Non-current assets			
Investments in subsidiaries	45	**19,619**	14,940
Intangible assets		**45,613**	45,613
Amounts due from subsidiaries		**2,449,214**	2,550,882
Restricted bank deposit		**33,000**	20,000
Total non-current assets		**2,547,446**	2,631,435
Current assets			
Other receivables		**1,064**	882
Bank balances and cash		**6,085**	57,532
Total current assets		**7,149**	58,414
Current liabilities			
Other payables		**4,272**	5,279
Bank borrowings		**218,159**	175,784
Total current liabilities		**222,431**	181,063
Net current liabilities		**(215,282)**	(122,649)
Total assets less current liabilities		**2,332,164**	2,508,786
Non-current liabilities			
Bank borrowings		**591,229**	713,438
NET ASSETS		**1,740,935**	1,795,348
Equity			
Share capital	34	**297,422**	297,422
Reserves	36	**1,443,513**	1,497,926
TOTAL EQUITY		**1,740,935**	1,795,348

Approved and authorised for issue by the board of directors and were signed on its behalf by:

Cheng Tun Nei *Director*	**Chan Kar Lee Gary** *Director*

45. INVESTMENTS IN SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2022 and 2021 were as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued share capital/ registered capital paid up	Effective interest in issued share capital/ registered capital paid up held by the Company				Principal activities
			2022		2021		
			Directly	Indirectly	Directly	Indirectly	
Cosmo Group Holdings Limited	The British Virgin Islands	Ordinary paid-up shares of USD10,000	100%	–	100%	–	Investment holding
Tak Jin Management Services Limited	Hong Kong	Ordinary paid-up share of HKD1	–	100%	–	100%	Provision of accountancy, secretarial and management services
Kwan Tai Resources Limited	Hong Kong	Ordinary paid-up shares of HKD10	–	100%	–	100%	Property investment
Yue Hing Holdings Limited	Hong Kong	Ordinary paid-up shares of HKD2	–	100%	–	100%	Property investment
新羚步(上海)國際貿易有限公司	The PRC (wholly-owned foreign enterprise)	Registered paid-up capital of USD3,000,000	–	100%	–	100%	Property investment
Worldwide Properties Limited	Hong Kong	Ordinary paid-up shares of HKD10,000	–	100%	–	100%	Property investment
SYM Development Limited	Hong Kong	Ordinary paid-up shares of HKD2	–	100%	–	100%	Property investment
Chung Wah Elite Company Limited	Hong Kong	Ordinary paid-up shares of HKD100	–	100%	–	100%	Investment holding
Premier Ever Group Limited	The British Virgin Islands	Ordinary paid-up shares of USD63,068,127	–	100%	–	100%	Investment holding
Frontlead Holdings Limited	The British Virgin Islands	Ordinary paid-up share of USD1	–	100%	–	100%	Investment holding
Rivergold International Limited	The British Virgin Islands	Ordinary paid-up shares of USD78,364,080	–	100%	–	100%	Investment holding

45. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued share capital/ registered capital paid up	Effective interest in issued share capital/ registered capital paid up held by the Company				Principal activities
			2022		2021		
			Directly	Indirectly	Directly	Indirectly	
Orton Holdings Limited	Hong Kong	Ordinary paid-up share of HKD1	–	100%	–	100%	Investment holding
Good Developments Limited	Hong Kong	Ordinary paid-up shares of HKD2	–	100%	–	100%	Investment holding
瀋陽奧特萊斯房地產開發有限公司	The PRC (wholly-owned foreign enterprise)	Registered paid-up capital of USD70,766,000	–	100%	–	100%	Property investment
瀋陽尚柏百貨有限公司	The PRC (wholly-owned foreign enterprise)	Registered paid-up capital of USD12,000,000	–	100%	–	100%	Operation and management of outlet malls
China Rise Finance Group Company Limited	Hong Kong	Ordinary paid-up shares of HKD10,000	–	100%	–	100%	Investment holding
China Rise Securities Asset Management Company Limited	Hong Kong	Ordinary paid-up shares of HKD135,000,000 (2021: HKD100,000,000)	–	100%	–	100%	Provisions of securities brokerage, underwriting and placing of listed securities, margin financing and financial consultancy services
China Rise Finance Co., Limited	Hong Kong	Ordinary paid-up shares of HKD10,000	–	100%	–	100%	Provision of money lending service
Giant Fortune International Limited	The British Virgin Islands	Ordinary paid-up share of USD1	–	100%	–	100%	Investment in unlisted investment
China Rise Capital Co., Limited	Hong Kong	Ordinary paid-up share of HKD1	–	100%	–	100%	Investment holding

45. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued share capital/ registered capital paid up	Effective interest in issued share capital/ registered capital paid up held by the Company				Principal activities
			2022		2021		
			Directly	Indirectly	Directly	Indirectly	
JFT Holdings Limited	Hong Kong	Ordinary paid-up shares of HKD316,000,000	–	100%	–	100%	Provision of information technology, corporate services and portfolio management and investment of listed equity securities
Profit Guaranteed Assets Limited	Hong Kong	Ordinary paid-up shares of HKD2	–	100%	–	100%	Provisions of accountancy, legal, secretarial and cruiser services
JFT China Limited	The PRC (wholly-owned foreign enterprise)	Registered paid-up capital of RMB23,611,365	–	100%	–	100%	Trading, retailing and distribution of swimming apparel and accessories
Arena (Shanghai) Industrial Co., Limited (note i) *(Note 47)*	The PRC (wholly-owned foreign enterprise)	Registered paid-up capital of RMB30,000,000	–	–	–	70%	Trading, retailing and distribution of swimming apparel and accessories
上海尚柏體育發展有限公司	The PRC (wholly-owned foreign enterprise)	Registered paid-up capital of RMB1,000,000	–	100%	–	100%	Trading, retailing and distribution of swimming apparel and accessories
杭州朗旌網絡科技有限公司	The PRC (wholly-owned foreign enterprise)	Registered paid-up capital of RMB2,000,000	–	100%	–	100%	Trading, retailing and distribution of swimming apparel and accessories
Yifeng (Xiamen) Trading Limited	The PRC (wholly-owned foreign enterprise)	Registered paid-up capital of USD1,000,000	–	100%	–	100%	Operation and management of fashion stores
Pony International Limited	Hong Kong	Ordinary paid-up shares of HKD2	–	100%	–	100%	Sublicensing of trademark rights, trading and wholesales of sportswear

45. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued share capital/ registered capital paid up	Effective interest in issued share capital/ registered capital paid up held by the Company				Principal activities
			2022		2021		
			Directly	Indirectly	Directly	Indirectly	
Super Jumbo Holdings Limited	The British Virgin Islands	Ordinary paid-up share of USD1	–	100%	–	100%	Development and management of "PONY" trademarks
Symphony Trademark Inc. (formerly known as Pony Inc.)	The United States	Ordinary paid-up share of USD1	–	100%	–	100%	Sublicensing of trademark rights
Symphony Singapore Enterprise Pte. Ltd. (formerly known as Pony Asia Holdings Pte. Ltd.)	Singapore	Ordinary paid-up shares of SGD100	–	100%	–	100%	Sublicensing of trademark rights
Aggressive Resources Limited ("**Aggressive Resources**")	The British Virgin Islands	Ordinary paid-up shares of USD50,000	–	71.30%	–	56.95%	Investment holding
Supremium Bio-Technology Limited ("**Supremium Bio-Technology**")	Hong Kong	Ordinary paid-up shares of HKD10,000	–	71.30%	–	56.95%	Manufacturing, developing and retailing of healthcare products
Kingxin International Investment Limited	The British Virgin Islands	Ordinary paid-up shares of USD50,000	–	100%	–	100%	Investment holding
HK Asia Gain International Investment Limited	Hong Kong	Ordinary paid-up shares of HKD28,000,000	–	100%	–	100%	Investment holding
重慶雲太美每家商業運營管理有限公司	The PRC (wholly-owned foreign enterprise)	Registered paid-up shares of RMB260,000,000	–	100%	–	100%	Property investment
Majestic City Group Limited	The British Virgin Islands	Ordinary paid-up share of USD1	–	100%	–	100%	Investment holding
Majestic City (Hong Kong) Limited	Hong Kong	Ordinary paid-up share of HKD1	–	100%	–	100%	Investment holding

45. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued share capital/ registered capital paid up	Effective interest in issued share capital/ registered capital paid up held by the Company				Principal activities
			2022		2021		
			Directly	Indirectly	Directly	Indirectly	
Xiamen Park Outlets Property Co., Ltd.	The PRC (wholly-owned foreign enterprise)	Registered paid-up shares of USD53,000,000 (2021: USD51,000.000)	–	100%	–	100%	Property investment
廈門尚柏奧萊商業管理有限公司	The PRC (wholly-owned foreign enterprise)	Registered paid-up shares of RMB50,000,000	–	100%	–	100%	Operation and management of outlet malls
Grand Galatica Limited	The British Virgin Islands	Ordinary paid-up shares of USD100	–	100%	–	100%	Holding of club debenture
State Glory (Hong Kong) Trading Limited	Hong Kong	Ordinary paid-up share of HKD1	–	100%	–	100%	Trading and wholesales of "SKINS" products
SYM ITO Sales & Distribution Company Limited ("**SYM ITO**")	Hong Kong	Ordinary paid-up shares of USD4,000,000 (2021: USD3,000,000)	60%	–	60%	–	Trading and wholesales of "SKINS" products
State Glory (UK) Trading Limited	United Kingdom (wholly owned foreign enterprise)	Ordinary paid-up share of GBP1	–	60%	–	60%	Trading and wholesales of "SKINS" products
State Glory (Aus) Trading Pty Ltd	Australia (wholly owned foreign enterprise)	Ordinary paid-up share of AUD1	–	60%	–	60%	Trading and wholesales of "SKINS" products
Symphony Yoshida Brewery Co., Ltd. ("**Yoshida Brewery**")	Japan (wholly-owned foreign enterprise)	Registered paid-up shares of JYP10,000,000	–	53.15%	N/A	N/A	Manufacture and sale of alcoholic beverages and food

45. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Notes:

(i) It was disposed and ceased to be a subsidiary of the Company in 2022.

(ii) None of the Company's principal subsidiaries listed above issued or had any debt securities outstanding at the end of reporting period.

(iii) The Company's principal subsidiaries listed above of which, in the opinion of the directors, principally affected either the Group's financial position or financial performance for the year. In addition, in order to give details of other subsidiaries of the Company will be, in the opinion of the directors, resulted in excessive length of particulars to be shown after an extensive level of efforts exerted.

(iv) During the year ended 31 December 2022, the Group acquired 14.35% equity interest in Aggressive Resources from an independent third party at a consideration of HKD25,300,000. The Group's equity interest of Aggressive Resource increased from 56.95% to 71.3%.

The transaction was accounted for as transaction within the shareholders of Aggressive Resource in their capacity as equity holder. The different between the consideration paid and the carrying value of net assets acquired of in an equity transaction with non-controlling interest resulted from the change in the Group's ownership interest in a subsidiary, amounting to approximately HKD23,482,000 was charged in equity of other reserve and an decrease of approximately HKD1,818,000.

46. NON-CONTROLLING INTERESTS

At 31 December 2021, the Group had material non-controlling interests ("**NCIs**") arising from 70% equity interests in Arena (Shanghai) Industrial Co., Limited ("**Arena Shanghai**"), 60% equity interests in SYM ITO and 56.95% equity interests in Aggressive Resources.

During the year ended 31 December 2021, the Group disposed of 43.05% of its equity interest in Aggressive Resources to an independent third party, and reducing the Group's equity interest from 100% to 56.95%. An amount of approximately HKD4,938,000 was recognised in the non-controlling interests, being the proportionate share of carrying amount of the net assets of Aggressive Resources.

During the year ended 31 December 2022, the Group injected USD600,000 (equivalent to approximately HKD4,678,000) in SYM ITO, while the non-controlling interest injected USD400,000 (equivalent to approximately HKD3,119,000) in SYM ITO. The Group remains its equity interest in SYM ITO of 60%.

During the year ended 31 December 2022, the non-controlling interest injected JYP209,118,000 (equivalent to approximately HKD12,948,000) in Yoshida Brewery, being the equity interest of 47.85%.

The Group acquired 14.35% equity interest in Aggressive Resources from an independent third party at a consideration of HKD25,300,000. The Group's equity interest in Aggressive Resource increased from 56.95% to 71.3%.

The NCIs of other subsidiaries that not 100% owned by the Group are considered as immaterial and their financial information is not disclosed.

46. NON-CONTROLLING INTERESTS *(Continued)*

Summarised financial information in relation to the material NCIs before intra-group eliminations was presented as follows:

Summarised statements of financial position of Arena Shanghai, SYM ITO, Aggressive Resources and Yoshida Brewery as at 31 December

	Arena Shanghai	SYM ITO		Aggressive Resources		Yoshida Brewery
	2021 HKD'000	**2022 HKD'000**	2021 HKD'000	**2022 HKD'000**	2021 HKD'000	**2022 HKD'000**
Current						
Assets	94,854	**58,263**	65,211	**14,156**	13,376	**20,845**
Liabilities	(53,938)	**(45,858)**	(43,037)	**(1,409)**	(2,163)	**(3,976)**
	40,916	**12,405**	22,174	**12,747**	11,213	**16,869**
Non-current						
Assets	1,569	**1,030**	119	**160**	603	**19,450**
Liabilities	(3,683)	**(2)**	(2)	**–**	–	**(17,737)**
	(2,114)	**1,028**	117	**160**	603	**1,713**
Net assets	38,802	**13,433**	22,291	**12,907**	11,816	**18,582**
Accumulated non-controlling interests	11,344	**4,941**	8,863	**3,704**	5,107	**11,617**

46. NON-CONTROLLING INTERESTS *(Continued)*

Summarised statements of profit or loss and statements of comprehensive income of Arena Shanghai, SYM ITO, Aggressive Resources and Yoshida Brewery for the year ended 31 December

	Arena Shanghai	SYM ITO		Aggressive Resources		Yoshida Brewery
	2021 HKD'000	**2022** **HKD'000**	2021 HKD'000	**2022** **HKD'000**	2021 HKD'000	**2022** **HKD'000**
Revenue	169,061	**39,201**	72,854	**13,119**	12,533	**–**
(Loss)/profit before income tax expense	(849)	**(14,943)**	1,401	**1,289**	733	**(3,303)**
Income tax (expense)/credit	(1,292)	**(73)**	(646)	**(198)**	47	**(27)**
(Loss)/profit for the year	(2,141)	**(15,016)**	755	**1,091**	780	**(3,330)**
Other comprehensive income	1,273	**(1,633)**	(562)	**–**	–	**(149)**
Total comprehensive income for the year	(868)	**(16,649)**	193	**1,091**	780	**(3,479)**
Total comprehensive income for the year attributable to non-controlling interests	(209)	**(6,660)**	81	**415**	169	**(1,332)**

46. NON-CONTROLLING INTERESTS *(Continued)*

Summarised statement of cash flows of Arena Shanghai, SYM ITO , Aggressive Resources and Yoshida Brewery for the year ended 31 December

	Arena Shanghai	SYM ITO		Aggressive Resources		Yoshida Brewery
	2021 HKD'000	**2022 HKD'000**	2021 HKD'000	**2022 HKD'000**	2021 HKD'000	**2022 HKD'000**
Cash flows from operating activities						
Net cash from/(used in) operating activities	9,635	**(16,317)**	(6,437)	**848**	1,983	**(6,010)**
Cash flows from investing activities						
Net cash used in investing activities	(460)	**(945)**	(25)	**(15)**	(31)	**(15,816)**
Cash flows from financing activities						
Net cash (used in)/from financing activities	(441)	**24,362**	(7,335)	**(508)**	(961)	**39,492**
Net increase/(decrease) in cash and cash equivalents	8,734	**7,100**	(13,797)	**325**	991	**17,666**
Cash and cash equivalents at beginning of the year	10,282	**2,027**	16,021	**5,706**	4,715	**–**
Effect of exchange rate changes on cash and cash equivalents	2,956	**(1,592)**	(197)	**–**	–	**(846)**
Cash and cash equivalents at end of the year	21,972	**7,535**	2,027	**6,031**	5,706	**16,820**

Loan from non-controlling interests

At 31 December 2021, the balance of loan from non-controlling interest of approximately HKD3,683,000 was unsecured, interest-bearing at 2.5% per annum and with no fixed term of repayment.

On 19 January 2022, the loan from non-controlling interests had been fully repaid.

47. PARTIAL DISPOSAL OF SUBSIDIARIES IN PRIOR YEAR

On 12 August 2021, Cosmo Group Holdings Limited (a direct wholly-owned subsidiary of the Company) (the "**Vendor**") entered into the agreement for transfer of shares with Shunten International (Holdings) Limited (a company incorporated in the Cayman Islands and the shares of which are listed on the Stock Exchange with stock code 932) ("**Shunten**") and Super Winner Enterprises Limited (a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Shunten) (the "**Purchaser**"), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase 21,525 shares of the issued share capital of Aggressive Resources (an indirect wholly-owned subsidiary of the Company incorporated in the British Virgin Islands and the sole shareholder of Supremium Bio-Technology, a company incorporated in Hong Kong and is principally engaged in the sourcing, manufacturing, packing, wholesaling and trading of healthcare products in Hong Kong). The consideration of the shares was a total number of 512,982,240 shares at HKD0.13 per share, equivalent to approximately HKD66,687,000.

The Group's equity interests in Aggressive Resources was diluted from 100% to 56.95%. The different between the consideration of shares received and the carrying value of net assets disposed of in an equity transaction with non-controlling interest resulted from the change in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary of the Company, amounting to approximately HKD61,749,000, was recognised in equity as other reserve and an increase of approximately HKD4,938,000 was recognised in the non-controlling interests.

Details of which were disclosed in the announcements of the Company dated 12 August 2021 and 19 August 2021.

48. DISPOSAL OF A SUBSIDIARY

As refer to note 10(d), on 27 June 2022, the Group disposed entire 70% of the equity interests in the registered capital of Arena Shanghai, which was principally engaged in branding, retailing and provisions of sourcing services for "arena" swimwear and accessories in the PRC.

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

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

49. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash and cash equivalent comprised of:

	2022 HKD'000	2021 HKD'000
Bank balances and cash available on demand	**65,891**	103,606
Bank balances and cash restricted in the PRC	**27,705**	70,672
Time deposits	**4,535**	–
	98,131	174,278
Significant non-cash transactions arising from:		
Investing activities		
Additions of financial assets at fair value through profit or loss	**–**	66,687

49. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings HKD'000 *(Note 30)*	Loan from non-controlling interests HKD'000 *(Note 46)*	Amount due to a joint venture HKD'000 *(Note 18)*	Amount due to a related party HKD'000 *(Note 32)*	Amount due to a director HKD'000 *(Note 33)*	Lease liabilities HKD'000 *(Note 31)*	Total HKD'000
At 1 January 2022	1,622,156	3,683	–	123	7,367	205,291	1,838,620
Changes from financing cash flows:							
Repayment to loan from a non-controlling shareholder	–	(3,390)	–	–	–	–	(3,390)
Proceeds from bank borrowings	256,180	–	–	–	–	-	256,180
Repayments of bank borrowings	(400,790)	–	–	–	–	–	(400,790)
Advance from a joint venture	–	–	534	–	–	–	534
Advance from a director	–	–	–	–	15,208	–	15,208
Repayments of lease liabilities	–	–	–	–	–	(10,136)	(10,136)
Interest paid	(61,426)	(7)	–	–	–	–	(61,433)
Total changes from financing cash flows	(206,036)	(3,397)	534	–	15,208	(10,136)	(203,827)
Other changes:							
Exchange realignment	(33,501)	(293)	–	(10)	(586)	(18,405)	(52,795)
Interest expenses	61,426	7	–	–	–	13,400	74,833
Total other changes	27,925	(286)	–	(10)	(586)	(5,005)	22,038
At 31 December 2022	1,444,045	–	534	113	21,989	190,150	1,656,831

49. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Reconciliation of liabilities arising from financing activities *(Continued)*

	Bank borrowings % *(Note 30)*	Loan from non-controlling interests HKD'000 *(Note 46)*	Amount due to a related party HKD'000 *(Note 32)*	Amount due to a director HKD'000 *(Note 33)*	Lease liabilities HKD'000 *(Note 31)*	Total HKD'000
At 1 January 2021	1,605,073	3,576	119	15,495	197,749	1,822,012
Changes from financing cash flows:						
Proceeds from bank borrowings	161,309	–	–	–	–	161,309
Repayments of bank borrowings	(158,989)	–	–	–	–	(158,989)
Repayment to a director	–	–	–	(8,594)	–	(8,594)
Repayments of lease liabilities	–	–	–	–	(12,108)	(12,108)
Interest paid	(52,493)	(128)	–	–	–	(52,621)
Total changes from financing cash flows	(50,173)	(128)	–	(8,594)	(12,108)	(71,003)
Other changes:						
Exchange realignment	14,763	107	4	466	5,973	21,313
COVID-19-related rent concessions	–	–	–	–	(9)	(9)
Interest expenses	49,035	128	–	–	13,686	62,849
Interest expenses being capitalised	3,458	–	–	–	–	3,458
Total other changes	67,256	235	4	466	19,650	87,611
At 31 December 2021	1,622,156	3,683	123	7,367	205,291	1,838,620

49. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) Total cash outflows for leases

Included in the consolidated statement of cash flows, the total cash outflows for leases comprised the following activities:

	2022 HKD'000	2021 HKD'000
Within cash flows used in operating activities	**7,968**	17,857
Within cash flows used in financing activities	**10,136**	12,108
Total net cash outflows for leases	**18,104**	29,965

The total cash outflows for leases also related to the following items:

	2022 HKD'000	2021 HKD'000
Operating lease expenses paid	**18,104**	29,965

50. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2023.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	For the year ended 31 December				
	2022	2021	2020	2019	2018
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
		(re-presented)	(re-presented)	(re-presented)	(re-presented)
OPERATING RESULTS					
Continuing operations					
Revenue	**279,153**	323,498	243,781	216,602	217,637
(Loss)/profit before income tax expense	**(87,533)**	37,061	(217,506)	70,892	170,252
Income tax (expense)/credit	**(5,185)**	(10,638)	(1,344)	1,248	(50,034)
(Loss)/profit for the year from continuing operations	**(92,718)**	26,423	(218,850)	72,140	120,218
Discontinued operations					
Profit/(loss) for the year from discontinued operation	**3,757**	9,299	1,764	9,765	(7,546)
(Loss)/profit for the year	**(88,961)**	35,722	(217,086)	81,905	112,672
(Loss)/profit for the year attributable to:					
Owners of the Company					
– From continuing operations	**(85,392)**	26,612	(218,776)	63,579	122,106
– From discontinued operation	**4,114**	9,889	2,448	8,126	(3,893)
	(81,278)	36,501	(216,328)	71,705	118,213
Non-controlling interests					
– From continuing operations	**(7,326)**	(189)	(74)	8,561	(1,888)
– From discontinued operation	**(357)**	(590)	(684)	1,639	(3,653)
	(7,683)	(779)	(758)	10,200	(5,541)

Five-Year Financial Summary

	As at 31 December				
	2022	2021	2020	2019	2018
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
ASSETS AND LIABILITIES					
Total assets	**5,138,087**	5,769,797	5,318,508	5,160,413	4,353,474
Total liabilities	**(2,292,493)**	(2,599,526)	(2,421,679)	(2,232,088)	(1,739,607)
Net assets	**2,845,594**	3,170,271	2,896,829	2,928,325	2,613,867
Total equity attributable to owners of the Company	**2,825,062**	3,144,565	2,885,715	2,917,487	2,570,828
Non-controlling interests	**20,532**	25,706	11,114	10,838	43,039
Total equity	**2,845,594**	3,170,271	2,896,829	2,928,325	2,613,867

Particulars of Major Properties and Property Interests

(A) PROPERTIES HELD AS PROPERTY, PLANT AND EQUIPMENT/RIGHT-OR-USE ASSETS

Location	Lease term	Area (sq.m.)	Site area (sq.m.)	Use	Effective % held by the Group
Units 1 to 10 on 10th Floor, Island Place Tower, No. 510 King's Road, North Point, Hong Kong	Medium	1,283 (saleable)	N/A	Commercial	100
Nos. 98-1, 98-2 and 98-3, Puhe Road, Shenbei New District, Shenyang, Liaoning Province, PRC	Medium	N/A	100,146	Commercial	100
No. 99, Pufeng Road, Shenbei New District, Shenyang, Liaoning Province, PRC	Medium	N/A	45,166	Industrial	100
Units 1 and 2 on 6th Floor, Jiuge Business Centre, No. 2301 Yi Shan Lu, Minhang District, Shanghai, PRC	Long	748 (gross floor)	N/A	Commercial	100
North crossroad of Haixiang Avenue and Tianshui Road, Jimei District, Xiamen, Fujian Province, PRC	Medium	104,411 (gross floor)	60,273	Wholesale and retail (commercial)	100

Particulars of Major Properties and Property Interests

(B) PROPERTIES HELD AS INVESTMENT PROPERTIES

Location	Lease term	Area (sq.m.)	Site area (sq.m.)	Use	Effective % held by the Group
Units 1 to 10 on 3rd Floor, Island Place Tower, No. 510 King's Road, North Point, Hong Kong	Medium	1,283 (saleable)	N/A	Commercial	100
Unit C on 2nd Floor, Hop Ming Factory Building, No. 8 On Yip Street, Chai Wan, Hong Kong	Long	381 (saleable)	N/A	Industrial	100
12th, 14th, 16th and 18th Floors, Central Tower, Beijing Junefield Plaza, 10th Building, Nos. 6, 8, 10, 12, 16, 18 Xuan Wu Men Outer Street, Xi Cheng District, Beijing, PRC	Medium	10,472 (gross floor)	N/A	Commercial	100
Unit 2 on 7th Floor, Jiuge Business Centre, No. 2301 Yi Shan Lu, Minhang District, Shanghai, PRC	Long	374 (gross floor)	N/A	Commercial	100
Various retail units, car parking spaces and ancillary facilities of "Meiyue Xingdao", No. 70 Shancha Road, Yubei District, Chongqing City, PRC	Medium	39,548 (gross floor)	N/A	Commercial	100
Various retail units, car parking spaces and ancillary facilities of "Supermarket C04", No. 91 Second Street, Economic-Technological Development Area, Tianjin, PRC	Medium	33,287 (gross floor)	N/A	Commercial	100

Glossary

"Annual General Meeting"	the annual general meeting of the Company to be held on Friday, 23 June 2023 at 11:00 a.m. or any adjournment thereof
"Annual Report"	the annual report of the Company for the Year
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors of the Company
"Bye-laws"	the bye-laws of the Company
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chairman"	the chairman of the Board
"Chief Executive Officer"	the chief executive officer of the Company
"Chief Operating Officer"	the chief operating officer of the Company
"Company"	Symphony Holdings Limited, a company incorporated in Bermuda on 24 November 1993 as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares have been listed on the Main Board of the Stock Exchange (Stock code: 1223)
"Comparable Year"	the financial year ended 31 December 2021
"Director(s)"	the director(s) of the Company
"ESG Report"	the environmental, social and governance report of the Company
"Executive Director(s)"	the executive Director(s)
"Group"	the Company and its subsidiaries
"HKD" or "HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Non-executive Director(s)"	the independent non-executive Director(s)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

Glossary

"Nomination Committee"	the nomination committee of the Company
"PRC"	The People's Republic of China excluding Hong Kong, Macau Special Administrative Region and Taiwan
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HKD0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$" or "USD" or "US Dollars"	United States Dollars, the lawful currency of the United States of America
"Year"	the financial year ended 31 December 2022
"%"	per cent