SYMPHONY

SYMPHONY HOLDINGS LTD.

新灃集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01223)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

CHAIRMAN'S STATEMENT

It gives me pleasure to present the results of the Company for the first half of 2015.

As at 30 June 2015, the six months' turnover of the Company was HKD165,648,000, representing a growth of 57% when compared with the corresponding period of 2014. Such results were attributable to the dedicated and relentless efforts of our successful transformation. Each business segment was growing proactively according to our development strategies.

For the six months ended 30 June 2015, profit attributable to the owners of the Company was HKD166,828,000, representing a growth of 2,571% when compared with the corresponding period of 2014. Such growth in profit was primarily derived from the disposal of the trademark and intellectual property rights of "PONY" brand in USA, Mexico and Canada, the integrated business performance of the newly acquired financial services segment for the last six months, and the increase in rental income of our property investment portfolio.

* *For identification only*

Business Performance

A) Retailing Business

1) Outlet Malls

The existing outlet mall operation in Shenyang and Tianjin is becoming stabilized and matured, and through a professional and high quality outlet mall operator image, adherence to providing high quality and steep discounted international branded genuine merchandise, the Company will continue to supply genuine and price-worthy products to the public via a comfortable and leisure shopping experience.

At the same time, the Company is in discussion with a renowned domestic enterprise with the finalization and preparatory work of the outlet mall expansion plan in targeted regions under way.

2) Duty Free Business

Since the acquisition of the duty free shops of Golden Palais in Kinmen at the end of last year, and after several months of planning and operation, the Company has grasped more in-depth comprehension about the market conditions and business uniqueness, and has clearer understanding and confidence of our strengths and development direction. In the second half of 2015, the Company will continue to leverage on the Taiwan tourism spree and policy advantage to continue expanding our business. Taiwan Land Development Corporation's Wind Lion Plaza, located at the core district in Kinmen, has been selected as the new site for our duty free shop with more shopping space.

B) Sports Branding

1) PONY

As aforementioned, in February 2015, the Company disposed of the PONY trademarks and intellectual property rights in USA, Mexico and Canada at the consideration of USD30 million (equivalent to HKD232.5 million) and USD7 million (equivalent to HKD54.3 million) respectively. Besides continuing negotiation with ICONIX regarding co-operation in other regions, the Company is also actively expanding its business in Asia Pacific and other territories.

2) Speedo

Through consolidation and expansion, Speedo currently has a total of 440 licensed points-of-sales, including 404 franchised and 36 self-run stores, with a stable increase in operating income. Leveraging on the well-received swimming sport and its popularity, the government continues to increase its plunge into the sports industry, coupled with the momentum of the Olympics Games next year, the Company will continue to promote brand development, expand business scale, and will further negotiate development plan with the parent company of Speedo, including considering co-operation with other brands.

C) Financial Services

In the first half of 2015, China Rise Finance gradually expanded its customer base and business scale with its operating income achieving a stable growth. In coping with the demand from the financial services and capital markets, it will continue to provide financial support to the Company and its clients.

D) Property Investment and Holding

With promising property market prospects, the successful acquisition of Beijing Properties in September last year, the Company enhanced its property investment portfolio and achieved a more stable rental income growth and value appreciation potential.

The Company will continue to expand and intensify the development of each of the above business segments, resolve issues resulting from factory production transformation and reduce unnecessary costs, enhance brand building and optimize retailing channel network, gradually expanding the scale of the outlet mall and duty free businesses. Complemented and supported by our professional and highly efficient financial services, different business segments will co-operate synergistically to achieve maximized efficiency of our business strategies.

OPERATION REVIEW

The Group's turnover increases from HKD105.2 million for the first half of 2014 to HKD165.6 million for the corresponding period in 2015. The improved results were attributable to organic growth and contribution from the newly acquired financial services group and the Beijing properties in 2014.

Gross profit margin rises from 55% last year to 73.6% this year resulting from the interest income generated from the money lending business and also rental income received from the Beijing properties.

The Group also recognized gain of HKD194 million (net of transactional cost) from the disposal of the Pony trademark and intellectual property rights in Canada, US and Mexico in February this year.

The value of intangible assets fell from HKD210.5 million last year to HKD146.4 million this year as a consequence of the disposal of the PONY trademark and intellectual property rights in the United States of America, Mexico and Canada.

As stated in the Annual Report 2014, out of the HKD291.7 million proceeds raised from the placing of the ordinary shares of the Company in October 2013, (i) HKD59.0 million had been utilised for existing outlet mall operations; (ii) HKD21.7 million had been utilised for general working capital of the Group; while (iii) HKD150.0 million had been used for the repayment of bank loans of the Group. The balance of HKD61.0 million which was originally set aside for outlet mall extension has been utilised as general working capital for our newly acquired financial services business.

Market Information

During the first six months of 2015, sales to the People's Republic of China, Hong Kong, Taiwan and other Asian countries comprise 99.4% (30 June 2014: 92.9%) of the total sales and the remaining 0.6% (30 June 2014: 7.1%) was mainly shared between United States of America, other European countries and South America.

Liquidity and Capital Resources

As at 30 June 2015, the Group had bank balances and cash of HKD650.3 million (31 December 2014: HKD562.4 million). The Group was offered banking facilities amounting to HKD740.1 million (31 December 2014: HKD465.3 million). As at 30 June 2015, the Group's total bank borrowings were HKD465.1 million (31 December 2014: HKD465.3 million). The Group has variable interest-rate bank loans which carry interest range from 1.84% to 2.29% per annual for the six months ended 30 June 2015. The effective interest rate of the Group's bank loans is 1.99% (30 June 2014: 1.62%). The gearing ratio stood at 19.51% (31 December 2014: 21.27%), based on total bank borrowings over shareholders' equity. 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 2015, the total number of employees of the Group is 362 (30 June 2014: 278). Employee costs (excluding directors' emoluments) amounted to approximately HKD34.2 million (30 June 2014: HKD33.7 million).

In addition to competitive remuneration packages, discretionary bonuses and employee options are awarded to eligible staff of the Group based on their performance and individual merits.

Share Option Scheme

There has 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 2014. 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 2015 are as follows:

				Number of share options				
Name of participants	Date of grant	Exercise period	Exercise price per share	Outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2015
Directors	9/9/2013	9/9/2013 to 8/9/2016	HK$0.406	–	–	–	–	–
		9/9/2014 to 8/9/2016	HK$0.406	7,000,000	–	(7,000,000)	–	–
		9/9/2015 to 8/9/2016	HK$0.406	10,800,000	–	–	(6,900,000)	3,900,000
	17/6/2014	17/6/2014 to 16/6/2017	HK$0.550	6,000,000	–	–	–	6,000,000
Employees	9/9/2013	9/9/2013 to 8/9/2016	HK$0.406	–	–	–	–	–
		9/9/2014 to 8/9/2016	HK$0.406	2,320,000	–	(1,820,000)	–	500,000
		9/9/2015 to 8/9/2016	HK$0.406	12,000,000	–	–	(4,200,000)	7,800,000
	9/10/2013	9/10/2013 to 8/10/2016	HK$0.402	540,000	–	(540,000)	–	–
		9/10/2014 to 8/10/2016	HK$0.402	4,470,000	–	(3,570,000)	–	900,000
		9/10/2015 to 8/10/2016	HK$0.402	4,470,000	–	–	(360,000)	4,110,000
				47,600,000	–	(12,930,000)	(11,460,000)	23,210,000
Weighted average exercise price				0.423	N/A	0.405	0.406	0.442

The Group recognised an expense of HKD635,000 for period ended 30 June 2015 (30 June 2014: HKD3,318,000) in relation to share options granted by the Company.

12,930,000 options were exercised during the period ended 30 June 2015 with a gross proceeds of HKD5,234,000 (30 June 2014: HKD643,000). 11,460,000 options were lapsed during the six months ended 30 June 2015 due to the resignation of employees (30 June 2014: 280,000).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Notes	**2015** ***HKD'000*** **(Unaudited)**	2014 *HKD'000* (Unaudited) (Restated)
Continuing operations			
Revenue	*3*	**165,648**	105,219
Cost of sales		**(43,779)**	(47,302)
Gross profit		**121,869**	57,917
Other income and gains		**239,646**	43,217
Distribution and selling expenses		**(75,737)**	(42,768)
Administrative expenses		**(86,322)**	(85,050)
Finance costs		**(4,608)**	(2,118)
Other expenses		**(11,608)**	(2,237)
Increase in fair value of investment properties		**2,250**	500
Share of results of joint ventures		**(1,757)**	(1,394)
Profit/(loss) before income tax (expense)/credit		**183,733**	(31,933)
Income tax (expense)/credit	*4*	**(28,404)**	2,592
Profit/(loss) for the period from continuing operations	*5(a)*	**155,329**	(29,341)
Discontinued operations			
Profit for the period from discontinued operations, after tax	*5(b)*	**–**	26,607
Profit/(loss) for the period		**155,329**	(2,734)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	2015	2014
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
		(Restated)
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss:		
Surplus arising on revaluation of properties	**6,880**	5,850
Deferred tax liability arising on revaluation of properties	**(70)**	(70)
	6,810	5,780
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 disposal of a joint venture	**–**	944
Translation reserves released to profit or loss on obtaining control of a joint venture	**(2,051)**	(372)
Exchange differences arising on translation of foreign operations	**3,810**	(32,507)
Share of other comprehensive income of joint ventures	**14**	(495)
	16,522	(32,430)
Other comprehensive income for the period, net of tax	**23,332**	(26,650)
Total comprehensive income for the period	**178,661**	(29,384)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Notes	2015 HKD'000 (Unaudited)	2014 HKD'000 (Unaudited) (Restated)
Profit/(loss) for the period attributable to:			
Owners of the Company		**166,828**	6,247
Non-controlling interests		**(11,499)**	(8,981)
		155,329	(2,734)
Total comprehensive income for the period attributable to:			
Owners of the Company		**187,929**	(14,597)
Non-controlling interests		**(9,268)**	(14,787)
		178,661	(29,384)
Earnings/(loss) per share	*7*		
Basic			
From continuing and discontinued operations		**HK6.24 cents**	HK0.28 cents
From continuing operations		**HK6.24 cents**	(HK0.93 cents)
Diluted			
From continuing and discontinued operations		**HK6.20 cents**	HK0.28 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	30.06.2015 HKD'000 (Unaudited)	31.12.2014 HKD'000 (Audited)
Non-current assets			
Property, plant and equipment	*8*	**617,920**	530,599
Investment properties	*8*	**1,245,935**	1,305,717
Prepaid lease payments		**273,831**	277,346
Intangible assets	*9*	**146,417**	210,545
Interests in joint ventures	*10*	**–**	24,662
Available-for-sale investments		**–**	44,888
Goodwill	*11*	**35,590**	35,590
Deferred tax assets		**36,592**	45,699
Tax recoverable		**52,314**	52,314
Club debentures		**1,876**	2,326
Restricted bank deposit		**3,746**	3,743
Statutory deposits for financial services business		**200**	200
		2,414,421	2,533,629
Current assets			
Inventories	*12*	**53,623**	41,785
Trade and other receivables	*13*	**116,948**	116,579
Advances to customers in margin financing	*14*	**51,302**	50,344
Loans receivable	*15*	**307,472**	143,006
Prepaid lease payments		**7,425**	7,420
Trading securities		**–**	9,545
Restricted bank deposit		**1,611**	1,573
Bank balances and cash			
– held on behalf of customers		**72,038**	22,173
Bank balances and cash		**650,345**	562,362
		1,260,764	954,787

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2015

	Notes	**30.06.2015** ***HKD'000*** **(Unaudited)**	31.12.2014 *HKD'000* (Audited)
Current liabilities			
Trade and other payables	*16*	**341,622**	295,688
Amounts due to joint ventures	*10*	**–**	26,427
Bank borrowings	*17*	**310,036**	465,336
Tax payable		**57,599**	47,192
		709,257	834,643
Net current assets		**551,507**	120,144
Total assets less current liabilities		**2,965,928**	2,653,773
Non-current liabilities			
Bank borrowings	*17*	**155,018**	–
Loan from non-controlling interests		**153,254**	153,254
Deferred tax liabilities		**89,215**	88,776
		397,487	242,030
Net assets		**2,568,441**	2,411,743
Equity			
Share capital	*18*	**268,245**	266,952
Reserves		**2,115,717**	1,921,275
Equity attributable to owners of the Company		**2,383,962**	2,188,227
Non-controlling interests		**184,479**	223,516
		2,568,441	2,411,743

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 with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

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 2014, except for the accounting policy changes that are expected to be reflected in Group's annual financial statements for the year ending 31 December 2015. Details of these changes in accounting policies are set out below.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The adoption of the amendments to HKAS16 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with revaluations of its property, plant and equipment.

Amendments to HKAS 19 (2011) – Defined Benefit Plans: Employee Contributions

The amendments permit contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered instead of allocating the contributions to periods of service.

The adoption of the amendments has no impact on these financial statements as the Group has no defined benefit plans.

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.

HKFRSs (Amendments)	Annual Improvements 2012 – 2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2017

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

Having assessed the impact of these revised standards, amendments and interpretations on the Group's financial statements, the Directors of the Company have so far concluded that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

During the period, the Group identified, among others, a new business segment of Duty Free business in Taiwan acquired by the Group in September 2014, resulting in a change in composition of reportable operating segments and is separately assessed by the chief operating decision-maker (the "**CODM**").

Furthermore, the CODM reassessed that the available-for-sale investments and trading securities acquired by the Group in 2014 were directly attributed to financial services segment, resulting from a change in resource allocation of reportable operating segments.

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.

Corresponding items of segment information as at 31 December 2014, of which five reportable operating segments were previously presented, have been restated for consistent presentation with current period's segment information.

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 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 a 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**

Six months ended 30 June 2014 (Unaudited)

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Financial services *HKD'000*	Consolidated *HKD'000*
REVENUE						
External sales	67,118	17,493	3,630	13,781	3,197	105,219
Segment (loss)/profit	(1,094)	(1,872)	2,003	(28,446)	1,476	(27,933)
Unallocated income						
– Interest income						7,494
– Gain on disposal of a joint venture						16,356
– Fair value gain on re-measurement of equity in a joint venture						10,051
– Others						719
Central administrative costs						(37,226)
Share of results of joint ventures						(1,394)
Loss before income tax credit						(31,933)

Segment profit/(loss) represents the profit earned or the loss incurred by each segment without allocation of corporate income, which includes interest income, reserve released on obtaining control of a joint venture, gain on disposal of a joint venture and fair value gain on re-measurement of entity in a joint venture, 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:

	30.6.2015	31.12.2014
	HKD'000	*HKD'000*
	(Unaudited)	(Restated)
Retailing and sourcing	**92,366**	73,905
Branding	**156,321**	230,095
Property investment and holding	**1,518,009**	1,487,023
Outlet malls	**659,466**	673,451
Financial services	**487,381**	315,076
Duty free	**15,158**	16,187
Total segment assets	**2,928,701**	2,795,737
Unallocated	**746,484**	692,679
Consolidated total assets	**3,675,185**	3,488,416

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, deferred tax assets, tax recoverable, club debentures, restricted bank deposit and bank balances and cash.

4. INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 June	
	2015	2014
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Current tax charge:		
Hong Kong	**(9,335)**	–
Other jurisdictions	**(9,580)**	(799)
Deferred tax charge:		
Current period	**(9,489)**	3,391
	(28,404)	2,592

Hong Kong Tax

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

From 2008 to 2011, the Inland Revenue Department ("IRD") issued protective profits tax assessments for additional profits tax to certain wholly-owned subsidiaries of the Company relating to the years of assessment of 2001/2002 to 2004/2005 i.e. for the four financial periods ended 31 December 2004.

The Group had lodged objections with the IRD against the protective profits tax assessments. The IRD agreed to hold over the additional tax claimed subject to the relevant subsidiaries' purchases of tax reserve certificates ("**TRCs**") amounted to approximately HKD23 million. These TRCs were purchased and included in tax recoverable as at 30 June 2015 and 31 December 2014. In July and August 2012, the Group purchased additional TRCs amounted to HKD10.2 million relating to the year of assessment of 2004/2005 at the request of IRD.

In December 2011, the Deputy Commissioner of the IRD issued his written determinations. Among others, he is of the view that the wholly-owned subsidiaries referred to above are subject to Hong Kong profits tax and confirmed/revised the protective profits tax assessments for 2001/2002 to 2004/2005 in the amount of approximately HKD306 million in aggregate. In January 2012, the Group filed notices of appeal to the Board of Review objecting to the written determinations the IRD issued in December 2011.

In March 2012, the IRD also issued protective profits tax assessments for profits tax or additional profits tax for HKD90.5 million in aggregate in accordance with the written determinations referred to above to the wholly owned subsidiaries concerned for the year of assessment 2005/2006. The Group had lodged objections with the IRD against these protective profits tax assessments. The IRD agreed to hold over the additional tax claimed subject to the Group purchasing TRCs amounted to HKD12 million which the Group did in July 2012.

The protective assessments issued by IRD according to his determination for additional profits tax in aggregate of HKD396.5 million mentioned above for the years of assessment from 2001/2002 to 2005/2006 were issued on three alternative bases on the same set of profits for each year of assessment.

In March 2011, the Group filed an application to the Court for a judicial review contending, inter alia, whether the IRD has the power to issue multiple assessments against different group companies for the same set of profits for the years of assessment of 2001/2002 to 2004/2005.

The judicial review proceedings were heard on the 1st and 2nd February of 2012. The judgment in respect of the judicial review was handed down in May 2012. Among others, the Group's application for relief to quash each of the assessments issued by the IRD and the conditional holdovers were not granted. The Court of First Instance held that the IRD can issue multiple assessments in respect of the same set of profits to different taxpayers on alternative bases, so long as there is no double recovery of tax.

In October 2012, the IRD also issued protective profits tax assessments for profits tax or additional profits tax for HKD124.5 million in aggregate to the wholly-owned subsidiaries relating to the year of assessment from 2006/07 to 2009/10 on three alternative bases on same set of profits for each year of assessment. The Group had lodged objections against the IRD regarding these protective profits tax assessments. The IRD agreed to holdover the additional claimed subject to the Group's purchasing tax reserve certificate amounted to HKD7 million which were done by the Group in January 2013.

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 are of the opinion that the group companies concerned are not subject to Hong Kong profits tax.

The Group's appeal to the Board of Review is scheduled to be heard in September 2015. The eventual outcome of this action which is being handled by the Group's tax advisor and the financial impact thereof on the Group, if any, cannot be readily ascertained at this stage.

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 newly acquired subsidiary has not filed tax returns for corporate income tax in the PRC in respect of its income derived from the PRC. Accordingly, 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/(LOSS) FOR THE PERIOD

(a) Profit/(loss) for the period from continuing operating has been arrived at after charging/ (crediting):

	Six months ended 30 June	
	2015	2014
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**20,441**	17,120
Write off of property, plant and equipment	**1,701**	385
Bad debts	**3,443**	–
Provision for bad and doubtful debts	**6,000**	–
Allowance for inventories, net	**308**	4,499
Amortisation on prepaid lease payments	**3,699**	3,749
Reversal of impairment loss on loans receivable	**–**	(1,607)
Exchange losses, net	**123**	6,734
Interest income from bank deposits	**(5,199)**	(7,494)
Gain on disposal of available-for-sale investments	**(5,605)**	–
Gain on disposal of intangible assets	**(222,497)**	–
Gain on disposal of trading securities	**(276)**	–
Gain on disposal of a joint venture	**–**	(16,356)
Reserve released on obtaining control of a joint venture	**(2,051)**	–
Fair value loss/(gain) on re-measurement of equity in a joint venture	**20**	(10,051)

(b) Discontinued operations

On 28 June 2013, the Group entered into a conditional sale and purchase agreement (the "**Disposal Agreement**") with a related party (the "**Purchaser**"), pursuant to which the Company conditionally agreed to dispose of, and the Purchaser conditionally agreed to purchase, the entire issued share capital of Yi Ming Investments Limited ("**Yi Ming**"), an indirect wholly-owned subsidiary of the Company, and the shareholder's loan due by Yi Ming and its subsidiaries (together the "**Disposal Group**") for an aggregate consideration of approximately HKD429,199,000 (collectively referred to as the "**Disposal**"), subject to adjustments. The Disposal Group is principally engaged in footwear manufacturing and was one of the major components of the Group. The Disposal was completed on 31 August 2013. Details of the Disposal are disclosed in the circular of the Company dated 12 August 2013.

The profit from discontinued operations for the six months ended 30 June 2014 mainly arose from the adjustments on provisions for retirement and termination benefits and other payables.

6. DIVIDEND

No final dividend was declared and paid in 2015 for the year ended 31 December 2014. The Directors do not recommend the payment of any interim dividend (2014: Nil) for the period ended 30 June 2015.

7. EARNINGS/(LOSS) PER SHARE

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

(a) Basic earnings/(loss) per share

	Six months ended 30 June	
	2015	2014
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
For continuing and discontinued operations:		
Profit for the purposes of basic earnings per share	**166,828**	6,247
For continuing operations:		
Profit/(loss) for the purposes of basic earnings/(loss) per share	**166,828**	(20,360)
For discontinued operations:		
Profit for the purposes of basic earnings per share	**–**	26,607
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**2,672,927**	2,194,076
	HK cents	*HK cents*
	(Unaudited)	(Unaudited)
Earnings per share for the discontinued operations attributable to owners of the Company		
– Basic	**–**	1.21

(b) Diluted earnings per share

	Six months ended 30 June	
	2015	2014
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**2,672,927**	2,194,076
Effect of dilutive potential ordinary shares:		
– share options	**19,681**	–
Weighted average number of ordinary shares for The purpose of diluted earnings per share	**2,692,608**	2,194,076

The amount of diluted earnings per share was the same as basic earnings per share for the six months ended 30 June 2014 because the dilutive potential ordinary shares outstanding during that period had an anti-dilutive effect on the loss from continuing operations attributable to the owners of the Company.

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 HKD39,646,000 (six months ended 30 June 2014: HKD10,039,000). Certain investment properties amounting to HKD62,718,000 was also transferred to property, plant and equipment due to commencement of owner-occupation as office of the Group.

The buildings of the Group located in the PRC and the leasehold land and buildings located in Hong Kong were valued on 30 June 2015 by Prudential Surveyors (Hong Kong) Limited, an independent firm of professional property valuers not connected to the Group. This resulted in an surplus net of tax of approximately HKD6,810,000 (six months ended 30 June 2014: HKD5,780,000) 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 2015 by professional property valuers not connected to the Group. This resulted in an increase in fair value of investment properties of approximately HKD2,250,000 during the period (six months ended 30 June 2014: HKD500,000), which was recognised in the profit or loss for the period.

9. INTANGIBLE ASSETS

During the period, the Group disposed of part of the intangible assets with a carrying amount of approximately HKD64,346,000 in respect of the "PONY" trademark in the United States of America, Mexico and Canada.

The rest of the balance is brought forward from 31 December 2014 and represents trading rights and trademarks in respect of the "PONY" brand in regions other than the United States of America, Mexico and Canada and 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. The intangible assets have no impairment indication and therefore are considered to be not impaired at the end of the reporting period.

10. INTERESTS IN JOINT VENTURES

Interests in joint ventures

During the period ended 30 June 2015, the Group acquired the remaining 50% equity interest of a 50%-owned joint venture, namely Smart Shine Industrial Limited, with a carrying value of approximately HKD22,920,000 for an aggregate cash consideration of HKD22,900,000. As at 30 June 2015, the Group did not have interest in any joint venture.

Amounts due to joint ventures

The amounts due to joint ventures as at 31 December 2014 were unsecured, interest-free and repayable on demand.

11. GOODWILL

It arose from a business combination 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 cashflows that justify the carrying value of the goodwill and hence no impairment of goodwill is necessary as at 30 June 2015.

12. INVENTORIES

During the six months ended 30 June 2015, HKD308,000 (2014: HKD4,499,000) has been recognised as a reduction in the amount of inventories and recognised as an expense in profit or loss during the period, being the amount of write-down of inventories to estimated net realisable value. This write-down was due to a decrease in the estimated net realisable value of certain branded apparel as a result of a change in consumer preferences.

13. TRADE AND OTHER RECEIVABLES

	30.06.2015	31.12.2014
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Trade receivables		
– Other than financial services segments	**67,989**	54,310
– Financial services segment	**18,759**	7,054
	86,748	61,364
Less: allowance for doubtful debts	**(19,790)**	(13,790)
	66,958	47,574
Other receivables, deposits and prepayments (net of allowance)	**49,990**	69,005
	116,948	116,579

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 and bills receivables, net of allowance for doubtful debts, of HKD48,199,000 (31 December 2014: HKD40,520,000).

Trade receivables from financial services segment

	30.06.2015	31.12.2014
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Trade receivables arising from ordinary course of business of dealing in securities:		
Cash clients	**6,365**	4,212
Clearing house	**4,929**	–
Trade receivables arising from ordinary course of business of provision of:		
Money lending	**7,383**	2,756
Insurance brokerage	**82**	86
	18,759	7,054

Save for the credit period allowed by the Group, the trade receivables shall be due on the settlement dates of the respective securities contract transaction. In view of the fact that such receivables relate to a number of diversified customers, there is no significant concentration of credit risk. Although the Group does not hold any collateral or other credit enhancements over such receivable balances, the Group is allowed to dispose of the securities deposited by the customers with the Group to settle any overdue amounts. Overdue receivables from cash clients of approximately HKD3,777,000 as at 30 June 2015 (31 December 2014: HKD3,235,000) 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 trade receivables net of allowances for doubtful debts, presented based on the invoice date at end of the reporting period:

	30.06.2015	31.12.2014
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
0 to 30 days	**35,962**	19,476
31 to 60 days	**8,597**	1,469
61 to 90 days	**3,639**	5,410
Over 90 days	**18,760**	21,219
	66,958	47,574

14. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	30.06.2015	31.12.2014
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Directors	**1,415**	14,266
Other margin clients	**49,887**	36,078
	51,302	50,344

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 2015, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HKD258,183,000 (31 December 2014: HKD579,904,000). 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

		30.06.2015	31.12.2014
		HKD'000	*HKD'000*
	Note	**(Unaudited)**	(Audited)
Secured	*i*	**268,972**	104,506
Unsecured	*ii*	**38,500**	38,500
		307,472	143,006

Notes:

i. The loans receivable of HKD268,972,000 (31 December 2014: HKD104,506,000) are secured by charges over the borrowers' properties and/or financial assets, bear interest at 12%-36% per annum and are repayable by one month to one year from the dates of advance.

ii. The balance is unsecured, bears interest at 12% per annum and is repayable one year from the date of advance.

For loans receivable, 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.

The Directors consider that the fair values of loans receivable which are expected to be recovered within one year are not materially different from their carrying amounts because the balances have short maturity periods at inception.

16. TRADE AND OTHER PAYABLES

	30.06.2015	31.12.2014
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Trade and bills payables	**39,044**	23,932
Accounts payable from financial services segment	**99,366**	25,291
Other payables, temporary receipts and accruals	**203,212**	246,465
	341,622	295,688

The following is an ageing analysis of trade and bills payables presented based on the invoice date at end of the reporting period:

	30.06.2015	31.12.2014
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
0 to 30 days	**29,937**	21,080
31 to 60 days	**5,296**	1,891
61 to 90 days	**2,239**	134
Over 90 days	**1,572**	827
	39,044	23,932

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

	30.06.2015	31.12.2014
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Accounts payable arising from ordinary course of business of dealing in securities:		
Cash clients	**25,248**	9,996
Margin clients	**74,018**	14,629
Clearing house	**–**	556
	99,266	25,181
Accounts payable arising from ordinary course of business of provision of:		
Insurance brokerage	**100**	110
	99,366	25,291

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 accounts payable from financial services segment 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

	30.06.2015	31.12.2014
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Current		
Carrying amount of variable interest-rate bank loans repayable within one year – unsecured	**310,036**	310,224
Carrying amount of variable interest-rate bank loans that are not repayable within one year from the end of the reporting period which contain a repayable on demand clause – secured	**–**	155,112
	310,036	465,336
Non-Current		
Carrying amount of variable interest-rate bank loans that are not repayable within one year from the end of the reporting period	**155,018**	–
	465,054	465,336

The Group has variable interest-rate bank loans which carry interest range from 1.84% to 2.29% per annum for the six months ended 30 June 2015 (six months ended 30 June 2014: 1.31% to 1.89%). The effective interest rate of the Group's bank loans is 1.99% (six months ended 30 June 2014: 1.62%).

Bank loans with a carrying amount of HKD155,018,000 (31 December 2014: HKD155,112,000) are secured by certain land and buildings and investment properties of the Group with a total carrying amount of HKD210,000,000 and HKD190,000,000 (31 December 2014: HKD147,282,000 and HKD252,718,000) respectively.

During the period, the Group renewed its banking facilities with a bank and the repayment on demand clause becomes contingent upon the occurrence of certain events or conditions. No such events or conditions had occurred as at 30 June 2015, and therefore bank loans of HKD155,018,000 were classified as non-current liabilities as at 30 June 2015.

18. SHARE CAPITAL

	Number of share	Share capital
	'000	*HKD'000*
Authorised ordinary shares of HKD0.10 each:		
At 31 December 2014 (audited) and 30 June 2015 (unaudited)	20,000,000	2,000,000
Issued and fully paid ordinary shares of HKD0.10 each:		
At 1 January 2015 (audited)	2,669,514	266,952
Exercise of share options	12,930	1,293
30 June 2015 (unaudited)	2,682,444	268,245

19. ACQUISITION OF SUBSIDIARIES

On 28 April 2015, the Group completed an acquisition of the remaining 50% equity interest in a joint venture, Smart Shine Industries Limited ("Smart Shine"), for a cash consideration of HKD22,900,000. The Directors considered this acquisition as an acquisition of assets and liabilities because Smart Shine did not constitute a business at the acquisition date.

Upon completion of the acquisition, the Group's 50% interest in joint venture already held was treated as being disposed of at fair value amounting to HKD22,900,000 on the date of acquisition. As a result, a fair value loss on remeasurement of equity in a joint venture of approximately HKD20,000 has been recognised and is included in other expenses in the condensed consolidated statement of comprehensive income.

20. DISPOSAL OF SUBSIDIARIES

During the period ended 30 June 2015, the Group disposed of some subsidiaries. The net assets of these subsidiaries at the date of disposal were as follows:

	HKD'000
	(Unaudited)
Net assets disposed of:	
Club debentures	1,124
Other receivables	1
	1,125
Consideration	1,125

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries was as follows:

	HKD'000
	(Unaudited)
Cash consideration	1,125
Bank balances and cash disposed of	–
	1,125

21. COMPARATIVE FIGURES

In order to provide reliable and more relevant information about the financial performance of the outlet mall, the Directors consider it more appropriate to reclassify the management income from outlet mall of HKD2,806,000, which arose in the ordinary course of activities of the segment, from other income and gains to revenue in the condensed consolidated statement of comprehensive income for the period ended 30 June 2014, to conform to current period's presentation.

In addition, as disclosed in note 3, comparatives of certain items of segment information have been restated for consistent presentation with current period's segment information.

PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend (2014: Nil) for the six months ended 30 June 2015.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules ("**CG Code**") throughout the six months ended 30 June 2015, only with deviation from code provision A.4.1 of the CG Code.

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.

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 the accounting principles and practices adopted by the Group and also discussed internal controls and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2015 of the Group.

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

The nomination committee of the Company ("**Nomination Committee**") is composed of 3 INEDs. It is responsible for advising the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive.

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

On 1 June 2015, Ms. Chen Fang Mei and Mr. Liu George Hong-chih resigned as directors of the Company.

At the annual general meeting of the Company held on Friday, 12 June 2015, Mr. Sze Sun Sun Tony and Mr. Ho Shing Chak retired. Both of them, being eligible, offered themselves for re-election and were re-elected as Directors.

As from 12 June 2015 and up to the date of this announcement, the Board comprises:

Executive Director
Mr. Cheng Tun Nei *(Chairman)*
Mr. Sze Sun Sun Tony *(Managing Director)*
Mr. Chan Kar Lee Gary

Independent Non-executive Director
Mr. Ho Shing Chak
Mr. Shum Pui Kay
Mr. Wah Wang Kei Jackie
Mr. Chow Yu Chun Alexander

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

For the six months ended 30 June 2015, 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 2015 ("**2015 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 2015 Interim Report on or before 30 September 2015.

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 • 20 August 2015

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

Executive Directors:	Mr. Cheng Tun Nei *(Chairman)* Mr. Sze Sun Sun Tony *(Managing Director)* Mr. Chan Kar Lee Gary
Independent non-executive Directors:	Mr. Ho Shing Chak Mr. Shum Pui Kay Mr. Wah Wang Kei Jackie Mr. Chow Yu Chun Alexander