

# TARGET

## Intelligence Report

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T U E S D A Y

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### **SYMPHONY HOLDINGS LTD: IS SOMETHING WRONG WITH THE STRINGS SECTION ?**

For the first time in the past five Financial Years, Symphony Holdings Ltd (新豐集團有限公司) (Code: 1223, Main Board, The Stock Exchange of Hongkong Ltd) had been forced to bite the proverbial bullet, announcing that the Company had suffered a material Net Loss Attributable to Shareholders in respect of the Financial Year, ended December 31, 2020.

The Net Loss Attributable to Shareholders, with regard to the 2020 Financial Year, was but one factor; there are other matters of materiality that investors and shareholders might be interested in assessing the nature of their importance on scanning the 2020 Annual Report of the Company.

The following is **TARGET**'s analysis of this Company, on scanning the Annual Reports for the past two Financial Years, ended December 31, 2020.

#### **The Business Of Symphony Holdings Ltd**

The principal activities of Symphony Holdings Ltd is given at Page 14 of the 2020 Annual Report as follows:

*'The Company is an investment holding company. The principal activities of the Group are mainly consisted of:*

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

Under the heading, '**BUSINESS REVIEW**', directly below the above-mentioned, one was informed:

*'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 pages 3 to 4 and Management Discussion and Analysis on pages 5 to 9 of this Annual Report. An analysis of the Group's performance during the Year is included in the Management Discussion and Analysis on pages 5 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 5 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 32 to 55 of this Annual Report. The above sections form part of the Report of Directors.'*

And so, turning to Pages Three and Four of the 2020 Annual Report, one was presented with the following intelligence:

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

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

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

*'As for the international footwear brand "PONY" owned by the Group, it will march towards the milestone of half a century of establishment in 2022. The Group has been preparing for the promotion work actively, planning a series of celebratory events awaited by "PONY" enthusiasts. "PONY" will reinforce its development along the route of its reform, and*

*continuously explores and adjusts the operating strategies with its global trading partners to accelerate its pace on global development.*

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

*‘In addition to operating sports brands, in different areas of the country, the Group strategically renders “Outlets + Community Malls” as the retail business and embraces big consumption as well as the business opportunities brought by internal circulation. Outlets located in Xiamen, Shenyang and Anyang focus on offering fashion shopping and entertainment consumption brands became admirable spots for consumers to visit at leisure; community malls located in Tianjin and Chongqing centre around residents in the Municipality, providing them with necessary consumption and services such as fitness, car detailing and study centre. During the Year, outlets continued to attract a number of prestigious international brands to expand their businesses and their brand portfolio was optimized continuously. In order to further enhance the operation efficiency, the expansion project in the northern zone of Shenyang Park Outlets is under construction. It is expected that the completion will be in September 2021. The stationed brands will be more diversified at the time of completion. After years of operating history, “Park Outlets” has gradually built a chain retail brand to satisfy consuming needs in different aspects and works with different brands to serve a wide range of terminal ... [CLICK TO ORDER FULL ARTICLE](#)*

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