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SYMPHONY

SYMPHONY HOLDINGS LIMITED

新 灃 集 團 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01223)

(Warrant Code: 01537)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

CHAIRMAN'S STATEMENT

Review

This year marks the 40th anniversary of China's economic reform. With the support of government policies, China's sports industry has made remarkable progress and become one of the national economic growth sectors, it is also an important driving force for geopolitical relations. Chinese consumers sparked a sports wave in the recently concluded FIFA World Cup event through their active participation and spending. Based on this trend, the Group asserts its business development direction in sports, leisure and retailing. On the other hand, the instability brought forth by the political and economic climate plus the trade war, further highlight the importance of domestic demand and consumption.

* *For identification only*

In line with its strategy, the Group continues to focus on brand and retail business performance and development. Building upon the successfully launched project with the Arena brand last year, we are actively expanding our brand portfolio by exploring new opportunities with our business partner – Descente Limited, the parent company of Arena, as well as with leading Japanese conglomerate Itochu Corporation. In the first half of 2018, Pony's co-operation with renowned designers through collaboration projects further enhanced the brand's reputation and exposure internationally.

At retail level, the Group had entered into an agreement to dispose of the neighbouring commercial/residential land near its Shenyang Park Outlets to a renowned property developer in April this year, this revitalises the retail-residential district and will definitely create synergy with the Group's business. In addition, the partial renovation of Shenyang Park Outlets has begun to create positive effect on tenant recruitment, traffic flow and sales turnover. Tenant recruitment and operation of Tianjin and Anyang Park Outlets were making good progress. As for the flagship project – Xiamen Park Outlets, preliminary construction work had been completed in February this year and civil works are now efficiently being conducted at site. The Group's two community malls located in Chongqing and Tianjin are making stable progress as planned.

Going forward

We shall continue to strengthen our e-commerce and enhance our online sales capabilities while simultaneously consolidate our offline retail platform, strive to optimize our omni-channel experience and value.

In the second half of 2018, the Group will focus on expediting the opening of the Xiamen Park Outlets as planned. Simultaneously, we shall continue steadily to promote the outlet mall business in Shenyang, Tianjin, Anyang and also the community mall business in Chongqing and Tianjin.

It has become challenging to turnaround the Kinmen duty-free business due to the increasingly strained cross-strait relations; the management team will, when appropriate, adjust its travel retail strategy.

The Group will gradually increase the market share of the Arena brand and build Arena into the leading swimwear brand in the minds of Chinese consumers. We shall foster our cooperation with our brand partners and look forward to bringing to the consumers a better and richer experience in the sports and lifestyle market in the foreseeable future.

PONY will continue to cooperate with international brands and designers to enhance its brand equity.

We shall maintain prudence and adopt a market-responsive approach towards our financial services business in order to ensure steady development.

Conclusively speaking, the Group will, as always, devote its full efforts to improve financial performance and operational efficiency, whilst continue to leverage our talent and relationship network. We shall adjust our business strategy in a timely manner and continue to pursue long term development goals.

Appreciation

I thank the board sincerely for its contribution and express my gratitude towards all our colleagues, shareholders and partners for their continued commitment and support. I look forward to welcoming and seizing every upcoming opportunity with you all.

Cheng Tun Nei
Chairman

Financial Review

Turnover increased 18.5% from HKD158.7 million to HKD188.1 million mainly due to the growth of revenue from retailing and sourcing business and rental contribution from the community malls.

Profits attributable to the owners of the Company fell 7.3% from HKD36.9 million to HKD34.2 million as a result of (a) an increase in distribution and selling and administrative expenses; (b) the decrease in growth of fair value gain of investment properties.

Distribution and selling expenses moved up from HKD42.0 million to HKD52.5 million mainly due to the development of retailing and sourcing business.

Administrative expenses rose 16.3% from HKD 89.6 million to HKD104.2 million mainly resulting from an increase in amortization of prepaid lease payments and operating costs relating to the outlet mall in Xiamen, development of community malls as well as retailing and sourcing business.

Finance costs dropped 31.7% from HKD23.0 million to HKD15.7 million mainly due to the replacement of a bank loan with comparatively lower interest rate.

The growth of fair value gain of investment properties decreased from HKD137.9 million to HKD105.9 million.

Exchange differences arising on translation of foreign operations changes from a gain of HKD64.8 million to a loss of HKD48.9 million mainly due to depreciation of RMB currency.

Total comprehensive income attributable to the owners of the Company fell from HKD115.4 million to HKD1.5 million as a consequence.

Total current assets increased 14.1% from HKD1,277.3 million to HKD1,457.9 million. Value of inventories and trade and other receivables rose 48.1% and 34.5% respectively mainly owing to (a) the expansion of retailing and sourcing business and (b) deposit for the construction of outlet mall in Xiamen.

Assets of disposal group classified as held for sale increased 14.2% from HKD507.3 million to HKD579.3 million attributable to the increase in fair valuation gain of properties.

Total current liabilities rose from HKD1,058.4 million to HKD1,075.6 million representing an increase of 1.6%. Increase in trade and other payables were mainly by virtue of the refundable deposit received relating to the disposal of Shenyang's land.

Market Information

During the first six months of 2018, sales to the People's Republic of China, Hong Kong, Taiwan and other Asian countries comprise 97.2% (30 June 2017: 99.2%) of the total sales and the remaining 2.8% (30 June 2017: 0.8%) was mainly shared between the United States of America and others.

Liquidity and Capital Resources

As at 30 June 2018, the Group had bank balances and cash of HKD107.1 million (31 December 2017: HKD 137.3 million). The Group was offered banking facilities amounting to HKD1,238.7 million (31 December 2017: HKD1,232.1million). As at 30 June 2018, the Group's total bank borrowings were HKD1,179.0 million (31 December 2017: HKD1,156.9 million). The Group has variable interest-rate bank loans which carry interest ranging from 3.1% to 5.9% per annum for the six months ended 30 June 2018 (six months ended 30 June 2017: 2.1% to 9.2%). The weighted-average effective interest rate of the Group's bank loans is 4.0% (30 June 2017: 4.3%). Debt to total assets ratio stood at 26.5% (31 December 2017: 27.3%), based on total bank borrowings over total assets. The banking facilities were secured by corporate guarantees from the Company and certain of its subsidiaries, charges over certain deposits, certain prepaid lease payments, certain leasehold land and buildings as well as certain investment properties of the Group.

Human Resources

As at 30 June 2018, the total number of employees of the Group is 487 (30 June 2017: 374). Employee costs (excluding directors' emoluments) amounted to approximately HKD43.3 million (30 June 2017: HKD32.6 million).

In addition to competitive remuneration packages, double pay and employee options are awarded to eligible staff of the Group based on its performance and individual merits. The Group also provides other benefits including insurance, medical scheme and retirement plans to its employees.

Share option scheme

There has been no change in the Group's share option scheme (the "Scheme"), details of which are disclosed in the Company's annual report for the year ended 31 December 2017. During the six months ended 30 June 2018, no share option was granted. (31 December 2017: 21,000,000 share options was granted) but the unrecognised share option expenses of approximately HKD328,000 was recognised during the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

Details of the movements of the share options granted under the Scheme during the six months ended 30 June 2018 were as follows:

				Number of share options				
Participants	**Date of grant**	**Exercise period**	**Exercise price per share** *(HKD)*	**Outstanding as at 1 January 2018**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2018**
Directors	18/9/2017	18/9/2017 – 17/9/2018	0.82	6,000,000	–	–	(3,000,000)	3,000,000
Employees	18/9/2017	18/3/2018 – 17/9/2018	0.82	15,000,000	–	(4,600,000)	–	10,400,000
				21,000,000	–	(4,600,000)	(3,000,000)	13,400,000
Weighted average exercise price *(HKD)*				0.82	N/A	0.82	0.82	0.82

During the six months ended 30 June 2018, certain share options were exercised to subscribe for 4,600,000 ordinary shares of the Company at a cash consideration, before expenses, of approximately HKD3,772,000, of which HKD460,000 was credited to share capital and the balance of approximately HKD3,628,000 was credited to the share premium account in relation to share options granted by the Company. As a result, an amount of approximately HKD316,000 was transferred from the share option reserve to the share premium account upon the exercise of the share option (six months ended 30 June 2017: nil).

During the six months ended 30 June 2018, a total of 3,000,000 share options lapsed as a result of the retirement of a director. This resulted in approximately HKD200,000 share option reserve was transferred to retained profits account during the period (six months ended 30 June 2017: nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	**2018** ***HKD'000*** **(Unaudited)**	2017 *HKD'000* (Unaudited)
Revenue	*4*	**188,130**	158,728
Cost of sales		**(57,531)**	(51,928)
Gross profit		**130,599**	106,800
Other income and gains		**5,232**	8,305
Distribution and selling expenses		**(52,516)**	(41,978)
Administrative expenses		**(104,202)**	(89,567)
Finance costs		**(15,661)**	(22,985)
Other expenses		**(6,570)**	(9,614)
Increase in fair value of investment properties		**105,857**	137,935
Share of results of joint ventures		**(1,945)**	3,073
Share of result of an associate		**(1,032)**	–
Profit before income tax expense	*5*	**59,762**	91,969
Income tax expense	*6*	**(26,249)**	(38,402)
Profit for the period		**33,513**	53,567
Profit for the period attributable to:			
Owners of the Company		**34,186**	36,869
Non-controlling interests		**(673)**	16,698
		33,513	53,567
Earnings per share	*8*		
Basic earnings per share		**HK1.16 cents**	HK1.29 cents
Diluted earnings per share		**HK1.14 cents**	HK1.29 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	**2018** ***HKD'000*** **(Unaudited)**	2017 *HKD'000* (Unaudited)
Profit for the period		**33,513**	53,567
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
Surplus arising on revaluation of properties		**19,330**	24,303
Deferred tax liability arising on revaluation of properties		**(3,430)**	(4,853)
		15,900	19,450
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(48,942)**	64,790
Share of other comprehensive income of joint ventures		**(1,626)**	(1,931)
		(50,568)	62,859
Other comprehensive income for the period, net of tax		**(34,668)**	82,309
Total comprehensive income for the period		**(1,155)**	135,876
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,499**	115,410
Non-controlling interests		**(2,654)**	20,466
		(1,155)	135,876

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	**30.06.2018** ***HKD'000*** **(Unaudited)**	31.12.2017 *HKD'000* (Audited)
Non-current assets			
Property, plant and equipment	*9*	**693,769**	659,912
Investment properties	*9*	**1,368,246**	1,365,656
Prepaid lease payments		**523,558**	542,292
Intangible assets	*10*	**146,417**	146,417
Interests in joint ventures	*11*	**179,570**	167,058
Interest in an associate	*12*	**–**	–
Loan to an associate	*12*	**4,848**	5,996
Goodwill	*13*	**33,796**	33,796
Deferred tax assets		**8,868**	10,349
Club debenture		**1,876**	1,876
Restricted bank deposit		**23,528**	23,597
Statutory deposits for financial services business		**200**	200
		2,984,676	2,957,149
Current assets			
Inventories	*14*	**90,505**	61,122
Trade and other receivables	*15*	**197,346**	146,694
Amounts due from joint ventures	*11*	**19,969**	–
Amount due from an associate	*12*	**36,507**	27,912
Advances to customers in margin financing	*16*	**130,290**	110,858
Loans receivable	*17*	**234,228**	237,132
Prepaid lease payments		**14,832**	14,171
Trading securities		**8,269**	9,118
Restricted bank deposit		**12,582**	1,632
Bank balances and cash – held on behalf of customers		**26,877**	24,008
Bank balances and cash		**107,115**	137,326
		878,520	769,973
Assets of disposal group classified as held for sale	*18*	**579,341**	507,319
		1,457,861	1,277,292

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2018

	Notes	**30.06.2018** ***HKD'000*** **(Unaudited)**	31.12.2017 *HKD'000* (Audited)
Current liabilities			
Trade and other payables	*19*	**321,830**	174,361
Bank borrowings	*20*	**544,637**	732,063
Bank overdraft		**5,271**	–
Amounts due to joint ventures	*11*	**–**	4,825
Amount due to a related party	*21*	**31,162**	–
Dividend payable	*7*	**14,814**	–
Tax payable		**9,311**	14,844
		927,025	926,093
Liabilities of disposal group classified as held for sale	*18*	**148,613**	132,302
		1,075,638	1,058,395
Net current assets		**382,223**	218,897
Total assets less current liabilities		**3,366,899**	3,176,046
Non-current liabilities			
Bank borrowings	*20*	**634,406**	424,864
Loan from non-controlling interests		**600**	600
Deferred tax liabilities		**158,517**	153,219
		793,523	578,683
Net assets		**2,573,376**	2,597,363
Equity			
Share capital	*22*	**296,240**	295,581
Reserves		**2,226,294**	2,248,286
Equity attributable to owners of the Company		**2,522,534**	2,543,867
Non-controlling interests		**50,842**	53,496
		2,573,376	2,597,363

NOTES:

1. GENERAL INFORMATION

Symphony Holdings Limited (the "Company") is an exempted company with limited liability incorporated in Bermuda. Its shares are listed on the Stock Exchange of Hong Kong Limited. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is 10th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are mainly consist of: (i) retailing and provision of sourcing services for branded apparel, swimwear and accessories; (ii) development and management of "PONY" brand; (iii) property investment and holding; (iv) management and operation of outlet malls; (v) provision of financial services (including securities brokerage, margin financing, money lending, underwriting and placing of listed securities and financial consultancy); and (vi) operation of duty-free shops.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These condensed consolidated interim financial statements were authorised for issue on 17 August 2018.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2017 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018. This is the first set of the Group's financial statements in which Hong Kong Financial Reporting Standards ("HKFRS") 9 and HKFRS 15 have been adopted. Details of any changes in accounting policies are set out in note 3 to the condensed consolidated interim financial statements.

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

These condensed consolidated interim financial statements are presented in Hong Kong Dollars ("HKD"), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with HKFRSs and should be read in conjunction with the 2017 consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES

ADOPTION OF NEW/REVISED HKFRSS – EFFECTIVE 1 JANUARY 2018

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Considerations
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKAS 28	Annual Improvements to HKFRSs 2014-2016 Cycle, Investments in Associates and Joint Ventures
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 1	Annual Improvements to HKFRSs 2014-2016 Cycle, First-time Adoption of Hong Kong Financial Reporting Standards

The impact of the adoption of HKFRS 9 "Financial Instruments" (see note 3A below) and HKFRS 15 "Revenue from Contracts with Customers" (see note 3B below) have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the Group's accounting policies.

A. *HKFRS 9 Financial Instruments ("HKFRS 9")*

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the condensed consolidated interim financial statements.

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of retained profits as of 1 January 2018 as follows (increase/decrease):

	HKD'000
Retained profits	
Retained profits as at 31 December 2017	416,436
Increase in expected credit losses ("ECLs") in trade and loans receivable (note 3A(ii) below)	(14,113)
Restated retained profits as at 1 January 2018	402,323

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, of loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised cost"); (ii) financial assets at fair value through other comprehensive income ("FVTOCI"); or (iii) financial assets at FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial assets is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVTOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

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. All other financial asset not classified at amortised cost or FVTOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Change in fair value, dividends and interest income are recognised in profit or loss.
Amortised costs	Financial assets at amortised costs are subsequently measured using the effective interest rate 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.
FVTOCI (debt investments)	Debt instruments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains or losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains or losses accumulated in other comprehensive income are reclassified to profit or loss.
FVTOCI (equity investments)	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.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 January 2018 under HKAS 39** *HKD'000*	**Carrying amount as at 1 January 2018 under HKFRS 9** *HKD'000*
Trading securities	Held-for-trading	FVTPL	9,118	9,118
Trade and other receivables	Loans and receivables	Amortised cost	114,556	110,458
Amount due from an associate	Loans and receivables	Amortised cost	27,912	27,912
Advances to customers in margin financing	Loans and receivables	Amortised cost	110,858	110,858
Loans receivable	Loans and receivables	Amortised cost	237,132	227,117
Restricted bank deposits	Loans and receivables	Amortised cost	25,229	25,229
Bank balances and cash	Loans and receivables	Amortised cost	161,334	161,334

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECL for trade receivables and other financial assets at amortised costs. Restricted bank deposits and bank balances and cash are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the 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.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discussed at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances 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 credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets measured at amortised cost, the ECLs are based on the 12-month ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investment at FVTOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the assets.

Impact of the ECL model

(a) Impairment of trade receivables

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a life ECLs for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The increase in loss allowance for trade receivables upon the transition to HKFRS 9 as at 1 January 2018 was approximately HKD4,098,000. The loss allowance further increase by approximately HKD885,000 for trade receivables during the six months period ended 30 June 2018.

(b) Impairment of loans receivable and advances to customers in margin financing

All of the balances of loans receivable and advances to customers in margin financing of the Group are considered to have low credit risk, and the loss allowances recognised during the period was therefore limited to 12 months ECLs, except for one loan receivable, in which a loss allowance of approximately HKD10,015,000 is recognised for loans receivable upon the transition to HKFRS 9 as of 1 January 2018. The loss allowances further increased by approximately HKD4,000,000 for loans receivable during the six months period ended 30 June 2018.

(c) Impairment of amount due from an associate and other receivables

Other financial assets at amortised cost of the Group includes amount due from an associate and other receivables. No changes in loss allowance upon the transition to HKFRS 9 as of 1 January 2018 and no further increase of loss allowance during the six months period ended 30 June 2018 for such balances as the amount of additional impairment measured under the ECLs model is immaterial.

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not have any hedge relationships.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassification and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the statement of financial position on 1 January 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained profits and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessment have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held; and
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

If any investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue and related interpretations". HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits at the date of initial application (that is, 1 January 2018). As a result, the financial information presented for 2017 has not been restated.

HKFRS 15 introduces a 5-step model when recognising revenue:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Based on the assessment of the Group, the adoption of HKFRS 15 from 1 January 2018 has results in changes in accounting policies of the Group, however, it does not have significant impact on the timing and amounts of revenue recognition of the Group, and no adjustment to the opening balance of equity at 1 January 2018 have been made. However, additional disclosures have been presented in Notes 5 of the condensed consolidated interim financial statements for the six months ended June 30, 2018 as a result of adoption of HKFRS 15.

C. New/revised HKFRSs that have been issued but are not yet effective

The Group has not early applied the following revised standards, amendments and interpretations that have been issued, potentially relevant to the Group, but are not yet effective.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2021
3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application and the Directors of the Company (the "Directors") are not yet in a position to quantify the effects on the Group's condensed consolidated interim financial statements.

4. SEGMENT INFORMATION

The Group's reportable and operating segments, for the purpose of resources allocation and performance assessment to the chief operating decision-maker, being the Directors, classified under HKFRS 8 are as follows:

- Retailing and sourcing – retailing and provision of sourcing services for branded apparel, swimwear and accessories;
- Branding – development and management of "PONY" brand to derive revenue from sale of goods and royalty income;
- Property investment and holding – rental income;
- Outlet malls – commission income from concessionaire sales;
- Financial services – securities brokerage commission, interest income from margin financing and money lending, underwriting and placing income and financial consultancy income; and
- Duty free – sale of goods.

(A) SEGMENT REVENUE AND RESULTS (BUSINESS SEGMENTS)

The following is an analysis of the Group's revenue and results by reportable segment for the period under review:

Six months ended 30 June 2018 (Unaudited)

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Financial services *HKD'000*	Duty free *HKD'000*	Consolidated *HKD'000*
Revenue from external customers	**91,591**	**13,915**	**32,251**	**22,505**	**17,534**	**10,334**	**188,130**
Inter-segment revenue	**877**	**–**	**2,325**	**198**	**–**	**–**	**3,400**
Reportable segment revenue	**92,468**	**13,915**	**34,576**	**22,703**	**17,534**	**10,334**	**191,530**
Reportable segment profit/(loss)	**(2,471)**	**4,739**	**106,200**	**(16,943)**	**881**	**(4,685)**	**87,721**
Unallocated income							
– Interest income from bank deposits, joint ventures and an associate							**830**
Central administrative costs							**(25,812)**
Share of results of joint ventures							**(1,945)**
Share of results of an associate							**(1,032)**
Profit before income tax expense							**59,762**

Six months ended 30 June 2017 (Unaudited)

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Financial services *HKD'000*	Duty free *HKD'000*	Consolidated *HKD'000*
Revenue from external customers	75,960	11,323	18,150	16,080	30,357	6,858	158,728
Inter-segment revenue	–	–	1,713	–	–	–	1,713
Reportable segment revenue	75,960	11,323	19,863	16,080	30,357	6,858	160,441
Reportable segment profit/(loss)	2,178	2,628	123,362	(23,031)	13,446	(5,350)	113,233
Unallocated income							
– Interest income from bank deposits, joint ventures and an associate							2,105
– Gain on disposal of a subsidiary							53
– Management fee income							247
Central administrative costs							(26,742)
Share of results of joint ventures							3,073
Profit before income tax expense							91,969

Segment profit/(loss) represents the profit earned or the loss incurred by each segment without allocation of corporate income and expenses, which includes interest income from bank deposits, joint ventures and an associate, gain on disposal of a subsidiary, management fee income, central administrative costs and share of results of joint ventures and an associate. Such segment result is reported to the chief operating decision-maker, being the Directors, for the purpose of resource allocation and performance assessment.

(B) SEGMENT REVENUE AND RESULTS (DISAGGREGATION OF REVENUE)

In the following table, revenue is disaggregated by primary geographical markets and major products and services lines. The table also includes a reconciliation of the disaggregated revenue within the Group's reportable segment.

Six months ended 30 June 2018 (Unaudited)

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Financial services *HKD'000*	Duty free *HKD'000*	Consolidated *HKD'000*
Primary geographical markets							
The People's Republic of China	91,591	–	28,331	22,505	–	–	142,427
Taiwan	–	–	–	–	–	10,080	10,080
Hong Kong (Place of domicile)	–	–	3,920	–	17,534	254	21,708
United States of America	–	2,610	–	–	–	–	2,610
Other Asia countries (note)	–	8,571	–	–	–	–	8,571
Others (note)	–	2,734	–	–	–	–	2,734
Total	91,591	13,915	32,251	22,505	17,534	10,334	188,130
Major products and services							
Sales of goods	91,039	5,781	–	–	–	10,334	107,154
Commission income from concessionaire sales	–	–	–	22,505	–	–	22,505
Royalty income	–	8,134	–	–	–	–	8,134
Rental income	–	–	32,251	–	–	–	32,251
Interest income	–	–	–	–	12,256	–	12,256
Services income	552	–	–	–	5,278	–	5,830
Total	91,591	13,915	32,251	22,505	17,534	10,334	188,130

Six months ended 30 June 2017 (Unaudited)

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Financial services *HKD'000*	Duty free *HKD'000*	Consolidated *HKD'000*
Primary geographical markets							
The People's Republic of China	75,960	–	14,670	16,080	–	–	106,710
Taiwan	–	–	–	–	–	6,858	6,858
Hong Kong (Place of domicile)	–	–	3,480	–	30,357	–	33,837
United States of America	–	125	–	–	–	–	125
Other Asia countries (note)	–	10,032	–	–	–	–	10,032
Others (note)	–	1,166	–	–	–	–	1,166
Total	75,960	11,323	18,150	16,080	30,357	6,858	158,728
Major products and services							
Sales of goods	75,960	6,882	–	–	–	6,858	89,700
Commission income from concessionaire sales	–	–	–	16,080	–	–	16,080
Royalty income	–	4,441	–	–	–	–	4,441
Rental income	–	–	18,150	–	–	–	18,150
Interest income	–	–	–	–	23,752	–	23,752
Services income	–	–	–	–	6,605	–	6,605
Total	75,960	11,323	18,150	16,080	30,357	6,858	158,728

Note: The geographical information for the revenue attributable to each country is not available as the cost to capture such information would be excessive.

(C) SEGMENT ASSETS

The following is an analysis of the Group's assets by reportable segment:

	30.06.2018	31.12.2017
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Retailing and sourcing	**140,963**	95,905
Branding	**151,651**	148,582
Property investment and holding	**1,686,275**	1,673,694
Outlet malls	**1,030,081**	996,105
Financial services	**453,445**	425,091
Duty free	**5,918**	11,999
Total segment assets	**3,468,333**	3,351,376
Unallocated	**974,204**	883,065
Consolidated total assets	**4,442,537**	4,234,441

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than corporate assets, which includes interests in joint ventures, interest in an associate, loan to an associate, deferred tax assets, club debenture, amounts due from joint ventures, amount due from an associate, restricted bank deposits, bank balances and cash and assets of disposal group classified as held for sale.

(D) SEGMENT LIABILITIES

The following is an analysis of the Group's liabilities by reportable segment:

	30.06.2018	31.12.2017
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Retailing and sourcing	**31,208**	15,220
Branding	**10,623**	9,885
Property investment and holding	**185,256**	63,791
Outlet malls	**90,476**	53,237
Financial services	**33,477**	29,009
Duty free	**1,952**	3,214
Total segment liabilities	**352,992**	174,356
Unallocated	**1,516,169**	1,462,722
Consolidated total liabilities	**1,869,161**	1,637,078

Similar to the reporting purpose of segment assets as disclosed in note 4(C) to the condensed interim financial statements, all liabilities are allocated to reportable segments other than corporate liabilities, which includes bank borrowings, bank overdraft, amounts due to joint ventures, dividend payable, tax payable, loan from non-controlling interests, deferred tax liabilities and liabilities of disposal group classified as held for sale.

5. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2018	2017
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**17,513**	16,577
(Gain)/loss on disposal of property, plant and equipment, net	**(126)**	53
Write off of property, plant and equipment	**7**	–
Write off of obsolete inventories	**–**	1,845
Reversal of allowance for inventories	**(150)**	(13,699)
Cost of inventories recognised as expense	**57,531**	51,928
Provision of loss allowance:		
– Trade receivables	**885**	2,377
– Loans receivable	**4,000**	–
Other employee costs, excluding the Directors' emoluments	**43,280**	32,611
Amortisation of prepaid lease payments	**7,653**	3,362
Minimum lease payments under non-cancellable lease	**13,442**	12,220
Exchange losses, net	**3,217**	8,786
Interest income from bank deposits, joint ventures and an associate	**(830)**	(2,105)
Dividend income from trading securities	**(23)**	(3,808)
Gain on disposal of a subsidiary	**–**	(53)
Gain on disposal of trading securities	**–**	(595)
Fair value loss of trading securities	**849**	5,188

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong		
– Profits Tax		
– current period	**328**	1,311
The PRC and other jurisdictions		
– PRC Enterprise Income Tax		
– current period	**1,778**	3,163
– over-provision in prior periods	**(80)**	–
– Foreign tax		
– current period	**217**	401
	2,243	4,875
Deferred tax		
Hong Kong and the PRC		
– Profits Tax and PRC Enterprise Income Tax		
– current period	**24,006**	33,527
Income tax expense	**26,249**	38,402

HONG KONG TAX

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC") TAX

All group companies operating in the PRC are subject to the applicable tax rate of 25% during the current and prior periods, except for an acquired subsidiary incorporated in Hong Kong and engaged in property investment in the PRC, which is subject to the applicable tax rate of 10% on its gross rental income earned in the PRC, based on the existing legislation, interpretation and practices in respect thereof.

Up to the date of approval for issuance of these condensed consolidated financial statements, the above acquired subsidiary engaged in property investment in the PRC has not filed any tax returns for the PRC Enterprise Income Tax in respect of its rental income derived from the PRC. The PRC tax authority has the right to levy penalty for 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 new tenancy agreements signed between the Group and tenants since the early of 2016, a new term has been added such that the tenants are required to pay the PRC Enterprise Income Tax based on 10% of gross rental income earned in the PRC on behalf of the Group in accordance with the existing legislation, interpretation and practices in respect thereof. Based on the experience of the Group's management and the above measures adopted, the amount of such penalty, if any, will not be material to the Group's condensed consolidated interim financial statements. In addition, pursuant to the agreement in respect of acquisition of that subsidiary, the vendor and its guarantor have undertaken to indemnify the Group for any tax liability arising from the above late filing of tax returns prior to the completion date of the acquisition.

FOREIGN TAX

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. DIVIDEND

A final dividend of HKD0.005 (2017: HKD0.0038) per ordinary share in respect of previous financial year, was approved during the interim period totalling HKD14,814,000 (six months ended 30 June 2017: HKD11,236,000). For the six months ended 30 June 2018, the Board of Directors (the "Board") does not recommend the payment of an interim dividend (2017: nil) to the shareholders of the Company.

As at 30 June 2018, a total amount of HKD14,810,000 (2017: HKD11,232,000) of dividend has been declared by the Directors and the remaining HKD4,000 (2017: HKD4,000) dividend unclaimed after a period of six years from the date for payment shall be forfeited and shall revert to the Company.

8. EARNINGS PER SHARE

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

EARNINGS

	Six months ended 30 June	
	2018	2017
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company	**34,186**	36,869

	Six months ended 30 June	
	2018	2017
	Number of shares	Number of shares
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**2,958,129**	2,864,597
Effect of dilutive potential ordinary shares *(Note)*:		
– share options	**1,605**	–
– warrants	**28,196**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,987,930**	2,864,597
Earnings per share		
Basic earnings per share	**HK1.16 cents**	HK1.29 cents
Diluted earnings per share	**HK1.14 cents**	HK1.29 cents

Note: The Company's share options and warrants as at 30 June 2018 gave rise to dilution effect to the earnings per share (2017: no dilution effect) because the exercise price of the Company's share options and warrants outstanding during the six months ended 30 June 2018 were lower (2017: higher) than the average market price of the Company's shares for the period.

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment mainly consists of: (i) leasehold land and buildings located in Hong Kong and Shanghai, the PRC; (ii) buildings in Shenyang, the PRC; (iii) leasehold improvements; (iv) construction in progress on the new outlet mall in Xiamen, the PRC; (v) furniture, fixtures and equipment; (vi) motor vehicle and vessel.

For the construction in progress on the new outlet mall in Xiamen, the PRC, the Group completed the construction works of approximately HKD23,803,000 (six months ended 30 June 2017: nil) during the period.

For the buildings in Shenyang, the PRC, the Group completed the renovation work in the outlet mall of approximately HKD10,504,000 (six months ended 30 June 2017: nil) during the period.

Except the addition of construction in progress and buildings, the Group acquired other property, plant and equipment during the period, at a total cost of approximately HKD5,192,000 (six months ended 30 June 2017: HKD4,885,000).

For the buildings and leasehold land and buildings, they were valued on 30 June 2018 by Prudential Surveyors (Hong Kong) Limited and Greater China Appraisal Limited respectively, independent firms of professional property valuers not connected to the Group. This resulted in a surplus net of tax of approximately HKD15,900,000 (six months ended 30 June 2017: HKD19,450,000) which was recognised as other comprehensive income for the period.

INVESTMENT PROPERTIES

The fair value of the Group's completed investment properties located in Hong Kong, Beijing, Shanghai and Chongqing, the PRC, and investment properties under construction located in Shenyang, were estimated on 30 June 2018 by Prudential Surveyors (Hong Kong) Limited, Greater China Appraisal Limited and 深圳市戴德梁行土地房地產評估有限公司成都分公司, independent firms of professional property valuers not connected to the Group. This resulted in an increase of fair value of investment properties of approximately HKD105,857,000 during the period (six months ended 30 June 2017: HKD137,935,000), which was recognised in the profit or loss for the period.

10. INTANGIBLE ASSETS

The Group's intangible assets represent trademarks are in respect of the "PONY" brand and the trading rights in Hong Kong Exchanges and Clearing Limited (the "Exchange") which allow the Group to trade securities on or through the Exchange. They are considered by the management of the Group as having an indefinite useful life because they are expected to contribute net cash inflows to the Group indefinitely. They have been tested for impairment and considered to be not impaired at the end of reporting period.

11. INTERESTS IN JOINT VENTURES

INTERESTS IN JOINT VENTURES

As at 30 June 2018, the Group owned four joint venture companies, namely 武漢喬尚實業發展有限公司 ("武漢喬尚"), 安陽喬尚尚柏奧萊商業管理有限公司 ("安陽喬尚"), 安陽國旅尚柏奧萊置業有限公司 ("安陽國旅") and Aggressive Resources Limited ("Aggressive"). 武漢喬尚 and 安陽國旅 are principally engaged in outlet mall operation in Anyang, the PRC, with carrying values of approximately HKD15,185,000, HKD62,058,000 respectively. Aggressive is an investment holding company, with a carrying amount of approximately HKD102,327,000, which holds a wholly-owned subsidiary engaged in manufacturing and trading of health supplement products in Hong Kong.

According to the Sales and Purchase Agreement of Aggressive, the vendor guaranteed to the Group that the annualised net profit of Aggressive shall be at least HKD10,000,000 and HKD11,000,000 for the financial year ended 31 December 2017 and 2018 respectively. In the opinion of the Directors, the fair value of such contingent consideration receivable is minimal.

AMOUNTS DUE FROM/(TO) JOINT VENTURES

The gross amount due from joint ventures as at 30 June 2018 of HKD24,079,000 (31 December 2017: nil) were unsecured, interest-bearing at 5% per annum and repayable within one year, whereas the amount due to joint ventures as at 30 June 2018 of HKD4,110,000 (31 December 2017: HKD4,825,000) were unsecured, interest-free and repayable on demand.

12. INTEREST IN AN ASSOCIATE

LOAN TO AN ASSOCIATE

The loan to an associate was unsecured and repayable upon mutual agreement by both parties. As at 30 June 2018, loan amount of HKD4,116,000 (31 December 2017: HKD4,197,000) bears an interest at 5.4% per annum and the remaining balance was non-interest bearing.

AMOUNT DUE FROM AN ASSOCIATE

As at 30 June 2018 and 31 December 2017, the amount due from an associate was unsecured, non-interest bearing and repayable on demand.

13. GOODWILL

Goodwill of approximately HKD33,796,000 was allocated to the cash-generating unit of financial services for impairment testing at the end of reporting period.

The recoverable amount of the cash-generating units has been determined based on value-in-use calculation, covering a detailed 5-years budget plan, plus an extrapolated cash flows projection by applying a long-term growth rate subsequent to this 5-year plan, with a pre-tax discount rate of 19.5%. The Directors concluded that the cash-generating units demonstrate sufficient cash flows that justify the carrying amount of goodwill, and hence, no impairment of goodwill is necessary.

14. INVENTORIES

During the six months ended 30 June 2018, a reversal of allowance for inventories of approximately HKD150,000 (2017: HKD13,699,000) has been recognised as “other income and gains” in profit or loss as the relevant inventories were sold during the period.

15. TRADE AND OTHER RECEIVABLES

	30.06.2018	31.12.2017
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Trade receivables		
– Other than financial services segments	**67,480**	52,645
– Financial services segment	**8,471**	6,514
	75,951	59,159
Less: loss allowance	**(28,647)**	(23,664)
	47,304	35,495
Other receivables, deposits and prepayments	**158,016**	119,173
Less: loss allowance		
– Other receivables	**(7,974)**	(7,974)
	150,042	111,199
Total trade and other receivables	**197,346**	146,694

TRADE RECEIVABLES FROM SEGMENTS OTHER THAN FINANCIAL SERVICES SEGMENT

The Group allows an average credit period ranging from 60 days to 90 days for its trade customers. As at 30 June 2018, loss allowance of approximately HKD28,647,000 (31 December 2017: HKD23,664,000) was solely in respect of trade receivables other than financial services segment. Before accepting a new customer, the Group assesses the potential customer's credit quality and grants a relevant level of credit limit to the customer. Credit limits and scores attributed to the customers are reviewed twice at the end of reporting period.

TRADE RECEIVABLES FROM FINANCIAL SERVICES SEGMENT

	30.06.2018	31.12.2017
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Trade receivables arising from ordinary course of business of dealing in securities:		
– Cash clients	**497**	428
– Clearing house	**1,680**	1,371
– Others	**10**	76
Trade receivables arising from ordinary course of business of provision of:		
– Money lending	**6,284**	4,639
	8,471	6,514

Save for the credit period allowed by the Group, the trade receivables from dealing in securities shall be due on the settlement dates of the respective securities contract transactions. In view of the fact that such receivables relate to a number of diversified customers, there is no significant concentration of credit risk. For the trade receivables from money lending business are due on the agreed settlement dates, which were not impaired at the end of the reporting period and are expected to be settled within one year.

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

	30.06.2018	31.12.2017
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
0 to 30 days	**12,805**	13,335
31 to 60 days	**16,075**	5,149
61 to 90 days	**2,048**	2,101
Over 90 days	**16,376**	14,910
	47,304	35,495

16. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	30.06.2018	31.12.2017
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Directors and his associates	**700**	3,677
Other margin clients	**129,590**	107,181
	130,290	110,858

Advances to customers in margin financing are repayable on demand and carry interests ranging from Prime Rate to Prime Rate plus 3% per annum. Margin clients are required to pledge listed securities collateral to the Group in order to obtain credit facilities for listed securities trading. The amount of credit facilities granted to them is determined by the discounted value of listed securities accepted by the Group. At 30 June 2018, the total market value of listed securities pledged as collaterals in respect of the loans advanced to margin clients was approximately HKD593,798,000 (31 December 2017: HKD671,770,000). The Group is allowed to dispose of the collaterals in settlement of the customers' obligations to maintain the agreed level of margin and any other liabilities of the customers due to the Group.

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 view of the business nature of margin financing.

17. LOANS RECEIVABLE

	30.06.2018	31.12.2017
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Secured	**264,243**	253,132
Less: loss allowance	**(30,015)**	(16,000)
	234,228	237,132

The balance of loans receivable was secured by charges over the borrowers' properties and/or financial assets, mainly secured by Hong Kong listed securities, interest-bearing at 5%-18% per annum (31 December 2017: 5%-18%), and repayable within one year from the dates of advance to the borrowers.

Customers giving rise to loans receivable are obliged to settle the amounts according to the terms set out in the relevant contracts. Interest rates are offered based on the assessment of a number of factors, including the borrowers' creditworthiness, repayment abilities, market value of collaterals and general economic trends. At 30 June 2018, the loss allowance of approximately HKD30,015,000 (31 December 2017: HKD16,000,000) was related to a borrower of which the expected realisable value of collaterals was insufficient to cover the respective loan balance.

18. ASSETS/LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 4 April 2018, the Group signed a Conditional Co-operation Agreement (the "Agreement") in relation to dispose the entire equity interest of two group of subsidiaries (the "Target Companies"), which principally held investment properties under construction in Shenyang, the PRC. As the conditions mentioned in the Agreement has been satisfying in progress, the management expects to complete the transaction in a foreseeable future. Therefore, the related assets and liabilities of the Target Companies have been classified held for sale in the condensed consolidated statement of financial position and was not a discontinued operation as the Target Companies did not represent a major line of business or geographical area of operation.

The Directors expect that the fair value estimated based on the expected proceeds of such disposal transactions less costs to sell is higher than the carrying amounts of assets and liabilities, and hence no loss allowance was recognised.

19. TRADE AND OTHER PAYABLES

	30.06.2018	31.12.2017
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Trade payables		
– Other than financial services segment	**68,523**	54,476
– Financial services segment	**27,798**	22,884
Other payables, temporary receipts, accruals and receipts in advance	**225,509**	97,001
Total trade and other payables	**321,830**	174,361

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

	30.06.2018	31.12.2017
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
0 to 30 days	**44,662**	33,402
31 to 60 days	**17,233**	12,582
61 to 90 days	**5,327**	2,413
Over 90 days	**1,301**	6,079
	68,523	54,476

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all of the payable amounts are settled within the credit timeframe.

TRADE PAYABLES FROM FINANCIAL SERVICES SEGMENT

	30.06.2018	31.12.2017
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Trade payables arising from the ordinary course of business of dealing in securities *(Note)*:		
– Cash clients	**20,889**	17,912
– Margin clients	**6,909**	4,972
	27,798	22,884

Note: The balances represented trade payables due to cash and margin clients and clearing house in respect of trust and segregate bank balances received and held for clients and clearing house in the course of conducting of regulated activities.

The settlement terms of trade payables attributable to dealing in securities are two trading days after the trade date. No ageing analysis is disclosed for such payables as, in the opinion of the Directors, ageing analysis is not meaningful in the view of business nature of dealing in securities and margin financing.

20. BANK BORROWINGS

	30.06.2018	31.12.2017
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Current		
Carrying amounts of variable interest-rate bank borrowings that are repayable within one year:		
– secured	**544,637**	732,063
Non-Current		
Carrying amounts of variable interest-rate bank borrowings that are repayable more than two years, but not exceeding five years:		
– secured	**634,406**	424,864
	1,179,043	1,156,927

The Group has variable interest-rate bank borrowings which carry interest-rate ranging from 3.12% to 5.94% for the six months ended 30 June 2018 (six months ended 30 June 2017: 2.12% to 9.20%) per annum. The weighted-average effective interest-rate of the Group's bank borrowings for the six months ended 30 June 2018 is 4% (six months ended 30 June 2017: 4.29%) per annum.

No undrawn banking facilities was available for the usage of future operating activities and to settle capital commitments as at 30 June 2018 and 31 December 2017.

The Group had pledged its leasehold land and buildings, completed investment properties, prepaid lease payments and restricted bank deposits, with carrying amounts of approximately HKD270,000,000, HKD1,354,312,000, HKD294,256,000 and HKD31,759,000 (31 December 2017: HKD257,000,000, HKD1,351,747,000, HKD303,944,000 and HKD20,000,000) respectively, to secure banking facilities to the Group of approximately HKD1,179,043,000 as at 30 June 2018 (31 December 2017: HKD1,156,927,000).

21. AMOUNT DUE TO A RELATED PARTY

It represented the balance due to a company controlled by Mr. Cheng Tun Nei ("Mr. Cheng"), the director and substantial shareholder of the Company. As at 30 June 2018, such balance was unsecured, interest-free and no fixed term of repayment.

22. SHARE CAPITAL

	Number of shares *'000*	**Nominal value** *HKD'000*
Authorised:		
Ordinary shares of HKD0.10 each (31 December 2017: HKD0.10 each):		
At 31 December 2017 (audited) and 30 June 2018 (unaudited)	20,000,000	2,000,000
Issued and fully paid:		
Ordinary shares of HKD0.10 each (31 December 2017: HKD0.10 each):		
At 1 January 2018 *(audited)*	2,955,812	295,581
Exercised of share options	4,600	460
Exercise of warrants *(note 23)*	1,991	199
At 30 June 2018 (unaudited)	2,962,403	296,240

Notes: All shares issued by the Company ranked pari passu with then existing shares in all respects.

23. 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.

During the six months ended 30 June 2018, the qualifying shareholders of the Company exercised a total of approximately 1,991,000 units of warrants at the exercise price of HKD1.00 per warrant, and accordingly approximately 1,991,000 ordinary shares were issued by the Company (six months ended 30 June 2017: 40,000 units of warrants and 40,000 ordinary shares were issued). As a result, approximately HKD199,000 and HKD1,792,000 (six months ended 30 June 2017: HKD4,000 and HKD36,000) were credited to share capital and share premium respectively.

PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend (2017: Nil) for the six months ended 30 June 2018.

CORPORATE GOVERNANCE REPORT

The Company has complied with the code provisions of Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("CG Code") throughout the six months ended 30 June 2017, only with deviation from code provisions A.2.1, A.4.1 and A.6.7 of the CG Code.

Code provision A.2.1 provides that the roles of the Chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheng Tun Nei ("Mr. Cheng") currently serves as both the Chairman and Chief Executive Officer of the Company.

In view of the challenging business environment in which our Group operates, the Board is of the view that currently vesting the roles of both the chairman and chief executive on Mr. Cheng will provide the Group with strong and consistent leadership and at the same time enable business decisions to be timely made.

Under code provision A.4.1, non-executive directors should be appointed for a specific term and are subject to re-election. Directors (including non-executive Directors) were not appointed for specific term but are subject to retirement by rotation and re-election at annual general meeting in accordance with Bye-law 87 of the Bye-laws of the Company.

Mr. Hong Kim Cheong ("**Mr. Hong**") and Mr. Shum Pui Kay ("**Mr. Shum**") were not able to attend to Annual General Meeting of the Company held on 8 June 2018 due to other business commitments although code provision A.6.7 provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders.

Compliance with the Model Code

The Company has adopted a code of conduct regarding securities transactions by directors as set out in Appendix 10 of the Listing Rules. All directors have complied with the required standard of dealings set out therein throughout the review period.

Audit Committee

The audit committee of the Company ("Audit Committee") consists of three independent non-executive Directors of the Company ("INEDs"). The Audit Committee has reviewed with the management and the external auditor BDO Limited, the accounting principles and practices adopted by the Group and also the unaudited consolidated financial statements of the Group for the six months ended 30 June 2018.

An independent service provider which had been appointed since March 2016 completed its half-year review of the effectiveness of the risk management and control system of the Group adopting the "Internal Control Integrated Framework" issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). A half-yearly Risk Management and Internal Control Review Report was submitted to the Audit Committee. The report findings were also communicated to the board of Directors and the management to enable appropriate follow-up actions to be taken.

Remuneration Committee

The Remuneration Committee of the Company consists of 3 INEDs. It advises the Board on the emolument policies towards Directors and senior management so as to motivate, retain and attract the best talents for the Group.

Nomination Committee

The Nomination Committee, composed of 3 members, out of which 2 are INEDs. The key role of the Nomination Committee is recruitment of board members.

The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee, explaining their roles and the authorities delegated to them by the Board, are available on request and included on the website of the Company.

Board of Directors

At the annual general meeting of the Company held on Friday, 8 June 2018, Mr. Hong and Mr. Shum retired. Mr. Hong informed the Board that he had no intention to seek for re-election. Mr. Shum, on the other hand, being eligible, offered himself for re-election and was re-elected as Director.

As from 8 June 2018 and up to the date of this announcement, the Board comprises:

Executive Directors:	*Independent non-executive Directors:*
Mr. Cheng Tun Nei	Mr. Shum Pui Kay
(Chairman and Chief Executive Officer)	Mr. Wah Wang Kei Jackie
Mr. Chan Kar Lee Gary	Mr. Chow Yu Chun Alexander

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

For the six months ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATIONS OF DETAILED RESULTS

The interim report containing the unaudited condensed consolidated financial statements and notes to the financial statements for the six months ended 30 June 2018 ("2018 Interim Report") will be published on both websites of the Company (www.symphonyholdings.com) and the Exchange (www.hkex.com.hk). Shareholders shall receive copies of the 2018 Interim Report on or before 30 September 2018.

By order of the Board
Cheng Tun Nei
Chairman

Hong Kong, 17 August 2018

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

Executive Directors:	Mr. Cheng Tun Nei *(Chairman & Chief Executive Officer)* Mr. Chan Kar Lee Gary
Independent non-executive Directors:	Mr. Shum Pui Kay Mr. Wah Wang Kei Jackie Mr. Chow Yu Chun Alexander