SYMPHONY

SYMPHONY HOLDINGS LIMITED
新 澧 集 團 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01223)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

CHAIRMAN'S STATEMENT

It is my pleasure to present the results of the Group for the first half of 2016.

Although the trend of the slowdown of the China economy showed sign of ease since the beginning of 2016, the uncertainties created by the Brexit, American presidential election, the South China Sea territorial dispute and frequent terrorist attacks all impacted the economy. The chessboard strategy of all business enterprises is affected by a continuing fluctuating financial market created by a swinging stock market and the accelerated decline in real estate investment, the change of consumer habit, the challenges created by e-commerce and the ongoing anti-corruption campaign. All companies remain on full alert and are ready to make timely adjustments.

Faced with various unstable economic factors, the Group persists on an expansion strategy making on time and responsive moves. The Group will continue to consolidate and improve the operations of its business segments to ensure stable progress. As at 30 June 2016, the six months' turnover of the Group was HKD175.7 million, representing a growth of 6.1% when compared with the corresponding period of 2015.

* *For identification only*

Business Performance

A) Travel Retail

1) Outlet Malls

The soft opening of Anyang City Park Outlet, one of the joint-projects with China International Travel Service Group Corporation in Anyang, Henan Province, will be rescheduled to the middle of 2017. Save for the aforesaid, the project is well on track. The Group will continue to strengthen its management and improve the operational efficiency of the outlet malls in Shenyang and Tianjin.

At the same time, the Group has reached preliminary consensus with a renowned state-owned enterprise on jointly promoting and developing expansion plan for professional management of outlet malls in different cities.

2) Duty Free Business

Taking into account the possible impact on traffic flow resulting from possible policy changes following Taiwan's presidential election, the Group will make proactive adjustments. In addition to the strengthened cooperation with China Duty Free Group Co., Ltd., the Group also establishes its own procurement team to introduce more mid-to-high-end goods and local exquisite products to maintain steady progress in its operation of Golden Palais duty-free shops in Kinmen.

B) Sports Branding

1) Speedo

Over the past two years, the Group has been reviewing the strategy and development of sports brands, and has finally resolved to bring the Speedo cooperation to a conclusion. At the same time, the Group has been actively discussing with other well-known swimming brands to explore distribution collaboration plan with more flexibility.

2) PONY

The Group will continue with the implementation of its brand strategy for the year and actively expand to South America, Europe and Asia.

C) Financial Services

In view of the aforementioned economic uncertainties, China Rise Finance will adopt a strategy of seeking progress while maintaining stable performance, paying close attention to economic dynamics, and continuing to provide financial support for the Group and its clients.

D) Property Investment

The Group will continue to enhance its property investment portfolio and maximize the potential for rental growth and appreciation of property value.

OUTLOOK

Confronted with increasing uncertainties in the macroeconomic environment, the Group ponders deeply on the cooperation strategy with stakeholders and optimization of its resources allocation. In this era of sharing economy, the Group will continue to consolidate and strengthen business cooperation with current partners while exploring collaboration opportunities with prospective business associates. In addition, the Group will develop a brand portfolio strategy, improve resource allocation efficiency and synergise it with the travel retail business. Finally, supported by the financial services unit, the Group expects to achieve the maximum benefits of its overall operations.

OPERATION REVIEW

The Group's turnover increased by 6.1% from HKD165.6 million for the first half of 2015 to HKD175.7 million for the corresponding period in 2016. The increase in turnover was mainly attributable to the rising income recorded from the financial services operation.

Gross profit margin declined from 73.6% to 69.1% this year resulting mainly from the general stock provision made in the retailing and sourcing operation.

The Group had one off gain of HKD194 million (net of transactional costs) from the disposal of the "PONY" trademark and intellectual property rights in Canada, USA and Mexico in February last year. Similar transaction did not take place in the 6 months ended 30 June 2016.

The restructuring of Tianjin Park Outlet at the end of 2015 had resulted in significant cost savings. In addition, the performance of Shenyang Park Outlet was improving steadily. The results of the outlet operation had, therefore, improved from a loss of HKD32.4 million in the first half of 2015 to a loss of HKD21.1 million for the 6 months ended 30 June 2016.

Market Information

During the first six months of 2016, sales to the People's Republic of China, Hong Kong, Taiwan and other Asian countries comprise 98.6% (30 June 2015: 99.4%) of the total sales and the remaining 1.4% (30 June 2015: 0.6%) was mainly shared between the United States of America, other European countries and South America.

Liquidity and Capital Resources

As at 30 June 2016, the Group had bank balances and cash of HKD546.3 million (31 December 2015: HKD470.0 million). The Group was offered banking facilities amounting to HKD728.8 million (31 December 2015: HKD737.3 million). As at 30 June 2016, the Group's total bank borrowings were HKD728.8 million (31 December 2015: HKD737.3 million). The Group has variable interest-rate bank loans which carry interest ranging from 2.11% to 2.67% per annum for the six months ended 30 June 2016. The weighted-average effective interest rate of the Group's bank loans is 2.48% (30 June 2015: 1.99%). The gearing ratio stood at 32.1% (31 December 2015: 31.8%), based on total bank borrowings over total equity attributable to owners of the Company. The banking facilities were secured by corporate guarantees from the Company and certain of its subsidiaries. Bank loans are secured by certain land and buildings, investment properties and pledged bank deposits of the Group.

Human Resources

As at 30 June 2016, the total number of employees of the Group is 376 (30 June 2015: 362). Employee costs (excluding directors' emoluments) amounted to approximately HKD35.4 million (30 June 2015: HKD34.2 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.

Share Option Scheme

There have been no changes in the Group's share option scheme ("Scheme"), details of which are disclosed in the Company's annual report for the year ended 31 December 2015. During the period, no share option was granted.

Details of the movements of the share options granted under the Scheme during the period ended 30 June 2016 are as follows:

				Number of share options				
Participants	**Date of grant**	**Exercise period**	**Exercise price per share** *(HKD)*	**Outstanding as at 1 January 2016**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2016**
Directors	17/6/2014	17/6/2014 to 16/6/2017	0.550	6,000,000	–	–	–	6,000,000
	4/12/2015	4/12/2015 to 3/12/2016	0.760	1,000,000	–	–	–	1,000,000
Employees	9/10/2013	9/10/2014 to 8/10/2016	0.402	350,000	–	(140,000)	(210,000)	–
		9/10/2015 to 8/10/2016	0.402	960,000	–	(780,000)	(90,000)	90,000
	4/12/2015	1/7/2016 to 31/12/2016	0.760	10,000,000	–	–	–	10,000,000
				18,310,000	–	(920,000)	(300,000)	17,090,000
Weighted average exercise price				0.666	N/A	0.402	0.402	0.684

The Group recognised an expense of HKD1,472,000 for period ended 30 June 2016 (30 June 2015: HKD635,000) in relation to share options granted by the Company.

920,000 options were exercised during the period ended 30 June 2016 with gross proceeds of approximately HKD370,000 (30 June 2015: HKD5,234,000). 300,000 options lapsed during the six months ended 30 June 2016 due to the passing away of a grantee (30 June 2015: 11,460,000).

EVENT AFTER THE REPORTING PERIOD

On 18 March 2016, the Company announced a proposed bonus warrants issue on the basis of one warrant for every five shares held on the record date (i.e. 17 June 2016). Approximately 539,733,000 units of warrants were issued on 6 July 2016. 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 announcements dated 24 March 2016 and 6 July 2016 and the Company's circular dated 29 April 2016.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	**2016** ***HKD'000*** **(Unaudited)**	2015 *HKD'000* (Unaudited)
Revenue	*3*	**175,726**	165,648
Cost of sales		**(54,329)**	(43,779)
Gross profit		**121,397**	121,869
Other income and gains		**3,668**	239,646
Distribution and selling expenses		**(43,158)**	(75,737)
Administrative expenses		**(66,810)**	(86,322)
Finance costs		**(9,013)**	(4,608)
Other expenses		**(7,011)**	(11,608)
Increase in fair value of investment properties		**9,800**	2,250
Share of results of joint ventures		**(4,760)**	(1,757)
Profit before income tax expense	*5*	**4,113**	183,733
Income tax expense	*4*	**(9,321)**	(28,404)
(Loss)/profit for the period		**(5,208)**	155,329

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	2016 HKD'000 (Unaudited)	2015 HKD'000 (Unaudited)
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
Surplus arising on revaluation of properties		**15,932**	6,880
Deferred tax liability arising on revaluation of properties		**(1,090)**	(70)
		14,842	6,810
Items that may be reclassified subsequently to profit or loss:			
Fair value gain of available-for-sale investments		**–**	20,354
Release of investments revaluation reserve to profit or loss upon disposal of available-for-sale investments		**–**	(5,605)
Translation reserves released to profit or loss on obtaining control of a joint venture		**–**	(2,051)
Exchange differences arising on translation of foreign operations		**(20,288)**	3,810
Share of other comprehensive income of joint ventures		**(27)**	14
		(20,315)	16,522
Other comprehensive income for the period, net of tax		**(5,473)**	23,332
Total comprehensive income for the period		**(10,681)**	178,661

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	**2016** ***HKD'000*** **(Unaudited)**	2015 *HKD'000* (Unaudited)
(Loss)/profit for the period attributable to:			
Owners of the Company		**2,120**	166,828
Non-controlling interests		**(7,328)**	(11,499)
		(5,208)	155,329
Total comprehensive income for the period attributable to:			
Owners of the Company		**(88)**	187,929
Non-controlling interests		**(10,593)**	(9,268)
		(10,681)	178,661
Earnings per share	*7*		
Basic		**HK0.08 cents**	HK6.24 cents
Diluted		**HK0.08 cents**	HK6.20 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	30.06.2016 *HKD'000* (Unaudited)	31.12.2015 *HKD'000* (Audited)
Non-current assets			
Property, plant and equipment	*8*	**610,711**	611,898
Investment properties	*8*	**1,185,989**	1,190,423
Prepaid lease payments		**246,666**	254,248
Intangible assets	*9*	**146,417**	146,417
Interests in joint ventures	*10*	**17,414**	–
Goodwill	*11*	**35,590**	35,590
Deferred tax assets		**19,960**	22,486
Club debentures		**1,876**	1,876
Restricted bank deposit		**3,487**	3,538
Statutory deposits for financial services business		**200**	200
		2,268,310	2,266,676
Current assets			
Inventories	*12*	**35,977**	58,862
Trade and other receivables	*13*	**99,070**	115,842
Amounts due from joint ventures	*10*	**60,216**	–
Advances to customers in margin financing	*14*	**106,402**	126,050
Loans receivable	*15*	**528,997**	629,196
Prepaid lease payments		**7,019**	7,159
Trading securities		**22,227**	16,420
Restricted bank deposit		**9,797**	9,889
Bank balances and cash – held on behalf of customers		**37,680**	24,494
Bank balances and cash		**546,326**	470,025
		1,453,711	1,457,937

	Notes	**30.06.2016**	31.12.2015
		HKD'000	*HKD'000*
		(Unaudited)	(Audited)
Current liabilities			
Trade and other payables	*16*	**273,719**	265,611
Bank borrowings	*17*	**173,180**	173,002
Dividend payable		**53,973**	–
Tax payable		**17,390**	12,853
		518,262	451,466
Net current assets		**935,449**	1,006,471
Total assets less current liabilities		**3,203,759**	3,273,147
Non-current liabilities			
Bank borrowings	*17*	**555,605**	564,249
Loan from non-controlling interests		**153,254**	153,254
Deferred tax liabilities		**87,998**	85,930
		796,857	803,433
Net assets		**2,406,902**	2,469,714
Equity			
Share capital	*18*	**269,867**	269,775
Reserves		**1,997,049**	2,049,360
Equity attributable to owners of the Company		**2,266,916**	2,319,135
Non-controlling interests		**139,986**	150,579
		2,406,902	2,469,714

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Exchange**") ("**Listing Rules**") and Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2015.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements has been prepared in accordance with the same accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2015, except for the amendments to HKFRSs that are effective for the Group's annual financial statements for the year ending 31 December 2016. Details of these amendments are set out below.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

Annual Improvements 2012-2014 Cycle

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The adoption of the amendments to HKFRS 5 has no impact on these financial statements as the Group does not have any asset (or disposal group) classified as held for sale or as held for distribution to owners.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period. The adoption of the amendments has no impact on these financial statements as the Group has no post-employment benefits.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The adoption of the amendments has no impact on these financial statements as the Group does not use revenue-based method for calculating depreciation of its non-current assets.

Amendments to HKFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply all of the principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

The adoption of the amendments to HKFRS 11 has no impact on these financial statements as the Group has no interest in a joint operation.

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 9 (2014)	Financial Instruments[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of the potential impact on the application of the above HKFRSs. The directors consider that it is not practicable to provide a reasonable estimate of their effect until the Group performs a detailed review.

3. SEGMENT INFORMATION

The Group's reportable and operating segments 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;
- Property investment and holding;
- Outlet malls;
- Financial services; and
- Duty free

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 2016 (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							
External sales	**59,807**	**18,338**	**18,721**	**14,692**	**60,096**	**4,072**	**175,726**
Inter-segment sales	**–**	**–**	**1,459**	**–**	**–**	**–**	**1,459**
	59,807	**18,338**	**20,180**	**14,692**	**60,096**	**4,072**	**177,185**
Segment profit/(loss)	**(16,712)**	**4,993**	**19,273**	**(21,142)**	**36,069**	**(5,685)**	**16,796**
Unallocated income							
– Interest income							**1,985**
– Others							**251**
Central administrative costs							**(10,159)**
Share of results of joint ventures							**(4,760)**
Profit before income tax expense							**4,113**

Six months ended 30 June 2015 (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							
External sales	72,138	12,608	17,629	20,099	40,747	2,427	165,648
Segment profit/(loss)	9,155	186,160	16,052	(32,394)	34,102	(5,233)	207,842
Unallocated income							
– Interest income							5,199
– Reserve released on obtaining control of joint venture							2,051
– Others							1,011
Central administrative costs							(30,613)
Share of results of joint ventures							(1,757)
Profit before income tax expense							183,733

Segment profit/(loss) represents the profit earned or the loss incurred by each segment without allocation of corporate income, which includes interest income, central administrative costs and share of results of joint ventures. This is the information reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

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

	30.6.2016	31.12.2015
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Retailing and sourcing	**61,398**	85,781
Branding	**156,475**	159,169
Property investment and holding	**1,451,556**	1,463,242
Outlet malls	**617,383**	622,362
Financial services	**760,786**	867,921
Duty free	**15,347**	18,324
Total segment assets	**3,062,945**	3,216,799
Unallocated	**659,076**	507,814
Consolidated total assets	**3,722,021**	3,724,613

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to reportable segments other than interests in joint ventures, amounts due from joint ventures, deferred tax assets, club debentures, restricted bank deposit and bank balances and cash.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Current tax charge:		
Hong Kong	**3,758**	9,335
Other jurisdictions	**2,024**	9,580
Deferred tax charge:		
Current period	**3,539**	9,489
	9,321	28,404

Hong Kong Tax

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

In previous periods, the Inland Revenue Department ("IRD") issued a number of multiple protective profits tax assessments for additional profits tax totalling HKD521 million to certain wholly-owned subsidiaries of the Company relating to the years of assessment 2001/2002 to 2009/2010 i.e. for the nine financial years ended 31 December 2010. The Group had lodged objections against the IRD in respect of all of these multiple protective profits tax assessments. Based on the mode of operations and activities of the subsidiaries and the merit of the Group's position as assessed by its tax advisor, the Directors were of the opinion that the group companies concerned were not subject to any potential additional Hong Kong Profits Tax.

In September 2015, the Group disposed of its 100% equity interest of Grand Golden Enterprises Limited ("Grand Golden"), the holding company of the wholly-owned subsidiaries referred to above, to an independent third party purchaser. The purchaser had full acknowledge of the above tax disputes with the IRD and tax positions of Grand Golden and its subsidiaries and agreed not to pursue any claims against the Group for any loss arising from the eventual outcome of the tax disputes.

The Directors are of the view that the Group no longer has any potential additional profits tax exposure in respect of the years of assessment 2001/2002 to 2009/2010 following the disposal of Grand Golden.

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 these condensed consolidated financial statements, the above acquired subsidiary has not filed tax returns for corporate income tax in the PRC in respect of its 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 and therefore no provision was made in these condensed consolidated financial statements. Based on the experience of the Group's management, the amount of such penalty, if any, will not be material to the Group's condensed consolidated financial statements. In addition, pursuant to the agreement in respect of acquisition of that subsidiary, the vendor has undertaken to indemnify the Group for any liability arising from the above late filing of tax returns prior to the completion date of the acquisition.

Others

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

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2016	2015
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**17,789**	20,441
Write off of property, plant and equipment	**–**	1,701
Bad debts	**2,786**	3,443
Provision for bad and doubtful debts	**–**	6,000
Allowance for inventories, net	**11,438**	308
Amortisation on prepaid lease payments	**3,529**	3,699
Exchange losses, net	**127**	123
Loss on disposal of property, plant and equipment	**7**	–
Interest income from bank deposits/amounts due from joint ventures	**(1,985)**	(5,199)
Gain on disposal of available-for-sale investments	**–**	(5,605)
Gain on disposal of intangible assets	**–**	(222,497)
Loss/(gain) on disposal of trading securities	**1,137**	(276)
Reserve released on obtaining control of a joint venture	**–**	(2,051)
Fair value loss on re-measurement of equity in a joint venture	**–**	20

6. DIVIDEND

A final dividend of HKD0.02 per ordinary share was proposed in 2016 for the year ended 31 December 2015. For the period ended 30 June 2016, the Board does not recommend the payment of an interim dividend (2015: Nil) to the members of the Company.

7. 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:

(a) Basic earnings per share

	Six months ended 30 June	
	2016	2015
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Profit for the purposes of basic earnings per share	**2,120**	166,828
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**2,698,245**	2,672,927

(b) Diluted earnings per share

	Six months ended 30 June	
	2016	2015
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**2,698,245**	2,672,927
Effect of dilutive potential ordinary shares:		
– share options	**2,507**	19,681
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,700,752**	2,692,608

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Property, plant and equipment

During the period, the Group acquired property, plant and equipment at a cost of HKD4,984,000 (six months ended 30 June 2015: HKD39,646,000).

The buildings of the Group located in the PRC and the leasehold land and buildings located in Hong Kong were valued on 30 June 2016 by Prudential Surveyors (Hong Kong) Limited, an independent firm of professional property valuers not connected to the Group. This resulted in a surplus net of tax of approximately HKD14,842,000 (six months ended 30 June 2015: HKD6,810,000) which was recognised as other comprehensive income for the period.

Investment properties

The fair value of the Group's investment properties and investment properties under development were estimated on 30 June 2016 by Prudential Surveyors (Hong Kong) Limited and 北京第一太平戴維斯房地產與土地評估有限公司, independent firms of professional property valuers not connected to the Group. This resulted in an increase in fair value of investment properties of approximately HKD9,800,000 during the period (six months ended 30 June 2015: HKD2,250,000), which was recognised in the profit or loss for the period.

9. 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 ("Exchange") which allow the Group to trade securities on or through the Exchange. They are considered by 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.

10. INTERESTS IN JOINT VENTURES

Interests in joint ventures

During the period ended 30 June 2016, the Group set up two joint venture companies, namely 安陽國旅尚柏奧萊置業有限公司 ("安陽國旅") and 武漢喬尚實業發展有限公司 ("武漢喬尚"), with a carrying value of approximately HKD14,279,000 and HKD3,135,000, respectively. 安陽國旅and武漢喬尚are set up to carry on the business of outlet mall operation in Anyang of the PRC. The entities are in the development stage and have not commenced operation during the period.

Amounts due from joint ventures

The amounts due from joint ventures as at 30 June 2016 were unsecured, interest-bearing at the rate of 5% per annum and repayable within one year.

11. GOODWILL

It arose from a business combination in 2014 and was allocated to the cash-generating unit of financial services for impairment testing.

The Directors are of the opinion that the cash-generating unit demonstrates sufficient cash flows that justify the carrying value of the goodwill and hence no impairment of goodwill is necessary as at 30 June 2016.

12. INVENTORIES

During the six months ended 30 June 2016, HKD11,438,000 (2015: HKD308,000) has been recognised as a reduction in the amount of inventories recognised as an expense in profit or loss during the period, being the amount of write-down of inventories to estimated net realisable value.

13. TRADE AND OTHER RECEIVABLES

	30.06.2016	31.12.2015
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Trade receivables		
– Other than financial services segments	**44,716**	44,433
– Financial services segment	**25,490**	31,264
	70,206	75,697
Less: allowance for doubtful debts	**(19,790)**	(19,790)
	50,416	55,907
Other receivables, deposits and prepayments	**52,731**	64,012
Less: allowance for doubtful debts		
– Other receivables	**(4,077)**	(4,077)
	48,654	59,935
	99,070	115,842

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. Included in trade and other receivables are trade receivables, net of allowance for doubtful debts, of HKD24,926,000 (31 December 2015: HKD24,643,000).

Trade receivables from financial services segment

	30.06.2016	31.12.2015
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Trade receivables arising from ordinary course of business of dealing in securities:		
Cash clients	**347**	239
Clearing house	**–**	22,315
Trade receivables arising from ordinary course of business of provision of:		
Money lending	**25,101**	8,633
Insurance brokerage	**42**	77
	25,490	31,264

Save for the credit period allowed by the Group, trade receivables 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. Overdue receivables from cash clients of approximately HKD139,000 as at 30 June 2016 (31 December 2015: HKD190,000) bear interest at interest rates with reference to the Hong Kong dollar prime rate ("Prime Rate") plus 6%.

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

	30.06.2016	31.12.2015
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
0 to 30 days	**33,531**	41,810
31 to 60 days	**2,806**	1,891
61 to 90 days	**3,206**	2,023
Over 90 days	**10,873**	10,183
	50,416	55,907

14. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	30.06.2016	31.12.2015
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Directors and his associates	**114**	2,698
Other margin clients	**106,288**	123,352
	106,402	126,050

Advances to customers in margin financing are repayable on demand and carry interest range from Prime rate to Prime Rate plus 3% per annum. Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group. At 30 June 2016, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HKD554,397,000 (31 December 2015: HKD699,241,000). The Group is allowed to dispose of the collateral in settlement of the customers' obligations to maintain the agreed level of margin and any other liability of the customers due to the Group.

No aging analysis is disclosed for advances to customers in margin financing as, in the opinion of the Directors, an aging analysis is not meaningful in view of the business nature of margin financing.

15. LOANS RECEIVABLE

	30.06.2016	31.12.2015
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Secured	**528,997**	629,196

The loans receivable are secured by charges over the borrowers' properties and/or financial assets, bear interest at 10%-24% per annum (31 December 2015: 12%-36%), and are repayable within one month to one year from the dates of advance.

The customers are obliged to settle the amounts according to the terms set out in relevant contracts. Interest rates are offered based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends.

16. TRADE AND OTHER PAYABLES

	30.06.2016	31.12.2015
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Trade payables	**56,139**	32,761
Accounts payable from financial services segment	**33,223**	16,426
Other payables, temporary receipts and accruals	**184,357**	216,424
	273,719	265,611

The following is an ageing analysis of trade payables presented based on the invoice date or transaction date (where applicable) at end of the reporting period:

	30.06.2016	31.12.2015
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
0 to 30 days	**25,899**	16,572
31 to 60 days	**29,958**	11,358
61 to 90 days	**–**	2,761
Over 90 days	**282**	2,070
	56,139	32,761

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

Accounts payable from financial services segment

	30.06.2016	31.12.2015
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Accounts payable arising from ordinary course of business of dealing in securities:		
Cash clients	**20,439**	7,336
Margin clients	**11,976**	8,995
Clearing house	**747**	–
	33,162	16,331
Accounts payable arising from ordinary course of business of provision of:		
Insurance brokerage	**61**	95
	33,223	16,426

The settlement term of accounts payable attributable to dealing in securities are two trading days after the trade date.

No aging analysis is disclosed for payables to margin clients as, in the opinion of the Directors, an aging analysis is not meaningful in view of the business nature of securities dealing and margin financing.

17. BANK BORROWINGS

	30.06.2016	31.12.2015
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Current		
Carrying amount of variable interest-rate bank loans repayable within one year:		
– unsecured	**155,180**	155,002
– secured	**18,000**	18,000
	173,180	173,002
Non-Current		
Carrying amount of secured variable interest-rate bank loans that are payable:		
– after one year, but not exceeding two years	**18,000**	18,000
– after two years, but not exceeding five years	**227,245**	236,245
– after five years	**310,360**	310,004
	555,605	564,249
	728,785	737,251

The Group has variable interest-rate bank loans which carry interest ranging from 2.11% to 2.67% per annum for the six months ended 30 June 2016 (six months ended 30 June 2015: 1.84% to 2.29%). The weighted-average effective interest rate of the Group's bank loans is 2.48% (six months ended 30 June 2015: 1.99%).

The Group had no undrawn borrowing facilities available for future operating activities and to settle capital commitments as at 30 June 2016 and 31 December 2015.

The Group had pledged its leasehold land and buildings and completed investment properties, with carrying values of approximately HKD216,000,000 and HKD721,337,000 (31 December 2015: HKD210,000,000 and HKD722,308,000) respectively, to secure general banking facilities granted to the Group of which approximately HKD573,605,000 (31 December 2015: HKD582,249,000) had been utilised at end of the reporting period.

18. SHARE CAPITAL

	Number of share *'000*	Share capital *HKD'000*
Authorised ordinary share of HKD0.10 each:		
At 31 December 2015 (audited) and 30 June 2016 (unaudited)	20,000,000	2,000,000
Issued and fully paid ordinary share of HKD0.10 each:		
At 1 January 2016 (audited)	2,697,744	269,775
Exercise of share options	920	92
At 30 June 2016 (unaudited)	2,698,664	269,867

PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend (2015: Nil) for the six months ended 30 June 2016.

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 2016, only with deviation from code provisions A.2.1 and A.4.1 of 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.

The Board continues to monitor and review the Company's corporate governance practices and makes necessary changes at appropriate times.

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 2016.

An independent service provider was appointed in March 2016 to assist the Board to monitor the effectiveness of the risk management and control system of the Group. The service provider completed its half-year review in accordance with "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 management so that appropriate follow-up actions will be taken if so required. A risk management policy was further formalized and adopted to enable the Group to identify, assess and manage risk in a systematic manner.

Remuneration Committee

The remuneration committee of the Company ("**Remuneration Committee**") comprises 3 INEDs. It advises the Board on the emolument policies towards Directors and senior management.

Nomination Committee

Advising the Board on succession planning (in particular that of the Chairman and the Chief Executive), the nomination committee of the Company ("**Nomination Committee**") is composed of 3 members, out of which 2 are INEDs.

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, 10 June 2016, Mr. Shum Pui Kay and Mr. Wah Wang Kei Jackie retired. Both of them, being eligible, offered themselves for re-election and were re-elected as Directors.

As from 11 June 2016 and up to the date of this announcement, the Board comprises:

Executive Directors:
Mr. Cheng Tun Nei
(Chairman and 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

Non-executive Director:
Mr. Hong Kim Cheong

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

For the six months ended 30 June 2016, 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 2016 ("**2016 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 2016 Interim Report on or before 30 September 2016.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to all our customers, suppliers and shareholders for their ongoing support. We would also like to thank our team of dedicated staff for their valuable services and contributions throughout the period.

By Order of the Board
Cheng Tun Nei
Chairman

Hong Kong • 19 August 2016

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

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