THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Symphony Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser(s) or transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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SYMPHONY

SYMPHONY HOLDINGS LIMITED

新灃集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01223)

(Warrant Code: 01537)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF THE 42% EQUITY INTEREST IN GIANT EAGLE ENTERPRISES LIMITED NOT ALREADY OWNED BY THE COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; (2) APPLICATION FOR WHITEWASH WAIVER; AND (3) NOTICE OF SPECIAL GENERAL MEETING

Financial Adviser to Symphony Holdings Limited

OPTIMA CAPITAL

Optima Capital Limited

Independent Financial Adviser
to the Listing Rules Independent Board Committee,
the Takeovers Code Independent Board Committee and the Independent Shareholders

Hercules

Hercules Capital Limited

Capitalised terms used on this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 7 to 26 of this circular. A letter from the Listing Rules Independent Board Committee is set out on pages 27 to 28 of this circular. A letter from the Takeovers Code Independent Board Committee is set out on pages 29 to 30 of this circular. A letter from Hercules containing its advice to the Listing Rules Independent Board Committee, the Takeovers Code Independent Board Committee and the Independent Shareholders is set out on pages 31 to 61 of this circular.

A notice convening the SGM to be held at 10:30 a.m. on Friday, 3 March 2017 at the Boardroom on the 10th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you are able to attend the SGM, Shareholders are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the appointed time for holding of the SGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof (as the case may be) if you so wish.

15 February 2017

* *for identification purposes only*

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition"	the proposed acquisition of the Sale Shares and the Sale Loan by the Company from the Vendor pursuant to the terms and conditions of the Agreement
"acting in concert"	the meaning ascribed to it under the Takeovers Code
"Agreement"	the sale and purchase agreement dated 9 December 2016 and entered into between the Purchaser and the Vendor in respect of the Acquisition
"Announcement"	the announcement of the Company dated 13 December 2016 in relation to, among other things, the Acquisition and the Whitewash Waiver
"Anyang Guolu"	安陽國旅尚柏奧萊置業有限公司 (Anyang Guolu Shangboaolai Property Company Limited*), a company established in the PRC
"Anyang Property"	a site on 中國河南省安陽文峰區寶蓮寺鎮中華路以西、安寶大道以北及文藝街以南 (west of Zhonghau Road, north of Anbao Main Road and south of Wenyi Street at Baoliansi Zhen, Wenfeng District, Anyang, Henan Province, the PRC*)
"associates"	the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	any day except a Saturday, Sunday or other day on which commercial banking institutions in the British Virgin Islands or Hong Kong are authorised or required by law or executive order to close, or a public holiday in Hong Kong
"Chongqing Property"	the commercial property situated at 中國重慶市渝北區山茶路70號 (No. 70 Shancha Road, Yubei District, Chongqing City, the PRC*) held by 重慶雲太美每家商業運營管理有限公司 (Chongqing Yuntai Meijia Commercial Operation Management Limited*), which has become an indirect 80%-owned subsidiary of the Group since the completion of the Kingxin Acquisition on 12 January 2017

"Company"	Symphony Holdings Limited, a company incorporated in Bermuda with limited liability and the shares and warrants of which are listed on the Main Board of the Stock Exchange (Stock code: 1223 and Warrant code: 1537)
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Agreement
"Condition(s)"	the condition(s) precedent to Completion
"connected person(s)"	the meaning ascribed to it under the Listing Rules
"Consideration"	HK$215,300,000, being the consideration for the Sale Shares and the Sale Loan
"Consideration Shares"	the new Shares to be allotted and issued by the Company to the Vendor as partial payment of the Consideration
"Director(s)"	the director(s) of the Company
"Executive"	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
"Group"	the Company and its subsidiaries from time to time
"Hercules"	Hercules Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Listing Rules Independent Board Committee, the Takeovers Code Independent Board Committee and the Independent Shareholders with respect to the Acquisition and the Whitewash Waiver
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Shareholders"	Shareholders other than Mr. Cheng and the Vendor, their respective associates and parties acting or presumed to be acting in concert with any of them and any other Shareholders who are involved in or interested in the Acquisition and/or the Whitewash Waiver

"Kingxin"	Kingxin International Investment Limited, a company incorporated in the British Virgin Islands with limited liability. It wholly owns HK Asia Gain International Investment Limited, which in turn wholly owns 重慶雲太美每家商業運營管理有限公司 (Chongqing Yuntai Meijia Commercial Operation Management Limited*)
"Kingxin Acquisition"	the acquisition of an 80% equity interest in Kingxin pursuant to an agreement dated 15 December 2016 entered into between State Key Limited (an indirect wholly-owned subsidiary of the Company) being the purchaser and 曾煥煌先生 (Mr. Zeng Huan Huang*) being the vendor and was completed on 12 January 2017 (details of which were disclosed in the announcement of the Company dated 24 January 2017)
"Kingxin Group"	Kingxin and its subsidiaries
"Knight Frank"	Knight Frank Petty Limited, an independent professional valuer
"Last Trading Day"	9 December 2016, being the date of the Agreement and the last trading day of the Shares and the Warrants before the release of the Announcement
"Latest Practicable Date"	13 February 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Listing Rules Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors established pursuant to the Listing Rules to give recommendation to the Independent Shareholders in respect of the Acquisition
"Mr. Cheng"	Mr. Cheng Tun Nei, the Chairman, Chief Executive Officer and an executive Director of the Company

"PRC"	The People's Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"Prudential"	Prudential Surveyors (Hong Kong) Limited, an independent professional valuer
"Purchaser"	Cosmo Group Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
"Relevant Period"	the period between 14 June 2016 (being the date falling six months prior to the date of publication of the Announcement) and the Latest Practicable Date (both dates inclusive)
"Sale Loan"	the entire debt owed by the Target Group to the Vendor and any of its affiliates immediately before Completion on any account whatsoever and whether or not then due for payment
"Sale Shares"	42 ordinary shares in the Target representing 42% of the issued share capital of the Target
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder and the Whitewash Waiver
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company

"Share Option(s)"	the share option(s) of the Company granted pursuant to the share option scheme approved and adopted by the Company on 10 June 2011
"Shareholder(s)"	holder(s) of the Share(s)
"Shenyang Properties"	three parcels of land situated at 中國遼寧省瀋陽瀋北新區道義開發區蒲河大道以北 (north of Puheda Road, Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, the PRC*) held by the Target Group
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Takeovers Code Independent Board Committee"	the independent committee of the Board comprising the non-executive Director and all the independent non-executive Directors established pursuant to the Takeovers Code to give recommendation to the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver
"Target"	Giant Eagle Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect 58%-owned subsidiary of the Company as at the date of the Agreement
"Target Group"	the Target and its subsidiaries
"Vendor"	Goldsilk Capital Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Cheng
"Warrant(s)"	the warrant(s) issued by the Company which carries(carry) the right to subscribe for Share(s) at the subscription price of HK$1.00 per Share, subject to adjustments
"Warrants Relevant Period"	the period from 7 July 2016, being the date the Warrants were first listed on the Main Board of the Stock Exchange, to the Latest Practicable Date (both dates inclusive)

"Whitewash Waiver"	the whitewash waiver as may be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code from the obligation of the Vendor to make mandatory general offers for all the issued Shares and other issued securities of the Company other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it as a result of the Company allotting and issuing the Consideration Shares to the Vendor
"HK$" or "HKD"	Hong Kong dollar, the lawful currency of Hong Kong
"RMB" or "¥"	Renminbi, the lawful currency of the PRC
"US$" or "USD"	United States dollars, the lawful currency of the United States of America
"sq. m."	square metres
"%"	per cent.

In this circular, amounts in RMB and US$ are translated into HK$ on the basis of RMB1 = HK$1.12 and US$1 = HK$7.75 respectively. The translation rates are for illustration purpose only and should not be taken as a representation that RMB or US$ could actually be converted into HK$ at such rates or at other rates or at all.

Terms marked with "" are included for identification purposes only.*

SYMPHONY HOLDINGS LIMITED
新灃集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01223)
(Warrant Code: 01537)

Executive Directors:
Mr. Cheng Tun Nei
(Chairman & 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

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:
10th Floor
Island Place Tower
510 King's Road,
North Point
Hong Kong

15 February 2017

To the Shareholders and, for information only, the holders of the Warrants

Dear Sir/Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF THE 42% EQUITY INTEREST IN GIANT EAGLE ENTERPRISES LIMITED NOT ALREADY OWNED BY THE COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; AND (2) APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

Reference is made to the Announcement of the Company dated 13 December 2016. After trading hours of the Stock Exchange on 9 December 2016, the Purchaser and the Vendor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the

* *for identification purposes only*

Vendor has conditionally agreed to sell the Sale Shares, representing 42% of the issued share capital of the Target, and the Sale Loan at an aggregate Consideration of HK$215,300,000. The Consideration shall be satisfied at Completion as to (i) HK$15,300,000 in cash payable by the Purchaser to the Vendor; and (ii) HK$200,000,000 by the allotment and issuance of 250,000,000 Consideration Shares by the Company to the Vendor or its nominee, credited as fully paid, at an issue price of HK$0.80 per Consideration Share. The Consideration Shares will be issued by the Company under a specific mandate to be sought at the SGM.

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Vendor is a connected person of the Company under the Listing Rules and the Acquisition also constitutes a connected transaction for the Company which is subject to, among other things, the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Upon Completion, the Vendor will be interested in Shares representing approximately 35.59% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares after the Latest Practicable Date and up to Completion). Besides, the Vendor will be interested in Shares representing approximately 34.68% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares (assuming all the Warrants held by the holders of the Warrants are exercised and there is no other change in the issued share capital of the Company other than the issue of the Consideration Shares and new Shares upon the exercise of the Warrants after the Latest Practicable Date and up to Completion). The Vendor would be obliged under Rule 26.1 of the Takeovers Code to make mandatory general offers for all the issued Shares and other issued securities of the Company other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Vendor will make an application to the Executive for the Whitewash Waiver. The granting of the Whitewash Waiver is a condition precedent for Completion which is not capable of being waived. Completion is subject to, among other things, the Agreement and the Whitewash Waiver having been approved by the Shareholders who are permitted under the Listing Rules and the Takeovers Code to vote at the SGM; and (ii) the Whitewash Waiver having been granted by the Executive.

The Listing Rules Independent Board Committee has been constituted pursuant to the Listing Rules to give a recommendation to the Independent Shareholders in respect of the Acquisition. The Takeovers Code Independent Board Committee has been constituted pursuant to the Takeovers Code to give a recommendation to the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver.

The purpose of this circular is to provide you with, among other things, (i) details of the Agreement; (ii) the recommendation of the Listing Rules Independent Board Committee to the Independent Shareholders in respect of the Acquisition; (iii) the recommendation of the Takeovers Code Independent Board Committee to the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver; (iv) the letter of advice from Hercules to the Listing Rules Independent Board Committee, the Takeovers Code Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver; (v) the financial information of the Group; (vi) the valuation reports of the properties of the Group and the Target Group prepared in compliance with Chapter 5 of the Listing Rules and Rule 11 of the Takeovers Code; and (vii) the notice of the SGM.

THE AGREEMENT

Date

9 December 2016

Parties

(i) Cosmo Group Holdings Limited, a direct wholly-owned subsidiary of the Company, being the Purchaser; and

(ii) Goldsilk Capital Limited, being the Vendor.

The Vendor is principally engaged in investment holding and is wholly and beneficially owned by Mr. Cheng, the Chairman, Chief Executive Officer and an executive Director of the Company. As at the date of the Agreement and the Latest Practicable Date, the Vendor is a substantial Shareholder interested in 801,830,000 Shares, representing approximately 29.63% of the existing issued share capital of the Company. Accordingly, the Vendor is a connected person of the Company under the Listing Rules.

Assets to be acquired

Pursuant to the Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Shares and the Sale Loan at Completion free and clear of any encumbrance and third party claims together with all accrued benefits and rights attached thereto as at the date of the Agreement.

The Sale Shares represent 42% of the issued share capital of the Target as at the date of the Agreement. Further details of the Target are set out in the section headed "Information of the Target Group" below.

Consideration

The Consideration is HK$215,300,000, which shall be satisfied at Completion as to (i) HK$15,300,000 in cash payable by the Purchaser to the Vendor; and (ii) HK$200,000,000 by the allotment and issuance of 250,000,000 Consideration Shares by the Company to the Vendor or its nominee, credited as fully paid, at an issue price of HK$0.80 per Consideration Share.

Consideration Shares

The 250,000,000 Consideration Shares, when allotted and issued, will represent (i) approximately 9.24% of the existing issued share capital of the Company; (ii) approximately 8.46% of the issued share capital as enlarged by the allotment and issuance of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares after the Latest Practicable Date and up to Completion); and (iii) approximately 7.15% of the issued share capital as enlarged by the allotment and issuance of the Consideration Shares (assuming all the Warrants held by the holders of the Warrants are exercised and there is no other change in the issued share capital of the Company other than the issue of the Consideration Shares and new Shares upon the exercise of the Warrants after the Latest Practicable Date and up to Completion).

The Consideration Shares will be allotted and issued by the Company under a specific mandate to be sought at the SGM. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares then in issue, including as to the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issuance of the Consideration Shares.

The issue price of the Consideration Shares

The issue price of HK$0.80 per Consideration Share represents:

(i) a premium of approximately 12.68% over the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day of HK$0.71 per Share;

(ii) a premium of approximately 12.68% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK$0.71 per Share;

(iii) a premium of approximately 12.68% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day of approximately HK$0.71 per Share;

(iv) a premium of approximately 2.56% over the closing price of the Shares as quoted on the Stock Exchange on the Latest Practicable Date of HK$0.78 per Share;

(v) a discount of approximately 6.98% to the audited consolidated equity attributable to the Shareholders of approximately HK$0.86 per Share (based on the audited consolidated equity attributable to the Shareholders of approximately HK$2,319.1 million as at 31 December 2015 and 2,697,743,580 Shares in issue as at that date); and

(vi) a discount of approximately 6.98% to the adjusted audited consolidated equity attributable to the Shareholders of approximately HK$0.86 per Share (based on the audited consolidated equity attributable to the Shareholders of approximately HK$2,319.1 million as at 31 December 2015 adjusted by (a) the valuation surplus of the properties of the Group attributable to the Shareholders of approximately HK$34.4 million for the eleven months ended 30 November 2016; (b) the loss arising from the exchange realignment of the properties of the Group attributable to the Shareholders of HK$62.3 million for the eleven months ended 30 November 2016; and (c) the valuation surplus of the Chongqing Property attributable to the shareholders of approximately HK$36.2 million during the period from 12 January 2017 (being the date of completion of the Kingxin Acquisition) to 16 January 2017, and 2,697,743,580 Shares in issue as at 31 December 2015).

The issue price of the Consideration Shares was determined after arm's length negotiations between the parties to the Agreement with reference to the then prevailing market prices of the Shares.

Conditions

Completion is conditional upon the satisfaction of the following Conditions by 30 April 2017:

(i) the Agreement and the Whitewash Waiver having been approved by the Shareholders who are permitted under the Listing Rules and the Takeovers Code to vote at the SGM;

(ii) the Whitewash Waiver having been granted by the Executive; and

(iii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares.

None of the above conditions are capable of being waived.

As at the Latest Practicable Date, none of the conditions above had been fulfilled.

Completion

Completion shall take place on the third Business Day after satisfaction of all the Conditions or on such other date as the parties to the Agreement shall mutually agree in writing.

Upon Completion, the Target will change from an indirect 58%-owned subsidiary of the Company to an indirect wholly-owned subsidiary of the Company.

INFORMATION OF THE TARGET GROUP

Business

The Target is an investment holding company incorporated in the British Virgin Islands with limited liability and the issued share capital of the Target was owned as to 58% by the Purchaser and 42% by the Vendor respectively as at the date of the Agreement.

The Target Group is engaged in property and investment holding in the PRC. As at the date of the Agreement, the Target Group holds the Shenyang Properties which comprise (i) two parcels of land, namely Site No. 88 (a commercial/residential land) and Site No. 89 (a commercial land) respectively, with a total site area of approximately 99,338 sq. m. situated at north of Puheda Road, Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, the PRC; and (ii) a parcel of commercial/residential land, namely Site No. 124, with a site area of approximately 94,450 sq. m., situated adjacent to the aforesaid two parcels of land in Shenyang, the PRC. The Shenyang Properties are currently vacant. Based on the valuation report as set out in Appendix II to this circular, Site No. 88 and Site No. 89 of the Shenyang Properties (as disclosed as item No. 6 in the aforesaid valuation report) were valued at approximately RMB184.0 million in aggregate (equivalent to approximately HK$206.1 million) as at 30 November 2016 while Site No. 124 of the Shenyang Properties (as disclosed as item No. 7 in the aforesaid valuation report) was valued at approximately RMB189.1 million (equivalent to approximately HK$211.8 million) as at 30 November 2016.

The Target also holds a 25% equity interest in 武漢喬尚實業發展有限公司 (Wuhan Qiaoshang Industrial Development Company Limited*) ("**Wuhan Qiaoshang**") which in turn holds a 50% equity interest in Anyang Guolu. Anyang Guolu is a joint venture company established in 2016 to develop the Anyang Property and carry out the business of outlet mall operation in Anyang, the PRC. The remaining 75% equity interest in Wuhan Qiaoshang are held as to 35% by 武漢金欒商業運營管理有限公司 (Wuhan Jinjiang Operation Management Company Limited*), as to 25% by 武漢舵落口物流有限公司 (Wuhan Tuoluokou Logistics Company Limited*) and as to 15% by 武漢一治華碩投資有限公司 (Wuhan Yiye Huashuo Investment Company Limited*), all are third parties independent of the Company and its connected persons. The remaining 50% equity interest in Anyang Guolu is held by an indirect wholly-owned subsidiary of the Purchaser. Accordingly, the Group has a 57.25% effective interest in Anyang Guolu. Construction work of the Anyang Property is in progress and application has been made to the PRC government authority for the sale of certain divided units of the Anyang Property. It is expected that sales may commence in 2017. Based on the valuation report as set out in Appendix II to this circular, the Anyang Property (as disclosed as item No. 8 in the aforesaid valuation report) was valued at approximately RMB217.8 million (equivalent to approximately HK$243.9 million) as at 30 November 2016.

Financial information

Set out below is certain audited financial information of the Target Group for each of the two years ended 31 December 2014 and 2015:

(a) Financial performance

	For the year ended 31 December	
	2014	**2015**
	HK$	*HK$*
Revenue	–	–
Other income	3,926,000	4,079,149
Administrative expenses	(3,327,180)	(2,989,633)
Profit before taxation	345,434	1,276,600
Profit after taxation	345,434	1,025,827

No revenue has been generated by the Target Group for each of the two years ended 31 December 2014 and 2015 as the principal asset held by the Target Group, being the Shenyang Properties, has not yet commenced development. The profits of the Target Group for the two years ended 31 December 2014 and 2015 mainly represented bank interest income net of administrative expenses, which were mainly the land use tax charged on the Shenyang Properties. The increase in the consolidated profits of the Target Group for the year ended 31 December 2015 as compared to the previous year was mainly attributable to (i) an exchange gain of approximately HK$1.22 million included as other income, which was the exchange difference arisen from the translation of the government grant denominated in RMB as a monetary item as at 31 December 2015; and (ii) a decrease in administrative expenses by approximately HK$0.34 million.

(b) Financial position

	As at 31 December	
	2014	**2015**
	HK$	*HK$*
Non-current assets	462,182,046	437,116,890
Current assets	101,476,653	88,704,625
Current liabilities	(365,693,962)	(376,847,601)
Non-current liabilities	(155,595,105)	(155,467,185)
Net assets/(liabilities)	42,369,632	(6,493,271)

The audited consolidated net liabilities of the Target Group amounted to approximately HK$6.5 million as at 31 December 2015, which comprised total assets of approximately HK$525.8 million and total liabilities of approximately HK$532.3 million. The principal asset of the Target Group is the Shenyang Properties held as investment properties with carrying value of approximately HK$437.1 million as at 31 December 2015. The liabilities of the Target Group mainly comprised (i) accrued charges and other payables of approximately HK$132.5 million, which were mainly government grant received for the development of the Shenyang Properties to be credited against the development costs when the development works commence; (ii) amount due to the Purchaser and an indirect wholly-owned subsidiary of the Company of approximately HK$244.2 million in aggregate; and (iii) the amount of the Sale Loan amounting to approximately HK$153.3 million as at 31 December 2015.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND BASIS OF DETERMINING THE CONSIDERATION

Background to and reasons for Acquisition

The Target was previously a wholly-owned subsidiary of the Company. On 15 September 2014, the Group transferred the Sale Shares and 42% of the shareholder's loan then outstanding to the Vendor at approximately HK$215.2 million as partial settlement for the final adjusted consideration for the acquisition of Trillion Earning Limited of approximately HK$483.0 million (the "**Previous Transaction**"). Details of the Previous Transaction were disclosed in the announcements of the Company dated 2 July 2014 and 16 October 2014 and the circular of the Company dated 25 August 2014 (the "**Previous Transaction Circular**").

Trillion Earning Limited is an investment holding company holding a commercial property in Beijing, the PRC. The Previous Transaction was intended to enable the Group to enlarge its property portfolio to include a commercial property in Beijing to generate recurring rental income for the Group, reduce the cash or consideration shares to be paid for the consideration of the Previous Acquisition, and to introduce the Vendor as a partner to develop the Shenyang Properties and reduce the capital commitment on the part of the Group to fund the development costs of the Shenyang Properties. As at the Latest Practicable Date, the aforesaid commercial property in Beijing was leased to 15 independent tenants for a total monthly rental of approximately RMB2.0 million (equivalent to approximately HK$2.24 million) pursuant to the respective tenancy agreements.

After completion of the Previous Transaction, having considered that the property market in Shenyang remained sluggish, the parties to the Agreement considered it was not in the commercial interests of themselves to commence the development of the Shenyang Properties during the past two years. As a result, no further capital has been injected for the development of the Shenyang Properties by both the Group and the Vendor since the completion of the Previous Transaction. In late 2016, the Group increased its interest in the Shenyang Park Outlets which is operated by the Group adjacent to the Shenyang Properties. Having noted the gradual improvement in the occupancy rate of the Shenyang Park Outlets from over 75% in 2014 to over 90% at the end of 2016, the Company intends to expand the north wing of the Shenyang Park Outlets and considers that it is an opportune time to reformulate the development plan of the Shenyang Properties synchronising it with the Shenyang Park Outlets which became wholly-owned by the Group since December 2016. The Directors are of the view that the development of the north wing of the Shenyang Park Outlets can create synergistic value to the Shenyang Properties and thereby gives rise to point of interest for attracting visitors' flow, which will benefit the property market in the nearby area. The Directors consider that acquiring the Sale Shares from the Vendor would enable the Group to reconsolidate control over the Shenyang Properties. Although the Target has always been consolidated in the Company's financial statements, the Company considers that consolidating the entire interest in the Shenyang Properties would enable the Group to enjoy more flexibility in designing and implementing the development plan of the Shenyang Properties. In particular, the Group would have the sole discretion to decide on the overall strategy and investment budget for the Shenyang Properties including but not limited to possible co-operations with other developers. The Group plans to develop the Shenyang Properties as sole owner or cooperate with other developer(s) with national brand depending on the terms offered by other developer(s) if the Acquisition is completed and when a suitable opportunity arises. Based on the Company's previous experience, negotiations with other developers would be more efficient for projects which involve lesser number of shareholders as the interests of the parties would be more easily aligned. The Company expects that the Acquisition, if completed, would speed up the discussions with other developers on potential cooperations and bring forward the realisation on a wholly-owned basis of the benefits from the development of the Shenyang Properties.

Assuming that the Acquisition will be completed, the Group estimated that the development costs of the Shenyang Properties shall be in the range of approximately RMB1,200 million (equivalent to approximately HK$1,344 million) based on the land uses and site area of the Shenyang Properties and by reference to, among other things, the prevailing construction costs per sq. m. of other similar property development projects in the PRC. The Group also estimated that the development will be conducted in two to three stages and will take approximately three years to complete. As mentioned above, the Group may develop the Shenyang Properties in co-operation with other developers and the Group has been in discussions with national brand developers over the past months so as to identify suitable development proposals. Accordingly, the estimations illustrated above do not represent any development plan or costs committed by the Group. The actual scale and timing of the development of the Shenyang Properties will depend on the final development plan drawn up by the Group or the cooperation terms to be agreed with other developers if any.

In addition to the Shenyang Properties, the Target also holds a 12.5% effective interest in the Anyang Property through its indirect investment in Anyang Guolu. The Anyang Property is under final stage of construction and application has been made to the PRC government for the sale of certain divided units of the Anyang Property which is expected to commence in 2017. The Company considers that the Anyang Property will generate a positive return to the Group in the long run and that the Acquisition would enable the Group to increase its effective holding in Anyang Guolu from 57.25% to 62.5%.

The Company is an investment holding company. The principal business activities of the Group are the development and management of outlet malls, branding, retailing and sourcing, property investment and holding in Hong Kong and the PRC, provision of financial services and duty-free business. Upon Completion, it is the intention of the Vendor to continue the existing business of the Group. The Vendor has no intention to introduce any major changes to the business (including any redeployment of the fixed assets of the Group) or terminate the employment of the existing employees of the Group.

Basis of the Consideration

The Consideration of HK$215.3 million was determined after arm's length negotiations between the parties to the Agreement with reference to the consideration for the Sale Shares and 42% of the shareholder's loan then outstanding of approximately HK$215.2 million when they were transferred to the Vendor under the Previous Transaction, which is also the Vendor's cost of the Sale Shares and the Sale Loan. As disclosed in the Previous Transaction Circular, the consideration for the Previous Transaction of HK$215.2 million represented an excess of approximately HK$58.4 million over the aggregate of (i) the net asset value (excluding the non-controlling interests) of the Target Group attributable to the Sale Shares of approximately HK$3.5 million as at 31 May 2014; and (ii) 42% of the shareholder's loan then outstanding of approximately HK$153.3 million. The excess was agreed after taking into consideration the holding cost of the Shenyang Properties by the Group since 20 January 2011 and the potential value created by the Shenyang Park Outlets which was at that time a newly-developed outlet mall.

The Directors consider that the Acquisition unwinds the partnership arrangement for the Shengyang Properties formed under the Previous Transaction and it would therefore be appropriate to determine the Consideration with reference to the consideration in the Previous Transaction, having taken into account the following factors: (i) there had not been any development works on the Shenyang Properties and neither party had made further capital injection to the Target Group after the Previous Transaction; (ii) there was a slight appreciation in the value of the Shenyang Properties in terms of RMB since the Previous Transaction; (iii) the development prospects of the Shenyang Properties improved after the Previous Acquisition along with the increased occupancy of the Shenyang Park Outlets; and (iv) the prospects of the Target Group has been enhanced since the Previous Transaction with the investment in the Anyang Property.

The Consideration represented an excess of approximately HK$72.8 million (or approximately 51.1%) over the aggregate of (i) the adjusted net liabilities value of the Target Group attributable to the Sale Shares of approximately HK$10.8 million; and (ii) the face value of the Sale Loan of approximately HK$153.3 million as at 31 December 2015. The aforementioned adjusted net liabilities value of the Target Group attributable to the Sale Shares of approximately HK$10.8 million represented the net liabilities of the Target Group attributable to the Sale Shares of approximately HK$2.7 million as at 31 December 2015, adjusted by (i) the valuation surplus of the Shenyang Properties attributable to the Sale Shares of approximately HK$1.2 million; and (ii) the loss arising from the exchange realignment of the Shenyang Properties attributable to the Sale Shares of approximately HK$9.3 million during the eleven months ended 30 November 2016 (based on the valuation of the Shenyang Properties as at 30 November 2016). The excess of HK$72.8 million was agreed between the Vendor and the Purchaser after taking into consideration the following factors: (i) the slight appreciation in the value of the Shenyang Properties in terms of RMB by approximately RMB2.7 million since the Previous Transaction (based on the valuation of the Shenyang Properties of RMB373.1 million in aggregate as at 30 November 2016 as set out in Appendix II to this circular as compared to that of RMB370.4 million in aggregate as at 2 July 2014 as set out in Appendix V of the Previous Transaction Circular); (ii) the face value of the Sale Loan remained at approximately HK$153.3 million since the Previous Transaction; and (iii) there is no material change in the value of the Target's investment in 12.5% effective interest in Anyang Guolu after taking into account the latest value of the Anyang Property.

The decrease in net asset value attributable to the Sale Shares as compared to that in 2014 when it was disposed of by the Group to the Vendor in the Previous Transaction was mainly due to the depreciation of RMB against HK$ during these two years, and was not caused by drop in market value of the Shenyang Properties in terms of RMB or operating loss of the Target Group. For instance, the exchange rate of RMB against HK$ decreased from 1.24 as at 31 May 2014 to 1.18 as at 31 December 2015. Based on the value of the Shenyang Properties, which represented the major balance denominated in RMB among all the assets and liabilities of the Target Group, of approximately HK$459.9 million (equivalent to approximately RMB370.4 million) as at 31 May 2014 as disclosed in the Previous Transaction Circular, the loss from exchange realignment of the Shenyang Properties during the period from 31 May 2014 to 31 December 2015 amounted to approximately HK$22.2 million. The Directors consider that the rental income generated by the Group from the commercial property in Beijing acquired from the Vendor since the Previous Transaction can compensate the exchange loss due to the depreciation of RMB.

Besides, as mentioned above, the Company intends to expand the north wing of the Shenyang Park Outlets and is optimistic about the synergistic effects that may be created in the development of the Shenyang Properties alongside the development of the Shenyang Park Outlets. The potential value of the Shenyang Properties is enhanced as compared to that at the time of the Previous Transaction when the Shenyang Park Outlets were newly developed. The consolidation of land interests by the Group in the Shenyang Properties alongside with the nearby Shenyang Park Outlets would create point of interest for attracting visitors' flow for the overall outlet malls business of the Group in Shenyang. Furthermore, the Group may generate positive returns from the future sale of the Anyang Property held by the Target Group, which was under the final stage of construction as at the Latest Practicable Date. These intangible value may not be otherwise reflected in the books of the Target Group and in the valuations of the Shenyang Properties and the Anyang Property.

In view of the above, the Directors are of the view that the terms of the Agreement including the basis of determination of the Consideration and the excess to be paid over the adjusted net asset value of the Target Group attributable to the Sale Shares and the face value of the Sale Loan are fair and reasonable and the Acquisition is in the interest of the Group and the Shareholders as a whole.

Settlement of the Consideration

The settlement of the Consideration of HK$215.3 million as to HK$15.3 million in cash (which is intended to be funded by internal resources of the Group) and HK$200 million by the allotment and issuance of Consideration Shares was reached after arm's length negotiations between the Purchaser and the Vendor, having considered, among other things, the cash position and capital structure of the Group. As disclosed in the interim report of the Company for the six months ended 30 June 2016, the unaudited consolidated bank balances and cash of the Group amounted to approximately HK$546.3 million. After deducting the consideration of approximately US$26.2 million (equivalent to approximately HK$203.1 million) paid by the Group on 21 December 2016 for the acquisition of a 37.5% equity interest in Premier Ever Group Limited (details of which were disclosed in the announcement of the Company dated 3 October 2016), and the consideration of RMB76 million (equivalent to approximately HK$85.1 million) paid by the Group for the acquisition of 80% of the issued share capital of Kingxin (details of which were disclosed in the announcement of the Company dated 24 January 2017), the Group had available cash balance of approximately HK$258.1 million (assuming that there has been no other change in cash position of the Group other than the aforesaid payments of consideration between 30 June 2016 and the Latest Practicable Date). As the issuance and allotment of the Consideration Shares would not affect the cash flow, liquidity position and financial leverage of the Group, the Directors consider it in the interest of the Group to settle the Consideration by way of issuance of the Consideration Shares and it is prudent to retain more cash resources for its other uses as general working capital and for future development when suitable opportunities arise.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company had (i) 2,705,753,580 Shares in issue; and (ii) outstanding Warrants entitling the holders thereof to subscribe for a total of 539,732,716 Shares at HK$1.00 per Share upon the exercise of the Warrants.

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon Completion and immediately after the allotment and issuance of the Consideration Shares (assuming there is no change in the issued share capital of the Company other than the issue of the Consideration Shares after the Latest Practicable Date and up to Completion; and (iii) upon Completion and immediately after the allotment and issuance of the Consideration Shares (assuming all the Warrants held by the holders of the Warrants are exercised and there is no other change in the issued share capital of the Company other than the issue of the Consideration Shares and new Shares upon the exercise of the Warrants after the Latest Practicable Date and up to Completion):

	(i) As at the Latest Practicable Date		**(ii) Upon Completion and immediately after the allotment and issuance of the Consideration Shares (assuming there is no change in the issued share capital of the Company other than the issue of the Consideration Shares)**		**(iii) Upon Completion and immediately after the allotment and issuance of the Consideration Shares (assuming all the Warrants held by the holders of the Warrants are exercised and there is no other change in the issued share capital of the Company other than the issue of the Consideration Shares and new Shares upon the exercise of the Warrants)** ***(Note 5)***	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
The Vendor *(Note 1)*	801,830,000	29.63	1,051,830,000	35.59	1,212,196,000	34.68
Mr. Shum Pui Kay *(Note 2)*	10,000,000	0.37	10,000,000	0.34	12,350,000	0.35
Mr. Chan Kar Lee Gary *(Note 3)*	6,000,000	0.22	6,000,000	0.20	6,000,000	0.17
The Vendor and its concert parties	817,830,000	30.22	1,067,830,000	36.13	1,230,546,000	35.20
Mr. Or Ching Fai *(Note 4)*	470,000,000	17.37	470,000,000	15.90	564,000,000	16.14
Public Shareholders	1,417,923,580	52.41	1,417,923,580	47.97	1,700,940,296	48.66
Total	2,705,753,580	100.00	2,955,753,580	100.00	3,495,486,296	100.00

Notes:

1. The Vendor is wholly and beneficially owned by Mr. Cheng, the Chairman, Chief Executive Officer and an executive Director of the Company.

2. 10,000,000 Shares and 2,000,000 Warrants were held by Tung Fai Holdings Company Limited ("**TFHCL**"). TFHCL is wholly owned by Asian League Limited, which is in turn wholly owned by Mr. Shum Pui Kay, an independent non-executive Director. Together with his direct interest as beneficial owner of 350,000 Warrants, Mr. Shum Pui Kay was thus deemed to be interested in 10,000,000 Shares and 2,350,000 Warrants. As an independent non-executive Director, Mr. Shum Pui Kay became a party presumed to be acting in concert with Mr. Cheng and the Vendor under presumption (6) of the definitions of acting in concert under the Takeovers Code after the signing of the Agreement.

3. Mr. Chan Kar Lee Gary is an executive Director, who became a party presumed to be acting in concert with Mr. Cheng and the Vendor under presumption (6) of the definitions of acting in concert under the Takeovers Code after the signing of the Agreement.

4. Mr. Or Ching Fai ("**Mr. Or**") is the beneficial owner of 350,000,000 Shares and 70,000,000 Warrants. 120,000,000 Shares and 24,000,000 Warrants are jointly held by Mr. Or and his spouse Ms. Wong Lai Ning. Mr. Or is thus deemed to be interested in 470,000,000 Shares and 94,000,000 Warrants.

5. For illustration purpose only, this represents the shareholding structure of the Company upon Completion and immediately after the allotment and issuance of the Consideration Shares, assuming all the Warrants held by the holders of the Warrants are exercised and a total of 539,732,716 Shares are allotted and issued upon the exercise of the subscription rights attaching to the Warrants at HK$1.00 per Share.

SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY AND ARRANGEMENTS IN RELATION TO THE ACQUISITION AND/OR WHITEWASH WAIVER BY THE VENDOR AND PARTIES ACTING IN CONCERT WITH IT

As at the Latest Practicable Date, Mr. Chan Kar Lee Gary, an executive Director, was beneficially interested in 6,000,000 Shares. Mr. Shum Pui Kay, an independent non-executive Director, through TFHCL, was beneficially interested in 10,000,000 Shares and 2,350,000 Warrants. The Vendor has confirmed that save as disclosed herein and save for the 801,830,000 Shares and 160,366,000 Warrants held by the Vendor, (i) none of the Vendor, its ultimate beneficial owner and/or parties acting in concert with any of them owns or has control or direction over any voting rights and rights over any Shares or any options, warrants or convertible securities in respect of the Shares or has entered into any outstanding derivatives contracts in respect thereof; and (ii) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Vendor, its ultimate beneficial owner and/or any parties acting in concert with any of them has borrowed or lent.

On 15 September and 14 October 2016, the Company issued a total of 6,000,000 new Shares to Mr. Chan Kar Lee Gary, an executive Director, at the issue price of HK$0.55 per Share upon the exercise of the subscription rights attaching to the Share Options granted to him. On 4 October 2016, Mr. Shum Pui Kay acquired 350,000 Warrants in the market at a total acquisition cost of about HK$33,940. The Vendor has confirmed that, save for the dealings by Mr. Chan Kar Lee Gary and Mr. Shum Pui Kay (who are Directors and became parties presumed to be acting in concert with Mr. Cheng and the Vendor under presumption (6) of the definitions of acting in concert under the Takeovers Code after the signing of the Agreement) as disclosed above, none of the Vendor, its ultimate beneficial owner and/or parties acting in concert with any of them has dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the six months period immediately prior to the date of the Announcement.

The Vendor has confirmed that as at the Latest Practicable Date, save for the Agreement, (i) there were no agreements or arrangements to which the Vendor is a party which relate to circumstances in which it may or may not invoke or seek a precondition or a condition to the Acquisition and/or the Whitewash Waiver; (ii) none of the Vendor, its ultimate beneficial owner and/or parties acting in concert with any of them had received any irrevocable commitment to vote for or against the Acquisition and/or the Whitewash Waiver; and (iii) there were no arrangements (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in the Takeovers Code) of the Company or the Vendor, which might be material to the Acquisition and/or the Whitewash Waiver.

REGULATORY IMPLICATIONS

Implications under the Listing Rules

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the relevant reporting and announcement requirements under Chapter 14. The Vendor is wholly and beneficially owned by Mr. Cheng, the Chairman, Chief Executive Officer and an executive Director of the Company. As at the date of the Agreement, the Vendor is a substantial Shareholder interested in 801,830,000 Shares, representing approximately 29.63% of the existing issued share capital of the Company. Accordingly, the Vendor is a connected person of the Company under the Listing Rules and the Acquisition also constitutes a connected transaction for the Company, which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Implications under the Takeovers Code

As at the Latest Practicable Date, the Vendor was interested in 801,830,000 Shares, representing approximately 29.63% of the existing issued share capital of the Company. Upon Completion, the Vendor will be interested in 1,051,830,000 Shares, representing approximately 35.59% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares after the Latest Practicable Date and up to Completion). Besides, the Vendor will be interested in Shares representing approximately 34.68% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares (assuming all the Warrants held by the holders of the Warrants are exercised and there is no other change in the issued share capital of the Company other than the issue of the Consideration Shares and new Shares upon the exercise of the Warrants after the Latest Practicable Date and up to Completion).

As disclosed in the Announcement, the Company has outstanding Share Options entitling the holders thereof to subscribe for a total of 9,000,000 Shares at HK$0.76 per Share upon the exercise of the Share Options as at the date of the Announcement. All of the Share Options lapsed on 31 December 2016. As at the Latest Practicable Date, the Company had (i) 2,705,753,580 Shares in issue; and (ii) outstanding Warrants entitling the holders thereof to subscribe for a total of 539,732,716 Shares at HK$1.00 per Share upon the exercise of the Warrants. Save for the aforesaid Warrants, the Company does not have any other outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Upon Completion, the Vendor would be required under Rule 26.1 of the Takeovers Code to make mandatory general offers for all the issued Shares and other issued securities of the Company other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Vendor has made an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) approval of the Independent Shareholders at the SGM by way of a poll; and (ii) the Vendor and parties acting in concert with it not having made any acquisitions or disposals of voting rights of the Company since the date of the Announcement and up to Completion unless with the prior consent of the Executive. The Executive may or may not grant the Whitewash Waiver. The granting of the Whitewash Waiver is a condition precedent for Completion which is not capable of being waived. If the Whitewash Waiver is not obtained, the Acquisition will not proceed.

As at the Latest Practicable Date, the Company does not believe that the Acquisition give rises to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern arises after the Latest Practicable Date, the Company will endeavor to resolve the matter to the satisfaction of the relevant authority as soon as possible. The Company notes that the Executive may not grant the Whitewash Waiver if the Acquisition does not comply with other applicable rules and regulations.

INDEPENDENT BOARD COMMITTEES AND INDEPENDENT FINANCIAL ADVISER

The Listing Rules Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Shum Pui Kay, Mr. Wah Wang Kei Jackie and Mr. Chow Yu Chun Alexander, has been constituted pursuant to the Listing Rules to give a recommendation to the Independent Shareholders in respect of the Acquisition. The Takeovers Code Independent Board Committee, comprising the non-executive Director and all the independent non-executive Directors, namely Mr. Hong Kim Cheong, Mr. Shum Pui Kay, Mr. Wah Wang Kei Jackie and Mr. Chow Yu Chun Alexander, has been constituted pursuant to the Takeovers Code to give a recommendation to the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver.

Hercules has been appointed by the Company with the approvals of the Listing Rules Independent Board Committee and the Takeovers Code Independent Board Committee as the independent financial adviser to advise (i) the Listing Rules Independent Board Committee and the Independent Shareholders in respect of the Acquisition; and (ii) the Takeovers Code Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver.

The voting in respect of the Acquisition and the Whitewash Waiver at the SGM will be conducted by way of a poll. Mr. Cheng, the Vendor and their respective associates will abstain from voting on the resolution approving the Acquisition at the SGM. Mr. Cheng, the Vendor and parties acting or presumed to be acting in concert with any of them, including Mr. Chan Kar Lee Gary (an executive Director) and TFHCL (a company indirectly wholly owned by Mr. Shum Pui Kay, an independent non-executive Director), and the Shareholder(s) who is/are involved in or interested in the Whitewash Waiver will abstain from voting on the resolution approving the Whitewash Waiver at the SGM. As at the Latest Practicable Date, the Vendor is interested in 801,830,000 Shares (representing approximately 29.63% of the existing issued share capital of the Company); Mr. Chan Kar Lee Gary is interested in 6,000,000 Shares (representing approximately 0.22% of the existing issued share capital of the Company); and TFHCL is interested in 10,000,000 Shares (representing approximately 0.37% of the existing issued share capital of the Company). Both Mr. Chan Kar Lee Gary and TFHCL became presumed to be acting in concert with Mr. Cheng and the Vendor under presumption (6) of the definitions of acting in concert under the Takeovers Code after the signing of the Agreement. In addition, Mr. Cheng abstained from voting at the Board meeting which approved the Acquisition and the Whitewash Waiver.

SGM

The SGM, the notice of which is set out on pages SGM-1 to SGM-3 of this circular, will be convened and held at 10:30 a.m. on Friday, 3 March 2017 at the Boardroom on the 10th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong for the Independent Shareholders to consider and, if thought fit, approve the Agreement and the Whitewash Waiver. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not they are able to attend the SGM, Shareholders are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the appointed time for holding of the SGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof (as the case may be) if they so wish.

RECOMMENDATION

The Directors (excluding members of the Listing Rules Independent Board Committee and the Takeovers Code Independent Board Committee whose views are set out below) consider that the Acquisition is on normal commercial terms, the terms of the Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Acquisition and the Whitewash Waiver.

The Listing Rules Independent Board Committee, having taken into account the advice of Hercules, is of the opinion that although the Acquisition is not conducted in the ordinary and usual course of business of the Group, the Acquisition is on normal commercial terms, the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Listing Rules Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition.

The Takeovers Code Independent Board Committee, having taken into account the advice of Hercules, is of the opinion that the Acquisition is on normal commercial terms, the terms of the Acquisition and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition and the Whitewash Waiver are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Takeovers Code Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Acquisition and the Whitewash Waiver.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Listing Rules Independent Board Committee set out on pages 27 to 28 which contain their recommendation to the Independent Shareholders in respect of the Acquisition and the letter from the Takeovers Code Independent Board Committee set out on pages 29 to 30 of this circular which contain their recommendation to the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver. Your attention is also drawn to the letter from Hercules set out on pages 31 to 61 of this circular which contains its advice to the Listing Rules Independent Board Committee, the Takeovers Code Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver.

Your attention is drawn to the financial information of the Group, the valuation reports of the properties of the Group and the Target Group and other general information set out in the appendices to this circular, and the notice of the SGM.

Yours faithfully,
For and on behalf of
Symphony Holdings Limited
Cheng Tun Nei
Chairman

SYMPHONY

SYMPHONY HOLDINGS LIMITED
新灃集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01223)
(Warrant Code: 01537)

15 February 2017

To the Independent Shareholders

Dear Sir/Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF THE 42% EQUITY INTEREST IN GIANT EAGLE ENTERPRISES LIMITED NOT ALREADY OWNED BY THE COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; AND (2) APPLICATION FOR WHITEWASH WAIVER

We refer to the circular of the Company dated 15 February 2017 (the "**Circular**") of which this letter forms part. Capitalised terms used herein have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Listing Rules Independent Board Committee to advise you (i) as to whether, in our opinion, the Acquisition is on normal commercial terms and is in the ordinary and usual course of business of the Group, the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole; and (ii) as to the voting in respect of the ordinary resolution to be proposed at the SGM to approve the Acquisition. Hercules has been appointed as the independent financial adviser to advise us and you in this regard. Details of their advice, together with the principal factors and reasons they have taken into account, are contained in their letter set out on pages 31 to 61 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

* *for identification purposes only*

Having considered the terms of the Agreement and the advice of Hercules, although the Acquisition is not conducted in the ordinary and usual course of business of the Group, we consider the Acquisition is on normal commercial terms, the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition.

Yours faithfully,
Listing Rules Independent Board Committee

Mr. Shum Pui Kay	**Mr. Wah Wang Kei Jackie**	**Mr. Chow Yu Chun Alexander**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

SYMPHONY

SYMPHONY HOLDINGS LIMITED
新灃集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01223)
(Warrant Code: 01537)

15 February 2017

To the Independent Shareholders

Dear Sir/Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF THE 42% EQUITY INTEREST IN GIANT EAGLE ENTERPRISES LIMITED NOT ALREADY OWNED BY THE COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; AND (2) APPLICATION FOR WHITEWASH WAIVER

We refer to the circular of the Company dated 15 February 2017 (the "**Circular**") of which this letter forms part. Capitalised terms used herein have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Takeovers Code Independent Board Committee to advise you (i) as to whether, in our opinion, the Acquisition is on normal commercial terms, the terms of the Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole; and (ii) as to the voting in respect of the ordinary resolutions to be proposed at the SGM to approve the Acquisition and the Whitewash Waiver. Hercules has been appointed as the independent financial adviser with an approval to advise us and you in this regard. Details of their advice, together with the principal factors and reasons they have taken into account, are contained in their letter set out on pages 31 to 61 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

* *for identification purposes only*

Having considered the terms of the Agreement and the Whitewash Waiver and the advice of Hercules, we consider the Acquisition is on normal commercial terms, the terms of the Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Acquisition and the Whitewash Waiver.

Yours faithfully,
Takeovers Code Independent Board Committee

Mr. Hong Kim Cheong *Non-executive Director*	**Mr. Shum Pui Kay** *Independent non-executive Director*	**Mr. Wah Wang Kei Jackie** *Independent non-executive Director*	**Mr. Chow Yu Chun Alexander** *Independent non-executive Director*

The following is the text of the letter of advice from Hercules, the independent financial adviser appointed by the Company (the appointment of which has been approved by the Listing Rules Independent Board Committee and the Takeovers Code Independent Board Committee), to advise (i) the Listing Rules Independent Board Committee and the Independent Shareholders in respect of the Acquisition; and (ii) the Takeovers Code Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver, which has been prepared for the purpose of inclusion in this circular.

Hercules
Hercules Capital Limited

1503 Ruttonjee House
11 Duddell Street
Central
Hong Kong

15 February 2017

To the Listing Rules Independent Board Committee,
the Takeovers Code Independent Board Committee and
the Independent Shareholders

Dear Sirs,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF THE 42% EQUITY INTEREST IN GIANT EAGLE ENTERPRISES LIMITED NOT ALREADY OWNED BY THE COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; AND (2) APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Listing Rules Independent Board Committee and the Takeovers Code Independent Board Committee as well as the Independent Shareholders with respect to the terms of the transactions contemplated under the Agreement, and the Whitewash Waiver (as the case may be), details of which are set out in the Letter from the Board contained in the circular of the Company dated 15 February 2017 to the Shareholders (the "Circular"), of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

On 9 December 2016 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares, representing 42% of the issued share capital of the Target, and the Sale Loan, at an aggregate Consideration of HK$215.3 million, which shall be satisfied as to (i) HK$15.3 million in cash by the Purchaser to the Vendor; and (ii) HK$200.0 million by the allotment and issuance of 250,000,000 Consideration Shares by the Company to the Vendor or its nominee, credited as fully paid, at an issue price of HK$0.80 each.

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the relevant reporting and announcement requirements under Chapter 14 of the Listing Rules. The Vendor is wholly and beneficially owned by Mr. Cheng, the Chairman, Chief Executive Officer and an executive Director of the Company. As at the Latest Practicable Date, the Vendor was a substantial Shareholder interested in 801,830,000 Shares, representing approximately 29.63% of the existing issued share capital of the Company. Accordingly, the Vendor is a connected person of the Company under the Listing Rules and the Acquisition also constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Listing Rules Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Shum Pui Kay, Mr. Wah Wang Kei Jackie and Mr. Chow Yu Chun Alexander, has been constituted pursuant to the Listing Rules to give a recommendation to the Independent Shareholders in respect of the Acquisition. We, Hercules Capital Limited, have been appointed, with the approval of the Listing Rules Independent Board Committee, to advise the Listing Rules Independent Board Committee and the Independent Shareholders in respect of the Acquisition, in particular as to whether the terms of the Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

After the allotment and issuance of 250,000,000 Consideration Shares to the Vendor upon Completion, the Vendor's interest in the Company will increase from 801,830,000 Shares, representing approximately 29.63% of the existing issued share capital of the Company, to 1,051,830,000 Shares, representing approximately 35.59% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares (assuming that there are no changes in the issued share capital of the Company other than the issue of the Consideration Shares after the Latest Practicable Date and up to Completion). Accordingly, the

Vendor would be required under Rule 26.1 of the Takeovers Code to make a mandatory general offer for all the issued Shares and other equity share capital of the Company other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Vendor has made an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) approval of the Independent Shareholders at the SGM by way of a poll; and (ii) the Vendor and parties acting in concert with it not having made any acquisition or disposal of voting rights of the Company since the date of the Agreement and up to Completion unless with the prior consent of the Executive. The granting of the Whitewash Waiver is a condition precedent for Completion which is not capable of being waived. If the Whitewash Waiver is not obtained, the Acquisition will not proceed.

The Takeovers Code Independent Board Committee, comprising the non-executive Director and all the independent non-executive Directors, namely Mr. Hong Kim Cheong, Mr. Shum Pui Kay, Mr. Wah Wang Kei Jackie and Mr. Chow Yu Chun Alexander, has been constituted pursuant to the Takeovers Code to give a recommendation to the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver. We have been appointed, with the approval of the Takeovers Code Independent Board Committee, to advise the Takeovers Code Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver.

As at the Latest Practicable Date, the Vendor was interested in 801,830,000 Shares, representing approximately 29.63% of the existing issued share capital of the Company. Mr. Cheng, the Vendor, their respective associates and parties acting in concert with any of them and the Shareholder(s) who is/are interested in the Acquisition and/or the Whitewash Waiver will abstain from voting on the resolutions approving the Acquisition and the Whitewash Waiver at the SGM.

We are not associated with the Group and its associates and do not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Group. We have not acted as a financial adviser or an independent financial adviser to the Company in the past two years. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from the Group and its associates. We were not aware of any relationship or interest between us and the Company or any other parties that could be reasonably regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Listing Rules Independent Board Committee, the Takeovers Code Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the Latest Practicable Date. Should there be any material change in such information, statements or representations after the Latest Practicable Date (up to the date of the SGM), the Shareholders would be notified of such changes as soon as possible. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular (other than that relating to the Vendor and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular (other than those expressed by Mr. Cheng, the sole director of the Vendor) have been arrived at after due and careful consideration, and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. Mr. Cheng, the sole director of the Vendor, accepts full responsibility for the accuracy of the information contained in the Circular (other than that relating to the Group), and confirms that having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in the Circular (other than those expressed by the Directors excluding Mr. Cheng) have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion. We have not, however, for the purposes of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group and the related subject of, and parties to, the Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change this opinion. Should there be any material change in our opinion after the Latest Practicable Date (up to the date of the SGM), we will notify the Shareholders of such changes as soon as possible.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Acquisition, we have considered the following principal factors and reasons:

1. Information on the Group

The Company is an investment holding company. The principal activities of the Group are the development and management of outlet malls, branding, retailing and sourcing, property investment and holding in Hong Kong and the PRC, provision of financial services and duty-free business.

The consolidated financial information of the Group for the six months ended 30 June 2016 and the two years ended 31 December 2014 and 2015, which was extracted from the interim report and annual report of the Company respectively, is summarized as follows:

	For the six months ended 30 June		For the year ended 31 December	
	2016	**2015**	**2015**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue				
– Retailing and sourcing	59,807	72,138	155,267	151,552
– Branding	18,338	12,608	24,841	42,748
– Property investment and holding	18,721	17,629	34,042	15,567
– Outlet malls	14,692	20,099	38,880	30,419
– Financial services	60,096	40,747	92,868	21,936
– Duty free	4,072	2,427	5,169	1,609
	175,726	165,648	351,067	263,831
Gross profit	121,397	121,869	265,288	157,161
Profit/(loss) before income tax (expenses)/credit from continuing operations	4,113	183,733	195,053	(30,531)
(Loss)/profit for the period/year from continuing operations	(5,208)	155,329	156,078	(28,398)
Profit for the period/year attributable to owners of the Company	2,120	166,828	180,822	19,095

	As at 30 June 2016 HK$'000 (unaudited)
Non-current assets	2,268,310
Current assets	1,453,711
Total assets	3,722,021
Non-current liabilities	(796,857)
Current liabilities	(518,262)
Total liabilities	(1,315,119)
Net assets	2,406,902
Equity attributable to owners of the Company	2,266,916

The revenue of the Group for the year ended 31 December 2015 was approximately HK$351.1 million, of which approximately 44.2% (2014: 57.4%) was derived from the retailing and sourcing segment, approximately 26.5% (2014: 8.3%) was derived from the financial services segment, approximately 11.1% (2014: 11.5%) was derived from the outlet malls segment, approximately 9.7% (2014: 5.9%) was derived from the property investment and holding segment, approximately 7.1% (2014: 16.2%) was derived from the branding segment and approximately 1.5% (2014: 0.6%) was derived from the duty free segment. The Group recorded an increase of approximately 33.1% in its revenue for the year ended 31 December 2015 as compared to the previous year as a result of the organic growth of the *Speedo* retailing and sourcing business, the outlet mall business in Shenyang, the duty free shop in Kinmen and the contribution from the newly acquired financial services group and investment properties in Beijing. Benefiting from the higher gross profit margins of the newly acquired financial services group and the investment properties in Beijing, the gross profit of the Group increased by approximately 68.8%, as compared to the prior year, to approximately HK$265.3 million for the year ended 31 December 2015.

During the year ended 31 December 2015, the Group's other income increased by approximately HK$176.1 million, which was mainly attributable to the recognition of a gain on disposal of intangible assets, being the trademark and intellectual property rights of the *PONY* brand in Canada, the United States of America and Mexico, in the amount of approximately HK$222.5 million. Netted off partially by the effect of increases in total expenses of approximately HK$33.8 million and income tax expense of approximately HK$41.1 million, the profit for the year ended 31 December 2015 from continuing operations amounted to approximately HK$156.1 million while a loss from continuing operations amounted to approximately HK$28.4 million was recorded for the year ended 31 December 2014. The profit attributable to owners of the Company increased by approximately HK$161.7 million from approximately HK$19.1 million, which included the profit from discontinued operations of approximately HK$28.6 million, for the year ended 31 December 2014 to approximately HK$180.8 million for the year ended 31 December 2015.

For the six months ended 30 June 2016, the revenue of the Group was approximately HK$175.7 million, of which approximately 34.0% (2015: 43.5%) was derived from the retailing and sourcing segment, approximately 34.2% (2015: 24.6%) was derived from the financial services segment, approximately 8.4% (2015: 12.1%) was derived from the outlet malls segment, approximately 10.7% (2015: 10.7%) was derived from the property investment and holding segment, approximately 10.4% (2015: 7.6%) was derived from the branding segment and approximately 2.3% (2015: 1.5%) was derived from the duty free segment. The Group recorded an increase of approximately 6.1% in its revenue for the six months ended 30 June 2016 as compared to the previous corresponding period, which was mainly attributable to the increased income from the financial services segment. However, resulting from the general stock provision made in the retailing and sourcing business, the gross profit of the Group decreased slightly by approximately HK$0.5 million for the six months ended 30 June 2016 as compared to the prior corresponding period. During the six months ended 30 June 2016, the Group's other income dropped by approximately HK$236.0 million, which was mainly attributable to the one-off gain on disposal of intangible assets, being the trademark and intellectual property rights of *PONY* brand in Canada, the United States of America and Mexico, in the amount of approximately HK$222.5 million recorded in the last corresponding period which was absent in 2016. Although the restructuring of Tianjin Park Outlet at the end of 2015 had resulted in cost savings and the total expenses for the six months ended 30 June 2016 had decreased by approximately HK$52.3 million as compared to the last corresponding period, the profit before income tax expense for the six months ended 30 June 2016 decreased by approximately HK$179.6 million to approximately HK$4.1 million. Taking into account the income tax expense, the Group recorded a loss of approximately HK$5.2 million for the six months ended 30 June 2016 as compared to a profit of approximately HK$155.3 million for the six months ended 30 June 2015. Excluding the non-controlling interests, profit attributable to owners of the Company decreased by approximately HK$164.7 million from approximately HK$166.8 million for the six months ended 30 June 2015 to approximately HK$2.1 million for the six months ended 30 June 2016.

As at 30 June 2016, the non-current assets of the Group amounted to approximately HK$2,268.3 million, of which approximately HK$610.7 million were property, plant and equipment, approximately HK$1,186.0 million were investment properties, approximately HK$246.7 million were prepaid lease payments and approximately HK$146.4 million were intangible assets, while the current assets of the Group amounted to approximately HK$1,453.7 million, which mainly consisted of inventories of approximately HK$36.0 million, trade and other receivables of approximately HK$99.1 million, amounts due from joint ventures of approximately HK$60.2 million, advances to customers in margin financing of approximately HK$106.4 million, loans receivable of approximately HK$529.0 million, trading securities of approximately HK$22.2 million, bank balances and cash (held on behalf of customers) of approximately HK$37.7 million and bank balances and cash of approximately HK$546.3 million.

The non-current liabilities of the Group amounted to approximately HK$796.9 million as at 30 June 2016, which included bank borrowings of approximately HK$555.6 million, loan from non-controlling interests of approximately HK$153.3 million and deferred tax liabilities of approximately HK$88.0 million. The current liabilities of the Group as at 30 June 2016 amounted to approximately HK$518.3 million, which comprised trade and other payables of approximately HK$273.7 million, bank borrowings of approximately HK$173.2 million, dividend payable of approximately HK$54.0 million and tax payable of approximately HK$17.4 million. As at 30 June 2016, the net current assets of the Group amounted to approximately HK$935.4 million while the net assets and the net assets attributable to owners of the Company amounted to approximately HK$2,406.9 million and HK$2,266.9 million respectively. The gearing ratio, as expressed as total liabilities over total assets, of the Group was approximately 35.3% as at 30 June 2016.

On 3 October 2016, the Company announced that Mitsubishi Estate Corporation, the joint venture partner holding 37.5% of Premier Ever Group Limited (“Premier Ever”), served notice on the Group to exercise the put option to require the Group (holding 62.5% equity interest in Premier Ever) to purchase the 37.5% equity interest in Premier Ever pursuant to the joint venture agreement dated 23 February 2011 (the “Premier Ever Acquisition”). The total consideration payable by the Group was approximately US$26.2 million. Premier Ever and its subsidiary operate and manage the Park Outlets in Shenyang, the PRC. Completion took place on 21 December 2016 and Premier Ever became a wholly-owned subsidiary of the Company.

Concluding from the above, we consider that the Group is operating with viable businesses and steadily improving performance, and it has a sound financial position that can support the Acquisition and future business development.

2. Information on the Target Group

The Target is an investment holding company incorporated in the British Virgin Islands with limited liability and the issued share capital of the Target was owned as to 58% by the Purchaser and 42% by the Vendor as at the Latest Practicable Date.

The Target Group is engaged in property and investment holding in the PRC. As at the Latest Practicable Date, the major asset of the Target Group was the Shenyang Properties, which comprise (i) two parcels of commercial land, namely the Site No. 88 (a commercial land) and the Site No. 89 (a commercial/residential land) respectively, with a total site area of approximately 99,338 sq. m. situated at north of Puheda Road, Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, the PRC; and (ii) a parcel of commercial/residential land, namely the Site No. 124, with a site area of approximately 94,450 sq. m., situated adjacent to the aforesaid two parcels of land in Shenyang, the PRC. The Shenyang Properties are currently vacant. Based on the valuation report prepared by Prudential, an independent professional valuer, as set out in Appendix II to the Circular, the Shenyang Properties were valued at approximately RMB373.1 million (equivalent to approximately HK$417.9 million) as at 30 November 2016.

The Target also holds a 25% equity interest in 武漢喬尚實業發展有限公司 (Wuhan Qiaoshang Industrial Development Company Limited*) ("Wuhan Qiaoshang") which in turn holds 50% equity interests in Anyang Guolu. Anyang Guolu is a joint venture company established in 2016 to develop the Anyang Property and carry out the business of outlet mall operation in Anyang, the PRC. The remaining 75% equity interests in Wuhan Qiaoshang are held as to 35% by 武漢金欒商業運營管理有限公司 (Wuhan Jinjiang Operation Management Company Limited*), as to 25% by 武漢舵落口物流有限公司 (Wuhan Tuoluokou Logistics Company Limited*) and as to 15% by 武漢一冶華碩投資有限公司 (Wuhan Yiye Huashuo Investment Company Limited*), all are third parties independent of the Company and its connected persons. The remaining 50% equity interests in Anyang Guolu is held by an indirect wholly-owned subsidiary of the Purchaser. Accordingly, the Group had a 57.25% effective interest in Anyang Guolu as at the Latest Practicable Date. Construction work of the Anyang Property is in progress and application has been made to the PRC government authority for the sale of certain divided units of the Anyang Property. It is expected that sales may commence in 2017. Based on the valuation report prepared by Prudential as set out in Appendix II to the Circular, the Anyang Property was valued at approximately RMB217.8 million (equivalent to approximately HK$243.9 million) as at 30 November 2016.

The audited financial information of the Target Group for the two years ended 31 December 2014 and 31 December 2015 are summarized as follows:

	For the year ended 31 December	
	2015	**2014**
	HK$'000	*HK$'000*
Revenue	–	–
Other income	4,079	3,926
Profit before taxation	1,277	345
Profit for the year	1,026	345
Profit for the year attributable to owners of the Target	1,101	575

	As at 31 December 2015
	HK$'000
Non-current assets	437,117
Current assets	88,705
Total assets	525,822
Non-current liabilities	(155,467)
Current liabilities	(376,848)
Total liabilities	(532,315)
Net liabilities	(6,493)
Equity attributable to owners of The Target	(6,493)

No revenues were generated from the principal business of the Target Group for the two years ended 31 December 2014 and 2015. For the year ended 31 December 2015, other income of the Target Group, which comprised bank interest income and exchange gain, amounted to approximately HK$4.1 million, representing an increase of approximately 5.1% as compared to the previous year. The increases in other income and fair value of investment properties together with the decreases in other expenses and administrative expenses led to a significant improvement in the results of the Target Group for the year ended 31 December 2015. The profit before taxation increased substantially from approximately HK$0.3 million for the year ended 31 December 2014 to approximately HK$1.3 million for the year ended 31 December 2015. Excluding the loss attributable to non-controlling interests, the net profit attributable to owners of the Target amounted to approximately HK$1.1 million for the year ended 31 December 2015, representing approximately 1.9 times of that for the year ended 31 December 2014.

As at 31 December 2015, the non-current assets of the Target Group amounted to approximately HK$437.1 million, mainly representing the carrying amount of the investment properties, being the Shenyang Properties, of approximately HK$437.1 million, while the current assets of the Target Group amounted to approximately HK$88.7 million, which comprised other receivables and prepayments of approximately HK$21.9 million and bank balances and cash of approximately HK$66.8 million.

The non-current liabilities of the Target Group, which mainly consisted of the Sale Loan of approximately HK$153.3 million, amounted to approximately HK$155.5 million as at 31 December 2015. The current liabilities of the Target Group as at 31 December 2015 amounted to approximately HK$376.8 million, of which approximately HK$132.5 million were accrued expenses and other payables comprising mainly government grant received by the Target Group for facilitating the development of the Shenyang Properties and approximately HK$244.2 million were amounts owed to immediate holding company and a related company, which represents amount loaned by the relevant parties for general working capital and business development of the Target Group. As at 31 December 2015, the net current liabilities of the Target Group amounted to approximately HK$288.1 million while the net liabilities and the net liabilities attributable to owners of the Target amounted to approximately HK$6.5 million and HK$6.5 million respectively. The gearing ratio, as expressed as total liabilities over total assets, of the Target Group was approximately 101.2% as at 31 December 2015.

3. Reasons for the Acquisition

On 16 October 2014, the Group transferred the Sale Shares and 42% of the shareholder's loan then outstanding to the Vendor at a total consideration of HK$215.2 million to settle part of the consideration for the acquisition of Trillion Earning Limited, which is an investment holding company holding a commercial property in Beijing, the PRC (the ''Previous Transaction''). The Target was previously a wholly-owned subsidiary of the Company prior to the Previous Transaction. The Previous Transaction was intended to enable the Group to enlarge its property portfolio to include a commercial property in Beijing to generate recurring rental income for the Group, reduce the cash or consideration shares to be paid for the consideration of the Previous Transaction, and to introduce the Vendor as a partner to develop the Shenyang Properties and reduce the capital commitment on the part of the Group to fund the development costs of the Shenyang Properties.

After completion of the Previous Transaction, having considered that the property market in Shenyang remained sluggish, the parties to the Agreement considered it was not commercially favorable to commence the development of the Shenyang Properties. As a result, no further capital has been injected for the development of the Shenyang Properties by both the Group and the Vendor since the completion of the Previous Transaction. On the other hand, the Shenyang Park Outlets operated by the Group adjacent to the Shenyang Properties gradually built up its occupancy rate from over 75% in 2014 to over 90% at the end of 2016. Therefore, the Company intends to expand the north wing of the Shenyang Park Outlets and considers that it is an opportune time to reformulate the development plan for the Shenyang Properties with a view to creating synergy with the Shenyang Park Outlets. The Directors are of the view that the development of the north wing of the Shenyang Park Outlets can bring synergy effects to the Shenyang Properties which would create points of interest for attracting visitor flow. Therefore, the Directors are of the view that acquiring the Sale Shares from the Vendor would enable the Group to reconsolidate control over the Shenyang Properties. Although the Target has always been consolidated in the Company's financial statements, the Company considers that consolidating the whole interest in the Shenyang Properties would facilitate the discussion with other developers for the future development and enable the Group to enjoy more flexibility in designing and implementing the development plan of the Shenyang Properties. In particular, the Group would have the sole discretion to decide on the overall strategy and investment budget for the Shenyang Properties including but not limited to possible co-operations with other developers. The Group plans to develop the Shenyang Properties as sole owner or co-operate with other developer(s) with national brands depending on the terms offered by other developer(s) if the Acquisition is completed and when suitable opportunity arises. Based on the Company's previous experience, negotiations with other developers would be more efficient for projects which involve lesser number of shareholders as the interests of the parties would be more easily aligned. Therefore, the Company expects that the Acquisition, if completed, would speed up the discussions with other developers on potential co-operations and bring forward the realization on a wholly-owned basis of the benefits from the development of the Shenyang Properties.

Assuming that the Acquisition will be completed, the Group estimated that the development costs of the Shenyang Properties shall be in the range of approximately RMB1,200 million (equivalent to approximately HK$1,344 million) based on the land uses and site area of the Shenyang Properties and by reference to, among other things, the prevailing construction costs per sq. m. of other similar property development projects in the PRC. The Group also estimated that the development will be conducted in two to three stages and will take approximately three years to complete. As the Group may develop the Shenyang Properties in co-operation with other developer(s) and the Group has been in discussions with national brand developers over the past months so as to identify suitable development proposals, the estimations illustrated above do not represent any development plan or costs committed by the Group. The actual scale and timing of the development of the Shenyang Properties will depend on the final development plan drawn up by the Group or the cooperation terms to be agreed with other developers if any.

The Target also holds a 12.5% effective interest in the Anyang Property through its indirect investment in Anyang Guolu. The Anyang Property is under construction and application has been made to the PRC government for the sale of certain divided units of the Anyang Property which is expected to commence in 2017. The Company considers that the Anyang Property will generate a positive return to the Group in the long run and that the Acquisition would enable the Group to increase its effective holding in Anyang Guolu from 57.25% to 62.5%.

We understand from management of the Company that the Group's business in Shenyang Park Outlets has been improving and maturing after three years of market nurture, strengthening of management and improvement in operational efficiency. As at the Latest Practicable Date, the Shenyang Park Outlets had an occupancy rate of over 90% and they have made steady contribution of rental income to the Group. The Group is confident in its outlet business and considers that it is an appropriate time to consolidate its control over the Shenyang Properties to gain more flexibility in planning the future development of the Shenyang Properties together with the expansion of the Shenyang Park Outlets.

A boom in commodities prices and credit growth in the PRC in the past decade propelled the construction of apartments, shopping malls and office towers in many mid-sized and small cities, including Shenyang. However, demand for such buildings has not kept pace with supply and the property market in Shenyang started to record a negative growth in 2013. According to the information disclosed in the Yearbook 2015, the most updated official statistical yearbook currently available, published by the Shenyang Statistical Bureau in Shenyang Statistical Information Net, the total investment in property development in Shenyang in 2015 amounted to approximately RMB133.8 billion, representing a decrease of 32.3% as compared to the previous year, of which approximately RMB93.5 billion, representing a decrease of 34% as compared to the previous year, was invested in the residential property sector. For the same period, the new construction area and completed area of properties in Shenyang decreased by approximately 47.0% and 15.4% respectively. The new construction area of residential properties and commercial properties decreased by approximately 43.8% and 49.7% respectively and the completed area of residential properties and commercial properties decreased by approximately 22.7% and 22.0% respectively. Meanwhile, the sales area and sales amount of properties in Shenyang reduced by 28.9% and 21.6% respectively. The sales area and sales amount of residential properties decreased by 29.2% and 22.6% respectively while the sales area and sales amount of commercial properties decreased by 30.5% and 16.9% respectively.

Stimulated by the more favorable policy environment supporting residential sales, and especially the issuance of the "Implementation Opinions of the General Office of the People's Government of Shenyang Municipality on Promoting the Healthy Development of the Real Estate Market (Trial Implementation) 瀋陽市人民政府辦公廳關於促進房地產市場健康發展的實施意見(試行)" (the "Policies") and eleven supplementary opinions to the Policies by the People's Government of Shenyang Municipality on 25 March 2016 and 1 August 2016 respectively, the property market in Shenyang started to show signs of improvement in 2016. According to the statistics published by the Shenyang Statistical Bureau in Shenyang Statistical Information Net, the sales area of properties in Shenyang for the eleven months ended 30 November 2016 increased to approximately 11.2 million square meters, representing a growth of approximately 11.3% as compared to the previous corresponding period.

The Directors consider that in the absence of any unforeseeable adverse factors that may have a substantial negative impact on the economy of the PRC, the property market in Shenyang shall pick up gradually with the economic recovery in the foreseeable future and it will be in the interests of the Company to increase its land portfolio so as to prepare for the new rising wave of the property market. Based on the above, the Directors consider, and we concur with their view, that the Acquisition is in the interests of the Company and Shareholders as a whole.

4. Principal terms of the Agreement

Pursuant to the Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Shares, being 42% of the issued share capital of the Target, and the Sale Loan, at an aggregate Consideration of HK$215.3 million, which shall be satisfied at Completion as to (i) HK$15.3 million in cash payable by the Purchaser to the Vendor; and (ii) HK$200.0 million by the allotment and issuance of 250,000,000 Consideration Shares by the Company to the Vendor or its nominee, credited as fully paid, at an issue price of HK$0.80 per Consideration Share. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares then in issue.

The Consideration was determined after arm's length negotiations between the parties to the Agreement with reference to the consideration for the Sale Shares and 42% of the shareholder's loan then outstanding of approximately HK$215.2 million when they were transferred to the Vendor under the Previous Transaction, which is also the Vendor's cost of the Sale Shares and the Sale Loan. The Directors consider that the Acquisition unwinds the partnership arrangement for the Shenyang Properties formed under the Previous Transaction and it would therefore be appropriate to determine the Consideration with reference to the consideration of the Previous Transaction, having taken into account the following factors: (i) there had not been any development works on the Shenyang Properties and neither party had made further capital injection to the Target Group after the Previous Transaction; (ii) there was a slight appreciation in the value of the Shenyang Properties in terms of RMB since the Previous Transaction; and (iii) the development prospects of the Shenyang Properties improved after the Previous Transaction along with the increased occupancy of the Shenyang Park Outlets.

Completion is conditional upon the satisfaction of:

(i) the Agreement and the Whitewash Waiver having been approved by the Shareholders who are permitted under the Listing Rules and the Takeovers Code to vote at the SGM;

(ii) the Whitewash Waiver having been granted by the Executive; and

(iii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares.

5. Assessment on the Consideration

To assess the fairness and reasonableness of the Consideration, we have considered the following factors:

5.1 Valuation of the Shenyang Properties

Based on the valuation report prepared by Prudential, an independent valuer for carrying out the valuation of the Shenyang Properties, as set out in Appendix II to the Circular, the Shenyang Properties were valued at RMB373.114 million (equivalent to approximately HK$417.9 million) as at 30 November 2016. In terms of RMB, there was an appreciation in the value of the Shenyang Properties as at 30 November 2016 as compared to the valuation of the Shenyang Properties of approximately RMB370.6 million (equivalent to approximately HK$437.1 million) as at 31 December 2015. However, due to depreciation of RMB to HK$ during the period from 31 December 2015 to 30 November 2016, a revaluation deficit incurred when the values of the Shenyang Properties were translated into Hong Kong dollars at the relevant dates.

We have performed work as required under Note 1(d) to Rule 13.80 of the Listing Rules in respect of the valuation of the Shenyang Properties, including discussing with Prudential as to its experiences in valuing similar properties in the PRC and its relationship with the Group and other parties to the Agreement, and reviewing the terms of Prudential's engagement for the valuation, in particular to its scope of work. We noted that its scope of work was appropriate for it to form the opinion required to be given and there were no limitations on the scope of work which might adversely impact the degree of assurance given by Prudential in the valuation report. Prudential confirmed us that apart from normal professional fees payable to it in connection with those valuation engagements, no arrangements exist whereby it would receive any fee or benefit from the Group and its associates. Prudential also confirmed us that it was not aware of any relationship or interest between it and the Company or any other parties that could be reasonably regarded as a hindrance to its independence to act as an independent valuer for the Company.

We have reviewed the valuation report of the Shenyang Properties prepared by Prudential as set out in Appendix II to the Circular and discussed with Prudential the methodology, basis and assumptions adopted in arriving at the valuation of the Shenyang Properties as at 30 November 2016. We noted that comparison approach with reference to comparable sales evidence or offerings as available in the relevant market was adopted by Prudential in arriving at the market value of the Shenyang Properties as there were numbers of similar government land sales in the area. Meanwhile, the building costs and fees incurred as at the date of valuation for the erection of the commercial building have also been considered by Prudential for the Shenyang Properties. We have discussed with Prudential the selection criteria of, and reviewed, the comparable transactions used by Prudential for the valuation of the Shenyang Properties and noted that all the comparable transactions are of similar nature and located in vicinity of the Shenyang Properties. As such, we consider that the comparable transactions used in valuing the Shenyang Properties are reasonable and comparable to the Shenyang Properties. Given the nature of use and other particulars of the Shenyang Properties, Prudential considers that the comparison approach was the most appropriate valuation method in arriving at the valuation of the Shenyang Properties. Moreover, Prudential advised us that such approach was in compliance with the standards and guidelines set out in The HKIS Valuation Standards on Properties (2012 Edition) issued by the Hong Kong Institute of Surveyors and in compliance with the requirements as set out in Chapter 5 and Practice Note 12 of the Listing Rules and Rule 11 of the Takeovers Code. We also understand from Prudential that it had carried out on-site inspections and made relevant enquiries and searches for the purpose of the valuations and no irregularities were noted during the course of the valuation.

Given the valuation methodology applied by Prudential is one of the generally accepted valuation procedures and practices of professional surveyors and is in compliance with the standards published by the Hong Kong Institute of Surveyors, we consider that the methodology and basis for determining the valuation of the Shenyang Properties adopted by Prudential is appropriate. In light of the above and the fact that no unusual matters have come to our attention that led us to believe that the valuation of the Shenyang Properties was not prepared on a reasonable basis, we are of the view that it is fair and reasonable for the Company to take into account the valuation of the Shenyang Properties performed by Prudential in assessing the value of the Target Group.

5.2 Comparable Company Analysis

To assess the fairness and reasonableness of the Consideration, we have also considered the following comparable approaches, namely net assets approach, price-to-earnings approach and dividends approach, which are commonly adopted in evaluation of a company. However, given that (i) no revenues were generated from the principal business of the Target Group and the profit of the Target Group for the year ended 31 December 2015 was mainly generated from other income/gain, being interest income, exchange gain and increase in fair value of investment properties, net of administrative expenses; and (ii) no dividends were declared by the Target in the past two years, we consider that the price-to-earnings approach and the dividends approach are not applicable for assessing the value of the Target Group and thus only the net assets approach is adopted in assessing the value of the Target Group.

We have tried to compare the price-to-book ratio of the Target Group implied by the Consideration with those of other comparable companies which (a) are currently listed on the main board of the Stock Exchange; (b) are solely engaged in the business of property development and investment holding in the PRC in the latest financial year; and (c) have market capitalization up to HK$500 million as at the Latest Practicable Date, taking into account the Consideration of HK$215.3 million and scale of the Group. Criterion (a) was set for the purpose of limiting the comparable samples to those companies with reliable public financial information for comparison purposes. Furthermore, it is impracticable to get an exhaustive list of relevant comparable companies if all private companies engaging in business similar to the Target Group are to be included in the sample pool for comparison purposes. Criterion (b) was set so that only those companies whose principal activities exactly match with that of the Target Group (i.e. property development and investment holding in the PRC) are included as comparable samples. Criterion (c) was set for the purpose of limiting the comparable samples to those companies with business size similar to the Target Group as companies with large capitalisation usually have larger scale of operations. Material deviation in size of the samples may not provide a meaningful comparison.

Based on the above-mentioned criteria, we have identified only two comparable companies that match all the said criteria. Given there are no sufficient comparable samples, we consider that no meaningful comparisons can be conducted and the net assets approach is not applicable for assessing the value of the Target Group.

5.3 Comparable Transaction Analysis

The Consideration of HK$215.3 million represents an excess of approximately HK$72.8 million (approximately 51.1%) over the aggregate of (i) the adjusted net liabilities of the Target Group attributable to the Sale Shares of approximately HK$10.8 million; and (ii) the face value of the Sale Loan of approximately HK$153.3 million as at 31 December 2015. The aforementioned adjusted net liabilities of the Target Group attributable to the Sale Shares of approximately HK$10.8 million representing the net liabilities of the Target Group attributable to the Sale Shares of approximately HK$2.7 million as at 31 December 2015 and adjusted by (i) the valuation surplus of the Shenyang Properties attributable to the Sale Shares of approximately HK$1.2 million; and (ii) the loss arising from the exchange realignment of the Shenyang Properties attributable to the Sale Shares of approximately HK$9.3 million respectively during the eleven months ended 30 November 2016 (based on the valuation of the Shenyang Properties as at 30 November 2016). As disclosed in the Letter from the Board, the excess of HK$72.8 million was agreed between the Vendor and the Purchaser after taking into consideration the following factors: (i) the slight appreciation in the value of the Shenyang Properties in terms of RMB by approximately RMB2.7 million since the Previous Transaction (based on the valuation of the Shenyang Properties of RMB373.1 million in aggregate as at 30 November 2016 as set out in Appendix II to the Circular as compared to that of RMB370.4 million in aggregate as at 2 July 2014 as set out in Appendix V to the circular of the Company dated 25 August 2014 in relation to the Previous Transaction); (ii) the face value of the Sale Loan remained at approximately HK$153.3 million since the Previous Transaction; and (iii) there have been no material changes in the value of the Target's investment in 12.5% effective interest in Anyang Guolu after taking into account the latest value of the Anyang Property.

As the Previous Transaction and the Acquisition involve the sale and purchase of the same assets and the Acquisition unwinds the partnership arrangement for the Shenyang Properties formed under the Previous Transaction, we concur with the Directors that the consideration of the Previous Transaction, which was determined after arms' length negotiations between the contracting parties, is a relevant commercial factor and pricing benchmark that should be considered in determining the consideration of the Acquisition.

As disclosed in the circular of the Company dated 25 August 2014 in relation to the Previous Transaction, the consideration of the Previous Transaction was HK$215.2 million, representing an excess of approximately HK$58.4 million (approximately 37.2%) over the aggregate of (i) the net asset value (excluding the non-controlling interests) of the Target Group attributable to the Sale Shares of approximately HK$3.5 million as at 31 May 2014; and (ii) 42% of the shareholder's loan then outstanding of approximately HK$153.3 million. The excess was agreed after taking into consideration the holding cost of the Shenyang Properties by the Group since 20 January 2011 and the potential value created by the Shenyang Park Outlets which was at that time a newly-developed outlet mall.

The net asset value adjusted by the valuation deficit together with the face value of the Sale Loan as at 31 December 2015 decreased as compared to the same in 2014 when it was disposed of by the Group to the Vendor in the Previous Transaction despite there was an appreciation in valuation of the Shenyang Properties in local currency. We noted that the decrease was mainly due to the depreciation of RMB against HK$ during these two years. According to the Letter from the Board, the loss from exchange realignment of the Shenyang Properties for the period from 31 May 2014 to 31 December 2015 amounted to approximately HK$22.2 million, which was calculated based on the value of the Shenyang Properties of approximately RMB370.4 million as at 31 May 2014 and the exchange rates of RMB against HK$ of 1.24 and 1.18 as at 31 May 2014 and 31 December 2015 respectively. Thus, the loss from exchange realignment of the Shenyang Properties during the period from 31 May 2014 to 31 December 2015 attributable to the Sale Shares amounted to approximately HK$9.3 million. Furthermore, as set out in the "Reconciliation of the value of the properties of the Target Group" in Appendix I to the Circular, the loss arising from exchange realignment of the Shenyang Properties for the eleven months ended 30 November 2016 amounted to approximately HK$9.3 million. Therefore, the total loss arising from exchange realignment of the Shenyang Properties for the period from 31 May 2014 to 30 November 2016 attributable to the Sale Shares amounted to approximately HK$18.6 million. We consider that the effects of currency fluctuation on the value of an asset are momentary. Had the effect of exchange realignment been taken out, the aggregate amount of the adjusted net asset value attributable to the Sale Shares and the Sale Loan would have become approximately HK$161.1 million and the Consideration would have been representing an excess of approximately HK$54.2 million (approximately 33.6%) over the aggregate value of the adjusted net asset value of the Sale Shares and Sale Loan.

Furthermore, we consider that the appreciation of approximately RMB2.7 million in valuation of the Shenyang Properties from 2 July 2014 to 30 November 2016 to certain extent reflects that the development potential of the Shenyang Properties has increased as compared to the time when the Previous Transaction was conducted and the Shenyang Park Outlets were newly developed.

Against the backdrop of the Previous Transaction and having considered that (i) there was a slight appreciation in the value of the Shenyang Properties of approximately RMB2.7 million since the Previous Transaction in terms of RMB and the appreciation in value to certain extent reflects the increase in development potential of the Shenyang Properties; (ii) the face value of the Sale Loan remained at approximately HK$153.3 million since the Previous Transaction; (iii) there were no material changes in the value of the Target's investment in its 12.5% effective interest in Anyang Guolu after taking into account the latest value of the Anyang Property; and (iv) the premium of the Consideration of approximately 33.6% over the aggregate value of the adjusted net asset value of the Sale Shares and the Sale Loan is lower than the premium of the consideration for the Previous Transaction of approximately 37.2% if the effect of exchange realignment is taken out, we consider that the Consideration, which represents only a premium of HK$0.1 million over the consideration for the Sale Shares and 42% of the shareholder's loan then outstanding of approximately HK$215.2 million when they were transferred to the Vendor under the Previous Transaction, is reasonable and commercially justifiable.

5.4 Discounted Cash Flow Analysis

Due to the aforementioned limitation in comparison approach, we have also considered to assess the value of the Target Group by discounted cash flows method. However, given valuations using discounted cash flows method involve various subjective assumptions and parameters which may largely affect the value of the subject, we consider that it is inappropriate to use income approach to assess the value of the Target Group.

5.5 Conclusion of Our Assessment on the Consideration

Having considered that (i) the Acquisition unwinds the partnership arrangement for the Shenyang Properties formed under the Previous Transaction and consolidation of the entire interest in the Shenyang Properties would facilitate the Group's negotiations with other national brand developers on potential co-operations and bring forward the realization on a wholly-owned basis of the benefits from the development of the Shenyang Properties; (ii) there was a slight appreciation in the value of the Shenyang Properties since the Previous Transaction in terms of RMB by approximately RMB2.7 million and the appreciation in value to certain extent reflects the increase in development potential of the Shenyang Properties; (iii) the Consideration represents only a premium of HK$0.1 million over the consideration for the Sale Shares and 42% of the shareholder's loan then outstanding of approximately HK$215.2 million when they were transferred to the Vendor under the Previous Transaction while there was a slight appreciation in the value of the Shenyang Properties of approximately RMB2.7 million since the Previous Transaction; (iv) the revaluation deficit incurred by the Target Group was solely attributable to the depreciation of RMB to HK$; and (v) had the effect of exchange realignment been taken out, the premium of the Consideration over the aggregate value of the adjusted net asset value of the Sale Shares and the Sale Loan of approximately 33.6% is lower than the premium of the consideration for the Previous Transaction of approximately 37.2%, we consider that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned and it is on normal commercial terms although it represents a premium over the aggregate value of the adjusted net asset value of the Sale Shares and the Sale Loan.

6. Settlement method of the Consideration

The Consideration shall be settled as to HK$15.3 million by cash and HK$200.0 million by the allotment and issuance of the Consideration Shares.

We were advised by management of the Company that the Company has considered other settlement alternatives for the Acquisition. However, after taking into consideration of the cash flow and current capital structure of the Group, the Directors consider that it is beneficial to the Company to retain more cash for general working capital and future business expansion of the Group. As disclosed in the interim report of the Company for the six months ended 30 June 2016, the Group had cash and cash equivalent in the amount of approximately HK$546.3 million. After deducting the cash consideration of approximately US$26.2 million (equivalent to approximately HK$203.1 million) paid by the Group on 21 December 2016 for the Premier Ever Acquisition and the consideration of RMB76 million (equivalent to approximately HK$85.1 million) paid by the Group for the Kingxin Acquisition, the Group had available cash balance of approximately HK$258.1 million (assuming that there has been no other changes in the cash position of the Group other than the aforesaid payment of consideration between 30 June 2016 and the Latest Practicable Date).

Given that (i) the issue of the Consideration Shares shall not affect the cash flow, liquidity position and financial leverage of the Group, while enlarging and strengthening the capital base of the Company; (ii) other equity financing alternatives would also introduce dilution to the existing shareholders and may take longer time to complete; and (iii) the Group shall require additional funding for the development of its investment projects such as the Shenyang Properties and the Anyang Property in the near future and fulfilling its general working capital needs, we concur with the view of the Directors that it is in the interest of the Company and Shareholders as a whole to settle part of the Consideration by issuing the Consideration Shares so as to retain more cash resources for its general working capital and future development when opportunities arise.

7. Consideration Shares

Pursuant to the Agreement, HK$200.0 million of the Consideration will be settled by way of the allotment and issuance of 250,000,000 Consideration Shares, representing approximately 9.24% of the existing issued share capital of the Company and approximately 8.46% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares, at the issue price of HK$0.80 per Consideration Share, which represents:

(i) a premium of approximately 2.56% over the closing price of the Shares as quoted on the Stock Exchange on the Latest Practicable Date of HK$0.78 per Share;

(ii) a premium of approximately 12.68% over the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day of HK$0.71 per Share;

(iii) a premium of approximately 12.68% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK$0.71 per Share;

(iv) a premium of approximately 12.68% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day of approximately HK$0.71 per Share;

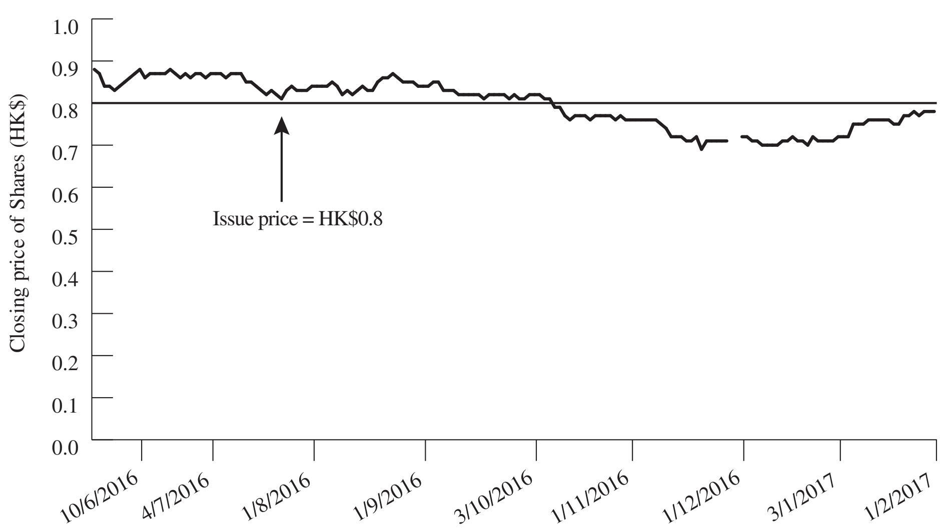
(v) a discount of approximately 6.98% to the unaudited consolidated equity attributable to the Shareholders of approximately HK$0.86 per Share (based on the unaudited consolidated equity attributable to Shareholders of approximately HK$2,319.1 million as at 31 December 2015 and 2,697,743,580 Shares in issue as at that date); and

(vi) a discount of approximately 6.98% to the adjusted unaudited consolidated equity attributable to the Shareholders of approximately HK$0.86 per Share (based on the audited consolidated equity attributable to the Shareholders of approximately HK$2,319.1 million as at 31 December 2015 adjusted by (i) the valuation surplus of the properties of the Group attributable to the Shareholders of approximately HK$34.4 million for the eleven months ended 30 November 2016; (ii) the loss arising from the exchange realignment of the properties of the Group attributable to the Shareholders of HK$62.3 million for the eleven months ended 30 November 2016; and (iii) the valuation surplus of the Chongqing Property attributable to the Shareholders of approximately HK$36.2 million during the period from 12 January 2017 (being the date of completion of Kingxin Acquisition) to 16 January 2017, and 2,697,743,580 Shares in issue as at 31 December 2015).

The issue price of the Consideration Shares was determined after arm's length negotiations between the parties to the Agreement with reference to the then prevailing market prices of the Shares.

For the purposes of assessing the fairness and reasonableness of the issue price of the Consideration Shares, we have reviewed the movements in trading price of the Shares during the period from 10 June 2016, being six months immediately preceding the date of the Agreement, to the Latest Practicable Date (the ''Review Period''). We consider that a period of six months is adequate to illustrate the recent price movements of the Shares for conducting a reasonable comparison between the closing price of the Shares and the issue price of the Consideration Shares.

Chart 1 – Closing prices of the Shares during the Review Period



Source: the website of the Stock Exchange

As illustrated in the above chart, the closing price of the Shares has shown a decreasing trend during the Review Period with the closing price of the Shares below the issue price of the Consideration Shares since 24 October 2016. The lowest closing price, the highest closing price and the average closing price of the Shares of the Review Period were HK$0.69, HK$0.88 and approximately HK$0.80 respectively. The issue price of the Consideration Share is similar to the average closing price of the Shares of the Review Period and represents (i) a premium of approximately 15.9% over the lowest closing price of the Shares of the Review Period; and (ii) a discount of approximately 9.1% to the highest closing price of the Shares of the Review Period.

The closing price of the Shares decreased from HK$0.88 on 10 June 2016, being the first day of the Review Period, to HK$0.87 on 13 June 2016, being the last day of dealings in the Shares cum-entitlements to the bonus warrant issue of the Company, which was announced by the Company on 18 March 2016. On 14 June 2016, the dealings in the Shares ex-entitlements to the bonus warrant issue of the Company commenced and the closing price of the Shares decreased to HK$0.83 on 16 June 2016 and then rebounded to HK$0.88 on 23 June 2016. The closing price of the Shares fluctuated in the range of HK$0.86 and HK$0.88 during the period from 24 June 2016 to 22 July 2016 and then decreased to HK$0.83 on 1 August 2016. On 2 August 2016, the Company published an announcement in relation to the expected significant decrease in the unaudited consolidated net profit of the Group for the six months ended 30 June 2016 as compared to the prior corresponding period, which was mainly attributable to an one-off net gain from disposal of the trademarks and intellectual property relating to the "*PONY*" brand in the United States of America, Mexico and Canada in an aggregated amount of approximately HK$194 million was recorded in the previous corresponding period. The closing price of the Shares further dropped to HK$0.81 on 4 August 2016 and increased to HK$0.85 on 18 August 2016. On 19 August 2016, the Company published the interim results of the Group for the six months ended 30 June 2016. The closing price of the Shares moved downward to HK$0.82 on 22 August 2016 and picked up to HK$0.87 on 5 September 2016. Since then, the closing price of the Shares showed a decreasing trend and was HK$0.82 on 3 October 2016. After the trading hours on 3 October 2016, the Company announced the Premier Ever Acquisition and the closing price of the Shares further decreased to HK$0.69, being the lowest level of the Review Period, on 2 December 2016. The closing price of the Shares increased to HK$0.71 on 5 December 2016 and remained at the same level until 9 December 2016. The trading in the Shares was halted with effect from 12 December 2016 pending the release of the Announcement. After the trading hours on 13 December 2016, the Company published the Announcement and the closing price of the Shares increased slightly to HK$0.72 on 14 December 2016 and then gradually increased to HK$0.78 on the Latest Practicable Date.

Given that the issue price of the Consideration Shares represents a premium of approximately 2.56% and 12.68% over the closing price of the Shares on the Latest Practicable Date and the Last Trading Day respectively, we are of the view that the issue price of the Consideration Shares is fair and reasonable so far as the Independent Shareholders are concerned and it is on normal commercial terms.

8. Potential dilution effect on shareholding interests

As at the Latest Practicable Date, the Company had (i) 2,705,753,580 Shares in issue and (ii) outstanding Warrants entitling the holders thereof to subscribe for a total of 539,732,716 Shares at HK$1.00 per Share (subject to adjustment) upon the exercise of the Warrants.

Pursuant to the Agreement, 250,000,000 Consideration Shares will be issued upon Completion, representing approximately 9.24% of the total issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 8.46% of the total issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares, assuming that there are no changes in the issued share capital of the Company other than the issue of the Consideration Shares after the Latest Practicable Date and up to Completion; and (iii) approximately 7.15% of the total issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares and new Shares upon the exercise of the Warrants, assuming that there are no changes in the issued share capital of the Company other than the issue of the Consideration Shares and new Shares upon the exercise of the Warrants after the Latest Practicable Date and up to Completion. The following table sets out, for illustrative purposes only, the effect of the Acquisition on the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon Completion and immediately after the allotment and issuance of the Consideration Shares (assuming no other Shares are issued or repurchased before then); and (iii) upon Completion and immediately after the allotment and issuance of the Consideration Shares (assuming all the Warrants held by the holders of the Warrants are exercised and there are no other changes in the issued share capital of the Company other than the issue of the Consideration Shares and new Shares upon the exercise of the Warrants after the Latest Practicable Date and up to Completion):

	As at the Latest Practicable Date		**Upon Completion and immediately after the allotment and issuance of the Consideration Shares**		**Upon Completion and immediately after the allotment and issuance of the Consideration Shares (assuming all the Warrants are exercised and there are no other changes in the issued share capital of the Company other than the issue of the Consideration Shares and new Shares upon the exercise of the Warrants)** (Note 5)	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
The Vendor (Note 1)	801,830,000	29.63	1,051,830,000	35.59	1,212,196,000	34.68
Mr. Shum Pui Kay (Note2)	10,000,000	0.37	10,000,000	0.34	12,350,000	0.35
Mr. Chan Kar Lee Gary (Note 3)	6,000,000	0.22	6,000,000	0.20	6,000,000	0.17
The Vendor and its concert parties	817,830,000	30.22	1,067,830,000	36.13	1,230,546,000	35.20
Mr. Or Ching Fai (Note 4)	470,000,000	17.37	470,000,000	15.90	564,000,000	16.14
Public Shareholders	1,417,923,580	52.41	1,417,923,580	47.97	1,700,940,296	48.66
	2,705,753,580	100.00	2,955,753,580	100.00	3,495,486,296	100.00

Notes:

1. As at the Latest Practicable Date, the Vendor was wholly and beneficially owned by Mr. Cheng, the Chairman, Chief Executive Officer and an executive Director of the Company.

2. As at the Latest Practicable Date, 10,000,000 Shares and 2,000,000 Warrants were held by Tung Fai Holdings Company Limited ("TFHCL"). TFHCL is wholly owned by Asian League Limited, which is in turn wholly owned by Mr. Shum Pui Kay, an independent non-executive Director. Together with his direct interest as beneficial owner of 350,000 Warrants, Mr. Shum Pui Kay was thus deemed to be interested in 10,000,000 Shares and 2,350,000 Warrants. As an independent non-executive Director, Mr. Shum Pui Kay is a party presumed to be acting in concert with Mr. Cheng and the Vendor under presumption (6) of the definitions of acting in concert under the Takeovers Code.

3. Mr. Chan Kar Lee Gary is an executive Director, who is a party presumed to be acting in concert with Mr. Cheng and the Vendor under presumption (6) of the definitions of acting in concert under the Takeovers Code.

4. As at the Latest Practicable Date, Mr. Or Ching Fai was the beneficial owner of 350,000,000 Shares and 70,000,000 Warrants. 120,000,000 Shares and 24,000,000 Warrants were jointly held by Mr. Or Ching Fai and his spouse, Ms. Wong Lai Ning. Mr. Or Ching Fai was thus deemed to be interested in 470,000,000 Shares and 94,000,000 Warrants.

5. For illustrative purpose only, this represents the shareholding structure of the Company upon Completion and immediately after the allotment and issuance of the Consideration Shares, assuming all the Warrants held by the holders of the Warrants are exercised and a total of 539,732,716 Shares are allotted and issued upon the exercise of the subscription rights attaching to the Warrants at HK$1.00 per Share.

As at the Latest Practicable Date, Mr. Chan Kar Lee Gary, an executive Director, was beneficially interested in 6,000,000 Shares. Mr. Shum Pui Kay, an independent non-executive Director, through Tung Fai Holdings Company Limited, was beneficially interested in 10,000,000 Shares and 2,350,000 Warrants as at the Latest Practicable Date. The Vendor has confirmed that, save as disclosed herein and save for the 801,830,000 Shares and 160,366,000 Warrants held by the Vendor, (i) none of the Vendor, its ultimate beneficial owner and/or parties acting in concert with any of them owns or has control or direction over any voting rights and rights over any Shares or any options, warrants or convertible securities in respect of the Shares or has entered into any outstanding derivatives contracts in respect thereof; and (ii) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Vendor, its ultimate beneficial owner and/or any parties acting in concert with any of them has borrowed or lent.

On 15 September 2016 and 14 October 2016, the Company issued a total of 6,000,000 new Shares to Mr. Chan Kar Lee Gary at the issue price of HK$0.55 per Share upon the exercise of the subscription rights attaching to the Share Options granted to him. On 4 October 2016, Mr. Shum Pui Kay acquired 350,000 Warrants in the market at a total acquisition cost of about HK$33,940. The Vendor has confirmed that, save for the dealings by Mr. Chan Kar Lee Gary and Mr. Shum Pui Kay (who are Directors and are parties presumed to be acting in concert with Mr. Cheng and the Vendor under presumption (6) of the definitions of acting in concert under the Takeovers Code) as disclosed above, none of the Vendor, its ultimate beneficial owner and/or parties acting in concert with any of them has dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the six months period immediately prior to the date of the Announcement.

The Vendor has also confirmed that as at the Latest Practicable Date, save for the Agreement, (i) there were no agreements or arrangements to which the Vendor is a party which relate to circumstances in which it may or may not invoke or seek a precondition or a condition to the Acquisition and/or the Whitewash Waiver; (ii) none of the Vendor, its ultimate beneficial owner and/or parties acting in concert with any of them had received any irrevocable commitment to vote for or against the Acquisition and/or the Whitewash Waiver; and (iii) there were no arrangements (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in the Takeovers Code) of the Company or the Vendor, which might be material to the Acquisition and/or the Whitewash Waiver.

As shown in the above table, for illustrative purpose only, the shareholding of the public Shareholders shall be diluted from approximately 52.41% to approximately 47.97% upon Completion. Given the fairness of the Consideration and the issue price of the Consideration Shares and the potential benefits of acquiring the Target Group with minimal cash outlay for the Acquisition, we consider that the dilution effect on the shareholding interests of the existing Shareholders is justifiable.

9. Financial effects of the Acquisition

Upon Completion, the Target will change from an indirect 58%-owned subsidiary of the Company to an indirect wholly-owned subsidiary of the Company. The financial effects of the Acquisition on the Group's earnings, cashflow, net asset value and gearing are set out below. However, it should be noted that the analysis below is for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon Completion.

9.1 Earnings

As the Target was a non-wholly-owned subsidiary of the Company and its results had already been consolidated into the consolidated financial statements of the Company, the earnings of the Group would not be affected upon Completion. Meanwhile, given that the Target Group recorded a consolidated profit for the year ended 31 December 2015, the net profit of the Group attributable to the owners of the Company would have increased had the Acquisition been completed on 1 January 2015.

9.2 Cashflow

As HK$15.3 million of the Consideration shall be paid in cash by the Purchaser to the Vendor at Completion, a cash outflow in the same amount is expected at Completion.

9.3 Net asset value

Had the Acquisition been completed on 31 December 2015, the net asset value of the Group would have increased as the extent of decrease in total assets of the Group as a result of the cash payment for the Consideration would be smaller than the extent of decrease in total liabilities of the Group as a result of the elimination of the Sale Loan in the consolidated accounts of the Group.

9.4 Gearing

Had the Acquisition been completed on 31 December 2015, the extent of decrease in total assets of the Group would be smaller than the extent of decrease in total liabilities of the Group as a result of the Acquisition. As such, the gearing of the Group, as expressed in the ratio of total liabilities to total assets, would have decreased.

Based on the above analysis, we noted that the Acquisition would have no material effect on the Group's earnings while there would be a positive effect on the Group's net asset value and gearing but negative effect on the cash position. However, having considered the reasons and benefits of the Acquisition and the fact that the negative impact on the Group's cash position was solely attributable to the cash payment of the Consideration which is non-recurring in nature, we are of the view that the adverse financial impact of the Acquisition is commercially justifiable and the Acquisition is fair and reasonable and in the interests of the Company and Shareholders as a whole.

WHITEWASH WAIVER

As at the Latest Practicable Date, the Vendor was interested in 801,830,000 Shares, representing approximately 29.63% in the issued share capital of the Company. Upon Completion, the Vendor will be interested in 1,051,830,000 Shares, representing approximately 35.59% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares (assuming that there will be no changes in the issued share capital of the Company other than the issue of the Consideration Shares after the Latest Practicable Date and up to Completion). Accordingly, the Vendor would be required under Rule 26.1 of the Takeovers Code to make mandatory general offers for all the issued Shares and other issued securities of the Company other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. The Vendor has made an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) approval of the Independent Shareholders at the SGM by way of poll; and (ii) the Vendor and parties acting in concert with it not having made any acquisitions or disposals of voting rights of the Company since the date of the Announcement and up to Completion unless with the prior consent of the Executive. Mr. Cheng, the Vendor, their respective associates and parties acting in concert with any of them and the Shareholder(s) who is/are involved in or interested in the Acquisition and/or the Whitewash Waiver are required to abstain from voting on the resolution(s) approving the Acquisition and the Whitewash Waiver at the SGM. If the Whitewash Waiver is not obtained and/or approved by the Independent Shareholders, the Acquisition will not proceed.

Based on our analysis on the terms of the Acquisition, we consider that the Consideration and the issue price of the Consideration Shares are in the interests of the Company and Shareholders as a whole. Since the Consideration and the issue price of the Consideration Shares are major terms of the Acquisition, we are of the view that the Acquisition is fair and reasonable. If the Whitewash Waiver is not approved by the Independent Shareholders at the SGM, the Acquisition will not proceed. Accordingly, we consider that the Whitewash Waiver is in the interests of the Company and Shareholders as a whole for the purposes of implementing the Acquisition.

RECOMMENDATION

Having considered the principal factors and reasons stated above, in particular that:

(i) the Group is operating with viable businesses and steadily improving performance, and it has a sound financial position that can support the Acquisition and future business development;

(ii) the Acquisition unwinds the partnership arrangement for the Shenyang Properties formed under the Previous Transaction and consolidation of the entire interest in the Shenyang Properties would facilitate the Group's negotiations with other national brand developers for the development of the Shenyang Properties and provide flexibility to the Group in determining the overall strategy and investment budget for the development of the Shenyang Properties;

(iii) the Consideration is fair and reasonable so far as the Independent Shareholders are concerned and it is on normal commercial terms, having considered, *inter alia*, the valuation of the Shenyang Properties, valuation of the Target Group based on various comparison approaches and other factors such as the slight appreciation in the value of the Shenyang Properties since the Previous Transaction in terms of RMB, which to certain extent reflects the increase in development potential of the Shenyang Properties, the consideration of the Previous Transaction and the facts that the premium of the Consideration over the aggregate value of the adjusted net asset value of the Sale Shares and the Sale Loan is lower than the premium of the consideration for the Previous Transaction, had the effect of exchange realignment been taken out, and it is beneficial to the Group to consolidate the interest of the Shenyang Properties for the future development of the Shenyang Properties;

(iv) it is in the interest of the Company and Shareholders as a whole to settle part of the Consideration by issuing the Consideration Shares so as to retain more cash resources for its general working capital and future development when opportunities arise;

(v) the issue price of the Consideration Shares, which represents a premium of approximately 2.56% and 12.68% over the closing price of the Shares on the Latest Practicable Date and the Last Trading Day respectively, is fair and reasonable so far as the Independent Shareholders are concerned and it is on normal commercial terms;

(vi) the dilution effect on the shareholding interests of the existing Shareholders is justifiable given the fairness of the Consideration and the issue price of the Consideration Shares and the potential benefits of acquiring the Target Group with minimal cash outlay for the Acquisition;

(vii) the Acquisition would have no material effects on the Group's earnings while there would be a positive effect on the Group's net asset value and gearing but negative effect on the cash position, which was solely attributable to the cash payment of the Consideration and is non-recurring in nature; and

(viii) the Acquisition will not proceed if the Whitewash Waiver is not obtained and/or approved by the Independent Shareholders,

we consider that the terms of the Agreement and the Whitewash Waiver are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition and the Whitewash Wavier are in the interests of the Company and Shareholders as a whole although the Acquisition is not conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Listing Rules Independent Board Committee and the Takeovers Code Independent Board Committee to advise the Independent Shareholders, as well as the Independent Shareholders, to vote in favor of the resolutions to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver.

Yours faithfully,
For and on behalf of
Hercules Capital Limited

Louis Koo
Managing Director

Amilia Tsang
Director

Notes:

1. *Mr. Louis Koo is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 20 years of experience in investment banking and corporate finance.*

2. *Ms. Amilia Tsang is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 15 years of experience in corporate finance, investment and corporate management.*

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the consolidated financial information of the Group for each of the three years ended 31 December 2013, 2014 and 2015 and for the six months ended 30 June 2016, as extracted from the annual reports of the Company for the years ended 31 December 2014 and 2015 and the interim report of the Company for the six months ended 30 June 2016 respectively.

	For the year ended 31 December			For the six months ended 30 June
	2013	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations (note 1)				
Revenue	219,165	263,831	351,067	175,726
(Loss)/profit before income tax credit/(expense)	(187,533)	(30,531)	195,053	4,113
Income tax credit/(expense)	2,079	2,133	(38,975)	(9,321)
(Loss)/profit for the year/period from continuing operations	(185,454)	(28,398)	156,078	(5,208)
Discontinued operations (note 1)				
Profit for the year/period from discontinued operations, after tax	176,870	28,604	–	–
(Loss)/profit for the year/period	(8,584)	206	156,078	(5,208)
(Loss)/profit for the year/period attributable to:				
Owners of the Company	15,454	19,095	180,822	2,120
Non-controlling interests	(24,038)	(18,889)	(24,744)	(7,328)
	(8,584)	206	156,078	(5,208)
Dividends	–	–	53,973	–
Dividend per Share *(HK cents)*	–	–	0.02	–
Earnings/(loss) per share				
Basic *(HK cents)*				
From continuing and discontinued operations	1.05	0.81	6.74	0.08
From continuing operations	(10.94)	(0.40)	6.74	0.08
Diluted *(HK cents)*				
From continuing and discontinued operations	1.05	0.81	6.72	0.08
From continuing operations	(10.94)	(0.40)	6.72	0.08

Notes

1. The profit from discontinued operations of the Group for the year ended 31 December 2013 represented the financial results of Yi Ming Investments Limited, a former indirect wholly-owned subsidiary of the Company, and its subsidiaries (the "**Yi Ming Group**") prior to the completion of the disposal of the entire issued share capital of Yi Ming Investments Limited by the Purchaser to Global Castle Holdings Limited (details of which were disclosed in the circular of the Company dated 12 August 2013). The profit from discontinued operations of the Group for the year ended 31 December 2014 mainly arose from the adjustments on provisions for retirement and termination benefits and other payables relating to the Yi Ming Group.

2. No qualified opinion in respect of the financial statements of the Group for each of the three years ended 31 December 2013, 2014 and 2015 has been issued by the auditors of the Company, BDO Limited.

3. No exceptional items because of their size, nature or incidence were recognised in each of the three years ended 31 December 2013, 2014 and 2015 and for the six months ended 30 June 2016.

2. AUDITED FINANCIAL INFORMATION OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2015

The following is the full text of the audited financial statements of the Group for the year ended 31 December 2015 as extracted from the annual report of the Company for the year ended 31 December 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 HKD'000	2014 HKD'000
Continuing operations			
Revenue	6	351,067	263,831
Cost of sales		(85,779)	(106,670)
Gross profit		265,288	157,161
Other income and gains	9(a)	250,438	74,329
Distribution and selling expenses		(124,988)	(96,509)
Administrative expenses		(170,771)	(178,878)
Finance costs	7	(10,965)	(5,599)
Other expenses	9(b)	(15,635)	(7,529)
Increase in fair value of investment properties		3,443	27,973
Share of results of joint ventures		(1,757)	(1,479)
Profit/(loss) before income tax (expense)/credit		195,053	(30,531)
Income tax (expense)/credit	8	(38,975)	2,133
Profit/(loss) for the year from continuing operations	9(c)	156,078	(28,398)
Discontinued operations			
Profit for the year from discontinued operations, after tax	9(d)	–	28,604
Profit for the year		156,078	206

	Notes	2015 HKD'000	2014 HKD'000
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
Surplus arising on revaluation of properties		14,149	26,191
Deferred tax liability arising on revaluation of properties		(9,953)	(2,454)
		4,196	23,737
Items that may be reclassified subsequently to profit or loss:			
Fair value gain/(loss) on available-for-sale investments		20,354	(14,749)
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 subsidiaries		129	–
Translation reserves released to profit or loss on disposal of joint ventures		–	1,430
Translation reserves released on obtaining control of a joint venture		(2,051)	–
Exchange differences arising on translation of foreign operations		(101,239)	(38,510)
Share of other comprehensive income of joint ventures		–	(500)
		(88,412)	(52,329)
Other comprehensive income for the year, net of tax		(84,216)	(28,592)
Total comprehensive income for the year		71,862	(28,386)

	Notes	2015 HKD'000	2014 HKD'000
Profit/(loss) for the year attributable to:			
Owners of the Company			
Profit/(loss) for the year from continuing operations		180,822	(9,509)
Profit for the year from discontinued operations		–	28,604
Profit for the year attributable to owners of the Company		180,822	19,095
Non-controlling interests			
Loss for the year from continuing operations		(24,744)	(18,889)
Loss for the year attributable to non-controlling interests		(24,744)	(18,889)
		156,078	206
Total comprehensive income attributable to:			
Owners of the Company		115,854	(3,731)
Non-controlling interests		(43,992)	(24,655)
		71,862	(28,386)
Earnings/(loss) per share	*12*		
Basic *(HK cents)*			
From continuing and discontinued operations		6.74	0.81
From continuing operations		6.74	(0.40)
Diluted *(HK cents)*			
From continuing and discontinued operations		6.72	0.81
From continuing operations		6.72	(0.40)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	**2015** *HKD'000*	**2014** *HKD'000*
Non-current assets			
Property, plant and equipment	*13*	611,898	530,599
Investment properties	*14*	1,190,423	1,305,717
Prepaid lease payments	*15*	254,248	277,346
Intangible assets	*16*	146,417	210,545
Interests in joint venture	*17*	–	24,662
Available-for-sale investments	*18*	–	44,888
Goodwill	*19*	35,590	35,590
Deferred tax assets	*27*	22,486	45,699
Tax recoverable		–	52,314
Club debentures		1,876	2,326
Restricted bank deposit	*25(a)*	3,538	3,743
Statutory deposits for financial services business		200	200
		2,266,676	2,533,629
Current assets			
Inventories	*20*	58,862	41,785
Trade and other receivables	*21*	115,842	116,579
Advances to customers in margin financing	*22*	126,050	50,344
Loans receivable	*23*	629,196	143,006
Prepaid lease payments	*15*	7,159	7,420
Trading securities	*24*	16,420	9,545
Restricted bank deposit	*25(a)*	9,889	1,573
Bank balances and cash			
– held on behalf of customers	*25(b)*	24,494	22,173
Bank balances and cash	*25(c)*	470,025	562,362
		1,457,937	954,787

	Notes	2015 HKD'000	2014 HKD'000
Current liabilities			
Trade and other payables	26	265,611	295,688
Amount due to a joint venture	17	–	26,427
Bank borrowings	28	173,002	465,336
Tax payable		12,853	47,192
		451,466	834,643
Net current assets		1,006,471	120,144
Total assets less current liabilities		3,273,147	2,653,773
Non-current liabilities			
Bank borrowings	28	564,249	–
Loan from non-controlling interests	43	153,254	153,254
Deferred tax liabilities	27	85,930	88,776
		803,433	242,030
		2,469,714	2,411,743
Equity			
Share capital	29	269,775	266,952
Reserves	31	2,049,360	1,921,275
Equity attributable to owners of the Company		2,319,135	2,188,227
Non-controlling interests		150,579	223,516
		2,469,714	2,411,743

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company											
	Share capital *HKD'000*	Contributed surplus *HKD'000* *(Note 31)*	Share premium *HKD'000* *(Note 31)*	Properties revaluation reserve *HKD'000* *(Note 31)*	Investments revaluation reserve *HKD'000* *(Note 31)*	Share options reserve *HKD'000* *(Note 31)*	Translation reserve *HKD'000* *(Note 31)*	Statutory reserve *HKD'000* *(Note 31)*	Retained profits *HKD'000* *(Note 31)*	Total *HKD'000*	Non-controlling interests *HKD'000*	Total *HKD'000*
At 1 January 2014	210,369	523,213	578,665	121,707	–	5,421	67,324	–	282,150	1,788,849	272,693	2,061,542
Profit for the year	–	–	–	–	–	–	–	–	19,095	19,095	(18,889)	206
Surplus arising on revaluation of properties	–	–	–	23,121	–	–	–	–	–	23,121	3,070	26,191
Deferred tax liability arising on revaluation of properties	–	–	–	(2,454)	–	–	–	–	–	(2,454)	–	(2,454)
Fair value loss on available-for-sale investments	–	–	–	–	(14,749)	–	–	–	–	(14,749)	–	(14,749)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(29,674)	–	–	(29,674)	(8,836)	(38,510)
Share of other comprehensive income of joint ventures	–	–	–	–	–	–	(500)	–	–	(500)	–	(500)
Reserve released upon disposal of joint ventures	–	–	–	–	–	–	1,430	–	–	1,430	–	1,430
Other comprehensive income for the year	–	–	–	20,667	(14,749)	–	(28,744)	–	–	(22,826)	(5,766)	(28,592)
Total comprehensive income for the year	–	–	–	20,667	(14,749)	–	(28,744)	–	19,095	(3,731)	(24,655)	(28,386)
Share-based payments	–	–	–	–	–	5,483	–	–	–	5,483	–	5,483
Share issue expenses	–	–	(455)	–	–	–	–	–	–	(455)	–	(455)
Exercise of share options *(Note 30)*	4,457	–	18,903	–	–	(5,290)	–	–	–	18,070	–	18,070
Lapse of share options	–	–	–	–	–	(644)	–	–	644	–	–	–
Issue of shares as consideration for acquisition of subsidiaries *(Note 29)*	52,126	–	327,885	–	–	–	–	–	–	380,011	–	380,011
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	–	(30,931)	(30,931)
Disposal of non-controlling interests	–	–	–	–	–	–	–	–	–	–	6,409	6,409
At 31 December 2014	266,952	523,213	924,998	142,374	(14,749)	4,970	38,580	–	301,889	2,188,227	223,516	2,411,743

	Attributable to owners of the Company											
	Share capital	**Contributed surplus**	**Share premium**	**Properties revaluation reserve**	**Investments revaluation reserve**	**Share options reserve**	**Translation reserve**	**Statutory reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
		(Note 31)	*(Note 31)*	*(Note 31)*	*(Note 31)*	*(Note 31)*	*(Note 31)*	*(Note 31)*	*(Note 31)*			
Profit for the year	–	–	–	–	–	–	–	–	180,822	180,822	(24,744)	156,078
Surplus arising on revaluation of properties	–	–	–	11,196	–	–	–	–	–	11,196	2,953	14,149
Deferred tax liability arising on revaluation of properties	–	–	–	(9,953)	–	–	–	–	–	(9,953)	–	(9,953)
Fair value loss on available-for-sale investments	–	–	–	–	20,354	–	–	–	–	20,354	–	20,354
Release to profit or loss upon disposal of available-for-sale investments	–	–	–	–	(5,605)	–	–	–	–	(5,605)	–	(5,605)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(79,038)	–	–	(79,038)	(22,201)	(101,239)
Reserve released to profit and loss on obtaining control of a joint venture	–	–	–	–	–	–	(2,051)	–	–	(2,051)	–	(2,051)
Reserve released upon disposal of subsidiaries	–	–	–	–	–	–	129	–	–	129	–	129
Other comprehensive income for the year	–	–	–	1,243	14,749	–	(80,960)	–	–	(64,968)	(19,248)	(84,216)
Total comprehensive income for the year	–	–	–	1,243	14,749	–	(80,960)	–	180,822	115,854	(43,992)	71,862
Transfer to statutory reserve	–	–	–	–	–	–	–	2,406	(2,406)	–	–	–
Share-based payments	–	–	–	–	–	1,666	–	–	–	1,666	–	1,666
Exercise of share options *(Note 30)*	2,823	–	11,967	–	–	(3,357)	–	–	–	11,433	–	11,433
Lapse of share options	–	–	–	–	–	(1,430)	–	–	1,430	–	–	–
Acquisition of non-controlling interests	–	–	–	–	–	–	17	–	1,938	1,955	(29,806)	(27,851)
Disposal of non-controlling interests *(Note 43)*	–	–	–	–	–	–	–	–	–	–	861	861
At 31 December 2015	269,775	523,213	936,965	143,617	–	1,849	(42,363)	2,406	483,673	2,319,135	150,579	2,469,714

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2015

	Notes	**2015** *HKD'000*	**2014** *HKD'000*
OPERATING ACTIVITIES			
Profit/(loss) before income tax (expense)/credit:			
From continuing operations		195,053	(30,531)
From discontinued operations		–	28,604
Adjustments for:			
Interest income from bank deposits		(6,719)	(14,359)
Finance costs		10,965	5,599
Share of results of joint ventures		1,757	1,479
Depreciation of property, plant and equipment		40,396	36,190
Amortisation of prepaid lease payments		7,349	7,490
(Gain)/loss on disposal of property, plant and equipment		(2)	25
Write off of property, plant and equipment		4,731	3,024
Gain on disposal of a joint venture		–	(17,300)
Reserve released to profit and loss on obtaining control of a joint venture		(2,051)	–
Reserve released on disposal of joint ventures		–	1,430
Gain on disposal of subsidiaries		(4,470)	–
Bargain purchase gain arising on business combination		–	(3,209)
Fair value loss/(gain) on re-measurement of equity interests in a joint venture		20	(10,051)
Fair value loss/(gain) on trading securities		114	(345)
Gain on disposal of available-for-sale investments		(5,605)	–
Increase in fair value of investment properties		(3,443)	(27,973)
Bad debts written off		3,048	–
(Reversal)/provision of inventories, net		(9,998)	8,418
Gain on disposal of intangible assets		(222,497)	–
Provision/(reversal) of allowance for bad and doubtful debts		6,000	(111)
Share-based payments		1,666	5,483

	Notes	2015 HKD'000	2014 HKD'000
Operating cash flows before movements in working capital		16,314	(6,137)
Increase in inventories		(7,079)	(17,069)
Decrease in amounts due from joint ventures		–	4,128
(Increase)/decrease in trade and other receivables		(16,445)	13,780
Increase in advances to customers in margin financing		(75,706)	(29,090)
Increase in loans receivable		(486,190)	(73,006)
Increase in bank balances and cash – held on behalf of customers		(2,321)	(8,632)
Decrease in trade and other payables		(16,016)	(28,359)
Increase in trading securities		(6,989)	(9,200)
Cash used in operations		(594,432)	(153,585)
Overseas tax paid		(13,818)	(2,827)
Hong Kong profits tax paid		(1,961)	(1,547)
NET CASH USED IN OPERATING ACTIVITIES		(610,211)	(157,959)
INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash acquired	*44*	10,154	(29,540)
Payment for acquisition of non-controlling interests		(27,851)	–
Purchase of club debentures		(674)	–
Purchase of property, plant and equipment		(72,112)	(35,746)
Purchase of available-for-sale investments		–	(59,637)
Proceeds from disposal of available-for-sale investments		65,242	–
Increase in restricted bank deposit		(8,111)	58
(Increase)/decrease in pledged bank deposit		–	57,641
Interest received from bank deposit		5,703	13,343
Proceeds from disposal of property, plant and equipment		540	6
Proceeds from disposal of a joint venture		–	26,220
Proceeds from disposal of intangible assets		286,843	–
Disposal of subsidiaries, net of cash disposed of	*43*	(6,920)	–
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		252,814	(27,655)

	Notes	2015 HKD'000	2014 HKD'000
FINANCING ACTIVITIES			
Proceeds from issue of new shares under share option scheme		11,433	18,070
Share issue expenses		–	(455)
New bank loans obtained		275,000	485,591
Repayment of bank loans		(2,755)	(554,420)
Repayment to joint ventures		(6,221)	(18,507)
Interest paid		(10,965)	(5,599)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		266,492	(75,320)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(90,905)	(260,934)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		562,362	823,257
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(1,432)	39
CASH AND CASH EQUIVALENTS AT END OF YEAR, REPRESENTED BY BANK BALANCES AND CASH		470,025	562,362

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

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

The principal activities of the Group remain to be provision of financial services (including securities brokerage, margin financing, underwriting and placing, consulting and money lending), property investment and holding, management and operation of outlet mall in the PRC, trademark rights licensing, trading and retailing as well as duty-free business. The principal activities of the Company's principal subsidiaries are set out in Note 41.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2015

The Group has adopted the following amendments and interpretation for the first time for the current year's consolidated financial statements.

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

Except as explained below, the adoption of these amendments and interpretation has no material impact on the Group's consolidated financial statements.

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 HKAS 16 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.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

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[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[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 2018*
[3] *Effective for annual periods beginning on or after a date to be determined*

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.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

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

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

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.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

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

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group has already commenced an assessment of the impact of adopting the above Standards and amendments to existing Standards to the Group. The Group has so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

(c) New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Hong Kong Companies Ordinance, Cap. 622 regarding preparation of accounts and directors' reports and audits became effective for the Company for this financial year. In addition, the disclosure requirements set out in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") regarding annual accounts have been amended with reference to the new Hong Kong Companies Ordinance, Cap. 622. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements.

3. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values as explained in the accounting policies set out below.

(c) Functional and presentation currency

The functional currency of the Company is United States dollars, while the consolidated financial statements are presented in Hong Kong dollars ("HKD") for the convenience of the users of these consolidated financial statements, as the Company is listed on the Main Board of the Stock Exchange.

4. Significant accounting policies

(a) Business combination and basis of consolidation

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

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

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

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

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

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

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

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

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

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

(c) Joint arrangements

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

The Group classifies its interests in joint arrangements as either:

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

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

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

- The structure of the joint arrangement;

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

- The contractual terms of the joint arrangement agreement; and

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

The Group's interests in joint ventures are accounted for using the equity method whereby they are initially recognised in the consolidated statement of financial position at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the net assets of the joint ventures. When the Group's share of losses of a joint venture equals or exceeds its interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that joint venture.

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

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in that joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

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

(d) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquire over the fair value of identifiable assets and liabilities acquired.

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

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

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

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is net of estimated customer returns, discounts and sales related taxes.

Revenue from sales of goods is recognised on transfers of risks and rewards of ownership, which is at the time that goods are delivered and title has passed.

Service income is recognised when services are provided.

Commission income is recognised when the services on which the commissions are earned are provided in accordance with the agreed terms.

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements, which is in general on a straight-line basis over the life of the agreements.

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease, except for contingent rental income which is recognised when it arises.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Brokerage commission is recognised on a trade date basis when the relevant transactions are executed.

Underwriting fee and placing fee are recognised as income in accordance with the terms of the underwriting and placing agreements or deal mandate when the relevant significant acts have been completed.

(f) Property, plant and equipment

The building component of owner-occupied leasehold properties is stated at valuation less accumulated depreciation. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period. Increases in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of properties revaluation reserve. Decreases in value arising on revaluation are first offset against increases on earlier valuations in respect of the same property and thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the properties revaluation reserve.

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

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Depreciation is recognised so as to write off the cost or valuation of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates of property, plant and equipment are as follows:

Leasehold land and buildings in Hong Kong and the PRC	Shorter of useful lives and the remaining lease term
Buildings	Shorter of useful lives and the remaining lease term
Leasehold improvements	Shorter of useful lives and the remaining lease term
Plant and machinery	9% – 45%
Furniture, fixtures and equipment	9% – 20%
Motor vehicles	16% – 20%
Vessel	10%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceed and the carrying amount of the asset and is recognised in profit or loss.

An item of property, plant and equipment is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

(g) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These included land held for future use and property that is being constructed or developed for future use as investment.

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

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

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

(h) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

(i) Intangible assets (other than goodwill)

(i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses and intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

Trademarks

The trademarks are the intangible assets with indefinite useful lives that are carried at cost less any accumulated impairment losses.

(ii) Impairments

Intangible assets with indefinite useful lives are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see note 4(r)).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately.

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

(j) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HKD) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (translation reserve).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation, of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution retirement plans

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

(iii) Termination benefits

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

(m) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before income tax expense" as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affect neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

(n) Club debentures

Club debentures are carried at cost less any subsequent accumulated impairment loss.

(o) Inventories

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

(p) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. The Group's financial assets are classified into the categories of financial assets as fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments, of which interest income is excluded in net gains or losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amounts due from joint ventures, trade and other receivables, advances to customers in margin financing, loans receivable and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investments revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest and principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and loans receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 to 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade, loans and other receivables and advances to customers in margin financing, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade, loan or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investments revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(ii) Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred, as liabilities measured at amortised cost. They are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

(q) Share-based payments

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

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

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

(r) Impairment of assets (other than goodwill)

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

- property, plant and equipment under cost model;
- prepaid lease payments;
- investments in subsidiaries and joint venture; and
- club debentures.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit (see Note 4(d)), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

(s) Provisions and contingent liabilities

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

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

(t) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(u) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- that person's children and spouse or domestic partner;
- children of that person's spouse or domestic partner; and
- dependents of that person or that person's spouse or domestic partner.

(v) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. The non-current assets, except for certain assets as explained below, or disposal groups, are stated at the lower of carrying amount and fair value less costs of disposal. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and joint venture) and investment properties, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 4.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the statement of comprehensive income, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised in the measurement to fair value less costs of disposal, or on the disposal, of the assets or disposal groups constituting the discontinued operation.

5. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

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

(a) Critical judgments in applying accounting policies

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

The Group has developed criteria which require judgements to determine whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used and service provided. If an entity provides ancillary services to the occupants of a property it holds, an entity treats such a property as investments property only if the services are insignificant to the arrangement as a whole.

Included in the Group's prepaid lease payments and buildings of approximately HKD261,407,000 and HKD319,634,000 are the land and building portions, respectively, of an outlet mall in the PRC. Based on the mode of operation of the outlet mall, in particular, that income earned is largely dependent on the performance of the retail business of the occupants and the Group has the power to make significant operating and financing decisions regarding the operation of the Property, management is of the opinion that the Property is in the nature of owner-occupied properties under existing use for accounting purposes.

(ii) Income and other taxes

The Group is subject to income and other taxes in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes. Transactions and calculations may exist for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax and deferred tax provisions in the period in which such determination is made.

(iii) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iv) Trademarks

The trademarks have been granted for periods ranging between 7 to 15 years by the relevant government agency with the option of renewal when expire. The trademarks may be renewed indefinitely at little or no cost to the Group. The Group intends to renew the trademarks indefinitely and evidence support its ability to do so. As a result, the trademarks are assessed as having indefinite useful lives.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Estimated impairment of interests in joint ventures

The determination of whether interests in joint ventures are impaired requires an estimation of the share of present value of the estimated future cash flows expected to be generated by the investees and the proceeds on ultimate disposal of the investments, and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Adequate impairment loss had been recognised to the extent that the recoverable amounts exceed the carrying amount of the interests in joint ventures.

(ii) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

- Revalued land and buildings – Property, Plant and Equipment *(Note 13)*;
- Investment properties *(Note 14)*;
- Available-for-sale investments *(Note 18)*;
- Trading securities *(Note 24)*; and
- Financial instruments *(Note 33).*

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

(iii) Provision for inventories

The Group reviews the carrying amounts of inventories at each reporting date to determine whether the inventories are carried at lower of cost and net realisable value in accordance with the accounting policy set out in Note 4(o). Management estimates the net realisable value based on the current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down and affect the Group's profit and net asset value.

(iv) Trademarks

Trademarks that are acquired through business combination are capitalised on the consolidated statement of financial position. These trademarks are valued on acquisition using a discounted cash flow methodology and we make assumptions and estimates regarding future revenue growth, prices, marketing costs and economic factors in valuing them. These assumptions reflect the directors' best estimates but these estimates involve inherent uncertainties, which may not be controlled by the directors.

Upon acquisition the directors assess the useful economic life of the trademarks. In arriving at the conclusion that a trademark has an indefinite life, the directors consider the fact that the Group is expected to hold and support the trademarks for an indefinite period, through spending on consumer marketing and promotional support, which is deducted in arriving at revenue. The trademarks are established over many years and continue to provide considerable economic benefits. The directors also consider factors such as the Group's ability to continue to protect the legal rights that arise from these trademarks indefinitely or the absence of any regulatory, economic or competitive factors that could truncate their lives.

A strategic decision to withdraw marketing support from trademarks or the weakening trademarks' appeal through changes in customer preferences might result in the directors concluding that the trademarks' lives had become finite. Were intangible assets to be assigned a definite life, a charge would be recorded that would reduce reported profit from operations and reduce the value of the assets reported in the consolidated statement of financial position.

(v) Impairment of trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of each reporting period.

6. Segment information

Information reported to the chief operating decision-maker, being the directors of the Company, for the purpose of resources allocation and performance assessment focuses specifically on the assessment of operating performance in each operating unit, which is the basis upon which the Group is organised. Each operating unit is distinguished based on types of goods or services delivered or provided. No operating segments identified by the chief operating decision-maker have been aggregated in arriving at the reportable segments of the Group. Financial information on segment results and segment assets are regularly provided to the chief operating decision maker while no information of segment liabilities is provided.

During the year, 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:

Continuing operations:

– 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 year's segment information.

(a) Segment revenue and results

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

For the year ended 31 December 2015

	Retailing and sourcing	Branding	Property investment and holding	Outlet malls *(Note)*	Financial services	Duty free	Consolidated
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
REVENUE							
External sales	155,267	24,841	34,042	38,880	92,868	5,169	351,067
Inter-segment sales	–	–	1,872	–	–	–	1,872
	155,267	24,841	35,914	38,880	92,868	5,169	352,939
Segment profit/(loss)	24,663	193,938	23,506	(63,341)	58,720	(13,592)	223,894
Unallocated income							
– Interest income							6,719
– Translation reserve released on disposal of joint ventures							2,051
– Gain on disposal of subsidiaries							155
– Others							1,011
Central administrative costs							(37,020)
Share of results of joint ventures							(1,757)
Profit before income tax expenses							195,053

Note:
The revenue from outlet malls segment is analysed as follows:

Gross revenue from concessionaire sales	263,601
Commission income from concessionaire sales	38,880

For the year ended 31 December 2014 (Restated)

	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	151,552	42,748	15,567	30,419	21,936	1,609	263,831
Inter-segment sales	–	–	716	–	–	–	716
	151,552	42,748	16,283	30,419	21,936	1,609	264,547
Segment (loss)/profit	10,338	(5,406)	36,969	(58,970)	9,015	(1,199)	(9,253)
Unallocated income							
– Interest income							14,359
– Gain on disposal of a joint venture							17,300
– Fair value gain on re-measurement of equity in a joint venture							10,051
– Bargain purchase gain arising on business combination							3,209
– Others							1,089
Central administrative costs							(65,807)
Share of results of joint ventures							(1,479)
Loss before income tax credit							(30,531)

Note:
The revenue from outlet malls segment is analysed as follows:

Gross revenue from concessionaire sales	207,990
Commission income from concessionaire sales	30,419

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned or the loss incurred by each segment without allocation of central administrative costs, interest income, translation reserve released on disposal of joint ventures, gain on disposal of subsidiaries, gain on disposal of a joint venture, fair value gain on re-measurement of equity in a joint venture, bargain purchase gain arising on business combination and share of results of joint ventures. This is the measure reported to the chief operating decision-maker for the purpose of resources allocation and performance assessment.

(b) Segment assets

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

Segment assets

	2015	**2014**
	HKD'000	*HKD'000*
		(Restated)
Retailing and sourcing	85,781	73,905
Branding	159,169	230,095
Property investment and holding	1,463,242	1,487,023
Outlet malls	622,362	673,451
Financial services	867,921	315,076
Duty free	18,324	16,187
Total segment assets	3,216,799	2,795,737
Unallocated	507,814	692,679
Consolidated assets	3,724,613	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.

(c) Other segment information

For the year ended 31 December 2015

	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*
Amounts included in the measure of segment profit/(loss) or segment assets:							
Capital expenditure *(Note)*	3,904	329	33,042	24,592	2,993	7,252	72,112
Depreciation of property, plant and equipment	3,103	386	7,674	25,385	413	3,435	40,396
Amortisation of prepaid lease payments	–	–	–	7,349	–	–	7,349
Increase in fair value of investment properties	–	–	3,443	–	–	–	3,443
Provision of allowance for bad and doubtful debts	–	6,000	–	–	–	–	6,000
Reversal/(provision) of allowance for inventories, net	9,990	1,135	–	–	–	(1,127)	9,998
Gain on disposal of intangible assets	–	222,497	–	–	–	–	222,497
Interest income	–	–	–	–	63,902	–	63,902
Interest expense	–	–	10,965	–	–	–	10,965

For the year ended 31 December 2014 (Restated)

	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*
Amounts included in the profit/(loss) measure of segment loss or segment assets:							
Capital expenditure *(Note)*	2,878	1,054	1,636	23,877	794	5,507	35,746
Depreciation of property, plant and equipment	2,474	337	4,910	27,383	168	918	36,190
Amortisation of prepaid lease payments	–	–	–	7,490	–	–	7,490
Increase in fair value of investment properties	–	–	27,973	–	–	–	27,973
Reversal of allowance for bad and doubtful debts	–	111	–	–	–	–	111
Reversal of allowance for inventories, net	8,418	–	–	–	–	–	8,418
Interest income	–	–	–	–	7,958	–	7,958
Interest expense	–	–	5,575	–	24	–	5,599

Note: Capital expenditure includes additions to property, plant and equipment.

(d) Geographical information

The Group's revenue from external customers by geographical location of the delivery destinations and information about its non-current assets by geographical location of the assets is detailed below:

	Revenue from external customers		Non-current assets located *(Note (ii))*	
	2015	**2014**	**2015**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
				(restated)
The People's Republic of China	220,944	190,067	1,607,197	1,697,936
Taiwan	5,169	1,609	8,307	7,565
Hong Kong (Place of domicile)	100,113	29,406	478,101	531,614
United States of America	905	6,341	–	82,808
South America *(Note (i))*	–	3,331	–	–
Other European countries *(Note (i))*	–	452	–	–
Other Asia countries *(Note (i))*	23,189	27,380	–	–
Others *(Note (i))*	747	5,245	147,047	119,376
	351,067	263,831	2,240,652	2,439,299

Notes:

(i) The geographical information for the revenue attributed to each country is not available and the cost to capture such information would be excessive.

(ii) Non-current assets exclude interests in joint ventures, available-for-sale investments, deferred tax assets, tax recoverable, club debentures and restricted bank deposit.

(e) Information about major customers

Revenue from customers of corresponding years contributing over 10% of total revenue of the Group is as follows:

	2015	**2014**
	HKD'000	*HKD'000*
Customer A *(Note)*	N/A	29,238

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue for the year ended 31 December 2015.

Note: Revenue from retailing and sourcing segment

7. Finance costs

	2015	2014
	HKD'000	*HKD'000*
Interest on bank borrowings	10,965	5,599

Bank borrowings amounting to HKD173,002,000 (2014: HKD465,336,000) contain a repayment on demand clause or are repayable within one year.

8. Income tax (expense)/credit

The amount of income tax (expense)/credit relating to continuing operations in the consolidated statement of comprehensive income represents:

	2015	2014
	HKD'000	*HKD'000*
Current tax		
Hong Kong		
– current year	(11,660)	(898)
– Over provision in prior years	–	461
Other jurisdictions		
– Enterprise income tax – current year	(6,818)	(2,429)
– Enterprise income tax – under provision in prior years	(5,081)	–
– Other – current year	(4,869)	–
	(28,428)	(2,866)
Deferred tax *(Note 27)*		
– current year	(10,547)	4,999
Income tax (expense)/credit	(38,975)	2,133

Hong Kong tax

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for both years.

In previous years, the Inland Revenue Department ("IRD") issued a number of multiple protective profits tax assessments for additional profits tax totaling 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 are of the opinion that the group companies concerned are not subject to any potential additional Hong Kong profits tax.

As set out in Note 43(a), 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 has full knowledge 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.

PRC tax

All group companies operating in the PRC are subject to the applicable tax rate of 25% during the years ended 31 December 2015 and 2014, 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 financial statements, the above acquired subsidiary has not filed the 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 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 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.

Income tax (expense)/credit relating to continuing operations for the year can be reconciled to the profit/(loss) before income tax credit per the consolidated statement of comprehensive income as follows:

	2015	2014
	HKD'000	*HKD'000*
Profit/(loss) before income tax (expense)/credit	195,053	(30,531)
Tax (expense)/credit calculated at Hong Kong Profits Tax rate of 16.5%	(32,184)	5,038
Tax effect of expenses not deductible for tax purposes	(10,107)	(11,950)
Tax effect of revenue not taxable for tax purposes	8,612	5,897
Tax effect of share of results of joint ventures	(290)	(244)
Tax effect of tax losses not recognised	–	(2,158)
Utilisation of tax losses previously not recognised	2,011	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,936)	5,089
(Under)/over provision in respect of prior years	(5,081)	461
Income tax (expense)/credit	(38,975)	2,133

In addition to the amount charged to profit or loss, deferred tax relating to the revaluation of the Group's properties has been charged or credited directly to other comprehensive income (Note 27).

9. Profit/(loss) for the year

(a) Other income and gains (from continuing operations)

	2015	2014
	HKD'000	*HKD'000*
Gain on disposal of a joint venture	–	17,300
Gain on disposal of subsidiaries	4,470	–
Gain on disposal of property, plant and equipment	2	–
Bargain purchase gain arising on business combination	–	3,209
Fair value gain on re-measurement of equity interests in a joint venture	–	10,051
Gain on disposal of available-for-sale investments	5,605	–
Interest income from bank deposit	6,719	14,359
Gain on disposal of intangible assets	222,497	–
Reversal of allowance for bad and doubtful debts	–	111
Net gain on trading securities	161	345
Translation reserves released on obtaining control of a joint venture	2,051	–
Government grant*	1,695	–
Others	7,238	28,954
	250,438	74,329

* *The Group received grants from the relevant PRC government authorities in support of the Group's retail business in the PRC. There were no unfulfilled conditions to receive the grants.*

(b) Other expenses (from continuing operations)

	2015	2014
	HKD'000	*HKD'000*
Bad debts written off	3,048	–
Loss on disposal of property, plant and equipment	–	25
Write off of property, plant and equipment	4,731	3,024
Provision of allowance for bad and doubtful debts, net		
– Trade receivables	6,000	–
Fair value loss on re-measurement of equity interests in a joint venture	20	–
Translation reserves released on disposal of joint ventures	–	1,430
Others	1,836	3,050
	15,635	7,529

(c) Profit/(loss) for the year from continuing operations has been arrived at after charging:

	2015	2014
	HKD'000	*HKD'000*
Directors' emoluments *(Note 10(a))*	6,393	8,664
Other employee costs	65,150	61,737
Retirement benefits schemes contributions, excluding Directors	7,501	5,319
	79,044	75,720
Auditor's remuneration	1,710	1,630
Amortisation of prepaid lease payments	7,349	7,490
Cost of inventories recognised as expense	85,779	106,670
Depreciation of property, plant and equipment	40,396	36,190
Exchange losses, net	–	6,547
Write off of property, plant and equipment	4,731	3,024
Allowance for inventories, net	–	8,418
and after crediting:		
Reversal of allowance for inventories, net *(Note)*	9,998	–
Gross rental income from investment properties	34,042	15,567
Less: direct operating expenses from investment properties that generate rental income	(595)	(672)
	33,447	14,895
Interest income from:		
Bank deposits	6,719	14,359
Loans receivable and advances to customers in margin financing	63,902	7,958

Note:

The reversal of allowance for inventories arising from an increase in net realisable value was caused by the increase in estimated scrap value.

(d) 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 were disclosed in the circular of the Company dated 12 August 2013.

The profit from discontinued operations for the year ended 31 December 2014 mainly arose from the adjustments on provisions for retirement and termination benefits and other payables.

10. Directors' emoluments and employees' emoluments

(a) Directors' and Chief Executive's emoluments

Directors' and Chief Executive's emoluments are disclosed as follows:

2015

	Chan Kar Lee, Gary[1]	Chan Ting Chuen[2]	Chang Tsung Yuan[3]	Chen Fang Mei[4]	Cheng Kar Shing[5]	Cheng Tun Nei[6] (Chief Executive)	Chow Yu Chun, Alexander[7]	Ho Shing Chak[8]	Li I Nan[9]	Liu George Hong-chih[10]	Shum Pui Kay	Sze Sun Sun, Tony[11]	Wah Wang Kei Jackie	Hong Kim Cheong[12]	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Fees	120	–	–	–	–	–	96	120	–	–	96	–	96	–	528
Other emoluments:															
Salaries and other benefits	1,573	–	–	–	–	1,712	–	–	–	–	–	1,710	–	–	4,995
Bonus *(Note)*	138	–	–	–	–	150	–	–	–	–	–	150	–	–	438
Contributions to retirement benefits schemes	83	–	–	–	–	89	–	–	–	–	–	90	–	–	262
Share-based payments	–	–	–	–	–	–	–	–	–	–	–	–	–	170	170
Total emoluments	1,914	–	–	–	–	1,951	96	120	–	–	96	1,950	96	170	6,393

2014

	Chan Kar Lee, Gary(1)	Chan Ting Chuen(2)	Chang Tsung Yuan(3)	Chen Fang Mei(4)	Cheng Kar Shing(5)	Cheng Tun Nei(6) (Chief Executive)	Chow Yu Chun, Alexander(7)	Ho Shing Chak(8)	Li I Nan(9)	Liu George Hong-chih(10)	Shum Pui Kay	Sze Sun Sun, Tony(11)	Wah Wang Kei Jackie	Hong Kim Cheong(12)	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Fees	–	–	–	120	96	–	–	120	48	32	96	–	96	–	608
Other emoluments:															
Salaries and other benefits	1,692	1,800	–	–	–	–	–	–	–	–	–	1,800	–	–	5,292
Bonus *(Note)*	138	–	–	–	–	–	–	–	–	–	–	150	–	–	288
Contributions to retirement benefits schemes	79	–	–	–	–	–	–	–	–	–	–	90	–	–	169
Share-based payments	1,153	577	–	–	–	–	–	–	–	–	–	577	–	–	2,307
Total emoluments	3,062	2,377	–	120	96	–	–	120	48	32	96	2,617	96	–	8,664

Note: (1), (6), (7), (10) appointed in FY2014

(3), (5), (9) retired/resigned in FY2014

(12) appointed in FY2015

(2), (4), (8), (10), (11) retired/resigned in FY2015

The bonus is based on the performance of individuals and the entity.

There are no payments for loss of office paid to Directors in connection with the management of affairs of the Group during the years ended 31 December 2015 and 2014.

No retirement benefit was paid to or receivable by Directors for management of affairs of the Group during 31 December 2015 and 2014.

During the years ended 31 December 2015 and 2014, certain Directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in Note 30 to the financial statements. The fair value of such options, which was recognised in profit or loss in the consolidated statement of comprehensive income over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for both years are included in the above Directors' and chief executive's emoluments disclosures.

(b) Employees' emoluments

During the years ended 31 December 2015 and 2014, the five highest paid individuals of the Group included the Chief Executive and two Directors whose emoluments are disclosed in Note 10(a) above. The emoluments of the remaining two (2014: two) individuals are as follows:

	2015	**2014**
	HKD'000	*HKD'000*
Salaries and other benefits	3,101	3,297
Retirement benefits schemes contributions	88	97
	3,189	3,394

Their emoluments were within the following bands:

	2015	**2014**
	No. of employees	*No. of employees*
HKD1,500,001 to HKD2,000,000	2	2

The emoluments paid or payable to members of senior management were within the following bands:

	2015	**2014**
	No. of employees	*No. of employees*
Nil to HKD1,000,000	4	3
HKD1,000,001 to HKD1,500,000	2	4
HKD1,500,001 to HKD2,000,000	2	2

11. Dividends

	2015	**2014**
	HKD'000	*HKD'000*
2014 final dividend of Nil (2014: 2013 final dividend of Nil) per ordinary share paid	–	–

No interim dividend was declared or paid during the years ended 31 December 2015 and 2014. For the year ended 31 December 2015, the Board recommends the payment of a final dividend of HKD0.02 (2014: nil) per ordinary share to the shareholders of the Company.

12. Earnings/(loss) per share

From continuing and discontinued operations

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

Basic earnings per share

	2015	**2014**
	HKD'000	*HKD'000*
Profit for the year attributable to the owners of the Company	180,822	19,095

	2015	**2014**
	Number of shares ('000)	*Number of shares ('000)*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,681,411	2,367,178
Effect of diluted potential ordinary shares:		
– Options	9,530	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,690,941	2,367,178
Basic earnings per share *(HK cents)*	6.74	0.81
Diluted earnings per share *(HK cents)*	6.72	0.81

From continuing operations

The calculation of the basic earning/(loss) per share from continuing operations attributable to the owners of the Company is based on the following data:

Profit/(loss) figures are calculated as follows:

	2015	2014
	HKD'000	*HKD'000*
Profit for the year attributable to the owners of the Company	180,822	19,095
Less:		
Profit for the year from discontinued operations	–	28,604
Profit/(loss) for the purposes of basic earning/(loss) per share from continuing operations	180,822	(9,509)

The denominators used for the year end 31 December 2014 are the same as those detailed above for both basic and diluted earnings/(loss) per share.

From discontinued operations

For the year ended 31 December 2014, basic and diluted earnings per share for the discontinued operations was 1.21 HK cents per share, based on the profit for the year from the discontinued operations of HKD28,604,000 and the denominators detailed above for both basic and diluted earnings per share.

The amounts of diluted earnings per share were the same as basic earnings per share for the year ended 31 December 2014 because the dilutive potential ordinary shares outstanding during that year had an anti-dilution effect on the loss from continuing operations attributable to the owners of the Company.

13. Property, plant and equipment

	Leasehold land and buildings in Hong Kong	Leasehold land and buildings in the PRC	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Vessel	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Cost or valuation									
At 1 January 2014	133,255	–	335,202	68,447	25,114	19,611	5,628	–	587,257
Exchange realignment	–	–	(8,702)	(1,555)	–	(247)	(83)	–	(10,587)
Additions	–	–	2,551	26,517	735	5,651	292	–	35,746
Acquired through business combination *(Note 44)*	–	–	–	1,430	9	1,699	196	–	3,334
Surplus arising on revaluation	14,027	–	–	–	–	–	–	–	14,027
Write off	–	–	–	(6,996)	–	(1,563)	–	–	(8,559)
Disposals	–	–	–	(1,345)	–	(527)	–	–	(1,872)
At 31 December 2014	147,282	–	329,051	86,498	25,858	24,624	6,033	–	619,346
Comprising:									
At cost	–	–	–	86,498	25,858	24,624	6,033	–	143,013
At valuation – 2014	147,282	–	329,051	–	–	–	–	–	476,333
	147,282	–	329,051	86,498	25,858	24,624	6,033	–	619,346
Exchange realignment	–	(1,609)	(17,976)	(2,603)	(23)	(1,405)	6	–	(23,610)
Additions	–	28,523	8,555	27,629	131	2,645	1,707	2,922	72,112
Transfer from investment properties	62,718	–	–	–	–	–	–	–	62,718
Surplus arising on revaluation	–	–	4	–	–	–	–	–	4
Disposal of subsidiaries *(Note 43)*	–	–	–	(7,915)	(10,010)	(3,765)	(675)	–	(22,365)
Write off	–	–	–	(13,112)	(15,154)	(1,448)	(1,071)	–	(30,785)
Disposals	–	–	–	–	–	(18)	(1,871)	–	(1,889)
At 31 December 2015	210,000	26,914	319,634	90,497	802	20,633	4,129	2,922	675,531
Comprising:									
At cost	–	–	–	90,497	802	20,633	4,129	2,922	118,983
At valuation – 2015	210,000	26,914	319,634	–	–	–	–	–	556,548
	210,000	26,914	319,634	90,497	802	20,633	4,129	2,922	675,531
Depreciation									
At 1 January 2014	–	–	–	30,248	25,011	14,889	2,826	–	72,974
Exchange realignment	–	–	(77)	(642)	2	(166)	4	–	(879)
Provided for the year	3,978	–	8,263	20,614	36	2,551	748	–	36,190
Write back on revaluation	(3,978)	–	(8,186)	–	–	–	–	–	(12,164)
Write off	–	–	–	(4,182)	–	(1,353)	–	–	(5,535)
Eliminated on disposal	–	–	–	(1,345)	–	(494)	–	–	(1,839)
At 31 December 2014	–	–	–	44,693	25,049	15,427	3,578	–	88,747
Exchange realignment	–	–	(373)	(1,066)	(2)	(2,191)	(64)	–	(3,696)
Provided for the year	6,030	244	8,244	19,156	145	5,463	944	170	40,396
Write back on revaluation	(6,030)	(244)	(7,871)	–	–	–	–	–	(14,145)
Disposal of subsidiaries *(Note 43)*	–	–	–	(7,289)	(9,578)	(3,063)	(334)	–	(20,264)
Write off	–	–	–	(9,399)	(15,154)	(699)	(802)	–	(26,054)
Eliminated on disposal	–	–	–	–	–	(13)	(1,338)	–	(1,351)
At 31 December 2015	–	–	–	46,095	460	14,924	1,984	170	63,633
Carrying value									
At 31 December 2015	210,000	26,914	319,634	44,402	342	5,709	2,145	2,752	611,898
At 31 December 2014	147,282	–	329,051	41,805	809	9,197	2,455	–	530,599

The buildings of the Group located in Shenyang and Shanghai, PRC and the leasehold land and buildings in Hong Kong were valued on 31 December 2015 by Prudential Surveyors (Hong Kong) Limited, an independent firm of professional property valuers not connected to the Group. The fair value of the leasehold land and buildings in Hong Kong, Shenyang and Shanghai, PRC of approximately HKD236,914,000 as at 31 December 2015 (2014: HKD147,282,000) is a level 2 recurring fair value measurement and the buildings in Shenyang, PRC of approximately HKD319,634,000 as at 31 December 2015 (2014: HKD329,051,000) is a level 3 recurring fair value measurement. There were no transfers into or out of level 3 in both years.

The valuations of leasehold land and buildings in Hong Kong adopted a direct comparison approach with reference to market comparable sales evidence available in the market. The valuations of buildings in the PRC adopted the depreciated replacement cost approach in the absence of comparable sales evidence.

A reconciliation of the opening and closing level 3 fair value balance is provided below.

	2015	**2014**
	HKD'000	*HKD'000*
Opening balance (level 3 recurring fair value)	329,051	335,202
Additions	8,555	2,551
Exchange realignment	(17,603)	(8,625)
Depreciation	(8,244)	(8,263)
Gain on revaluation of properties held for own use included in other comprehensive income	7,875	8,186
Closing balance (level 3 recurring fair value)	319,634	329,051

Information about fair value measurements using significant unobservable inputs

Properties	Valuation approach	Significant unobservable inputs	Range	
			2015	**2014**
			HKD	*HKD*
The PRC	Depreciated replacement cost approach	Construction costs (HKD/sq. meter)	7,431 – 9,200	7,985 – 9,857

A significant increase/(decrease) in construction costs would result in a significant increase/(decrease) in fair value of the buildings.

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

Had the land and buildings not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation in the amount of approximately HKD412,917,000 (2014: HKD341,054,000).

Certain property, plant and equipment are pledged to a bank to secure the bank borrowings and general banking facilities granted to the Group (Note 28).

14. Investment properties

Group	Investment properties under construction	Completed investment properties	Total
	HKD'000	*HKD'000*	*HKD'000*
FAIR VALUE			
At 1 January 2014	474,489	254,744	729,233
Acquisition of subsidiaries *(Note 44(c))*	–	565,622	565,622
Increase in fair value recognised in profit or loss	–	27,973	27,973
Exchange realignment	(12,312)	(4,799)	(17,111)
At 31 December 2014	462,177	843,540	1,305,717
Transfer to property, plant and equipment	–	(62,718)	(62,718)
Increase in fair value recognised in profit or loss	193	3,250	3,443
Exchange realignment	(25,254)	(30,765)	(56,019)
At 31 December 2015	437,116	753,307	1,190,423

Notes:

(a) All of the Group's leasehold interests in land and buildings held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model.

(b) The fair value of the commercial and industrial properties in Hong Kong and Beijing, PRC of approximately HKD753,307,000 as at 31 December 2015 (2014: HKD843,540,000) is a level 2 recurring fair value measurement and the other investment properties in Shenyang, PRC of approximately HKD437,116,000 as at 31 December 2015 (2014: HKD462,177,000) is a level 3 recurring fair value measurement. There were no transfers into or out of level 3 in both years. A reconciliation of the opening and closing level 3 fair value balance is provided below.

	2015	**2014**
	HKD'000	*HKD'000*
Opening balance (level 3 recurring fair value)	462,177	474,489
Increase in fair value recognised in profit or loss	193	–
Exchange realignment	(25,254)	(12,312)
Closing balance (level 3 recurring fair value)	437,116	462,177

The fair value of the Group's investment properties at 31 December 2015 and 2014 were arrived at on the basis of valuations carried out on those dates by Prudential Surveyors (Hong Kong) Limited, an independent firm of professional property valuers not connected to the Group. The valuations of investment properties were arrived with reference to market comparable sales evidence available in the market.

Information about fair value measurements using significant unobservable inputs

Properties	**Valuation approach**	**Significant unobservable inputs**	**Range**	
			2015	**2014**
The PRC	Direct comparison approach	(Discount)/premium on characteristics of the properties	–10% to 4%	–10% to 3%

The valuations take into account the characteristics of the properties which included the location, size, and time of the comparable transactions.

A significant increase/(decrease) in the discount on characteristics of the properties, or a significant (decrease)/increase in the premium on characteristics of the properties would result in a significant (decrease)/increase in fair value of the investment properties.

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

As at 31 December 2015 and 2014, a large portion of the completed investment properties were rented out under operating leases. Details of operating lease arrangements are set out in Note 35.

(c) Certain investment property is pledged to a bank to secure the bank borrowings and general banking facilities granted to the Group (Note 28).

(d) The Group has not yet obtained formal title to its interest in a parcel of land as at 31 December 2015 and 2014 with a carrying amount of approximately HKD221,542,000 (2014: HKD234,275,000). In the opinion of the Directors, the absence of formal title of this land interest has not impaired its value to the Group as the Group had paid the full purchase consideration to the local land bureau and will promptly apply for the registration of formal title once the Group has fulfilled the relevant conditions. The Directors regard the probability of being deprived from the use of the land on the ground of lack of formal title is remote.

15. Prepaid lease payments

	2015	**2014**
	HKD'000	*HKD'000*
At 1 January	284,766	300,208
Amortisation	(7,349)	(7,490)
Exchange realignment	(16,010)	(7,952)
At 31 December	261,407	284,766

16. Intangible assets

Group	**Trading rights**	**Trademarks**	**Total**
	HKD'000	*HKD'000*	*HKD'000*
Cost:			
At 1 January 2014	–	209,916	209,916
Acquired through business combination *(Note 44(a))*	599	–	599
Exchange realignment	–	30	30
At 31 December 2014	599	209,946	210,545
Disposals	–	(64,346)	(64,346)
Exchange realignment	–	218	218
At 31 December 2015	599	145,818	146,417
Accumulated impairment:			
At 31 December 2015 and 2014	–	–	–
Net book value:			
At 31 December 2015	599	145,818	146,417
At 31 December 2014	599	209,946	210,545

The trademarks are in respect of the "PONY" brand and the trading rights are those in Hong Kong Exchanges and Clearing Limited (the "Exchange") which allow the Group to trade securities on or through the Exchange. They are considered by 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 annually and considered to be not impaired at the end of reporting period.

For the purposes of the impairment test in respect of the "PONY" brand which had been allocated to the CGU of the Branding segment, its recoverable amount was determined based on a value-in-use calculation, covering a detailed 10-year budget plan plus an extrapolated cash flow projections by applying a long term growth rate subsequent to this 10-year plan, with a pre-tax discount rate of 20.0% (2014: 20.0%).

The key assumptions used in the budget plan during the years ended 31 December 2014 and 31 December 2015 are:

i. Cash flow beyond the 10-year period are extrapolated using an estimated 3% (2014: 3%) growth rate.

ii. That gross margins will be maintained at its current level throughout the 10-year (2014: 10-year) budget plan.

The Group management's key assumptions have been determined based on past performance and its expectations for the market's development. The discount rate used is pre-tax and reflect specific risks relating to the relevant business.

The Directors concluded that the cash-generating unit demonstrates sufficient cashflows that justify the carrying value of the "PONY" brand and hence no impairment of the "PONY" brand is necessary as at 31 December 2015 and 2014.

17. Interests in a joint venture/amount due to a joint venture

	2015	**2014**
	HKD'000	*HKD'000*
Interests in a joint venture:		
Cost of unlisted investments in a joint venture	–	–
Share of post-acquisition net profits and other comprehensive income, net of dividends received	–	24,662
	–	24,662

The amount due to a joint venture was unsecured, interest-free and repayable on demand.

At 31 December 2015 and 2014, the Group had interests in the following joint venture:

Joint venture	Form of business structure	Place of incorporation	Class of share	Proportion of nominal value of issued capital held by the Group 2015	2014	Principal activities	Principal place of business
Smart Shine Industries Limited	Incorporated	The British Virgin Islands	Ordinary	N/A *(Note)*	50%	Investment holding	HK and the PRC

Note: During the year, the Group obtained control of this joint venture by acquiring the remaining 50% equity interest it did not previously hold, further details of which are set out in Note 44(e).

Aggregate information of a joint venture that is not individually material

	Group 2015	Group 2014
	HKD'000	*HKD'000*
The Group's share of loss for the year	N/A	(408)
The Group's share of other comprehensive income	N/A	(383)
The Group's share of total comprehensive income	N/A	(791)
Aggregate carrying amount of the Group's interests in this joint venture	N/A	24,662

18. Available-for-sale investments

	2015	2014
	HKD'000	*HKD'000*
Equity securities listed in Hong Kong, at fair value	–	44,888

19. Goodwill

During the year ended 31 December 2014, the Group recognised a goodwill arising from business combination as detailed in Note 44(a) of approximately HKD35,590,000, and was allocated to the cash-generating unit of financial services for impairment testing.

For the purposes of the goodwill impairment test, its recoverable amount was determined based on a value-in-use calculation, covering a detailed 5-year budget plan plus an extrapolated cash flow projections by applying a long term growth rate subsequent to this 5-year plan, with a pre-tax discount rate of 19.5% (2014: 19.5%).

The key assumptions used in the budget plan during the year ended 31 December 2014 and 31 December 2015 are:

i. Cash flow beyond the five-year period are extrapolated using an estimated zero (2014: zero) growth rate.

ii. That gross margins will be maintained at its current level throughout the 5-year (2014: 5-year) budget plan.

The Group management's key assumptions have been determined based on past performance and its expectations for the market's development. The discount rate used is pre-tax and reflect specific risks relating to the relevant business.

The Directors concluded 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 31 December 2015 and 2014.

20. Inventories

	2015	**2014**
	HKD'000	*HKD'000*
Finished goods	58,862	41,785

21. Trade and other receivables

	2015	**2014**
	HKD'000	*HKD'000*
Trade receivables		
– Other than financial services segment	44,433	54,310
– Financial services segment	31,264	7,054
Total trade receivables	75,697	61,364
Less: allowance for doubtful debts		
– trade receivables	(19,790)	(13,790)
	55,907	47,574
Other receivables, deposits and prepayments	64,012	73,082
Less: allowance for doubtful debts		
– other receivables	(4,077)	(4,077)
	59,935	69,005
Total trade and other receivables	115,842	116,579

Trade receivables from segments other than financial services segment

The Group allows an average credit period ranging from 60 to 90 days to its trade customers. Included in trade and other receivables are trade receivables, net of allowance for doubtful debts, of approximately HKD24,643,000 (2014: HKD40,520,000). Before accepting any new customer, the Group assesses the potential customer's credit quality and grants a credit limit to the customer. Limits and score attributed to customers are reviewed twice a year. Approximately 59% (2014: 55%) of the trade receivables that are neither past due nor impaired have no default payment history. The Group does not hold any collateral over these balances.

Trade receivables from financial services segment

	2015	**2014**
	HKD'000	*HKD'000*
Trade receivables arising from ordinary course of business of dealing in securities:		
Cash clients	239	4,212
Clearing house	22,315	–
Trade receivables arising from ordinary course of business of provision of:		
Money lending	8,633	2,756
Insurance brokerage	77	86
	31,264	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 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 HKD190,000 as at 31 December 2015 (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 aged analysis of the Group's trade receivables net of allowance for doubtful debts presented based on the invoice date or transaction date (where applicable) at the end of the reporting period:

	2015	**2014**
	HKD'000	*HKD'000*
0 to 30 days	41,810	19,476
31 to 60 days	1,891	1,469
61 to 90 days	2,023	5,410
Over 90 days	10,183	21,219
	55,907	47,574

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of trade receivables which are past due but not impaired

	2015	**2014**
	HKD'000	*HKD'000*
Over 90 days	10,183	21,219

Movement in the allowance for doubtful debts – trade receivables

	2015	**2014**
	HKD'000	*HKD'000*
Balance at beginning of the year	13,790	13,901
Impairment losses recognised	6,000	–
Impairment losses reversed	–	(111)
Balance at end of the year	19,790	13,790

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of approximately HKD19,790,000 (2014: HKD13,790,000) with a carrying amount before provision of approximately HKD25,188,000 (2014: HKD27,942,000). The individually impaired receivables related to customers that were slow in settlements and management assessed that only a portion or none of the receivables is expected to be recovered.

Movement in the allowance for doubtful debts – other receivables

	2015	**2014**
	HKD'000	*HKD'000*
Balance at beginning and end of the year	4,077	4,077

Included in the above provision for impairment of other receivables is a provision for individually impaired other receivables of approximately HKD4,077,000 (2014: HKD4,077,000) with a carrying amount before provision of approximately HKD4,077,000 (2014: HKD4,077,000). The individually impaired receivables related to debtors that were slow in settlements and management assessed that only a portion or none of the receivables is expected to be recovered.

22. Advances to customers in margin financing

	2015	**2014**
	HKD'000	*HKD'000*
Directors and his associates	2,698	14,266
Other margin clients	123,352	36,078
Balance at end of the year	126,050	50,344

Advances to customers in margin financing are repayable on demand and carry interest ranging 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 31 December 2015, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HKD699,241,000 (2014: HKD579,904,000). The Group is allowed to dispose of the collateral in settlement of the customers' obligation 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.

23. Loans receivable

	Notes	2015 HKD'000	2014 HKD'000
Secured	i	629,196	104,506
Unsecured	ii	–	38,500
		629,196	143,006

Notes

i. The loans receivable of HKD629,196,000 (2014: HKD104,506,000) are secured by charges over the borrowers' properties and/or financial assets, interest bearing at 12%-36% per annum (2014: 12%-36% per annum) and are repayable between one month and one year from the dates of advance.

ii. The balance was unsecured, interest bearing at 12% per annum and repayable within one year from the date of advance. The balance was fully repaid during the year ended 31 December 2015.

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.

24. Trading securities

	2015 HKD'000	2014 HKD'000
Equity securities listed in Hong Kong, at fair value	16,420	9,545

The above equity securities are classified as held for trading, and upon initial recognition, designated as financial assets at fair value through profit or loss.

25. Restricted bank deposit, pledged bank deposit and bank balances and cash

(a) Restricted bank deposit

The balance of HKD3,538,000 (2014: HKD3,743,000) is dominated in RMB and carries a fixed interest at 1.75% (2014: 3.30%) per annum. The use of the bank deposit requires the consent from one of the occupants of the Group's outlet mall in the PRC.

The balance of HKD8,374,000 (2014: Nil) is dominated in RMB and carried a fixed interest at 4.75% (2014: Nil) per annum. The use of the bank deposit requires the consent from the supplier of the Group's retail segment in the PRC.

The remaining balance of HKD1,515,000 (2014: HKD1,573,000) is denominated in New Taiwan Dollar ("NTD") and carries a fixed interest at 1.345% (2014: 1.345%) per annum. The use of the bank deposit requires the consent from the landlord and suppliers.

(b) Bank balances and cash – held on behalf of customers

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as bank and cash balance held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the balances of the trust accounts (Note 26) as amounts due to respective clients on the grounds that the Group is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance. The Group is allowed to retain some or all of the interest on the clients' monies, but is not allowed to use the clients' monies to settle its own obligations.

(c) Bank balances and cash

It included the time deposits of approximately HKD106,906,000 (2014: HKD419,401,000) which carried fixed interest rates ranging from 0.10% to 4.07% (2014: 0.30% to 3.08%) per annum. The remaining balance represents bank balances which carried interest at prevailing market rates which ranged from 0.01% to 0.35% (2014: 0.01% to 0.35%) per annum during the year.

As at 31 December 2015, cash and bank balances (including pledged bank deposit and restricted bank deposit) denominated in RMB amounted to approximately HKD101,981,000 (2014: HKD274,496,000). RMB is not freely convertible into foreign currencies in the PRC. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks authorised to conduct foreign exchange business.

26. Trade and other payables

	2015	**2014**
	HKD'000	*HKD'000*
Trade and bills payables	32,761	23,932
Accounts payable from financial services segment	16,426	25,291
Other payables, temporary receipts and accruals	216,424	246,465
Total trade and other payables	265,611	295,688

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

	2015	**2014**
	HKD'000	*HKD'000*
0 to 30 days	16,572	21,080
31 to 60 days	11,358	1,891
61 to 90 days	2,761	134
Over 90 days	2,070	827
	32,761	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

	2015	2014
	HKD'000	*HKD'000*
Accounts payable arising from ordinary course of business of dealing in securities *(Note)*:		
Cash clients	7,336	9,996
Margin clients	8,995	14,629
Clearing house	–	556
	16,331	25,181
Accounts payable arising from ordinary course of business of provision of:		
Insurance brokerage	95	110
	16,426	25,291

The settlement term of accounts payable attributable to dealing in securities are two 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.

Note: The balances represent accounts payable to clients and other institutions in respect of trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities.

27. Deferred taxation

The following table is the analysis of the deferred tax balances for financial reporting purposes:

	2015	2014
	HKD'000	*HKD'000*
Deferred tax assets	(22,486)	(45,699)
Deferred tax liabilities	85,930	88,776
	63,444	43,077

The following table shows the major deferred tax liabilities/(assets) recognised by the Group and movements thereon during the current and prior years:

	Revaluation of freehold and leasehold land and buildings	Revaluation of investment properties	Accelerated tax depreciation	Undistributed earnings of PRC subsidiaries	Tax losses	Fair value adjustment on intangible assets	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
At 1 January 2014	61,528	6,807	10,139	73	(23,207)	7,366	62,706
Exchange realignment	–	(62)	–	–	–	–	(62)
Acquisition of a subsidiary through business combination	–	–	(18)	–	–	–	(18)
Acquisition of a subsidiary accounted for as acquisition of assets and liabilities	–	–	–	–	(17,004)	–	(17,004)
Charge/(credit) to profit or loss	–	377	112	–	(5,488)	–	(4,999)
Charge to other comprehensive income	2,454	–	–	–	–	–	2,454
At 31 December 2014	63,982	7,122	10,233	73	(45,699)	7,366	43,077
Exchange realignment	–	(128)	–	–	–	–	(128)
Charge/(credit) to profit or loss	–	(577)	573	–	10,551	–	10,547
Charge to other comprehensive income	9,953	–	–	–	–	–	9,953
At 31 December 2015	73,935	6,417	10,806	73	(35,148)	7,366	63,449

At 31 December 2015, the Group had unused tax losses of approximately HKD556,204,000 (2014: HKD586,205,000) available to offset against future profits. Tax losses to the extent of approximately HKD213,018,000 (2014: HKD276,964,000) in respect of which a deferred tax asset has been recognised. The Group had utilised deferred tax assets of HKD2,325,000 (2014: credited HKD5,488,000) and written off HKD8,226,000 (2014: nil) during the year. Management has prepared a robust business plan based on a sound business model and is confident that the Group will be able to generate taxable profits from the companies in which these tax losses arose. As a result, management believes that these losses will be utilised in the foreseeable future. No deferred tax asset has been recognised in respect of the remaining unused tax losses of approximately HKD343,186,000 (2014: HKD309,241,000) due to the unpredictability of future profit streams. All the tax losses may be carried forward indefinitely except for those arising from the PRC which may be carried forward for five years.

28. Bank borrowings

	2015	2014
	HKD'000	*HKD'000*
Current		
Carrying amount of variable interest-rate bank loans repayable within one year		
– unsecured	155,002	310,224
– secured	18,000	–
Carrying amount of variable interest-rate bank loans that are not repayable after one year which contain a repayable on demand clause-secured	–	155,112
	173,002	465,336
Non-current		
Carrying amount of secured variable interest-rate bank loans that are not repayable:		
– more than one year, but not exceeding two years	18,000	–
– more than two years, but not exceeding five years	236,245	–
– After five years	310,004	–
	564,249	–
	737,251	465,336

The Group has variable interest-rate bank loans which carry interest ranging from 1.84% to 2.47% (2014: 1.31% to 2.96%). The weighted average effective interest rate of the Group's bank loans is 2.16% (2014: 1.81%).

No undrawn borrowing facilities were available for future operating activities and to settle capital commitments in both years.

The Group had pledged leasehold land and buildings and completed investment properties, as set out in Notes 13 and 14 respectively, with carrying values of approximately HKD210,000,000 and HKD722,308,000 (2014: HKD147,282,000 and HKD252,718,000), respectively, to secure general banking facilities granted to the Group of which approximately HKD582,249,000 (2014: HKD155,112,000) had been utilised at end of the reporting period.

29. Share capital

	Number of shares (‘000)	Nominal value HKD’000
Authorised:		
Ordinary shares of HKD0.10 each (2014: HKD0.10 each)		
At 1 January 2014 and 31 December 2014 and 31 December 2015	20,000,000	2,000,000
Issued and fully paid:		
Ordinary shares of HKD0.10 each (2014: HKD0.10 each)		
At 1 January 2014	2,103,684	210,369
Exercise of share options *(Note)*	44,570	4,457
Issue of shares as considerations for acquisition of subsidiaries *(Notes 44(a)&(c))*	521,260	52,126
At 31 December 2014	2,669,514	266,952
Exercise of share options *(Note)*	28,230	2,823
At 31 December 2015	2,697,744	269,775

Note: During the year, share options were exercised to subscribe for 28,230,000 (2014: 44,570,000) ordinary shares of the Company at a cash consideration, before expenses, of approximately HKD11,433,000 (2014: HKD18,070,000), of which HKD2,823,000 (2014: HKD4,457,000) was credited to share capital and the balance of approximately HKD8,610,000 (2014: HKD13,613,000) was credited to the share premium account. An amount of approximately HKD3,357,000 (2014: HKD5,290,000) was transferred from the share option reserve to the share premium account upon the exercise of the share options.

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

30. Share option scheme

On 10 June 2011, shareholders of the Company have approved and adopted a share option scheme (the "Scheme") for the purpose of providing eligible participants with the opportunity to acquire proprietary interests in the Company. The Scheme aims to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. All Directors, full-time employees and any other persons who, at the sole discretion of the Board of Directors, have contributed or will contribute to the Group are eligible to participate in the Scheme.

Pursuant to the Scheme, shares which may be issued upon exercise of all options to be granted under the Scheme or any other share option scheme adopted by the Company must not in aggregate exceed 10% of the shares of the Company in issue on the date of adoption. The Company may renew this 10% limit with shareholders' approval provided that each such renewal may not exceed 10% of shares in the Company in issue as at the date of the shareholders' meeting.

The total number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme or any other share option scheme adopted by the Company must not exceed 30% of the shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of shares of the Company issued and to be issued upon the exercise of the options granted to each participant (including both exercised and unexercised options) under the Scheme or any other share option schemes adopted by the Company in any 12-month period must not exceed 1% of the shares of the Company in issue.

The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the date of grant of the options. At the time of grant of the options, the Company may specify a minimum period for which an option must be held before it can be exercised. The offer of a grant of share options may be accepted within 14 days from the date on which the letter containing the offer is delivered to that participant and the amount payable on acceptance of an option is HKD1.00.

The subscription price for the shares of the Company to be issued upon exercise of the options shall be no less than the higher of (i) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant; (ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company on the date of grant. The subscription price will be approved by the Board of Directors at the time the option is offered to the participants.

No options may be granted under the Scheme after the date of the tenth anniversary of the adoption of the Scheme.

On 4 December 2015, a total of 11,000,000 share options were granted to eligible persons.

Details of the movements of the share options granted under the Scheme during the year ended 31 December 2015 are as follows:

				Number of share options				
Participants	Date of grant	Exercise period	Exercise price per share *(HKD)*	Outstanding as at 1 January 2015	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2015
Directors	9/9/2013	9/9/2013 – 8/9/2016	0.406	–	–	–	–	–
		9/9/2014 – 8/9/2016	0.406	7,000,000	–	(7,000,000)	–	–
		9/9/2015 – 8/9/2016	0.406	10,800,000	–	(3,900,000)	(6,900,000)	–
	9/10/2013	9/10/2013 – 8/10/2016	0.402	–	–	–	–	–
		9/10/2014 – 8/10/2016	0.402	–	–	–	–	–
		9/10/2015 – 8/10/2016	0.402	–	–	–	–	–
	17/6/2014	17/6/2014 – 16/6/2017	0.550	6,000,000	–	–	–	6,000,000
	4/12/2015	4/12/2015 – 3/12/2016	0.760	–	1,000,000	–	–	1,000,000
Employees	9/9/2013	9/9/2013 – 8/9/2016	0.406	–	–	–	–	–
		9/9/2014 – 8/9/2016	0.406	2,320,000	–	(2,320,000)	–	–
		9/9/2015 – 8/9/2016	0.406	12,000,000	–	(7,800,000)	(4,200,000)	–
	9/10/2013	9/10/2013 – 8/10/2016	0.402	540,000	–	(540,000)	–	–
		9/10/2014 – 8/10/2016	0.402	4,470,000	–	(4,120,000)	–	350,000
		9/10/2015 – 8/10/2016	0.402	4,470,000	–	(2,550,000)	(960,000)	960,000
	4/12/2015	1/7/2016 – 31/12/2016	0.760	–	10,000,000	–	–	10,000,000
				47,600,000	11,000,000	(28,230,000)	(12,060,000)	18,310,000
Weighted average exercise price				0.423	0.760	0.405	0.406	0.666

Details of the movements of the share options granted under the Scheme during the year ended 31 December 2014 are as follows:

				Number of share options				
Participants	Date of grant	Exercise period	Exercise price per share *(HKD)*	Outstanding as at 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2014
Directors	9/9/2013	9/9/2013 – 8/9/2016	0.406	11,200,000	–	(11,200,000)	–	–
		9/9/2014 – 8/9/2016	0.406	12,300,000	–	(3,800,000)	(1,500,000)	7,000,000
		9/9/2015 – 8/9/2016	0.406	12,300,000	–	–	(1,500,000)	10,800,000
	9/10/2013	9/10/2013 – 8/10/2016	0.402	2,000,000	–	(2,000,000)	–	–
		9/10/2014 – 8/10/2016	0.402	1,500,000	–	–	(1,500,000)	–
		9/10/2015 – 8/10/2016	0.402	1,500,000	–	–	(1,500,000)	–
	17/6/2014	17/6/2014 – 16/6/2017	0.550	–	6,000,000	–	–	6,000,000
Employees	9/9/2013	9/9/2013 – 8/9/2016	0.406	13,600,000	–	(13,600,000)	–	–
		9/9/2014 – 8/9/2016	0.406	12,000,000	–	(9,680,000)	–	2,320,000
		9/9/2015 – 8/9/2016	0.406	12,000,000	–	–	–	12,000,000
	9/10/2013	9/10/2013 – 8/10/2016	0.402	5,410,000	–	(4,290,000)	(580,000)	540,000
		9/10/2014 – 8/10/2016	0.402	4,470,000	–	–	–	4,470,000
		9/10/2015 – 8/10/2016	0.402	4,470,000	–	–	–	4,470,000
				92,750,000	6,000,000	(44,570,000)	(6,580,000)	47,600,000
Weighted average exercise price				0.405	0. 550	0.405	0.404	0.423

The number and weighted average exercise price of share options exercisable at the end of reporting period are 8,310,000 shares and HKD0.552 (2014: 20,330,000 shares and HKD0.448), respectively.

The weighted average remaining contractual life for share options outstanding at the end of the reporting period is 1.13 years (2014: 1.80 years). The weighted average share price at the date of exercise of options exercised during the year was HKD0.83 (2014: HKD0.63).

The total number of shares available for issue under the share option scheme as at 31 December 2015 was 809,323,074 shares (including options for 18,310,000 shares that have been granted but not yet lapsed or exercised) (2014: 749,704,074 shares (including options for 47,600,000 shares that have been granted but not yet lapsed or exercised)) which represented 29.3% (2014: 28.1%) of the issued share capital of the Company at 31 December 2015.

The estimated fair value of the options granted to eligible persons on 9 September 2013 was HKD0.1184 per option. The fair value was calculated using the Black-Scholes model with Binomial Tree method. The inputs into the model were as follows:

Share price at grant date	HKD0.400
Exercise price	HKD0.406
Expected volatility	43.526%
Expected life	3 years
Risk-free rate	0.693%
Expected dividend yield	0%

The estimated fair value of the options granted to eligible persons on 9 October 2013 was HKD0.1204 per option. The fair value was calculated using the Black-Scholes model with Binomial Tree method. The inputs into the model were as follows:

Share price at grant date	HKD0.400
Exercise price	HKD0.402
Expected volatility	44.015%
Expected life	3 years
Risk-free rate	0.545%
Expected dividend yield	0%

The estimated fair value of the options granted to eligible persons on 17 June 2014 was HKD0.1921 per option. The fair value was calculated using the Black-Scholes model with Binomial Tree method. The inputs into the model were as follows:

Share price at grant date	HKD0.550
Exercise price	HKD0.550
Expected volatility	51.087%
Expected life	3 years
Risk-free rate	0.771%
Expected dividend yield	0%

The estimated fair value of the options granted to eligible persons on 4 December 2015 were HKD0.1699 and HKD0.1707 per option. The fair values were calculated using the Black-Scholes model with Binomial Tree method. The inputs into the model were as follows:

Share price at grant date	HKD0.760
Exercise price	HKD0.760
Expected volatility	56.772%/54.938%
Expected life	1/1.08 years
Risk-free rate	0.09%/0.1077%
Expected dividend yield	0%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years.

The share options granted on 9 September 2013 are subject to the following vesting schedule:

Vesting schedule	**Maximum number of share options exercisable**
From 9 September 2013 to 8 September 2014	40%
From 9 September 2014 to 8 September 2015	70%
From 9 September 2015 to 8 September 2016	100%

The share options granted on 9 October 2013 are subject to the following vesting schedule:

Vesting schedule	Maximum number of share options exercisable
From 9 October 2013 to 8 October 2014	40%
From 9 October 2014 to 8 October 2015	70%
From 9 October 2015 to 8 October 2016	100%

The share options granted to employees on 4 December 2015 are subject to the following vesting schedule:

Vesting schedule	Maximum number of share options exercisable
From 1 July 2016 to 31 December 2016	100%

No vesting conditions are set for the share options granted to Directors on 17 June 2014 and 4 December 2015.

The fair value of share options granted is recognised as an employee cost with a corresponding increase in share options reserve within equity over the relevant vesting periods.

The Group recognised an expense of approximately HKD1,666,000 (2014: HKD5,483,000) for the year ended 31 December 2015 in relation to share options granted by the Company.

31. Reserves

Company	Share premium	Contributed surplus	Share options reserve	Retained profits	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
At 1 January 2014	578,665	586,774	5,421	376,295	1,547,155
Share-based payment	–	–	5,483	–	5,483
Exercise of share options *(Note 30)*	18,903	–	(5,290)	–	13,613
Share issue expenses	(455)	–	–	–	(455)
Lapse of share options	–	–	(644)	644	–
Issue of shares as considerations for acquisition of subsidiaries *(Note 29)*	327,885	–	–	–	327,885
Loss for the year	–	–	–	(119,343)	(119,343)
At 31 December 2014	924,998	586,774	4,970	257,596	1,774,338
Share-based payment	–	–	1,666	–	1,666
Exercise of share options *(Note 30)*	11,967	–	(3,357)	–	8,610
Lapse of share options	–	–	(1,430)	1,430	–
Loss for the year	–	–	–	(14,104)	(14,104)
At 31 December 2015	936,965	586,774	1,849	244,922	1,770,510

The following describes the nature and purpose of each reserve within owners' equity of the Group:

Reserve	**Description and purpose**
Contributed surplus	Contributed surplus of approximately HKD63,561,000 represents the excess of the fair value of the shares of the subsidiaries acquired and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation on 9 February 1995. The remaining balance of approximately HKD523,213,000 represents the implementation of capital reduction in 2012 pursuant to which the par value of each existing share if HKD0.50 each in the issued capital of the Company were reduced by HKD0.40 each.
Share premium	Amount subscribed for share capital in excess of nominal value.

Reserve	Description and purpose
Properties revaluation reserve	Gains/losses arising on the revaluation of properties (other than investment properties). The balance of this reserve is wholly undistributable.
Investments revaluation reserve	Gains/losses arising on the revaluation of available-for-sale investments. The balance of this reserve is wholly undistributable.
Share options reserve	Cumulative expenses recognised on the granting of share options to the employee over the vesting period.
Translation reserve	Gains/losses arising on retranslating the net assets of foreign operations into presentation currency.
Statutory reserve	Appropriation of profits of a Taiwan subsidiary to non-distributable reserve fund account as required by the relevant Taiwan statue.
Retained profits	Cumulative net gains and losses recognised in profit or loss.

32. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which include the bank borrowings, trade and other payables, amounts due to joint ventures, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The Directors review the capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated the share capital. The Group will balance its overall capital structure through new share issues as well as the issue of new debts or the redemption of existing debts.

The net debts-to-equity ratios at 31 December 2015 and 2014 were as follows:

	2015	2014
	HKD'000	*HKD'000*
Trade and other payables	265,611	295,688
Amounts due to joint ventures	–	26,427
Bank borrowings	737,251	465,336
Loan from non-controlling interests	153,254	153,254
	1,156,116	940,705
Less: Bank balances and cash	(470,025)	(562,362)
Restricted bank deposit	(13,427)	(5,316)
Net debts	672,664	373,027
Equity	2,319,135	2,188,227
Net debts to equity ratio	29%	17%

33. Financial instruments

(a) Categories of financial instruments

	2015		2014	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Financial assets				
Fair value through profit or loss (held for trading)				
– Trading securities	16,420	16,420	9,545	9,545
Loans and receivables				
– Bank balances and cash	494,519	*(note)*	584,535	*(note)*
– Restricted bank deposits	13,427	*(note)*	5,316	*(note)*
– Trade and other receivables	94,068	*(note)*	104,433	*(note)*
– Advanced to customers in margin financing	126,050	*(note)*	50,344	*(note)*
– Loan receivables	629,196	*(note)*	143,006	*(note)*
Available-for-sale investments	–	–	44,888	44,888
Financial liabilities measured at amortised cost				
– Trade and other payables	108,874	*(note)*	139,722	*(note)*
– Bank borrowings	737,251	*(note)*	465,336	*(note)*
– Loans from non-controlling interests	153,254	*(note)*	153,254	*(note)*
– Amount due to joint venture	–	*(note)*	26,427	*(note)*

Note: The Directors consider that the carrying amounts of these categories approximate to their fair value on the grounds that either their maturities are short or their effective interest rates are approximate to the discount rates as at the end of the reporting period.

(b) Financial risk management objectives and policies

The Group's major financial instruments include amounts due from/to joint ventures, available-for-sale investments, trading securities, trade and other receivables, advances to customers in margin financing, loans receivable, bank balances and cash, trade and other payables, bank borrowings and loan from non-controlling interests. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include currency risk, interest rate risk, credit risk, liquidity risk and equity price risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk.

At the end of the reporting period, the carrying amounts of the Group's monetary assets and monetary liabilities that were denominated in a currency (i.e. HKD) other than the functional currency of the relevant group entities were as follows:

	Liabilities		Assets	
	2015	**2014**	**2015**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
HKD	478,587	38,648	1,064,758	407,947

Sensitivity analysis

The Group is mainly exposed to the fluctuation in USD/HKD exchange rate. However, the foreign currency risk is not significant as HKD is pegged to USD.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits and loans receivable. The Directors consider the Group's exposure to fair value interest rate risk is not significant as interest bearing bank deposits and loans receivable are within short maturity periods.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, advances from customers in margin financing and bank borrowings. It is the Group's policy to keep its deposits at floating rate of interest so as to minimise the fair value interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate arising from the Group's USD denominated bank deposits and HKD and USD denominated bank loans.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming these financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates on bank deposits and advances to customers in margin financing had been 50 basis points (2014: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2015 would increase/decrease by HKD2,269,000 (2014: profit increase/decrease by HKD1,020,000) attributable to the Group's exposure to interest rates on its variable-rate bank deposits and advances to customers in margin financing. In addition, if interest rates on bank borrowings had been 50 basis points (2014: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2015 would decrease/increase by HKD3,078,000 (2014: profit decrease/increase by HKD1,943,000) attributable to the Group's exposure to interest rates on its variable-rate bank loans.

(iii) Credit risk

The credit risk is primarily attributable to trade and other receivables, advances to customers in margin financing and loans receivable. In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Segments other than financial services segment

The Group had a concentration of credit risk in relation to trade receivables of these segments as 22% (2014: 33%) and 44% (2014: 59%) of these segments' total trade receivables were due from their largest customer and the five largest customers respectively. These receivables were mainly within the branding, retailing and sourcing segments.

Financial services segment

This segment has put in place a well-established credit policy governing the granting of credit limit to customers. Customers are generally required to deposit their securities, properties or other appropriate assets with the Group as collateral to their borrowings. The credit risks of customers are regularly monitored with reference to the realisable values of the collateral.

The Group had a concentration of credit risk in relation to trade receivables, advances to customers in margin financing and loans receivable of this segment as 21% (2014: 20%) and 57% (2014: 66%) of this segment's total receivables were due from their largest customer and the five largest customers respectively.

The credit risk of the Group's other financial assets, which comprise bank balances, bank balances held on behalf of customers, available-for-sale financial assets, trading securities, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

(iv) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations of the Group and mitigate the effects of fluctuations in cash flows. For the Group's financial services segment, there is a constant need of funding for the settlement of securities transactions and for the provision of financing and loans to the customers.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities according to the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

2015	Weighted average interest rate	On demand or less than 1 month	1-3 months	3-12 months	More than 1 year	Total undiscounted cash flows	Carrying amount at 31.12.2015
	%	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Non-derivative financial liabilities							
Trade and other payables	–	108,874	–	–	–	108,874	108,874
Bank borrowings							
– variable interest-rate	2.16	156,311	2,086	9,476	628,147	796,020	737,251
Loan from non-controlling interests	–	–	–	–	153,254	153,254	153,254
		265,185	2,086	9,476	781,401	1,058,148	999,379

2014	Weighted average interest rate	On demand or less than 1 month	1-3 months	3-12 months	More than 1 year	Total undiscounted cash flows	Carrying amount at 31.12.2014
	%	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Non-derivative financial liabilities							
Trade and other payables	–	139,722	–	–	–	139,722	139,722
Amounts due to joint ventures	–	26,427	–	–	–	26,427	26,427
Bank borrowings							
– variable interest-rate	1.81	465,336	–	–	–	465,336	465,336
Loan from non-controlling interests	–	–	–	–	153,254	153,254	153,254
		631,485	–	–	153,254	784,739	784,739

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2014, the aggregate undiscounted principal amounts of these bank loans amounted to HKD155,112,000. Taking into account the Group's financial position, the Directors did not believe that it was probable that the banks would exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank loans would be repaid three to five years after end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows would amount to HKD167,240,000.

(v) Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to equity price risk arising from individual equity investments classified as financial assets at fair value through profit or loss and available-for-sale financial assets as at 31 December 2015 and 2014.

The following table demonstrates the sensitivity to every 5% change in the fair values of the Group's equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the investments revaluation reserve and no account is given for factors such as impairment which might impact profit or loss in the consolidated statement of comprehensive income.

	Increase/ (decrease) in fair value	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity**
	%	*HKD'000*	*HKD'000*
2015			
Investments listed in Hong Kong			
– At fair value through profit or loss	5%	821	–
2014			
Investments listed in Hong Kong			
– Available-for-sale	5%	–	2,244
– At fair value through profit or loss	5%	477	–

(vi) Offsetting financial assets and financial liabilities

The following tables present details of the Group's financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements.

	Financial assets subject to offsetting					
				Related amounts not offset in the statement of financial position		
	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities offset in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Financial instruments other than cash collateral	Cash collateral received	Net amount
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
At 31 December 2015						
Type of financial assets						
Trade receivable from HKSCC	35,402	(13,087)	22,315	–	–	22,315
At 31 December 2014						
Type of financial assets						
Trade receivable from HKSCC	19,872	(19,872)	–	–	–	–

	Financial liabilities subject to offsetting					
				Related amounts not offset in the statement of financial position		
	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets offset in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Financial instruments other than cash collateral	Cash collateral received	Net amount
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
At 31 December 2015						
Type of financial liabilities						
Trade payable from HKSCC	13,087	13,087	–	–	–	–
At 31 December 2014						
Type of financial liabilities						
Trade payable from HKSCC	20,428	(19,872)	556	–	–	556

The tables below reconcile the amounts of trade and other receivables and trade and other payables of the Group as presented in the consolidated statement of financial position:

Trade and other receivables

	2015 *HKD'000*	2014 *HKD'000*
Net amount of trade receivables from HKSCC	22,315	–
Trade and other receivables not in the scope of offsetting disclosure	93,527	116,579
Trade and other receivables as disclosed in the consolidated statement of financial position	115,842	116,579

Trade and other payables

	2015 *HKD'000*	2014 *HKD'000*
Net amount of trade payables from HKSCC	–	556
Trade and other payables not in the scope of offsetting disclosure	265,611	295,132
Trade and other payables as disclosed in the consolidated statement of financial position	265,611	295,688

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities, the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices (level 1).

- Level 2 – inputs other than quoted prices included with in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, all grouped into Level 1, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets.

	2015	**2014**
	HKD'000	*HKD'000*
Level 1		
Available-for-sale financial assets – listed	–	44,888
Fair value through profit or loss financial assets – listed	16,420	9,545
	16,420	54,433

34. Contingent liabilities

Details of potential tax liabilities in connection with the disagreement with the IRD and potential penalty arising from the late filing of PRC tax returns in 2014, if any, are detailed in Note 8.

35. Operating leases

The Group as lessee

The Group made the following minimum lease payments during the year as follows:

	2015	2014
	HKD'000	*HKD'000*
Operating lease rentals in respect of:		
Minimum lease payments:		
– office	1,741	2,690
– retail shops	3,677	1,965
Contingent rentals	5,202	5,490
	10,620	10,145

At the end of the reporting period, the Group had commitments for future minimum lease payments for plants and retail shops under non-cancellable operating leases which fall due as follows:

	2015	2014
	HKD'000	*HKD'000*
Within one year	4,968	1,018
In the second to fifth year, inclusive	1,864	59
	6,832	1,077

Operating lease payments represent rental payable by the Group for certain of its retail shops. Leases are negotiated for lease terms of one to three years.

The above lease commitments represent basic rents only and do not include contingent rents payable in respect of certain retail shops leased by the Group. In general, these contingent rents are calculated with reference to the relevant retail shops' turnover using pre-determined formulae. It is not possible to estimate in advance the amount of such contingent rent payable.

The Group as lessor

Property rental income earned during the year was HKD34,042,000 (2014: HKD15,567,000). Investment properties held for rental purposes have committed tenants for the next two to three years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2015	**2014**
	HKD'000	*HKD'000*
Within one year	32,587	33,836
In the second to fifth year, inclusive	36,603	35,808
	69,190	69,644

36. Capital commitments

	2015	**2014**
	HKD'000	*HKD'000*
Contracted for but not provided		
– Capital expenditure in respect of the establishment of a joint venture	32,437	–

37. Underwriting and sub-underwriting commitments

The Group guarantees to purchase the securities in underwriting amounted to HKD14,998,000 (2014: HKD40,320,000) being offered by sales of securities, at an agreed-upon price between the Group and issuer of securities, regardless of whether or not the securities can be sold to investors in the future. In the opinion of the directors of the Group, the fair values of the underwriting and sub-underwriting arrangements are insignificant to the Group.

38. Retirement benefits scheme

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, under the control of trustees. The Group contributes 5% or HKD1,500 in maximum of relevant payroll costs to the MPF Scheme, which contribution is matched by employees.

The subsidiaries of the Company in the PRC are members of the state-managed retirement benefits scheme operated by the government of the PRC. The retirement scheme contributions, which are based on a certain percentage of the salaries of the relevant subsidiaries' employees, are charged to the consolidated statement of comprehensive income in the period to which they relate and represent the amount of contributions payable by these subsidiaries to the scheme.

The Group also participates in defined contribution retirement schemes organised by the relevant local government authorities in other jurisdictions where the Group operates. Certain employees of the Group eligible for participating in the retirement schemes are entitled to retirement benefits from the schemes. The Group is required to make contributions to the retirement schemes up to the time of retirement of the eligible employees, excluding those employees who resigned before their retirements, at a percentage that is specified by the local governments.

39. Related party disclosures

(a) Related party transactions

During the year, the Group entered into the following transactions with Mr. Cheng Tun Nei, the Director:

Nature	**2015**	**2014**
	HKD'000	*HKD'000*
Commission income	216	423
Interest income	219	186
Commission rebate	–	(300)
Purchase of property, plant and equipment	2,896	–
Total amount of margin financing facilities granted as at the year ended date	10,000	13,000
Maximum amount of margin financing	11,633	11,749

Advances to Director in margin financing are repayable on demand, carry interest at Prime Rate plus 3% per annum, and are pledged by securities collateral for both years. Since the acquisition of Jin Dragon Holdings Limited was completed on 30 April 2014 (Note 44(a)), the balance of advances to Directors in margin financing as at 1 January 2014 was not applicable to disclose.

These transactions also constitute connected transactions as defined under the Listing Rules, and those that are not exempted from disclosures in accordance with the Listing Rules are set out in the section headed "Continuing Connected Transactions" in the Corporate Governance Report.

(b) Compensation of key management personnel

The remuneration of the Directors and other members of key management during the year was as follows:

	2015	2014
	HKD'000	*HKD'000*
Short-term benefits	14,645	17,464
Post-employment benefits	555	584
	15,200	18,048

The remuneration of the Directors and key executives is determined by the Board of Directors having regard to the performance of the individuals and market trends.

40. Holding company statement of financial position

		2015	2014
	Notes	*HKD'000*	*HKD'000*
Non-current assets			
Investments in subsidiaries		988	988
Amounts due from subsidiaries		2,287,359	2,263,500
		2,288,347	2,264,488
Current assets			
Other receivables		636	2,284
Bank balances and cash		233,820	331,197
		234,456	333,481

	Notes	2015 HKD'000	2014 HKD'000
Current liabilities			
Amounts due to subsidiaries		16,702	90,633
Other payables		810	710
Bank borrowings		155,002	465,336
		172,514	556,679
Net current assets/(liabilities)		61,942	(223,198)
Non-current liabilities			
Bank borrowings		310,004	–
Net assets		2,040,285	2,041,290
Equity			
Share capital	*29*	269,775	266,952
Reserves	*31*	1,770,510	1,774,338
		2,040,285	2,041,290

41. Interests in subsidiaries

Details of the Company's principal subsidiaries at 31 December 2015 and 2014 are as follows:

Subsidiary	Place of incorporation/ registration and operation	Paid up issued/ registered share capital	Effective interest in issued/ registered capital held by the Company 2015		2014		Principal activities
			Directly	*Indirectly*	*Directly*	*Indirectly*	
Cosmo Group Holdings Limited	The British Virgin Islands	Ordinary USD10,000	100%	–	100%	–	Investment holding
Misto Worldwide Limited	The British Virgin Islands	Ordinary USD1	–	100%	–	100%	Investment holding
Power Plus Limited	The British Virgin Islands	Ordinary USD1	–	100%	–	100%	Investment holding
Premier Ever Group Limited	The British Virgin Islands	Ordinary USD63,068,127	–	62.5%	–	62.5%	Investment holding
Rivergold International Limited	The British Virgin Islands	Ordinary USD78,364,080	–	70%	–	70%	Investment holding
瀋陽奧特萊斯房地產開發有限公司	The PRC (Wholly owned foreign enterprise)	Registered capital USD70,766,000	–	70%	–	70%	Property investment
瀋陽建新聯合置業有限公司	The PRC (Wholly owned foreign enterprise)	Registered capital USD42,500,000	–	58%	–	51.04%	Investment holding
瀋陽建灃置業有限公司	The PRC (Wholly owned foreign enterprise)	Registered capital USD18,300,000	–	58%	–	58%	Investment holding
瀋陽尚柏百貨有限公司	The PRC (Wholly owned foreign enterprise)	Registered capital USD9,800,000	–	62.5%	–	62.5%	Operation and management of Outlet malls
China Rise Finance Group Company Limited	Hong Kong	Ordinary HKD10,000	–	100%	–	100%	Investment holding
China Rise Securities Asset Management Company Limited	Hong Kong	Ordinary HKD100,000,000	–	100%	–	100%	Dealing and advising in securities
China Rise Capital Co., Limited	Hong Kong	Ordinary HKD5,000,000	–	100%	–	100%	Provision of insurance, brokerage services and portfolio management
China Rise Finance Co., Limited	Hong Kong	Ordinary HKD10,000	–	100%	–	100%	Provision of money lending
Trillion Earning Limited	The British Virgin Island	Ordinary USD1	–	100%	–	100%	Investment holding
Worldwide Properties Limited	Hong Kong	Ordinary HKD10,000	–	100%	–	100%	Property investment
金寶來大飯店股份有限公司	Taiwan	Ordinary NTD50,000,000	–	100%	–	100%	Operation and management of Duty-Free Shops
Smart Shine Industries Limited	The British Virgin Island	Ordinary USD2	–	100%	–	N/A	Investment holding

Subsidiary	Place of incorporation/ registration and operation	Paid up issued/ registered share capital	Effective interest in issued/ registered capital held by the Company 2015		2014		Principal activities
			Directly	*Indirectly*	*Directly*	*Indirectly*	
SYM Development Limited	Hong Kong	Ordinary HKD2	–	100%	–	100%	Property investment
Kwan Tai Resources Limited	Hong Kong	Ordinary HKD10	–	100%	–	100%	Property investment
JFT Holdings Limited	Hong Kong	Ordinary HKD316,000,000	–	100%	–	100%	Provision of IT, corporate services and portfolio management
新羚步(上海)國際貿易 有限公司	PRC (Wholly owned foreign enterprise)	Ordinary USD3,000,000	–	100%	–	N/A	Investment holding
南寧駿澧服飾有限公司	PRC (Wholly owned foreign enterprise)	Ordinary USD14,080,000	–	100%	–	100%	Trading, retailing and distribution of swimming apparel and accessories
深圳德晉融資租賃有限公司	PRC (Wholly owned foreign enterprise)	Ordinary RMB190,000,000	–	100%	–	100%	Investment holding
Pony International Limited	Hong Kong	Ordinary HKD2	–	100%	–	100%	Sub-licensing of trademark rights, trading and retailing
Super Jumbo Holdings Limited	The British Virgin Island	Ordinary USD1	–	100%	–	100%	Development and management of "PONY" brand

None of the subsidiaries had issued any debt security at the end of the year or at any time during the year.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

42. Non-controlling interests

Premier Ever Group Limited ("Premier Ever"), a 62.5% owned subsidiary of the Company (2014: 62.5%) has material non-controlling interests ("NCI"). Due to the acquisition of equity interest in Shenyang Keenson Aliance Properties Limited ("Shenyang Keenson") during the year ended 31 December 2015, the relevant NCI becomes immaterial. The NCI of all other subsidiaries that are not 100% owned by the group are considered to be immaterial.

Summarised financial information in relation to the NCI of Premier Ever and Shenyang Keenson before intra-group eliminations, is presented below:

Summarised statement of financial position

	Premier Ever As at 31 December		Shenyang Keenson As at 31 December	
	2015	**2014**	**2015**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Current				
Assets	22,077	42,551	N/A	428
Liabilities	(56,439)	(33,435)	N/A	(64,393)
	(34,362)	9,116	N/A	(63,965)
Non-current				
Assets	615,753	652,243	N/A	320,015
Liabilities	(42,700)	(42,700)	N/A	–
	573,053	609,543	N/A	320,015
Net assets	538,691	618,659	N/A	256,050
Accumulated non-controlling interests	153,307	182,599	N/A	31,235

Summarised statement of comprehensive income

	Premier Ever As at 31 December		Shenyang Keenson As at 31 December	
	2015	**2014**	**2015**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Revenue	29,322	23,198	N/A	–
Loss before income tax	(53,702)	(61,746)	N/A	(1,877)
Income tax expense	–	–	N/A	–
(Loss)/profit for the year	(53,702)	(61,746)	N/A	(1,877)
Other comprehensive income	(26,266)	(9,149)	N/A	(6,854)
Total comprehensive income for the year	(79,968)	(70,895)	N/A	(8,731)
(Loss)/profit allocated to non-controlling interests	(19,443)	(22,033)	N/A	(229)

The information above shows amounts before inter-company eliminations.

Summarised statement of cash flows

	Premier Ever As at 31 December		Shenyang Keenson As at 31 December	
	2015	**2014**	**2015**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Cash generated from/(used in) operations	6,143	(43,573)	N/A	368
Income tax paid	–	–	N/A	–
Net cash from/(used in) operating activities	6,143	(43,573)	N/A	368
Cash flow from investing activities				
Net cash (used in)/from investing activities	(23,836)	(21,460)	N/A	1
Cash flow from financing activities				
Net cash (used in)/from financing activities	(307)	–	N/A	–
Net (decrease)/increase in cash and cash equivalents	(18,000)	(65,033)	N/A	369
Cash and cash equivalents at beginning of year	34,208	99,196	N/A	42
Effect of exchange rate changes on cash and cash equivalents	(2,498)	45	N/A	16
Cash and cash equivalents at end of year	13,710	34,208	N/A	427

Save as aforesaid, there is a loan from non-controlling interest of HKD153,254,000 (2014: HKD153,254,000) being unsecured, interest-free and has no fixed terms of repayment. The non-controlling interest has agreed not to demand repayment of the loan from the Group within the next twelve months from the end of the reporting period. Accordingly, the Directors believe that the Group has an unconditional right to defer settlement of the loan for at least twelve months after the end of the reporting period and classified the loan as a non-current liability.

43. Disposal of subsidiaries

(a) As referred to in Note 8, on 18 September 2015, the Group disposed of its subsidiary Grand Golden, to an independent third party for a cash consideration of HKD20. The net liabilities of Grand Golden and its subsidiaries at the date of disposal were as follows:

	HKD'000
Net liabilities disposed of:	
Tax recoverable	52,314
Prepayments and other receivables	8
Bank balances and cash	1,653
Other payables	(1,817)
Tax payable	(52,313)
Shareholders' loan	(97,626)
	(97,781)

	HKD'000
Consideration	–
Less: Shareholders' loan assigned to the buyer	(97,626)
Net liabilities disposed of	97,781
Gain on disposal of subsidiaries	155

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of Grand Golden and its subsidiaries was as follows:

	HKD'000
Cash consideration	–
Bank balances and cash disposed of	(1,653)
	(1,653)

(b) During the year ended 31 December 2015, the Group disposed/deemed to have disposed of some other subsidiaries for cash considerations of HKD1,125,000. The net liabilities of these subsidiaries at the date of disposal were as follows:

	HKD'000
Net liabilities disposed of:	
Property, plant and equipment	2,101
Club debenture	1,124
Trade and other receivables	10,571
Bank balances and cash	6,392
Trade and other payables	(24,368)
	(4,180)
Non-controlling interests	861
	(3,319)

	HKD'000
Consideration	1,125
Net liabilities disposed of	3,319
Release of translation reserves	(129)
Gain on disposal of subsidiaries	4,315

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

	HKD'000
Cash consideration	1,125
Bank balances and cash disposed of	(6,392)
	(5,267)

44. Acquisition of subsidiaries

(a) On 30 April 2014, the Group completed an acquisition of 100% equity interests in Jin Dragon Holdings Limited ("Jin Dragon"). The total consideration of approximately HKD167,037,000 included a cash consideration of approximately HKD20,877,000, consideration share of 261,000,000 shares of the Company and the purchase of the shareholder's loan owed by Jin Dragon to the vendor of approximately HKD103,000,000. The acquisition was made as the Directors believe the growth prospects for financial services business are bright and can widen the Group's revenue base. The goodwill arising from the acquisition of Jin Dragon is mainly attributable to the financial services expertise and skills of employees of Jin Dragon that will bring to the Group.

	HKD'000
Fair value of assets and liabilities acquired:	
Property, plant and equipment	216
Intangible assets	599
Deferred tax assets	18
Statutory deposits for financial business	200
Trade and other receivables	14,904
Advances to customers in margin financing	21,254
Loans receivable	70,000
Bank balances and cash – held on behalf of customers	13,541
Bank balances and cash	26,504
Trade and other payables	(14,249)
Tax payables	(1,540)
	131,447
Goodwill	35,590
	167,037
Total consideration satisfied by:	
Cash consideration	20,877
Fair value of consideration shares	146,160
	167,037
Net cash inflow arising on acquisition:	
Cash consideration	(20,877)
Bank balances and cash acquired	26,504
	5,627

The fair value of the 261,000,000 consideration shares issued as part of the consideration paid for the vendor was determined on the basis of the closing market price of the Group's ordinary shares on the acquisition date.

The fair value of loans receivable, advances from customers in margin financing and trade and other receivables, equivalent to its gross contractual amount as shown above, was considered as fully recoverable.

Loss for the year from continuing operations included a profit of approximately HKD9,197,000 attributable to the business of Jin Dragon and its subsidiaries which generated total revenue of approximately HKD21,936,000 for the period since its acquisition.

Had the acquisition been completed on 1 January 2014 the Group's revenues and loss for the year for continuing operations would have been approximately HKD280,175,000 and approximately HKD4,887,000, respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

(b) On 28 February 2014, the Group completed an acquisition of the remaining 50% equity interests in a joint venture, JFT Holdings, for a cash consideration of HKD25,000,000. The Directors considered this acquisition as an acquisition of assets and liabilities because JFT Holdings did not constitute a business at the acquisition date.

Upon completion of the acquisition, the Group's 50% interest in the joint venture already held was treated as being disposed of at fair value amounting to HKD25,000,000 on the date of acquisition. As a result, a fair value gain on remeasurement of equity in a joint venture of approximately HKD10,051,000 had been recognised and included in other income in the consolidated statement of comprehensive income.

	HKD'000
Net cash outflow arising on acquisition:	
Cash consideration	25,000
Bank balances and cash acquired	(1,486)
	23,514

(c) On 15 September 2014, the Group completed the acquisition of the entire equity interest in Trillion Earning Limited ("Trillion Earning"), for considerations satisfied as to approximately HKD95,938,000 by cash, as to approximately HKD233,851,000 by the allotment and issue of 260,260,000 new shares by the Company and as to approximately HKD159,663,000 by the transfer of 42% of the Group's equity interest in Giant Eagle and of 42% of all amounts owed by Giant Eagle and its subsidiaries ("Giant Eagle Loans"). The Directors considered this acquisition as an acquisition of assets and liabilities because Trillion Earning did not constitute a business at the acquisition date.

	HKD'000
Net cash outflow arising on acquisition:	
Cash consideration	95,938
Bank balances and cash acquired	(86,980)
	8,958

Furthermore, the vendor has given a guarantee to the Group that for each of the three calendar years from the date of completion, the rental revenue less all taxes and all agency fees ("Net Revenue") as shown in the audited or the latest management accounts of Worldwide Properties Limited ("Worldwide Properties"), a wholly-owned subsidiary of Trillion Earning, shall not be less than HKD25,000,000. If the Net Revenue falls short of HKD25,000,000 in any of these three calendar years, the vendor shall on demand pay to the Group the full amount of the shortfall in cash. If the Net Revenue exceeds HKD25,000,000, a sum equal to certain percentage of the excess over HKD25,000,000 shall be paid by the Group to the vendor after the issue of the audited or the latest management accounts of Worldwide Properties.

Based on the Directors' best estimation by considering the probability-weighted average of payouts associated with each possible outcome in respect of the above revenue guarantee, the fair value of the revenue guarantee is not material as at both the completion date and 31 December 2014. Accordingly, such revenue guarantee was not recognised in the consolidated financial statements.

(d) On 30 September 2014, the Group completed an acquisition of the entire equity interest in 金寶來大飯店股份有限公司 (''Golden Palaris''), for a cash consideration of NTD117,133,000, equivalent to approximately HKD29,885,000. The acquisition was made as the Directors believe the growth prospects for duty free business in Taiwan are bright and can widen the Group's revenue base.

	HKD'000
Fair value of assets and liabilities acquired:	
Property, plant and equipment	3,088
Inventories	8,014
Trade and other receivables	616
Restricted bank deposit	1,531
Bank balances and cash	27,190
Trade and other payables	(2,243)
Withholding tax payables	(5,102)
	33,094
Bargain purchase gain arising on acquisition	(3,209)
Cash consideration	29,885
Net cash outflow arising on acquisition:	
Cash consideration	29,885
Bank balances and cash acquired	(27,190)
	2,695

Gain on bargain purchase of approximately HKD3,209,000 was recognised as other income and gains in the statement of comprehensive income upon completion of the acquisition of Golden Palaris, which was mainly attributable to the discount upon negotiation with the vendor.

The fair value of trade and other receivables, equivalent to its gross contractual amount as shown above, was considered as fully recoverable.

Loss for the year from continuing operations included a loss of approximately HKD1,356,000 attributable to the business of Golden Palaris and its subsidiaries which generated total revenue of approximately HKD1,609,000 for the period since its acquisition.

Had the acquisition been completed on 1 January 2014 the Group's revenues and loss for the year from continuing operation would have been HKD270,938,000 and HKD13,766,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

(e) On 28 April 2015, the Group completed an acquisition of the remaining 50% equity interests in a joint venture, Smart Shine Industrial 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 a fair value of 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 had been recognised and included in other expenses in the profit or loss of the consolidated statement of comprehensive income.

	HKD'000
Net cash inflow arising on acquisition:	
Cash consideration	22,900
Bank balances and cash acquired	(33,054)
	(10,154)

45. Comparative figures

As disclosed in Note 6, comparatives of certain items of segment information have been restated for consistent presentation with the current year's segment information.

3. UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2016

The following is the full text of the unaudited financial statements of the Group for the six months ended 30 June 2016 as extracted from the interim report of the Company for the six months ended 30 June 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
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

	Notes	2016 HKD'000 (Unaudited)	2015 HKD'000 (Unaudited)
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
(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			
Non-controlling interests		(88)	187,929
		(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 HKD'000 (Unaudited)	31.12.2015 HKD'000 (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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the Company											
	Share capital	Contributed surplus	Share premium	Properties revaluation reserve	Investments revaluation reserve	Share options reserve	Translation reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
At 1 January 2015 (audited)	266,952	523,213	924,998	142,374	(14,749)	4,970	38,580	–	301,889	2,188,227	223,516	2,411,743
Profit for the period	–	–	–	–	–	–	–	–	166,828	166,828	(11,499)	155,329
Surplus arising on revaluation of properties	–	–	–	5,331	–	–	–	–	–	5,331	1,549	6,880
Deferred tax liability arising on revaluation of properties	–	–	–	(70)	–	–	–	–	–	(70)	–	(70)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	3,128	–	–	3,128	682	3,810
Share of other comprehensive income of joint ventures	–	–	–	–	–	–	14	–	–	14	–	14
Reserve released to profit and loss on obtaining control of a joint venture	–	–	–	–	–	–	(2,051)	–	–	(2,051)	–	(2,051)
Fair value gain on available-for-sale investments	–	–	–	–	20,354	–	–	–	–	20,354	–	20,354
Release to profit or loss upon disposal of available-for-sale investments	–	–	–	–	(5,605)	–	–	–	–	(5,605)	–	(5,605)
Other comprehensive income for the period	–	–	–	5,261	14,749	–	1,091	–	–	21,101	2,231	23,332
Total comprehensive income for the period	–	–	–	5,261	14,749	–	1,091	–	166,828	187,929	(9,268)	178,661
Acquisition of non-controlling interest in subsidiary	–	–	–	–	–	–	–	–	1,937	1,937	(29,769)	(27,832)
Share-based payments	–	–	–	–	–	635	–	–	–	635	–	635
Exercise of share options	1,293	–	5,481	–	–	(1,540)	–	–	–	5,234	–	5,234
Lapse of share options	–	–	–	–	–	(1,356)	–	–	1,356	–	–	–
Appropriation to statutory reserve	–	–	–	–	–	–	–	2,406	(2,406)	–	–	–
At 30 June 2015 (unaudited)	268,245	523,213	930,479	147,635	–	2,709	39,671	2,406	469,604	2,383,962	184,479	2,568,441

	Attributable to owners of the Company											
	Share capital *HKD'000*	Contributed surplus *HKD'000*	Share premium *HKD'000*	Properties revaluation reserve *HKD'000*	Investments revaluation reserve *HKD'000*	Share options reserve *HKD'000*	Translation reserve *HKD'000*	Statutory reserve *HKD'000*	Retained profits *HKD'000*	Total *HKD'000*	Non-controlling interests *HKD'000*	Total *HKD'000*
At 1 January 2016 (audited)	269,775	523,213	936,965	143,617	–	1,849	(42,363)	2,406	483,673	2,319,135	150,579	2,469,714
Loss for the period	–	–	–	–	–	–	–	–	2,120	2,120	(7,328)	(5,208)
Surplus arising on revaluation of properties	–	–	–	13,546	–	–	–	–	–	13,546	2,386	15,932
Deferred tax liability arising on revaluation of properties	–	–	–	(1,090)	–	–	–	–	–	(1,090)	–	(1,090)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(14,637)	–	–	(14,637)	(5,651)	(20,288)
Share of other comprehensive income of joint ventures	–	–	–	–	–	–	(27)	–	–	(27)	–	(27)
Other comprehensive income for the period	–	–	–	12,456	–	–	(14,664)	–	–	(2,208)	(3,265)	(5,473)
Total comprehensive income for the period	–	–	–	12,456	–	–	(14,664)	–	2,120	(88)	(10,593)	(10,681)
Share-based payments	–	–	–	–	–	1,472	–	–	–	1,472	–	1,472
Exercise of share options	92	–	389	–	–	(111)	–	–	–	370	–	370
Lapse of share options	–	–	–	–	–	(36)	–	–	36	–	–	–
Dividend payables	–	–	–	–	–	–	–	–	(53,973)	(53,973)	–	(53,973)
At 30 June 2016 (unaudited)	269,867	523,213	937,354	156,073	–	3,174	(57,027)	2,406	431,856	2,266,916	139,986	2,406,902

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	2016	**2015**
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Net cash from/(used in) operating activities	179,860	(206,790)
Net cash (used in)/from investing activities	(85,341)	299,065
Net cash used in financing activities	(17,109)	(5,877)
Net increase in cash and cash equivalents	77,410	86,398
Cash and cash equivalents at the beginning of the period	470,025	562,362
Effect of foreign exchange rate changes on cash and cash equivalents	(1,109)	1,585
Cash and cash equivalents at the end of the period, representing bank balances and cash	546,326	650,345

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 offsetting disclosure for offsetting financial assets and financial liabilities are disclosed in Notes 23.

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	Branding	Property investment and holding	Outlet malls	Financial services	Duty free	Consolidated
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*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 *HKD'000* (Unaudited)	**31.12.2015** *HKD'000* (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 expense

Profit before income tax expense has been 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*
	(Unaudited)	(Unaudited)
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*
	(Unaudited)	(Unaudited)
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 ageing analysis is disclosed for advances to customers in margin financing as, in the opinion of the Directors, an ageing analysis is not meaningful in view of the business nature of margin financing.

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 ageing analysis is disclosed for payables to margin clients as, in the opinion of the Directors, an ageing 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

19. Share option scheme

There has been no change in the Group's share option 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:

Name of participants	Date of grant	Exercise period	Exercise price per share *HKD*	Number of share options: 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 – 16/6/2017	0.550	6,000,000	–	–	–	6,000,000
	4/12/2015	4/12/2015 – 3/12/2016	0.760	1,000,000	–	–	–	1,000,000
Employees	9/10/2013	9/10/2014 – 8/10/2016	0.402	350,000	–	(140,000)	(210,000)	–
		9/10/2015 – 8/10/2016	0.402	960,000	–	(780,000)	(90,000)	90,000
	4/12/2015	1/7/2016 – 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 (six months ended 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 a gross proceeds of HKD370,000 (six months ended 30 June 2015: HKD5,234,000). 300,000 options were lapsed during the six months ended 30 June 2016 (six months ended 30 June 2015: 11,460,000).

20. Operating leases

The Group as lessee

The Group made the following minimum lease payments during the period as follows:

	Six months ended 30 June	
	2016	**2015**
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Operating lease rentals in respect of:		
Minimum lease payments:		
– Office	670	1,308
– Retail shops	5,114	3,777
	5,784	5,085

The minimum lease payments include contingent rental for various retail shops calculated based on the relevant shops' revenue using pre-determined formulae.

At the end of the reporting date, the Group had commitments for future minimum lease payments for plants and retail shops under non-cancellable operating leases which fall due as follows:

	30.06.2016	**31.12.2015**
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Within one year	7,763	4,968
In the second to fifth year, inclusive	5,189	1,864
	12,952	6,832

Operating lease payments represent rental payable by the Group for certain of its plants and retail shops. Leases are negotiated for lease terms of one to three years.

The above lease commitments represent basic rent only and do not include contingent rent payable in respect of certain retail shops leased by the Group. In general, contingent rent is calculated with reference to the relevant retail shops' revenue using pre-determined formulae. It is not possible to estimate in advance the amount of such contingent rent payable.

The Group as lessor

Property rental income earned during the six months ended 30 June 2016 was HKD17,865,000 (six months ended 30 June 2015: HKD17,629,000). All investment properties of the Group are held for rental purposes, and have committed tenants.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	30.06.2016	**31.12.2015**
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Within one year	26,836	32,587
In the second to fifth year inclusive	26,756	36,603
	53,592	69,190

21. Related party transactions

(a) Related party transactions

During the period, the Group entered into the following transactions with a Director, who is also a substantial shareholder of the Company, his spouse and a company controlled by him:

	Six months ended 30 June	
	2016	**2015**
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Commission income	3	177
Interest income	89	145
Purchase of property, plant and equipment	–	2,896
Total amount of margin financing facilities granted	–	1,415
Maximum amount of margin financing	4,556	11,633

(b) Compensation of key management personnel

The remuneration of Directors and key management personnel during the period was as follows:

	Six months ended 30 June	
	2016	**2015**
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Short-term benefits	4,875	8,472
Post-employment benefits	53	325
Total	4,928	8,797

The remuneration of Directors and key management personnel is determined by the Remuneration Committee having regards to the performance of the individuals, market trends and overall performance of the Group.

22. Contingent liabilities

Potential tax liabilities in connection with the disagreement with IRD and potential penalty arising from the late filing of PRC tax returns, if any, are detailed in Note 4.

23. Financial instruments – offsetting financial assets and financial liabilities

The following tables present details of the Group's financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements.

	Financial assets subject to offsetting					
				Related amounts not offset in the condensed consolidated statement of financial position		
	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities offset in the condensed consolidated statement of financial position	Net amount of financial assets presented in the condensed consolidated statement of financial position	Financial instruments other than cash collateral	Cash collateral received	Net amount
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
At 30 June 2016						
Type of financial assets						
Trade receivables from HKSCC	11,525	(11,525)	–	–	–	–
At 31 December 2015						
Type of financial assets						
Trade receivables from HKSCC	35,402	(13,087)	22,315	–	–	22,315

	Financial liabilities subject to offsetting					
				Related amounts not offset in the condensed consolidated statement of financial position		
	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets offset in the condensed consolidated statement of financial position	Net amount of financial liabilities presented in the condensed consolidated statement of financial position	Financial instruments other than cash collateral	Cash collateral received	Net amount
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
At 30 June 2016						
Type of financial liabilities						
Trade payables from HKSCC	12,272	(11,525)	747	–	–	747
At 31 December 2015						
Type of financial liabilities						
Trade payables from HKSCC	13,087	(13,087)	–	–	–	–

The tables below reconcile the amounts of trade and other receivables and trade and other payables of the Group as presented in the condensed consolidated statement of financial position:

Trade and other receivables	**30.06.2016**	**31.12.2015**
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Net amount of trade receivables from HKSCC	–	22,315
Trade and other receivables not in the scope of offsetting disclosure	99,070	93,527
Trade and other receivables as disclosed in the condensed consolidated statement of financial position	99,070	115,842

Trade and other payables	**30.06.2016**	**31.12.2015**
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Net amount of trade payables from HKSCC	747	–
Trade and other payables not in the scope of offsetting disclosure	272,972	265,611
Trade and other payables as disclosed in the condensed consolidated statement of financial position	273,719	265,611

24. 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, 6 July 2016 and the Company's circular dated 29 April 2016 respectively.

4. INDEBTEDNESS STATEMENT

(i) The Group

Borrowings

At the close of business on 31 December 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total borrowings of HK$872 million. Details of the total borrowings are summarised below:

	The Group as at 31 December 2016 *HK$'million*
Secured	
Bank loans	564
Unsecured	
Bank loans	155
	719
Amounts due to non-controlling interests, unsecured and unguaranteed	153
Total borrowings	872

	The Group as at 31 December 2016 *HK$'million*
Analysis of total borrowings	
Repayable within 1 year	173
Repayable after 1 year but within 2 years	546
Repayable after 2 years but within 5 years	–
Repayable after 5 years	–
	719
Amounts due to non-controlling interests, unsecured and unguaranteed	153
Total borrowings	872

Contingent liabilities

As at 31 December 2016, a subsidiary acquired in prior year has not filed tax returns for corporate income tax in the PRC in respect of certain 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 the 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.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchases commitments, which were either guaranteed, non-guaranteed, secured or unsecured guarantees or other material contingent liabilities at the close of business on 31 December 2016.

(ii) The Kingxin Group

Borrowings

At the close of business on 31 December 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Kingxin Group, which became indirect 80%-owned subsidiaries of the Company upon completion of the Kingxin Acquisition on 12 January 2017, had total borrowings of HK$224 million. Details of the total borrowings are summarised below:

	The Kingxin Group as at 31 December 2016 *HK$' million*
Secured	
Bank loans	224

	The Kingxin Group as at 31 December 2016 *HK$' million*
Analysis of total borrowings	
Repayable within 1 year	–
Repayable after 1 year but within 2 years	224
Repayable after 2 years but within 5 years	–
Repayable after 5 years	–
Total borrowings	224

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Kingxin Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, which were either guaranteed, non-guaranteed, secured or unsecured guarantees or other material contingent liabilities at the close of business on 31 December 2016.

5. MATERIAL CHANGE

(i) As disclosed in the interim report of the Company dated 19 August 2016 (the "**2016 Interim Report**"), the Group recorded an unaudited consolidated net profit attributable to the owners of the Company of approximately HK$2.1 million for the six months ended 30 June 2016, representing a significant drop in profitability as compared to the unaudited consolidated net profit attributable to the owners of the Company of approximately HK$166.8 million for the corresponding period in 2015. This is mainly attributable to the fact that during the six months ended 30 June 2015, there was a one-off net gain of approximately HK$194 million from the disposal of the "PONY" trademark and intellectual property rights in Canada, the United States of America and Mexico. The occurrence of such one-off gain of similar magnitude was not repeated and this resulted in a significant drop in profitability after 31 December 2015;

(ii) as disclosed in the announcement of the Company dated 3 October 2016, Mitsubishi Estate Corporation ("**MEC**") served a notice to exercise a put option pursuant to a joint venture agreement signed between MEC and True Wealth Properties Limited ("**True Wealth**") (a wholly-owned subsidiary of the Company) on 23 February 2011. The put option required True Wealth to acquire a 37.5% interests in Premier Ever Group Limited ("**Premier Ever**") from MEC at a consideration of US$26,152,513 (equivalent to approximately HK$202.7 million). Premier Ever and its subsidiaries are engaged in the management and operation of the Shenyang Park Outlets. Upon completion of the transaction, which constituted a discloseable transaction of the Company under the Listing Rules, on 21 December 2016, Premier Ever changed from a 62.5%-owned subsidiary to a wholly-owned subsidiary of the Company;

(iii) as disclosed in the announcement of the Company dated 24 January 2017, on 15 December 2016, State Key Limited (an indirect wholly-owned subsidiary of the Company) being the purchaser and 曾煥煌先生 (Mr. Zeng Huan Huang*) being the vendor entered into an agreement pursuant to which State Key Limited acquired 80% of the issued share capital of Kingxin at a cash consideration of RMB76 million (equivalent to approximately HK$85.1 million). The Kingxin Group is engaged in property investment and holding in the PRC. The principal asset of the Kingxin Group is the Chongqing Property which is held for rental purpose, and the principal liability of the Kingxin Group comprises a loan in the amount of RMB200 million (equivalent to approximately HK$224 million) advanced by an independent financial institution. As disclosed in the valuation report on the Chongqing Property contained in Appendix III to this circular, the market value of the Chongqing Property as valued by an independent professional valuer amounted to RMB335.4 million (equivalent to approximately HK$375.6 million) as at 16 January 2017. Completion of the acquisition, which constituted a discloseable transaction of the Company under the Listing Rules, took place on 12 January 2017. Kingxin has become an indirectly 80%-owned subsidiary of the Company and its financial statements would be consolidated into the accounts of the Group with effect from 12 January 2017, as a result of which the value of properties and the borrowings of the Group (which amounted to approximately HK$1,987.3 million as at 30 November 2016 and HK$872 million as at 31 December 2016 respectively) increased. The Chongqing Property is the first community mall investment for the Group;

(iv) as disclosed in the 2016 Interim Report, the Group resolved to bring the cooperation with the sports brand "Speedo" to a conclusion pursuant to a notice dated 17 June 2016. Based on the 2016 Interim Report, revenue from this cooperation accounted for approximately 34% of the total revenue of the Group for the six months ended 30 June 2016. Despite the termination, the Group continued to explore distribution collaboration with other well-known sports brands. On 15 December 2016, 添峰上海服飾貿易有限公司 (Tianfeng (Shanghai) Clothing Trading Company Limited*), a wholly-owned subsidiary of the Company, entered into a memorandum of understanding with an independent third party (the "**Brand Owner**") in relation to the exclusive distributorship in the PRC of sports products of a popular brand and the formation of a joint venture for the distributorship business. The joint venture is intended to be held as to 70% by the Group and as to 30 % by the Brand Owner. As at the Latest Practicable Date, no binding agreement has been entered into in relation to the distributorship and the joint venture;

(v) on 30 December 2015, Chung Wah Elite Company Limited (a wholly-owned subsidiary of the Company) ("**Chung Wah**") entered into an agreement with 安陽國旅實業發展有限公司 (Anyang Guolu Industrial Development Company Limited*) ("**Guolu Industrial**") in relation to the establishment of a joint venture company ("**Anyang Guolu**") to develop the Anyang Property and conduct the business of outlet mall operation in Anyang, the PRC. Anyang Guolu was held as to 50% by the Company and as to 50% by Guolu Industrial. Guolu Industrial is a wholly-owned subsidiary of Wuhan Qiaoshang, which was in turn held as to 25% by the Target indirectly. Accordingly, the Company has a 57.25% effective interest in Anyang Guolu. The initial registered capital of Anyang Guolu was RMB30 million at the time of its establishment. In July 2016, the parties entered into a capital increase agreement, pursuant to which the registered capital of Anyang Guolu was increased to RMB90 million. Chung Wah's proportionate investment in Anyang Guolu was RMB45 million (equivalent to approximately HK$50.4 million) in total, which was contributed in cash in January and July 2016 respectively. The investment has been accounted for as interest in joint venture in the Group's financial statements. The Target Group has also advanced a loan of RMB1 million (equivalent to approximately HK$1.1 million) and RMB50 million (equivalent to approximately HK$56 million) to Wuhan Qiaoshang and Anyang Guolu respectively during the first half year of 2016. The investment represents an expansion of the Group's outlet mall business to a historical city which is also a tourist attraction; and

(vi) in January 2017, the Company obtained a banking facility in the amount of HK$178 million from First Commercial Bank which is intended to be used to fund the capital needs of the Group for future investment projects. The facility was unutilised as at the Latest Practicable Date. Such facility would, to the extent utilised, increase the total borrowings of the Group (which amounted to approximately HK$872 million as at 31 December 2016). There will be a corresponding increase in total assets of the Group but the extent of increase would depend on the other resources utilised in addition to the facility to fund the investment projects.

Save as disclosed above, the Directors confirm that there has been no material change in the financial and trading position or outlook of the Group since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to and including the Latest Practicable Date.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save for (i) the significant drop in profitability as disclosed in the 2016 Interim Report due to the inclusion of a one-off gain of approximately HK$194 million in the financial year ended 31 December 2015 from the disposal of the "PONY" trademark and intellectual properties in Canada, the United States of America and Mexico not having repeated in 2016; and (ii) the resolution of the Group to bring the cooperation with the sports brand "Speedo" pursuant to a notice dated 17 June 2016 as disclosed in the 2016 Interim Report, the Directors were not aware of any material adverse change in the financial or trading position of the Group subsequent to 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up.

7. RECONCILIATION STATEMENT OF THE VALUE OF THE PROPERTIES OF THE GROUP AND THE TARGET GROUP

The Company has engaged Prudential and Knight Frank, both of which are independent property valuers, to value all of the properties held by the Group and the Target Group as at the Latest Practicable Date. The valuation report prepared by Prudential as set out in the Appendix II to this circular includes all the properties held by the Group and the Target Group, except the Chongqing Property. The valuation report of the Chongqing Property, which has only been consolidated as part of the Group's assets since 12 January 2017 (being the date of completion of the Kingxin Acquisition), prepared by Knight Frank is set out separately in the Appendix III to this circular. The reconciliation of the net book value and the valuation as required under Rule 5.07 of the Listing Rules is set out below:

(a) Reconciliation of the value of the properties of the Group

	HK$'000
Net book value of the properties of the Group as at 31 December 2015	2,008,378
Accumulated amortisation of the properties classified as prepaid lease payment as at 31 December 2015	23,325
Valuation surplus *(note 1)*	36,377
Exchange realignment *(note 2)*	(80,747)
Valuation of the properties of the Group as at 30 November 2016 as set out in Appendix II to this circular *(note 3)*	1,987,333
Acquisition cost of the Chongqing Property *(note 4)*	330,400
Valuation surplus *(note 4)*	45,248
Valuation of the Chongqing Property as at 16 January 2017 as set out in Appendix III to this circular *(note 5)*	375,648

Notes:

(1) The valuation surplus of the properties of the Group of approximately HK$36,377,000 for the eleven months ended 30 November 2016 represented the aggregate changes in fair value of each of the properties of the Group in Hong Kong and in the PRC denominated in their respective original currencies of HK$ or RMB. Based on the effective interests in each of the respective properties held by the Group and the non-controlling shareholders of the companies holding the properties, the aforesaid valuation surplus of the properties of the Group attributable to the Shareholders and the non-controlling interests of the Company amounted to approximately HK$34,361,000 and HK$2,016,000 respectively.

(2) The loss arising from the exchange realignment of the properties of the Group of approximately HK$80,747,000 for the eleven months ended 30 November 2016 represented the difference between the translation of the properties of the Group in the PRC denominated in RMB into HK$ at the exchange rate prevailing at 31 December 2015 and at RMB1=HK$1.12 (being the exchange rate adopted for illustrative purpose in this circular). Based on the effective interests in each of the respective properties held by the Group and the non-controlling shareholders of the companies holding the properties, the aforesaid loss arising from exchange realignment of the properties of the Group attributable to the Shareholders and the non-controlling interests of the Company amounted to approximately HK$62,340,000 and HK$18,407,000 respectively.

(3) As set out in Appendix II to this circular, the properties of the Group (as disclosed as items No.1 to No.7, items No.9 and No.10 in the valuation report contained therein) were valued at approximately HK$1,987,333,000 in aggregate as at 30 November 2016, comprising properties located in Hong Kong of HK$461,000,000 in aggregate and properties located in the PRC of approximately RMB1,362,797,000 (equivalent to approximately HK$1,526,333,000) in aggregate. The Anyang Property (as disclosed as item No.8 in the valuation report set out in Appendix II) is held by Anyang Guolu, a joint venture company established in 2016 in which the Group held a 57.25% effective interest. Anyang Guolu is accounted for as an associate of the Company and accordingly its financial statements have not been consolidated into the accounts of the Group. The Anyang Property valued at approximately RMB217,780,000 (equivalent to approximately HK$243,914,000) as at 30 November 2016 is not accounted for as the properties of the Group and is not included in the reconciliation of the value of the properties of the Group above.

(4) As disclosed in the announcement of the Company dated 24 January 2017, on 15 December 2016, State Key Limited (an indirect wholly-owned subsidiary of the Company) being the purchaser and 曾煥煌先生 (Mr. Zeng Huan Huang*) being the vendor entered into an agreement in relation to the Kingxin Acquisition at a cash consideration of RMB76 million (equivalent to approximately HK$85.1 million). The Kingxin Acquisition was completed on 12 January 2017 and Kingxin has become an indirect 80%-owned subsidiary of the Company. The principal asset and liability of Kingxin and its subsidiaries are the Chongqing Property and a loan in the amount of RMB200 million. The acquisition cost of the Chongqing Property through the Kingxin Acquisition is initially measured at the RMB295 million (equivalent to approximately HK$330.4 million) as at 12 January 2017 which is estimated using the value of RMB95 million for 100% interest in Kingxin based on the consideration of RMB76 million, grossed up by the loan amount of RMB200 million. The other assets and liabilities of Kingxin have been disregarded as they are considered immaterial. The final acquisition cost of the Chongqing Property will be determined after the completion accounts of the Kingxin Group is available. The valuation surplus of RMB40.4 million (equivalent to approximately HK$45.2 million) represented the difference between the valuation of the Chongqing Property as at 16 January 2017 of RMB335.4 million based on capitalisation of net income approach as set out in Appendix III to this circular and the aforesaid acquisition cost of RMB295 million. Based on the effective interests in Kingxin held by the Group and the non-controlling shareholders of Kingxin of 80% and 20% respectively, the aforesaid valuation surplus of the Chongqing Property attributable to the Shareholders during the period from 12 January 2017 to 16 January 2017 and the non-controlling interests of the Company amounted to approximately HK$36,198,400 and HK$9,049,600 respectively.

(5) As set out in the appendix III to this circular, the Chongqing Property is valued at RMB335,400,000 (equivalent to approximately HK$375,648,000) as at 16 January 2017.

(b) Reconciliation of the value of the properties of the Target Group

	HK$'000
Audited net book value of the properties of the Target Group as at 31 December 2015	437,115
Valuation surplus *(note 1)*	2,822
Exchange realignment *(note 2)*	(22,049)
Valuation of the properties of the Target Group as at 30 November 2016 *(note 3)*	417,888

Notes:

(1) The valuation surplus of the properties of the Target Group of approximately HK$2,822,000 for the eleven months ended 30 November 2016 represented the changes in fair value of the properties of the Target Group in terms of RMB by RMB2,520,000 from RMB370,594,000 as at 31 December 2015 to RMB373,114,000 as at 30 November 2016. Based on the effective interests in the Target Group held by the Group and the Sale Shares of 58% and 42% respectively, the aforesaid valuation surplus of the properties of the Target Group attributable to the Shareholders and the Sale Shares amounted to approximately HK$1,637,000 and HK$1,185,000 respectively.

(2) The loss arising from the exchange realignment of the properties of the Target Group of approximately HK$22,049,000 for the eleven months ended 30 November 2016 represented the difference between the translation of the properties of the Target Group denominated in RMB into HK$ at the exchange rate prevailing at 31 December 2015 and at RMB1=HK$1.12 (being the exchange rate adopted for illustrative purpose in this circular). Based on the effective interests in the Target Group held by the Group and the Sale Shares of 58% and 42% respectively, the aforesaid loss arising from exchange realignment of the properties of the Target Group attributable to the Shareholders and the Sale Shares amounted to approximately HK$12,788,000 and HK$9,261,000 respectively.

(3) As set out in Appendix II to this circular, as at 30 November 2016, the Shenyang Properties (as disclosed as items No. 6 and No. 7 in the valuation report contained therein) were valued at RMB373,114,000 (equivalent to approximately HK$417,888,000) in aggregate. The Anyang Property (as disclosed as item No.8 under the valuation report set out in Appendix II) is held by Anyang Guolu, a joint venture company established in 2016 in which the Target Group held a 12.5% effective interest. The valuation of Anyang Property as at 30 November 2016 of approximately RMB217,780,000 (equivalent to approximately HK$243,914,000) is not consolidated as the property of the Target Group and is not included in the reconciliation of the value of the properties of the Target Group above.

The following is the full text of the valuation report and the valuation certificate received from Prudential, an independent valuer, in connection with its valuation of the properties of the Group and the Target Group as at 30 November 2016, which has been prepared for the purpose of incorporation in this circular.

PRUDENTIAL
Surveyors (Hong Kong) Limited
測建行香港有限公司

member of ICON CITY 理想城市集團成員

3/F Tung Hip Commercial Building,
244-252, Des Voeux Road Central,
Hong Kong

15 February 2017

Our Ref.: 2016MV07938

Symphony Holdings Limited
10th Floor, Island Place Tower
No.510 King's Road
North Point
Hong Kong

Dear Sir/Madam,

Re:

1. **Units 1 to 10 on 3rd Floor (i.e. the entire 3rd Floor), Island Place Tower, No.510 King's Road, North Point, Hong Kong.**
2. **Units 1 to 10 on 10th Floor (i.e. the entire 10th Floor) of Island Place Tower, No.510 King's Road, North Point, Hong Kong.**
3. **Portion B on 5th Floor of No.32 Hung To Road, Kwun Tong, Kowloon.**
4. **Unit C on 2nd Floor of Hop Ming Factory Building, No.8 On Yip Street, Chai Wan, Hong Kong.**
5. **Two sites Nos.4 & 5 North of Puheda Road, Hushi Tai Development Zone, Shenbei New District, Shenyang, Liaoning Province, The People's Republic of China.**
6. **Two vacant sites Nos.88 and 89 North of Puheda Road, Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, The People's Republic of China.**
7. **A vacant site at North of Puheda Road, Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, the People's Republic of China**
8. **A site on West of Zhonghau Road, North of Anbao Main Road, South of Wenyi Street, at Baoliansi Zhen, Wenfeng District, Anyang, Henan Province, The People's Republic of China**
9. **12th, 14th, 16th and 18th Floors, Beijing Junefield Plaza, Nos.6,8,10,12,16,18 Xuan Wu Men Outer Street, Xuan Wu District, Beijing, The People's Republic of China**
10. **Units 1 and 2 on 6th Floor, Jiuge Business Centre（九哥商務中心）, No.2301, Yi Shan Lu, Shanghai, The People's Republic of China**

In accordance with the instructions from Symphony Holdings Limited (hereinafter referred to as the "Company") for us to carry out a valuation of the captioned properties (hereinafter referred to as the "Properties"), which is held by the Company and/or its subsidiaries (hereinafter collectively referred to as the "Group"), we confirm that we have carried out site inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties as at 30th November 2016 (hereinafter referred to as the "Date of Valuation").

This letter, forming part of our valuation report, identifies the Properties being valued, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation we have made in the course of our valuation, as well as the limiting conditions.

BASIS OF VALUATION

In evaluating the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the HKIS Valuation Standards on Properties (2012 Edition) issued by the Hong Kong Institute of Surveyors and Rule 11 of the Code on Takeovers and Mergers issued by the Hong Kong Securities and Futures Commission.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the properties in the PRC include: (i) value-added tax at 5% of sales amount, (ii) PRC land appreciation tax (equivalent to 30%-60% of the net appreciation amount and (iii) PRC corporate income tax (25%). Except for applicable stamp duties, the potential gain arising from the sales of the property in Hong Kong shall be capital in nature and not subject to any taxation.

In respect of the Properties, the status of titles and grant of major certificate approvals and licences, in accordance with the information provided by the Group are set out in the notes of the respective valuation certificate.

Our valuation of the property interest in the Properties is our opinion of the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion."

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of the Properties is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

Our valuation has been carried out in accordance with The Hong Kong Institute of Surveyors ("HKIS") Valuation Standards on Properties (2012 Edition) issued by the HKIS and the generally accepted valuation procedures and practices of professional surveyors.

VALUATION METHODOLOGY

(Hong Kong Properties)

In the course of our valuation, we have valued the Hong Kong Properties which are held by the Group in Hong Kong by using "Comparison Approach" with reference to market comparable sales evidences available in the market. We have allowed for outgoings and, in appropriate cases, made provisions of the reversionary income potential.

We have apportioned the market values of the Hong Kong Properties which are held by the Group in Hong Kong separately to the land and building values. The apportionment is done by making an assessment of the Net Replacement Cost of the building(s) as at the Date of Valuation and deduct from the valuation of the whole Properties to get the land value.

Net Replacement Cost is defined as the Gross Replacement Cost reduced to reflect the physical and functional obsolescence and environmental factors so as to arrive at the value of the building to the business.

Gross Replacement Cost is defined as the estimated cost of erecting the building or a modern substitute building having the same area as the existing building at current prices at the relevant date. This figure may include fees and finance charges payable during the construction period and other associated expenses directly related to the construction of the building.

(PRC Properties)

In the course of our valuation, we have valued the PRC Properties which are held by the Group in PRC, China using "Comparison Approach" as there are numbers of similar government land sales in the area and we have also considered the building costs and fees incurred as at the Date of Valuation for the erection of the commercial building.

VALUATION ASSUMPTIONS

In valuing the Properties interests, we have assumed that the Group has free and uninterrupted rights to use or to assign the property interests for the whole of the unexpired term granted subject to payment of annual land use fee and that all requisite land premium/purchase consideration otherwise payable have been fully settled.

Our valuation has also been made on the assumption that the Properties are to be sold in the open market without the benefit of a deferred terms contract, leaseback, joint venture, or any similar arrangement that would serve to affect their values. No account has been taken of any option or right of pre-emption concerning or affecting the sale of the Properties and no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amount owing on the Properties nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions, and outgoings of an onerous nature that could affect their value.

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificate.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests and we have relied on and taken into account the legal opinion dated 15 February 2017 prepared by Longan Law Firm (the "PRC Legal Advisors") on the laws of the PRC regarding titles to the PRC Properties for the purpose of our valuation. However, we have not scrutinized the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us.

LIMITING CONDITIONS

Mr. Albert C H Pang have inspected the exterior and, where possible, the interior of the Properties. However, no structural survey has been made nor have any tests been carried out on any of the services provided in the Properties. We are, therefore, not able to report that the Properties are free from rot, infestation or any other structural defects. Yet, in the course of our inspection, we did not note any serious defects.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any redevelopment.

No detailed on-site measurements have been made during our inspection. Dimensions, measurements and areas included in the valuation certificate attached are based on information contained in the documents provided to us and are therefore approximations only.

Having reviewed all relevant documentation, we have relied to a considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, completion dates of buildings, particulars of occupancy, site and floor plans, site and floor areas and other relevant matters in the identification of the Properties in which the Group has a valid interest. We have not seen original planning consents and have assumed that the Properties have been erected and are being occupied and used in accordance with such consents.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We were also advised by the Group that no material facts have been omitted from the information supplied. We considered that we have been provided with sufficient information to reach an informed view and have no reason to suspect that any information has been withheld.

In accordance with our standard practice, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. No liability to any third party will be accepted for the whole or any part of its contents.

REMARKS

We hereby confirm that we have neither present nor prospective interests in the Group, the Properties and the value reported herein.

The building and land values given in this report are informal apportionment and that the individual figures do not represent the building and land interests are separately marketable.

Unless otherwise specified, all values are in Hong Kong Dollars. The exchange rate as at 30th November 2016 was HK$1 = RMB0.888 (for PRC Properties only).

Yours faithfully,
For and on behalf of
PRUDENTIAL SURVEYORS (HONG KONG) LIMITED

Albert C H Pang
BSc (Hons) MRICS MHKIS RPS (GP)
Assistant General Manager

Mr. Albert C. H. Pang is a Registered Professional Surveyor (GP) with 19 years' experience in valuation of properties in HKSAR, Macau SAR, Mainland China and the Asia Pacific Region. Mr. Pang is a Professional Member of The Royal Institution of Chartered Surveyors and a Member of The Hong Kong Institute of Surveyors.

VALUATION CERTIFICATE OF PROPERTIES HELD BY SYMPHONY HOLDINGS LIMITED

	Property	Description	Particular of occupancy	Market value in existing state as at 30th November 2016
1.	Units 1 to 10 on 3rd Floor (i.e., the entire 3rd Floor), Island Place Tower, No.510 King's Road, North Point, Hong Kong A total of 512/62,411 shares of and in the Inland Lot No.8849 (The property is 100% held by the Group)	The property is one of the floors of a 27-storey office building completed in 1997. The total saleable area of the property is approximately 1,283.17 square metres (13,812 square feet). The property is held under Conditions of Exchange No.12353 for a lease term from 22nd June 1995 to 30th June 2047. The rent payable for the property is equal to 3% of the rateable value of the property from time to time.	The property is currently tenanted and leased for a term from 1st October 2014 to 30th September 2017 at a monthly rent of HK$580,000.00 (both dates inclusive and exclusive of government rates, air-conditioning, management charges and all other outgoing charges).	Land Value HK$165,037,000.00 Building Value HK$39,963,000.00 Total HK$205,000,000.00

Notes:-

1. The registered owner of the property is Kwan Tai Resources Limited, a wholly-owned subsidiary of the Company, and the property was acquired by an assignment dated 28th July 1997 vide Memorial No.UB7228454 for a consideration of HK$93,006,655.00.

2. The property is subject to the following encumbrances:

   (a) Mortgage dated 21st November 2014 in favour of First Commercial Bank, Limited vide Memorial No.14121802200473 for all moneys; and

   (b) Assignment of Rentals dated 21st November 2014 in favour of First Commercial Bank, Limited vide Memorial No.14121802200484.

3. Site visit was carried out on 11th October 2016.

	Property	Description	Particular of Occupancy	Market Value in existing state as at 30th November 2016
2.	Units 1 to 10 on 10th Floor (i.e., the entire 10th Floor), Island Place Tower, No.510 King's Road, North Point, Hong Kong. A total of 512/62,411 shares of and in the Inland Lot No.8849 (The property is 100% held by the Group)	The property is one of the floors of a 27-storey office building completed in 1997. The total saleable area of the property is approximately 1,283.17 square metres (13,812 square feet). The property is held under Conditions of Exchange No.12353 for a lease term from 22nd June 1995 to 30th June 2047. The rent payable for the property is equal to 3% of the rateable value of the property from time to time.	The property is currently self-occupied	Land Value HK$185,037,000.00 Building Value HK$39,963,000.00 Total HK$225,000,000.00

Notes:-

1. The registered owner of the property is Sym Development Limited, a wholly-owned subsidiary of the Company, and the property was acquired by an assignment dated 18th September 2000 vide Memorial No.UB8210900 for a consideration of HK$60,380,000.00.

2. The property is subject to the following encumbrances:

   (a) Mortgage dated 21st November 2014 in favour of First Commercial Bank, Limited vide Memorial No.14121802200473 for all moneys; and

   (b) Assignment of Rentals dated 21st November 2014 in favour of First Commercial Bank, Limited vide Memorial No.14121802200484.

3. Site visit was carried out on 11th October 2016.

	Property	Description	Particular of Occupancy	Market Value in existing state as at 30th November 2016
3.	Portion B on 5th Floor, No.32 Hung To Road, Kwun Tong, Kowloon 1/14 share of and in Kwun Tong Inland Lot No.264 (The property is 100% held by the Group)	The property is one of the industrial units of a 7-storey purpose-built industrial building completed in about 1968. The saleable area of the property is approximately 414.5 square metres (4,462 square feet) excluding the common parts thereof. The property is held under a government lease for a lease term of 21 years from 1st July 1962, renewable for 14 years, extended by the New Territories Leases (Extension) Ordinance until 30th June 2047. The rent payable for the property is equal to 3% of the rateable value of the property from time to time.	The property is currently self-occupied.	Land Value HK$15,834,000.00 Building Value HK$1,666,000.00 Total HK$17,500,000.00

Notes:-

1. The registered owner of the property is Yue Hing Holdings Limited, a wholly-owned subsidiary of the Company, and the property was acquired by an assignment dated 8th January 1998 vide Memorial No.UB7408017 for a consideration of HK$2,200,000.00.

2. The property is currently free from any encumbrances.

3. Site visit was carried out on 11th October 2016.

	Property	Description	Particular of Occupancy	Market Value in existing state as at 30th November 2016
4.	Unit C on 2nd Floor of Hop Ming Factory Building, No.8 On Yip Street, Chai Wan, Hong Kong 40/1,200 shares of and in Chai Wan Inland Lot No.51 (The property is 100% held by the Group)	The property comprises an industrial unit on the 2nd floor of an industrial building which is having carparks, workshop, loading/unloading area on ground floor and workshops above and completed in 1974. The saleable area of the property is approximately 403.66 square meters (4,345 square feet) excluding common parts thereof. The property is held under a Conditions of Sale No.9848 for a lease term of 75 years from 15th February 1971, renewable for a further term of 75 years. The rent payable for the property is equal to 3% of the rateable value of the property from time to time.	The property is currently self-occupied.	Land Value HK$11,067,000.00 Building Value HK$2,433,000.00 Total HK$13,500,000.00

Notes:-

1. The registered owner of the property is Yue Hing Holdings Limited, a wholly-owned subsidiary of the Company, and the property was acquired by an assignment dated 20th April 2007 vide Memorial No.07051801720143 for a consideration of HK$2,668,000.00.

2. The property is currently free from any encumbrances.

3. Site visit was carried out on 11th October 2016.

	Property	Description	Particular of Occupancy	Market Value in existing state as at 30th November 2016
5.	Two sites Nos.4 & 5 North of Puheda Road, Hushi Tai Development Zone, Shenbei New District, Shenyang, Liaoning Province, The People's Republic of China. (The property is 70% held by the Group)	Site No.5 has one side of land boundary abuts onto the Puheda Road which is a major road of dual 3 (3 lanes on each traffic direction). The north side of Site No.5 shares a common boundary with Site No.4. Further north of Site No.4 is a new road. The land is slightly sloping up from south to north. As per our on site visit of Site No.5 on 15th November 2016, occupancy ratio of shops on ground floor was nearly 100% while shops on 1st floor was about 90% occupied. The north portion of Site No.5 was a vacant site and a 1-storey commercial building is proposed to be constructed thereon. The total gross floor area is about 22,300 sq.m. and the estimated construction cost is about ¥89,200,000.00 and relevant regulatory consents need to be obtained. Site No.4 is vacant and with no immediate development potential at the present moment as advised by the Company. The market value of the property is estimated at ¥604,065,000.00 after completion and the anticipated completion will be scheduled at about one year from the date of this valuation. The property will be leased out once construction works are completed.	Shopping mall on site No.5 is partly tenanted and partly vacant. Site No.4 is vacant.	Site No.4 Land Value ¥17,220,000.00 Site No.5 Land Value ¥225,870,000.00 Building Value ¥271,775,000.00 Total ¥514,865,000.00

Notes:

Particulars of the Sites

			Site No. 5	Site No. 4	Total
(a)	Date of Sale Confirmation Letter	:	20 October 2009	20 October 2009	
(b)	Reference No. of Letter	:	Shenbeijiaozi [2009] 114	Shenbeijiaozi [2009] 115	
(c)	Registered owner	:	瀋陽奧特萊斯房地產開發有限公司(previously known as 瀋陽奧特萊斯實業有限公司)(owned as to 70% by the Group)	瀋陽奧特萊斯房地產開發有限公司(previously known as 瀋陽奧特萊斯實業有限公司)(owned as to 70% by the Group)	
(d)	Lot No.	:	Shenbei 2008-050	Shenbei (G) 2008-017	
(e)	Location	:	North of Puheda Road Hushi Tai Development Zone	North of Puheda Road Hushi Tai Development Zone	
(f)	Lot Plan	:	Attached to Letter	Attached to Letter	
(g)	Zoning	:	Commercial	Industrial	
(h)	Site area	:	100,146 s.m.	45,166 s.m.	145,312 s.m.
(i)	Zoning conditions	:	(i) Plot ratio not to exceed 2	(i) Plot ratio not to exceed 0.8	
			(ii) Site coverage not to exceed 90%	(ii) Site coverage not to exceed 35%	
			(iii) Green/landscaping area should be greater than 5%	(iii) Green/landscaping area not to exceed 15%	
			(iv) Ratio of commercial spaces 100%	(iv) Ratio of commercial space is 0	

			Site No. 5	**Site No. 4**	**Total**
(j)	Building height	:	Less than 40m (subject to height control of concerned department), not to exceed 24m. Basement not deeper than 6m. Have to provide underground refuge area to the satisfaction of concerned department.		
(k)	Term of lease	:	40 years for commercial	50 years for industrial	
(l)	Variation	:	Variation of site area, zoning/development conditions are subject to the decision of the city planning and land resource bureau. Increase in plot ratio and ratio of commercial area shall be subject to payment of additional premium	Variation of site area, zoning/development conditions are subject to the decision of the city planning and land resource bureau. Increase in plot ratio and ratio of commercial area shall be subject to payment of additional premium	
(m)	Sale price	:	¥89,931,108	¥13,052,974	¥102,984,082
(n)	Sale unit rate	:	¥898 per m^2	¥289 per m^2	
(o)	Payment terms				
	(i) Deposit	:	¥50,000,000 paid on 20 October 2009	(Price was fully paid on 20 October 2009)	
	(ii) Balance	:	¥39,931,108 (paid on 26 November 2010)		
(p)	Commencement and completion of development	:	In accordance with State-Owned Land Use Right Grant Contracts	In accordance with State-Owned Land Use Right Grant Contracts	

	Property	Description	Particular of Occupancy	Market Value in existing state as at 30th November 2016
6.	Two vacant sites Nos.88 and 89 North of Puheda Road, Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, The People's Republic of China. (The effective interests in the property held by the Group and the Target Group are 58% and 100% respectively)	Site No. 89 has one side of land boundary abuts onto the major road which is named as Puheda Road while Site No. 88 adjoins the western side of Site No.4. There is no immediate development potential at the present moment as advised by the Company.	The sites are vacant.	Site No.88 Land Value ¥71,900,000.00 Site No.89 Land Value ¥111,274,000.00 Value added cost* ¥867,000.00 Total ¥184,041,000.00

Notes:

As advised by the Company, Shenyang Keenson Aliance Properties Limited and Shenyang Kingsford Properties Limited had entered into the confirmation agreements with Shenyang Planning and Land Resources Bureau confirming the successful bidding of the property at an auction held on 20th January 2011. Shenyang Keenson Alliance Properties Limited and Shenyang Kingsford Properties Limited, the subsidiaries of the Company, had acquired the following land parcels with a total site area of approximately 99,338 sq.m. and the maximum proposed gross floor area of approximately 185,405 sq.m. for a total consideration of RMB167,553,982.60.

Particulars of the Sites

	Name of Site	Site No. 88	Site No. 89	Total
(1)	Location	North of Puheda Road, Daoyi Development Zone	North of Puheda Road, Daoyi Development Zone	
(2)	Zoning	Commercial/Residential	Commercial	
(3)	Site area	44,237 s.m.	55,101 s.m.	99,338 s.m.
(4)	Development conditions	i Plot ratio not to exceed 1.7 ii Green/landscaping area should be greater than 30%	i Plot ratio not to exceed 2 ii Green/landscaping area should be greater than 10%	
(5)	Term of lease	40 years for commercial 50 years for residential	40 years	
(6)	Sale price	¥65,727,334.60	¥101,826,648.00	¥167,553,982.60

(a) The land cost of Sites Nos.88 and 89 was fully paid to the government on 19th April 2011.

(b) The Company has provided us a copy of the State-owned Land Use Right Grant Contracts of Site No.88 and Site No.89. We have been provided with all the title documents of the Sites from government.

(c) Situation of all major certificates/approvals are listed as follows:

i.	State-owned Land Use Rights Grant Contract of Site No.88	Signed on 15th September 2011
ii.	State-owned Land Use Rights Contract of Site No.89	Signed on 10th June 2011
iii.	State-owned Land Use Rights Certificate of Site No.89	Approved on 6th March 2013
iv.	Construction Land Use Planning Permit of Site No.89	Approved on 6th March 2013
v.	State-owned Land Use Rights Certificate of Site No.88	Approved on 23rd August 2013
vi.	Construction Land Use Planning Permit of Site No.88	Subject to application
vii.	Construction Works Planning Permit	Subject to application
viii.	Construction Works Commencement Permit	Subject to application
ix.	Pre-sale Permit	Subject to application
x.	Construction Works Completion Certified Report	Subject to application

(d) Owner of Site No.88 is Shenyang Keenson Aliance Properties Limited which is a 58%-owned subsidiary of the Company (a wholly-owned subsidiary of the Target).

(e) Owner of Site No.89 is Shenyang Kingsford Properties Limited which is a 58%-owned subsidiary of the Company (a wholly-owned subsidiary of the Target).

(f) Site visit was carried out on 15th November 2016.

* Value added cost including land lease duty, certificates application fee and land survey fee.

	Property	Description	Particular of Occupancy	Market Value in existing state as at 30th November 2016
7.	A vacant site at North of Puheda Road, Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, the People's Republic of China (The effective interests in the property held by the Group and the Target Group are 58% and 100% respectively)	The site registered as 瀋北2011-028號蒲河大道北側-124地塊, also known as No.97 Pufeng Road with Puheda Road running at it further east immediately abuts the new development outlet mall namely Shenyang Park Outlets on the east. There is no immediate development potential at the present moment, as advised by the Company.	The site is vacant.	Land Value ¥179,246,000.00 Value added cost* ¥9,827,000.00 Total ¥189,073,000.00

Notes:

(a) Shenyang Keenson Alliance Properties Limited (a 58%-owned subsidiary of the Company (a wholly-owned subsidiary of the Target)) had bought the subject property from the government on 8th December 2011 under the public auction system and Sale Confirmation Letter was signed on 8th December 2011, registered as Shenbei Jiao No.[2011] 167.

Name of Site		Site No. 124
(1)	Location	North of Puheda Road Daoyi Development Zone, also known as No.97 Pufeng Road
(2)	Zoning	Commercial/Residential
(3)	Site area	94,450 s.m.
(4)	Development conditions	i Plot ratio not to exceed 2.0 ii Green/landscaping area should be greater than 30% iii Ratio of commercial not to exceed 5% iv Site coverage not to exceed 40%
(5)	Building Height	Subject to satisfaction of concerned government departments
(6)	Term of lease	40 years for commercial 70 years for residential

(b) The Company has provided us a copy of the state-owned Land Use Right Grant Contract of No.124 and all the title documents of the site will be obtained from government subject to application.

(c) The Company has provided to us a Certified Attesting Certificate by the Shenyang No.2 Notary Public on 8th December 2011, No.(2011) Shen Er Zheng Min No.4032 at the request of the Shenbei sub-office of the state Land Planning and Resource Bureau. The Notory Public Certified the Sale by public auction was correct in procedure.

(d) The land cost of the subject site No.124 was fully paid to the government by several installments.

(e) Situation of all major certificates/approvals are listed as follows:

i.	State-owned Land Use Rights Grant Contract	Signed on 9th February 2012
ii.	Construction Land Use Planning Permit	Subject to application
iii.	Construction Works Planning Permit	Subject to application
iv.	Construction Works Commencement Permit	Subject to application
v.	Pre-sale Permit	Subject to application
vi.	Construction Works Completion Certified Report	Subject to application

Remarks:

(i) The property is not pledged for any bank/other borrowings, as advised by the Group;

(ii) Site visit was carried out on 15th November 2016;

(iii) The classification of the property is property held for development; and

(iv) The acquisition cost of the site No.124 is RMB177,943,800 and other cost (tax and associated cost) is RMB9,826,714, as advised by the Company.

* Value added cost including stamp duty and utility installation cost.

	Property	Description	Particular of Occupancy	Market Value in existing state as at 30th November 2016
8.	A site on West of Zhonghau Road, North of Anbao Main Road, South of Wenyi Street, at Baoliansi Zhen, Wenfeng District, Anyang, Henan Province, The People's Republic of China (The effective interests in the property held by the Group and the Target Group are 57.25% and 12.50% respectively)	The property is a rectangular shaped semi-island site on the west of Zhonghau Road, north of Anbao Main Road and south of Wenyi Street, at Baoliansi Zhen, Wenfeng District, Anyang. As per our on site visit on 12th October 2016, the site was under construction at its final stage. According to information provided by the Company, the estimated total construction cost is about ¥226,390,000.00. The property may be partly leased and partly sold once construction works are completed. The property is under construction and built under permitted planning ordinance. No further regulatory consent is required. As per the documents provided by the Company, the site will be developed into four zones (Zones A-D) where Zones A-C will be used for commercial purpose and Zone D will be used for car parking purpose. As per the Planning Permission of Construction Projection (No.(2016) 0005), the permitted above ground gross floor area is 89,605.58 s.m., and underground gross floor area is 1,686.99 s.m. The market value of the property is estimated at ¥297,170,000.00 after completion and the anticipated completion will be scheduled at around middle of 2017.	Subject Site is under construction at its final stage during our on site inspection.	Land Value ¥70,780,000.00 Construction Cost ¥147,000,000.00 Total ¥217,780,000.00

Remarks:

The property is currently pledged for banking facilities in favour of the property owner as below:

(i) 1st floor level in Zone A is pledged for banking facilities under 河南安陽商都農村商業銀行股份有限公司寶蓮寺支行, for a period from 7th December 2016 to 7th December 2019, for a consideration of RMB50,000,000 and Certificate of Miscellaneous Rights to the Building No. 安陽市(2016)文峰區不動產證明第00022752號.

(ii) 2nd and 3rd floor levels in Zone A are pledged for banking facilities under 河南安陽商都農村商業銀行股份有限公司寶蓮寺支行, for a period from 22nd November 2016 to 22nd November 2019, for a consideration of RMB30,000,000 and Certificate of Miscellaneous Rights to the Building No. 安陽市(2016)文峰區不動產證明第00019997號.

Notes:

Particulars of the Sites

(a)	Date of Real Property Title Deed	:	12th September 2016
(b)	Reference No. of the Deed	:	No.D 41000261364
(c)	Property Owner	:	安陽國旅尚柏奧萊置業有限公司 (a joint venture in which the Group and the Target Group hold a 57.25% and a 12.50% effective interest respectively)
(d)	Lot No.	:	Yu 2016 Wenfeng District No.0003990
(e)	Location	:	West of Zhonghau Road, North of Anbao Main Road, South of Wenyi Street, at Baoliansi Zhen, Wenfeng District
(f)	Lot Plan	:	Attached to the Deed
(g)	Zoning	:	Commercial (Level 5)
(h)	Site area	:	100,098.3 s.m.
(i)	Ratio	:	Not to exceed 3
(k)	Term of lease	:	40 years from 20th July 2016 to 19th July 2056
(l)	Sale price	:	¥70,570,000
(m)	Sale unit rate (per site area)	:	¥705 per s.m.

Remarks:

(i) The classification of the property is property held for development.

	Property	Description	Particular of Occupancy	Market Value in existing state as at 30th November 2016
9.	12th, 14th, 16th and 18th Floors, Beijing Junefield Plaza, Nos.6, 8,10,12,16,18 Xuan Wu Men Outer Street, Xuan Wu District, Beijing, The People's Republic of China (The property is 100% held by the Group)	The Plaza is erected on a piece of land of about 7,377.32 sq. m. in area. The Plaza is located at a well developed commercial/office/ residential area of Xuan Wu District, with Xuan Wu Men Outer Street (宣武門外大街) on the west, Xiang Lu Ying Dong Xiang (香爐營東巷) on the east, Qian Qing Han Hu Tong (前青廣胡同) on the south and Xiang Lu Ying Tou Tao (香爐營頭條) on the north. The frontages of the site are longer on the east and west sides and the shortest frontages is on the south side. The Plaza, consisting of 2 commercial/office towers arranged in 17-storey and 21-storey in height, was built in 2002. The total gross area of the Plaza is about 71,848.782 sq. m.	All units of the subject floors are tenant occupied.	¥452,000,000.00

Notes:

(i) The owner of the property is Worldwide Properties Limited which is a wholly-owned subsidiary of the Company.

(ii) Being advised by the Group, no certificates/approvals are required to be acquired from the government.

(iii) The Company had pledged the investment property to secure bank facilities in favour of the property owner granted to the Group as below:

- a short term loan under Hang Seng Bank Limited for a period from 26th August 2015 to 26th August 2018 for a consideration of HK$50,000,000
- a short term loan under Hang Seng Bank Limited for a period from 12th October 2015 to 12th October 2018 for a consideration of HK$80,000,000
- a short term loan under Hang Seng Bank Limited for a period from 20th November 2015 to 20th November 2018 for a consideration of HK$145,000,000

Remarks

(i) Summary of the terms of the tenancies leases are as follows:

As of 30th November 2016

Beijing Properties – Tenants Summary

	Tenant	Unit No.	Area (s.m.)	Lease Term	Rental
1	北京威寧謝工程諮詢有限公司	1225-1238, 1247-1248	1926.35	01/05/2016-31/03/2018 01/04/2018-31/03/2019	RMB346,743.00 RMB375,638.25
2	傲思林藝規劃設計諮詢(北京)有限公司	1239	96.01	01/04/2016-31/03/2018 01/04/2018-31/03/2019	RMB17,428.00 RMB18,880.00
3	安誠傲林規劃設計顧問(上海)有限公司北京分公司	1240	82.20	01/04/2016-31/03/2018 01/04/2018-31/03/2019	RMB17,428.00 RMB18,880.00
4	克力思(上海)有限公司北京分公司	1241	88.68	01/04/2016-31/03/2018 01/04/2018-31/03/2019	RMB20,914.00 RMB22,657.00
5	新珀捷工程顧問(北京)有限公司	1242	82.20	01/04/2016-31/03/2018 01/04/2018-31/03/2019	RMB7,066.20 RMB7,655.55
6	全聯新能源商會	1243-1246	371.00	10/06/2016-09/06/2017	RMB75,684.00
7	益民基金管理有限公司	1425-1444	2,080.62	13/12/2015-12/12/2016 13/12/2016-12/12/2017 13/12/2017-12/12/2018	RMB389,338.20 RMB421,783.05 RMB454,227.90
8	國泓資產管理有限公司	1445-1448	565.78	13/12/2015-12/12/2016 13/12/2016-12/12/2017 13/12/2017-12/12/2018	RMB87,013.80 RMB94,264.95 RMB101,516.10
9	北京博睿德信誠財務諮詢有限責任公司	1639-1640	178.13	01/02/2015-28/02/2017	RMB35,305.38
10	北京領先創融網絡科技有限公司	1641-1645	424.83	16/06/2016-15/06/2018	RMB95,586.75
11	北京億客財富信息技術服務有限公司	1646-1648	483.41	15/08/2016-14/09/2018	RMB105,866.79
12	普甜(北京)食品有限公司	1829-1833A	533.78	22/05/2016-21/09/2016 22/09/2016-21/09/2019	RMB104,087.10 RMB108,891.12
13	北京建榮置業有限公司(已改名怡昌)	1835-1839	583.43	12/03/2014-11/04/2017	RMB124,270.59
14	北京聯龍博通電子商務技術有限公司	1846-1848	405.56	23/04/2016-22/07/2018	RMB89,223.20
15	杭州華三通信技術有限公司	1625-1638 1825-1828 1840-1845	1,559.85 489.99 519.88	04/05/2016-03/08/2016 04/08/2016-31/01/2017	RMB501,056.40 RMB539,599.20

(ii) The classification of the properties is property held for investment.

(iii) The valuation is by reference to comparable market transactions.

(iv) Site visit was carried out on 16th November 2016.

	Property	Description	Particular of Occupancy	Market Value in existing state as at 30th November 2016
10.	Units 1 and 2 on 6th Floor, Jiuge Business Centre (九哥商務中心), No.2301, Yi Shan Lu, Shanghai, The People's Republic of China (The Property is 100% held by the Group)	The subject centre is an 8-storey commercial building, planned to have car parks on basement floor, shops on ground floor and commercial floors above. It was completed in 2013.	The subject units are owner occupied.	¥22,818,218.00

Remarks:

(i) The owner of this property is 新羚步(上海)國際貿易有限公司 which is a wholly-owned subsidiary of the Company.

(ii) The property is free from any mortgage, charge and legal encumbrances.

(iii) Site visit was carried out on 17th November 2016.

The following is the text of the letter and the valuation certificate received from Knight Frank, an independent valuer, in connection with its valuation of the Chongqing Property as at 16 January 2017, which has been prepared for the purpose of incorporation in this circular.

Knight Frank 萊坊

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Symphony Holdings Limited
10/F Island Place Tower
510 King's Road
North Point, Hong Kong

15 February 2017

Dear Sirs

Valuation of Meiyuexingdou, Meimeijia, the junction of Tiangong Avenue and Xingai Avenue, Yubei District, Chongqing, The People's Republic of China

In accordance with your instructions for us to value the market value of the property held by Symphony Holdings Limited (hereinafter referred to as the "Company") and its subsidiaries (together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property in existing state subject to tenancies as at 16 January 2017 for the incorporation of the circular issued by the Group.

Our valuation is our opinion of the market value of the property which we would define as intended to mean "the estimated amount for which an asset or liability, should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In valuing the property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, Rule 11 of The Code of Takeovers and Mergers and Share Buy-backs published by Securities and Future Commission and the HKIS Valuation Standards 2012 Edition issued by the Hong Kong Institute of Surveyors.

We have valued the property on the basis of capitalisation of the net income shown on the documents handed to us and where appropriate, with reference to sales evidence as available in the market. We have allowed for outgoings and, in appropriate cases, made provisions for reversionary income potential.

We have been provided with extracts of documents in relation to the title to the property. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have relied on the information provided by the Group and the PRC legal opinion issued on 15 February 2017 by its PRC legal adviser, Fangda Partners, regarding the title to the property. We have no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in affecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, ownership, identification of the property, building age, particulars of occupancy, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. We have not been able to carry out on-site measurements to verify the correctness of the site and floor areas of the property and we have assumed that the site and floor areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

We have inspected the exterior, and where possible, the interior of the property and the inspection was carried out by our Gary Lau (MRICS) in November 2016. Moreover, no structural survey has been made, and we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects, nor were any tests carried out to any of the services. Our valuation is prepared on the assumption that these aspects are satisfactory.

We have been advised by the Group that the potential tax liabilities which would arise on the disposed of the property are mainly Land Appreciation Tax at progressive tax rates from 30% to 60%, Value-added tax at 5% of sales amount and Income Tax at 25% on profit before tax. The exact amount of tax payable upon realization of the relevant properties in the PRC will be subject to the formal tax advice issued by the relevant tax authorities at the time of disposal of relevant properties upon representation of the relevant transactions documents.

As advised by the Group, there is no intention to dispose of the property in the near future and therefore the likelihood of such potential tax liability is remote.

Unless otherwise stated, all monetary amounts stated in our valuation are in Renminbi.

Our valuation certificate is attached.

Yours faithfully

Clement W M Leung *MFin MCIREA MHKIS MRICS RPS (GP)*
RICS Registered Valuer
Executive Director, Head of China Valuation
For and on behalf of Knight Frank Petty Limited

Note:

Clement W M Leung, M Fin, MCIREA, MHKIS, MRICS, RPS (GP), has been a qualified valuer with Knight Frank Petty Limited since 1999 and has about 23 years' experience in the valuation of properties in Hong Kong, Macau and Asia Pacific Region and has 20 years' experience in valuation of properties in the People's Republic of China.

VALUATION CERTIFICATE

Property held by the Group for investment

<table>
<tr><th>Property</th><th>Description and tenure</th><th>Particulars of occupancy</th><th>Market Value in existing state as at 16 January 2017</th></tr>
<tr><td>Meiyuexingdou
Meimeijia
the junction of
Tiangong Avenue and
Xingai Avenue,
Yubei District,
Chongqing, The PRC</td><td>Meimeijia (the "Development") is a hotel/commercial composite development with a total site area of approximately 11,904.60 sq. m. completed in 2015

Meiyuexingdou (the "Property") comprises the 4-storey retail podium and 3-level basement of the Development. Breakdown of the approximate gross floor area ("GFA") of retail portion of the property is listed below.

<table>
<tr><th></th><th>Use</th><th>Approximate GFA
(sq. m.)</th></tr>
<tr><td>Basement Level 2</td><td>Storeroom</td><td>119.28</td></tr>
<tr><td>Basement Level 1</td><td>Commercial</td><td>3,530.85</td></tr>
<tr><td>Level 1</td><td>Commercial</td><td>2,676.65</td></tr>
<tr><td>Level 2</td><td>Commercial</td><td>3,857.15</td></tr>
<tr><td>Level 3</td><td>Commercial</td><td>4,056.58</td></tr>
<tr><td>Level 4</td><td>Commercial</td><td>4,055.70</td></tr>
<tr><td></td><td>Total</td><td>18,296.21</td></tr>
</table>
The Property also comprises 290 basement car parking spaces with a total gross floor area of approximately 18,414.03 sq. m. locate at Basement Level 2 and 3.

The land use rights of the Property have been granted for a term of 50 years expiring on 8 April 2045 to 11 April 2045 for wholesale retail/commercial services uses.</td><td>Portion of the Property with a total lettable area of approximately 12,308.50 sq. m. is subject to various tenancies with the last term expiring in February 2030, yielding a monthly rental of approximately RMB1,098,000, exclusive of management fee.

The remaining portion of the Property is currently vacant.</td><td>RMB335,400,000

(80% interest attributable to the Group: RMB268,320,000)

(please see note (4))</td></tr>
</table>

Notes:

1. Pursuant to the Business License No. 915001070548173821 dated 31 March 2016, 重慶雲太美每家商業運營管理有限公司 ("Yuntaimei Meijia") was incorporated with a registered capital of RMB50,000,000. Yuntaimei Meijia is an indirect 80%-owned subsidiary of the Group.

2. Pursuant to 72 Realty Title Certificates all issued by Land Resources and Housing Administrative Bureau of Chongqing, the title to portion of Levels 1 to 4 of the Property with a total gross floor area of 10,024.87 sq. m. were vested in Yuntaimei Meijia for a land use term of 50 years expiring on 8 April 2045 to 10 April 2045 for wholesale retail use.

3. Pursuant to 161 Realty Title Certificates, the title to portion of Basement Levels 1 and 2, Levels 1, 3 and 4 of the Property with a total gross floor area of 10,988.94 sq. m. for wholesale retail/commercial services uses, 119.28 sq. m. for commercial services/other uses and 8,875.42 sq. m. for commercial services/car parking uses respectively were vested in Yuntaimei Meijia for a land use term of 50 years expiring on 8 April 2045 to 11 April 2045.

4. For 146 car parking spaces with a total gross floor area of approximately 9,539.46 sq. m. of the Property, according to the legal opinion of Fangda Partners, Yuntaimei Meijia has not obtained the relevant title document due to the procedure of local regulations. We have, therefore, assigned no commercial value to such car parking spaces due to insufficient title proofs. Nevertheless, the market value of such portion of the property by assuming that it was freely transferable in the market as at the date of valuation was RMB14,600,000.

5. According to the information provided by the Company, portion of the Property as mentioned in Notes (2) and (3) is subject to a mortgage for a period from March 2016 to March 2018, for a consideration of RMB200,000,000.

6. We have been provided with a legal opinion on the property issued by Fangda Partners on 15 February 2017, which contains, *inter alia*, the following information:

   (i) Yuntaimei Meijia has obtained 233 Realty Title Certificates relating to portion of Basement Level 1, Basement Level 2 and Levels 1 to 4 of the Property with a total gross floor area 30,008.51 sq. m., according to the 233 Realty Title Certificates, Yuntaimei Meijia is the legal owner of such portion of the Property;

   (ii) such portion of the Property is subject to the mortgage mentioned in note 5 above. Upon obtaining the prior written approval from the mortgagee, Yuntaimei Meijia can sell, exchange, transfer, lease, re-mortgage or dispose of by other means of such portion of the Property; and

   (iii) According to the legal opinion of the Group's PRC legal advisor, Yuntaimei Meijia has not obtained the relevant title document due to the procedure of local regulations. Yuntaimei Meijia confirmed that it is in the progress of applying relevant title certificate for 146 car parking spaces with a total gross floor area of approximately 9,539.46 sq. m.. Fangda Partners is not able to ascertain whether Yuntaimei Meijia is able to obtain the ownership of these 146 car parking spaces.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular (other than those relating to the Vendor and parties acting in concert with it) is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than those relating to the Vendor and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by Mr. Cheng, the sole director of the Vendor) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

Mr. Cheng, the sole director of the Vendor, accepts full responsibility for the accuracy of the information contained in this circular (other than those relating to the Group), and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this circular (other than those expressed by the Directors excluding Mr. Cheng) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL AND WARRANTS

The authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately after the allotment and issuance of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares since the Latest Practicable Date and up to Completion) will be, as follows:

Number of Shares		*HK$*
	Authorised	
20,000,000,000	Shares as at the Latest Practicable Date	2,000,000,000
	Issued and fully paid	
2,705,753,580	Shares in issue as at the Latest Practicable Date	270,575,358
250,000,000	Consideration Shares to be allotted and issued upon Completion	25,000,000
2,955,753,580	**Total**	295,575,358

As at the Latest Practicable Date, 8,010,000 Shares and 539,732,716 Warrants have been issued since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, all Shares in issue rank *pari passu* in all respects with each other as regards to capital, dividends and voting rights.

As at the Latest Practicable Date, the Company had outstanding Warrants exercisable between 6 July 2016 and 5 July 2019 entitling the holders thereof to subscribe for a total of 539,732,716 Shares at HK$1.00 per Share upon the exercise of the Warrants. Save for the Warrants, the Company does not have any other outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

3. MARKET PRICES

(i) Market prices of the Shares

The table below shows the closing prices of the Shares on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing prices per Share *HK$*
2016	
30 June	0.87
29 July	0.82
31 August	0.85
30 September	0.81
31 October	0.77
30 November	0.71
9 December, being the Last Trading Day	0.71
30 December	0.72
2017	
27 January	0.76
13 February, being the Latest Practicable Date	0.78

During the Relevant Period,

(i) the highest closing price per Share as quoted on the Stock Exchange was HK$0.88 per Share on 23 June 2016 and 4 July 2016; and

(ii) the lowest closing price per Share as quoted on the Stock Exchange was HK$0.69 per Share on 2 December 2016.

(ii) Market prices of the Warrants

The table below shows the closing prices of the Warrants on the Stock Exchange on (i) the last trading day of each of the calendar months during the Warrants Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing prices per Warrant *HK$*
2016	
29 July	0.080
31 August	0.105
30 September	0.100
31 October	0.088
30 November	0.080
9 December, being the Last Trading Day	0.082
30 December	0.075
2017	
27 January	0.078
13 February, being the Latest Practicable Date	0.075

During the Warrants Relevant Period,

(i) the highest closing price per Warrant as quoted on the Stock Exchange was HK$0.148 per Warrant on 8 July 2016; and

(ii) the lowest closing price per Warrant as quoted on the Stock Exchange was HK$0.075 per Warrant on 5 December 2016, each of the trading days between 21 December 2016 and 19 January 2017 (both days inclusive), 26 January 2017 and each of the trading days between 7 February 2017 and 13 February 2017 (both days inclusive).

4. DISCLOSURE OF INTERESTS

(i) Interests of the Directors or chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or the chief executive were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules were as follows:

(a) Interests in the Shares

Long position in the Shares

		Number of Shares held			Approximate percentage of the issued share capital of the Company
Director	*Notes*	**Beneficial owner**	**Controlled corporation**	**Total**	
Mr. Cheng	*1*	–	801,830,000	801,830,000	29.63%
Mr. Shum Pui Kay	*2*	–	10,000,000	10,000,000	0.37%
Mr. Chan Kar Lee Gary	*3*	6,000,000	–	6,000,000	0.22%

Notes:

1. 801,830,000 Shares were held by the Vendor. The Vendor is wholly and beneficially owned by Mr. Cheng, the Chairman, Chief Executive Officer and an executive Director of the Company. Mr. Cheng was thus deemed to be interested in 801,830,000 Shares.

2. 10,000,000 Shares were held by TFHCL. TFHCL is wholly owned by Asian League Limited, which is in turn wholly owned by Mr. Shum Pui Kay, an independent non-executive Director of the Company. Mr. Shum was thus deemed to be interested in 10,000,000 Shares.

3. Mr. Chan Kar Lee Gary is an executive Director of the Company.

(b) Interests in the underlying Shares – equity derivatives of the Company

Director	*Notes*	Subscription period	Subscription price per Share *HK$*	Number of the underlying Shares in respect of the Warrants granted: Beneficial owner	Controlled corporation	Total	Approximate percentage of the issued share capital of the Company
Mr. Cheng	*1*	6 July 2016 to 5 July 2019	1.00	–	160,366,000	160,366,000	5.93%
Mr. Shum Pui Kay	*2*	6 July 2016 to 5 July 2019	1.00	350,000	2,000,000	2,350,000	0.09%

Notes:

1. 160,366,000 Warrants were held by the Vendor. The Vendor is wholly and beneficially owned by Mr. Cheng, the Chairman, Chief Executive Officer and an executive Director of the Company. Mr. Cheng was thus deemed to be interested in 160,366,000 Warrants.

2. 2,000,000 Warrants were held by TFHCL. TFHCL is wholly owned by Asian League Limited, which is in turn wholly owned by Mr. Shum Pui Kay, an independent non-executive Director of the Company. Together with his direct interest as beneficial owner of 350,000 Warrants, Mr. Shum was thus deemed to be interested in 2,350,000 Warrants.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executive of the Company or their associates had or were deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or the chief executive were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

(ii) Interests of substantial Shareholders

So far as is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or held any option in respect of such capital were as follows:

(a) Interests in the Shares

Long Positions in the Shares

			Number of Shares held			Approximate percentage of the issued share capital of the Company
Shareholder	*Notes*	**Capacity**	**Direct interests**	**Deemed interests**	**Total interests**	
Mr. Cheng	*1*	Interest of controlled corporation	801,300,000	–	801,300,000	29.63%
Li Wa Hei	*1*	Spouse	–	801,300,000	801,300,000	29.63%
Vendor	*1*	Beneficial owner and interest of controlled corporation	–	801,300,000	801,300,000	29.63%
Mr. Or	*2*	Beneficial owner	350,000,000	120,000,000	470,000,000	17.37%
Wong Lai Ning	*2*	Beneficial owner and spouse	–	470,000,000	470,000,000	17.37%

Notes:

1. 801,830,000 Shares were held by the Vendor. The Vendor is wholly and beneficially owned by Mr. Cheng, the Chairman, Chief Executive Officer and an executive Director of the Company. Mr. Cheng was thus deemed to be interested in 801,830,000 Shares. Ms. Li Wa Hei is the wife of Mr. Cheng and she was also deemed to be interested in 801,830,000 Shares.

2. Mr. Or is the beneficial owner of 350,000,000 Shares and 120,000,000 Shares are jointly held by Mr. Or and his spouse Ms. Wong Lai Ning. Mr. Or and Ms. Wong Lai Ning were thus deemed to be interested in 470,000,000 Shares.

(b) Interests in the underlying Shares – equity derivatives of the Company

Shareholder	*Notes*	Capacity	Subscription period	Subscription price per Share *HK$*	Number of the underlying Shares in respect of the Warrants granted: Direct interests	Deemed interests	Total interests	Approximate percentage of the issued share capital of the Company
Mr. Cheng	*1*	Interest of controlled corporation	6 July 2016 to 5 July 2019	1.00	–	160,366,000	160,366,000	5.93%
Li Wa Hei	*1*	Spouse	6 July 2016 to 5 July 2019	1.00	–	160,366,000	160,366,000	5.93%
Vendor	*1*	Beneficial owner and interest of controlled corporation	6 July 2016 to 5 July 2019	1.00	–	160,366,000	160,366,000	5.93%
Mr. Or	*2*	Beneficial owner	6 July 2016 to 5 July 2019	1.00	70,000,000	24,000,000	94,000,000	3.47%
Wong Lai Ning	*2*	Beneficial owner and spouse	6 July 2016 to 5 July 2019	1.00	–	94,000,000	94,000,000	3.47%

Notes:

1. 160,366,000 Warrants were held by the Vendor. The Vendor is wholly and beneficially owned by Mr. Cheng, the Chairman, Chief Executive Officer and executive Director of the Company. Mr. Cheng was thus deemed to be interested in 160,366,000 Warrants.

2. Mr. Or is the beneficial owner of 70,000,000 Warrants and 24,000,000 Warrants are jointly held by Mr. Or and his spouse Ms. Wong Lai Ning. Mr. Or and Ms. Wong Lai Ning were thus deemed to be interested in 94,000,000 Warrants.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors or chief executive of the Company were aware, no person had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or who had any options in respect of such capital.

5. DISCLOSURE OF OTHER INTERESTS

(i) Interests in contracts or arrangements

Save for the Agreement, as at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Directors was materially interested and which was significant in relation to the business of the Group.

(ii) Interests in assets

As at the Latest Practicable Date, apart from the Sale Shares and the Sale Loan to be acquired by the Group under the Agreement, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2015, being the date to which the latest published audited accounts of the Group were made up.

(iii) Interests in competing business

As at the Latest Practicable Date, none of the Directors and their respective associates had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS' SERVICE CONTRACTS

None of the Directors has any service contracts with the Company or any of its subsidiaries or associated companies in force which (including both continuous and fixed term contracts) had been entered into or amended during the Relevant Period. As at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) were continuous contracts with a notice period of 12 months or more; or (b) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group which is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

7. ADDITIONAL DISCLOSURE

(i) As at the Latest Practicable Date, there was no agreement, arrangement or understanding pursuant to which the Consideration Shares would be transferred, charged or pledged to any other persons.

(ii) As at the Latest Practicable Date, save as disclosed in the paragraph headed "Interests of the Directors or chief executive of the Company" under the section headed "Disclosure of interests" in this appendix, none of the Directors, the sole director of the Vendor, the Vendor and parties acting in concert with it owned or controlled or were interested in any other Shares, convertible securities, warrants, options or derivatives of the Company.

(iii) Save for the entering into of the Agreement and the dealings by Mr. Chan Kar Lee Gary and Mr. Shum Pui Kay (who are Directors and became parties presumed to be acting in concert with Mr. Cheng and the Vendor under presumption (6) of the definitions of acting in concert under the Takeovers Code after the signing of the Agreement) as disclosed in the section headed "Shareholdings and dealings in securities of the Company and arrangements in relation to the Acquisition and/or Whitewash Waiver by the Vendor and parties acting in concert with it" in the letter from the Board contained in this circular, none of the Directors, the sole director of the Vendor, the Vendor and parties acting in concert with it had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(iv) As at the Latest Practicable Date, none of the Independent Shareholders had irrevocably committed themselves to vote for or against the proposed resolutions approving the Acquisition and the Whitewash Waiver.

(v) As at the Latest Practicable Date, none of the Vendor and parties acting in concert with it had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person.

(vi) None of the Vendor and parties acting in concert with it had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(vii) As at the Latest Practicable Date, no agreement, arrangement or understanding (including any compensation arrangement) existed between the Vendor or parties acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Acquisition and/or the Whitewash Waiver.

(viii) As at the Latest Practicable Date, no arrangement of any kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between a person who owned or controlled Shares or convertible securities, warrants, options or derivatives of the Company and any of the Vendor, Mr. Cheng and/or parties acting in concert with any of them during the Relevant Period.

(ix) The Vendor is wholly owned by Mr. Cheng. Mr. Cheng had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the Vendor during the Relevant Period. Save for the aforementioned, none of the Company and the Directors owned or controlled or were interested in any shares, convertible securities, warrants, options or derivatives of the Vendor as at the Latest Practicable Date or had any of them dealt for value in any shares, convertible securities, warrants, options or derivatives of the Vendor during the Relevant Period.

(x) As at the Latest Practicable Date, none of the subsidiaries of the Company, pension fund of the Company or of a subsidiary of the Company and any advisers to the Company (as specified in class (2) of the definition of associate in the Takeovers Code but excluding exempt principal traders) owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company or had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(xi) As at the Latest Practicable Date and during the Relevant Period, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code.

(xii) As at the Latest Practicable Date and during the Relevant Period, there was no Shares, convertible securities, warrants, options or derivatives of the Company which were managed on a discretionary basis by fund managers connected with the Company.

(xiii) As at the Latest Practicable Date, none of the Directors had irrevocably committed themselves to vote in favour of or against the resolutions approving the Acquisition and the Whitewash Waiver.

(xiv) As at the Latest Practicable Date, neither the Company nor any of the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company.

(xv) As at the Latest Practicable Date, no benefit had been or will be given to any Director as compensation for loss of office or otherwise in connection with the Acquisition and/or the Whitewash Waiver.

(xvi) As at the Latest Practicable Date, there was no agreement or arrangement between the Directors and any other person which is conditional on or dependent upon the outcome of the Acquisition and/or the Whitewash Waiver or otherwise connected with the Acquisition and/or the Whitewash Waiver.

(xvii) Save as disclosed in the paragraph headed "Interests in contracts or arrangements" under the section headed "Disclosure of other interests" in this appendix, as at the Latest Practicable Date, there was no material contract entered into by the Vendor in which any Director had a material personal interest.

8. MATERIAL CONTRACTS

Set out below are the contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the date of the Announcement that are or may be material:

(i) the trademark purchase agreement dated 2 February 2015 between Pony, Inc. and Pony International, LLC as sellers (both are indirect wholly-owned subsidiaries of the Company) and US Pony Holdings, LLC as purchaser in relation to the disposal of the trademarks bearing the word "PONY", "City Wings" and/or the chevron design and the related intellectual property, licenses, other agreements and all other assets related to the trademark and intellectual property (together, the "**Transferred Assets**") in the United States of America at a cash consideration of US$30.0 million (equivalent to approximately HK$232.5 million);

(ii) the trademark purchase agreement dated 2 February 2015 between Super Jumbo Holdings Limited (an indirect wholly-owned subsidiary of the Company) as seller and US Pony Holdings, LLC as purchaser in relation to the disposal of the Transferred Assets in Mexico and Canada at a cash consideration of US$7.0 million (equivalent to approximately HK$54.3 million);

(iii) the term sheet dated 2 February 2015 between Pony International, LLC, Pony International Limited and Super Jumbo Holdings Limited (together, the "**Subsidiaries**", each of which is an indirect wholly-owned subsidiary of the Company) and Iconix Luxembourg Holdings, S.ar.l. (the "**Affiliate**", an affiliate of US Pony Holdings, LLC, being the purchaser in relation to the Transferred Assets in the United States of America, Mexico and Canada as disclosed above), pursuant to which the Subsidiaries granted a call option (the "**Call Option**") to be exercised at the discretion of the Affiliate on or before 28 February 2015 to acquire the trademarks bearing the word "PONY", "City Wings" and/or the chevron design in the foreign territories defined in the term sheet from the Subsidiaries at a total consideration of US$16.0 million (equivalent to approximately HK$124.0 million). The Call Option has lapsed on 28 February 2015;

(iv) the agreement dated 15 December 2016 entered into between State Key Limited (an indirect wholly-owned subsidiary of the Company) and 曾煥煌先生 (Mr. Zeng Huan Huang*) in relation to the acquisition of 80% of the issued share capital of Kingxin, which indirectly holds the Chongqing Property, at a cash consideration of RMB76 million (equivalent to approximately HK$85.1 million); and

(v) the Agreement.

Save as disclosed above, there are no other contracts (not being contracts entered into the ordinary course of business) entered into by members of the Group within the two years immediately preceding the date of the Announcement and ending on the Latest Practicable Date, which are or may be material.

9. LITIGATION

Neither the Company nor any other member of the Group was engaged in any material litigation or claims and no material litigation or claims were pending or threatened by or against any member of the Group as at the Latest Practicable Date.

10. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	**Qualification**
Fangda Partners	PRC legal adviser
Hercules	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Knight Frank	independent professional valuer
Longan Law Firm	PRC legal adviser
Prudential	independent professional valuer

As at the Latest Practicable Date, none of the above experts had any direct or indirect shareholdings in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for securities in any members of the Group, or any direct or indirect interests in any assets which have been acquired or disposed of by or leased to or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2015 (the date to which the latest published audited financial statements of the Group were made up).

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters or reports and references to its name in the form and context in which they appear.

11. DOCUMENTS AVAILABLE FOR INSPECTION AND DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. on Business Days at the head office and principal place of business of the Company in Hong Kong at 10th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong; and (ii) on the websites of the Company (www.symphonyholdings.com) and the SFC (www.sfc.hk) from the date of this circular up to and including the date of the SGM:

(i) the bye-laws of the Company;

(ii) the memorandum and articles of association of the Vendor;

(iii) the annual reports of the Company for each of the two financial years ended 31 December 2014 and 2015 and the interim report of the Company for the six months ended 30 June 2016;

(iv) the letter from the Board the text of which is set out on pages 7 to 26 of this circular;

(v) the letter from the Listing Rules Independent Board Committee, the text of which is set out on pages 27 to 28 of this circular;

(vi) the letter from the Takeovers Code Independent Board Committee, the text of which is set out on pages 29 to 30 of this circular;

(vii) the letter of advice from Hercules, the text of which is set out on pages 31 to 61 of this circular;

(viii) the valuation report and valuation certificate from Prudential on the properties of the Group (excluding the Chongqing Property) and the Target Group, the text of which is as set out in Appendix II to this circular;

(ix) the valuation report and valuation certificate from Knight Frank on the Chongqing Property, the text of which is set out in Appendix III to this circular;

(x) all the legal opinions dated 15 February 2017 from Longan Law Firm in respect of the titles of the properties of the Group (except the Chongqing Property) and the Target Group in the PRC as referred to in Appendix II to this circular;

(xi) the legal opinion dated 15 February 2017 from Fangda Partners in respect of the title of the Chongqing Property as referred to in Appendix III to this circular;

(xii) the contracts in which any Directors was materially interested and which was significant in relation to the businesses of the Group referred in the paragraph headed "Interests in contracts or arrangements" under the section headed "Disclosure of other interests" in this appendix;

(xiii) the material contracts referred to in the section headed "Material contracts" in this appendix;

(xiv) the written consents of the experts referred to in the section headed "Experts and consents" in this appendix; and

(xv) this circular.

12. MISCELLANEOUS

(i) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its head office and principal place of business in Hong Kong is at 10th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong.

(ii) The Company's Hong Kong branch share registrar and transfer office is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(iii) The company secretary of the Company is Ms. Chow So Ying Anna, who is a solicitor (as defined in the Legal Practitioners Ordinance).

(iv) The principal members of the Vendor's concert group are the Vendor and Mr. Cheng. Mr. Cheng is the sole director and the sole beneficial owner of the Vendor. The registered address of the Vendor is P. O. Box 957 Offshore Incorporations Centre, Road Town Tortola, British Virgin Islands. The address of Mr. Cheng is Rooms 1606-7, 16/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

(v) The English texts of this circular and the accompanying form of proxy shall prevail over the Chinese texts.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 01223)
(Warrant Code: 01537)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting of Symphony Holdings Limited (the "**Company**") will be held at 10:30 a.m. on Friday, 3 March 2017 at the Boardroom on the 10th Floor of Island Place Tower, 510 King's Road, North Point, Hong Kong for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions which would be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. **THAT**:

   (a) the conditional sale and purchase agreement dated 9 December 2016 (the "**Agreement**") entered into between Cosmo Group Holdings Limited, a wholly-owned subsidiary of the Company (the "**Purchaser**"), and GoldSilk Capital Limited (the "**Vendor**") in relation to the acquisition of 42% of the issued share capital of Giant Eagle Enterprises Limited not already owned by the Purchaser and the Sale Loan (defined in the Agreement) for an aggregate consideration of HK$215,300,000 payable partly by the issue of shares in the Company and partly in cash, a copy of which has been produced to the meeting, marked "**A**" and initialled by the chairman of the meeting for the purpose of identification, be and is hereby approved;

   (b) the allotment and issue by the Company of 250,000,000 new shares of HK$0.10 each (the "**Consideration Shares**") to the Vendor or its nominee credited as fully paid at an issue price of HK$0.80 each in accordance with the Agreement be and is hereby approved; and

* *for identification purposes only*

(c) the Directors of the Company be and are hereby authorised to exercise all powers of the Company and to take such actions, do such things, agree to such amendments, variations or extensions to the Agreement and execute such documents or deeds as in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares).

2. **THAT**, subject to and conditional upon:

(a) the passing of the resolution numbered 1 in the notice of this meeting; and

(b) the granting of the waiver by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director of any obligation on the part of the Vendor to make general offers for all the issued securities of the Company not already owned or agreed to be acquired by the Vendor and parties acting concert with it which might otherwise arise as a result of the issue of the Consideration Shares pursuant to Note 1 on Dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers (the "**Whitewash Waiver**") and any conditions that may be imposed thereon be and is hereby approved; and

(c) the Directors of the Company be and are hereby authorised to exercise all powers of the Company and to take such actions, do such things, agree to such thing and execute such documents or deeds as in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the Whitewash Waiver.

By order of the Board
Symphony Holdings Limited
Cheng Tun Nei
Chairman

Hong Kong, 15 February 2017

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.

2. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

3. A proxy form for use at the meeting is enclosed. Whether or not you intend to attend the meeting in person, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hands of any officer or attorney duly authorised.

5. In order to be valid, the proxy form, together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority must be deposited at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting.

6. Completion and return of a proxy form shall not preclude a member from attending and voting in person at the meeting or any adjournment thereof (as the case may be) and, in such event, the proxy form appointing a proxy shall be deemed to be revoked.