SYMPHONY

SYMPHONY HOLDINGS LIMITED
新灃集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01223)

(Warrant Code: 01537)

ANNOUNCEMENT OF (1) FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016; (2) FINAL DIVIDEND AND (3) BOOK CLOSURE DATES, RECORD DATE AND PAYMENT DATE

FINANCIAL HIGHLIGHTS

Total revenue increased from HKD351.1 million to HKD363.9 million representing a 3.7% increase.

The profit attributable to the owners of the Company decreased by 84.6% from HKD180.8 million to HKD27.8 million.

Final dividend of HKD0.0038 per Share is recommended.

Revenue of the individual segments were as follows:–

- Retailing and sourcing – HKD131.1 million (2015: HKD155.3 million)
- Outlet malls – HKD29.7 million (2015: HKD38.9 million)
- Duty free – HKD7.6 million (2015: HKD5.2 million)
- Branding – HKD39.6 million (2015: HKD24.8 million)
- Financial services – HKD119.6 million (2015: HKD92.9 million)
- Property investment and holding – HKD36.3 million (2015: HKD34.0 million)

* *For identification only*

CHAIRMAN AND CEO'S STATEMENT

2016 was an extraordinary year for the whole world. Internationally, frequent occurences of Black Swan events such as Brexit and Donald Trump's victory in the U.S. presidential election, would have a profound effect on elections of other European countries during this year. The increase of interest rate by the U.S. Federal Reserve and the reduction of oil production will continue to impact the financial market. In Asia, Ms. Tsai Ing-wen was elected the President of Taiwan and Mr. Rodrigo Duterte took office in the Philippines, adding uncertainties to the Asian economic and political arena.

According to the data from the National Bureau of Statistics, China's GDP growth rate was 6.7% in 2016. Weak export figures, over-capacity, tightening of control over real estate, RMB depreciation and ongoing anti-corruption campaigns made corporations' investments plus personal consumption more prudent and rational. In the meantime, growth of the service sector standing at 7.8%, outperformed the overall GDP growth, reflecting the government's efforts in stimulating domestic consumption and structurally improving the adjustment in consumption and services sector.

As an international city, Hong Kong's economy has always been closely related to the world and specifically impacted by the Chinese economy. The depreciation of RMB, continued slowdown in real estate investment, the decrease in the number of free individual travellers, and the threat brought forward by e-commerce, WeChat commerce, and overseas purchasing agent, all create challenges to the traditional retail industry.

Nevertheless, the Group has gradually built a solid foundation after its two years of successful transformation. Maximizing its competitive advantages, the Group is making forward move amidst the fast changing environment.

REVIEW

A) Travel Retail

1) Outlet malls

Shenyang Park Outlet has been improving its operational efficiency through strengthening its management and upgrading its product mix over the past few years. The results are steadily improving.

Riding on this positive development, the Group introduced a new concept of community malls, and took the lead in establishing the first community mall in Chongqing, the first in China.

2) Duty-free business

The tensed cross-strait relations resulted in a decreasing number of mainland visitors to Taiwan, thus adversely affecting the duty-free business of the Group in Kinmen. However, the Group is actively pursuing different strategies to expand product categories, including taxable and duty-free goods, strengthening local procurement and improving management to boost efficiency.

B) SPORTS BRANDS

1) PONY

The development of the licensing business has made steady progress and the Group will continue to proactively expand its branding business to Europe, South America, the Middle East and Asia. Simultaneously, the Group will also optimize its marketing strategy and upgrade the brand image.

2) Speedo

Due to the changes in global strategy at Speedo headquarter, the Group has officially ended its cooperation with Speedo at the end of last year.

C) Financial Investment

Financial Services

In spite of unstable economic factors, the Group implemented a more robust strategy last year, adopting more prudent approach in lending and mortgage activities while maintaining an overall business policy of profiteering in stability.

D) Property Investment

Our investment properties such as Junefield Plaza in Beijing and Island Place in Hong Kong continued to generate increasing rental income to and asset value appreciation to the Group.

The Group is pleased to achieve positive development through timely adjustment towards a difficult and complex business environment in 2016. The Group remains confident that it could enhance business results through the experience and efforts of the management.

OUTLOOK

A) Travel Retail

1) Outlets

The Group's direction in 2017 is to maintain its foothold in China and at the same time expand into Asia. In travel retail, the Group is in active negotiation with international partners to develop more outlet malls in Asia such as Vietnam and Indonesia. In China, The Group is proactively discussing with a renowned listed company regarding the development of the Group's flagship outlet mall in Xiamen. The target opening date of this Xiamen flagship outlet is in October 2018. Given Xiamen's high living standard and as a tourist-heavy city, the opening of a flagship outlet marks another milestone for the Group.

Simultaneously, the Henan CITS Anyang City Park Outlet is scheduled to start operation in the second quarter of 2017, sharing management resources with Shenyang outlet thereby creating synergistic effect.

In addition, the community mall model will expand to strategic cities such as Guangzhou and other cities. The Group aims to upgrade the current mall portfolio.

2) Duty free

For duty free business, the Group will fine-tune its business model addressing market conditions while strengthening its cooperation with strategic partners. Apart from Kinmen, the Group is in active discussion with potential international duty-free operators to extend our business to other countries.

B) International Brands

1) Apart from our current brands, the Group has successfully acquired the distribution rights of renowned international brands, not only to enrich the Group's brand portfolio but also to generate business for its outlet malls at the same time.

2) Sports Brands

Due to the market recognition of the operating team's experience in running swimming brands, the Group has reached an agreement with Arena Japan to start a joint-venture in Shanghai for developing the brand's business in China. Operations has officially commenced in 2017.

The Group is currently working with Arena's parent company Descente to develop Arena's China business hoping to make Arena the leading brand utilizing the opportunity made possible by the 2020 Tokyo Olympics. The Group is also reviewing with Descente non-Arena related business prospects.

3) In addition to continuous expansion into current licensing business in Japan, Korea and Europe and South America, ongoing efforts will be devoted towards enhancing PONY brand image.

C) Financial services

With respect to the financial services business, the Group is actively negotiating with a potential strategic partner for consolidation, providing more effective services to its clients in an efficient manner while enhancing the investment return to the Group.

D) Regarding e-commerce, the Group is in the final stage of implementing a collaboration plan with an e-commerce partner in the beginning of 2017 to go with the times in the "Internet Plus" era and explore the e-commerce retail business, while leveraging the synergistic effect of the e-commerce platform to open a distributing channel with full potential for both its joint venture with brand partners or its role as distributor for renowned brands.

Conclusively speaking, the Group will continue to optimize the concept of travel retail, expand its different business sectors in order to achieve growth and perfect its structure. By continuing to strengthen its existing role both as a joint venture partner and brand distributor, the Group will continue to explore new branding opportunities in order to maximize branding effect and enjoy the economies of scale. The Group will continue to develop the financial services business to generate profits to the Group. A formal dividend policy of the Company will be formulated and published by the Board in due course. The Group will continue to generate profits, hoping to create a highly adaptable, pressure-resistant and sustainable business environment.

APPRECIATION

I would take this opportunity to thank my fellow directors, our staff and stakeholders for their continuous support and contributions to the Group. I hope that in the midst of the complex business environment of 2017, management and all my colleagues will continue to make concerted efforts to support each other and contribute to the business and performance of the Group.

Mr. Cheng Tun Nei
Chairman and Chief Executive Officer

OPERATION REVIEW

The Group's turnover for the year ended 31 December 2016 of approximately HKD363.9 million was comparable to that of approximately HKD351.1 million for the year ended 31 December 2015. The gross margin remained stable at 74.7% and 75.6% respectively for the year ended 31 December 2016 and 2015. The decrease in turnover of the Retailing and sourcing and Outlet malls segments was compensated by the better than expected business volume of the Financial services, Duty free, Branding and Property investment and holding segments.

During the year ended 31 December 2015, the Group had a one off net gain of HKD194 million from the disposal of the trademarks and intellectual property relating to the " PONY " brand in the United States of America, Mexico and Canada. Similar transaction did not take place in the year ended 31 December 2016. As a result, the profit attributable to the owners of the Company decreased by 84.6%, from HKD 180.8 million to HKD 27.8 million.

The Group's non-current assets have increased from HKD2,266.7 million to HKD2,353.6 million mainly due to the combined effect of investment in joint ventures and the utilization of deferred tax assets. In addition, the Group's current assets decreased from HKD1,457.9 million to HKD1,041.6 million mainly due to the decrease in the year end outstanding loan amount from HKD629.2 million to HKD333.8 million under the money lending operation of the Financial services segment.

MARKET INFORMATION

During the year, sales to the People's Republic of China, Hong Kong, Taiwan and other Asian countries comprised 96.5% (2015: 99.5%) of the total sales with the remaining 3.5% (2015: 0.5%) shared between United States of America and other countries.

Liquidity and capital resources

As at 31 December 2016, the Group had bank balances and cash of HKD328,468,000 (2015: HKD470,025,000). The Group was offered banking facilities amounting to HKD719,491,000 (2015: HKD737,251,000). As at 31 December 2016, the Group obtained bank borrowings in the amount of HKD719,491,000 (2015: HKD737,251,000). The Group has variable interest rate bank loans which carry interest ranging from 2.0% to 3.0% per annum. The weighted average effective interest rate of the Group's bank loans is 2.7% (2015: 2.2%). Debt to total assets ratio stood at 21.2% (2015: 19.8%), based on total bank borrowings over total assets. The banking facilities are secured by corporate guarantees from the Company and certain of its subsidiaries. Bank loans are secured by certain land and buildings and investment properties of the Group.

Human resources

As at 31 December 2016, the total number of employees of the Group was 356. Employee costs (excluding directors emoluments) amounted to approximately HKD63,177,000 (2015: HKD72,651,000).

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

Share option schemes

On 10 June 2011, Shareholders 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 and 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, 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 2016 are as follows:

				Number of share options				
Name of participants	**Date of grant**	**Exercise period**	**Exercise price per share** *(HKD)*	**Outstanding as at 1 January 2016**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Outstanding as at 31 December 2016**
Directors	9/9/2013	9/9/2013 – 8/9/2016	0.406	–	–	–	–	–
		9/9/2014 – 8/9/2016	0.406	–	–	–	–	–
		9/9/2015 – 8/9/2016	0.406	–	–	–	–	–
	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	–	–	–	–	–
		9/9/2015 – 8/9/2016	0.406	–	–	–	–	–
	9/10/2013	9/10/2013 – 8/10/2016	0.402	–	–	–	–	–
		9/10/2014 – 8/10/2016	0.402	350,000	–	(140,000)	(210,000)	–
		9/10/2015 – 8/10/2016	0.402	960,000	–	(870,000)	(90,000)	–
	4/12/2015	1/7/2016 – 31/12/2016	0.760	10,000,000	–	(1,000,000)	(9,000,000)	–
				18,310,000	–	(8,010,000)	(10,300,000)	–
Weighted average exercise price				0.666	N/A	0.558	0.750	N/A

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				
Name of 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

As at 31 December 2016, no share options was outstanding. As at 31 December 2015, the number and weighted average exercise price of share options exercisable at the end of the reporting period are 8,310,000 shares and HKD0.552, respectively.

The weighted average remaining contractual life for share options outstanding at the end of reporting period is nil (2015: 1.13 years). The weighted average share price at the date of exercise of options exercised during the year was HKD0.84 (2015: HKD0.83).

The total number of shares available for issue under the share option scheme as at 31 December 2016 was 811,726,074 shares (No outstanding share options have been granted but not yet lapsed or exercised) (2015: 809,323,074 shares (including options for 18,310,000 shares that have been granted but not yet lapsed or exercised)) which represented 30% (2015: 29.3%) of the issued share capital of the Company at 31 December 2016.

The estimated fair value of the options granted 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 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 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 values of the options granted to eligible persons on 4 December 2015 were HKD0.1699 and HKD0.1707 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	HKD0.760
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 HKD1,481,000 (2015: HKD1,666,000) for the year ended 31 December 2016 in relation to share options granted by the Company.

Events after the reporting period

(a) On 13 December 2016, the Company announced the proposed acquisition of a 42% equity interest in Giant Eagle Enterprises Limited ("**Giant Eagle**") and an application for whitewash waiver (together as the "**Proposed Acquisition**") whereby on 9 December 2016, Cosmo Group Holdings Limited, an indirect wholly-owned subsidiary of the Company ("**Cosmo**"), and Goldsilk Capital Limited ("**Goldsilk**"), entered into an agreement, pursuant to which Cosmo had conditionally agreed to purchase and Goldsilk had conditionally agreed to sell (i) the 42% of the issued share capital of Giant Eagle, being an indirect 58%-owned subsidiary of the Company; and (ii) the entire debt owed by Giant Eagle group to Goldsilk and any of its affiliates immediately before completion on any account whatsoever and whether or not due for payment at an aggregate consideration of HK$215,300,000.

The consideration to be satisfied on completion was made up as to (i) HK$15,300,000 in cash payable by Cosmo to Goldsilk; and (ii) HK$200,000,000 by the allotment and issuance of 250,000,000 consideration shares by the Company to Goldsilk or its nominee, credited as fully paid, at the issue price of HK$0.80 per consideration share. Upon completion, Giant Eagle would change to an indirect wholly-owned subsidiary of the Company.

As at 8 March 2017, the Proposed Acquisition was fully completed. Details of the Proposed Acquisition are disclosed in the Company's announcements dated 13 December 2016, 3 January 2017 and 8 March 2017 and circular dated 15 February 2017.

(b) On 24 January 2017, the Company announced the acquisition of an 80% equity interest in Kingxin International Investment Limited ("**KX**") (the "**KX Acquisition**") whereby on 15 December 2016, State Key Limited, an indirect wholly-owned subsidiary of the Company ("**State Key**"), and Mr. Zeng Huan Huang, the vendor ("**KX Vendor**"), entered into an agreement (the "**KX Agreement**"), pursuant to which State Key agreed to purchase, and the KX Vendor agreed to sell, the KX shares, representing 80% of the issued share capital of Kingxin, at a cash consideration of RMB76,000,000 (equivalent to approximately HK$85,100,000). The principal asset of the Kingxin group is a commercial property situated in Chongqing, the PRC and the principal liability of the Kingxin group is the debt with principal amount of RMB200,000,000 owed by Chongqing Yuntai Meijia Commercial Operation Management Limited to a financial institution which is a third party independent of the Company and its connected persons as at the date of the KX Agreement.

The KX Acquisition was completed on 12 January 2017 and Kingxin became an indirect 80%-owned subsidiary of the Company. Details of the KX Acquisition are disclosed in the Company's announcement dated 24 January 2017.

(c) On 20 February 2017, Majestic City (Hong Kong) Limited, a wholly-owned subsidiary of the Company, successfully won the tender for the land located at the north crossroad of Haixiang Avenue and Tianshui Road, Jimei District, Xiamen, Fujian Province, the PRC (the "**Land**") and entered into a confirmation letter with the Xiamen Land Bureau. The aggregate site area of the Land is approximately 60,273 sqm, with a maximum permissible gross floor area of approximately 54,800 sqm. The total consideration payable for the acquisition is RMB302,703,000 (equivalent to approximately HKD342,054,390), comprising: (i) the price for the land use rights of the Land; (ii) related land transaction taxes; and (iii) a performance bond equivalent to 20% of the price of the Land.

The Group has already entered into a contract with the Xiamen Land Bureau for the transfer of the rights to use the Land to the Group. Details of the acquisition of the land are disclosed in the Company's announcement dated 21 February 2017.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTES	**2016** **HKD('000)**	2015 *HKD('000)*
Revenue	*4*	**363,856**	351,067
Cost of sales		**(91,998)**	(85,779)
Gross profit		**271,858**	265,288
Other income and gains	*7(a)*	**11,382**	250,438
Distribution and selling expenses		**(100,840)**	(124,988)
Administrative expenses		**(135,141)**	(170,771)
Finance costs	*5*	**(18,429)**	(10,965)
Other expenses	*7(b)*	**(19,974)**	(15,635)
Increase in fair value of investment properties		**20,370**	3,443
Share of results of joint ventures		**964**	(1,757)
Profit before income tax expenses		**30,190**	195,053
Income tax expenses	*6*	**(16,145)**	(38,975)
Profit for the year	*7*	**14,045**	156,078
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
Surplus arising on revaluation of properties		**29,222**	14,149
Deferred tax liability arising on revaluation of properties		**–**	(9,953)
		29,222	4,196
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale investments		**–**	20,354
Release of investments revaluation reserve to profit or loss upon disposal of available-for-sale investments		**–**	(5,605)
Translation reserves released to profit or loss on disposal of subsidiaries		**–**	129
Reserves released on obtaining control of a joint venture		**–**	(2,051)
Exchange differences arising on translation of foreign operations		**(96,390)**	(101,239)
		(96,390)	(88,412)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTES	**2016** **HKD('000)**	2015 HKD('000)
Other comprehensive income for the year, net of tax		**(67,168)**	(84,216)
Total comprehensive income for the year		**(53,123)**	71,862
Profit for the year attributable to owners of the Company		**27,746**	180,822
Loss for the year attributable to non-controlling interests		**(13,701)**	(24,744)
		14,045	156,078
Total comprehensive income attributable to:			
Owners of the Company		**(21,377)**	115,854
Non-controlling interests		**(31,746)**	(43,992)
		(53,123)	71,862
Earnings per share	*9*		
Basic *(HK cents)*		**1.03**	6.74
Diluted *(HK cents)*		**1.03**	6.72

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	NOTES	2016 HKD('000)	2015 HKD('000)
Non-current assets			
Property, plant and equipment		**596,754**	611,898
Investment properties		**1,155,268**	1,190,423
Prepaid lease payments		**234,213**	254,248
Intangible assets		**146,417**	146,417
Interests in joint ventures		**156,254**	–
Interest in an associate		**–**	–
Loan to an associate		**5,587**	–
Goodwill		**35,590**	35,590
Deferred tax assets		**18,084**	22,486
Club debentures		**1,876**	1,876
Restricted bank deposit		**3,337**	3,538
Statutory deposits for financial services business		**200**	200
		2,353,580	2,266,676
Current assets			
Inventories		**20,874**	58,862
Trade and other receivables	*10*	**142,508**	115,842
Amount due from joint ventures		**53,069**	–
Advance to customers in margin financing	*11*	**119,656**	126,050
Loans to non-controlling interest		**1,668**	–
Loans receivable	*12*	**333,810**	629,196
Prepaid lease payments		**6,617**	7,159
Trading securities		**10,714**	16,420
Restricted bank deposit		**1,533**	9,889
Bank balances and cash – held on behalf of customers		**22,679**	24,494
Bank balances and cash		**328,468**	470,025
		1,041,596	1,457,937
Current liabilities			
Trade and other payables	*13*	**258,836**	265,611
Bank borrowings		**173,082**	173,002
Tax payable		**8,729**	12,853
		440,647	451,466
Net current assets		**600,949**	1,006,471
Total assets less current liabilities		**2,954,529**	3,273,147

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2016

	2016	2015
	HKD('000)	*HKD('000)*
Non-current liabilities		
Bank borrowings	**546,409**	564,249
Loan from non-controlling interests	**153,254**	153,254
Deferred tax liabilities	**87,556**	85,930
	787,219	803,433
	2,167,310	2,469,714
Equity		
Share capital	**270,575**	269,775
Reserves	**1,907,242**	2,049,360
Equity attributable to owners of the Company	**2,177,817**	2,319,135
Non-controlling interests	**(10,507)**	150,579
	2,167,310	2,469,714

Notes:

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 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 and trading and retailing.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2016

The Group has adopted the following amendments and interpretations, which are relevant to the Group's financial statements, for the first time for the current year's consolidated financial statements.

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 HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The adoption of these amendments has no material impact on the Group's consolidated financial statements.

(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. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] *Effective for annual periods beginning on or after 1 January 2017*

[2] *Effective for annual periods beginning on or after 1 January 2018*

[3] *Effective for annual periods beginning on or after 1 January 2019*

[4] *The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.*

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 – 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 FVTOCI 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 FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL 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 FVTPL, 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.

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.

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 " Leases " and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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 appropriate.

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.

4. 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.

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.

(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 2016

	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	131,114	39,561	36,245	29,719	119,592	7,625	363,856
Inter-segment sales	–	–	2,912	–	–	–	2,912
	131,114	39,561	39,157	29,719	119,592	7,625	366,768
Segment profit/(loss)	2,554	8,969	35,176	(37,021)	51,396	(11,507)	49,567
Unallocated income							
– Interest income							3,814
– Others							498
Central administrative costs							(24,653)
Share of results of joint ventures							964
Profit before income tax expenses							30,190

Note:

The revenue from outlet malls segment is analysed as follows:	
Gross revenue from concessionaire sales	252,446
Commission income from concessionaire sales	29,719

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
– Reserve released on obtaining control of joint ventures							2,051
– Gain on disposal of subsidiaries							155
– Other							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

Segment profit/(loss) represents the profit earned or the loss incurred by each segment without allocation of central administrative costs, interest income, reserve released on obtaining control of joint ventures gain on disposal of subsidiaries, and share of results of joint ventures. Such segment result is 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

	2016	2015
	HKD('000)	*HKD('000)*
Retailing and sourcing	**47,335**	85,781
Branding	**151,002**	159,169
Property investment and holding	**1,480,837**	1,463,242
Outlet malls	**583,560**	622,362
Financial services	**547,123**	867,921
Duty free	**15,443**	18,324
Total segment assets	**2,825,300**	3,216,799
Unallocated	**569,876**	507,814
Consolidated assets	**3,395,176**	3,724,613

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than interests in joint ventures, loan to an associate, amount due from joint ventures, loan to non-controlling interests, deferred tax assets, club debentures, restricted bank deposit and bank balances and cash.

(c) Other Segment Information

For the year ended 31 December 2016

	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)*	**2,628**	**8**	**619**	**7,723**	**12**	**222**	**11,212**
Depreciation of property, plant and equipment	**3,508**	**378**	**8,896**	**17,825**	**528**	**3,491**	**34,626**
Amortisation of prepaid lease payments	**–**	**–**	**–**	**6,958**	**–**	**–**	**6,958**
Increase in fair value of investment properties	**–**	**–**	**20,370**	**–**	**–**	**–**	**20,370**
Provision of allowance for bad and doubtful debts	**–**	**3,874**	**–**	**–**	**8,000**	**–**	**11,874**
Reversal of allowance for inventories, net	**1,517**	**1,408**	**–**	**–**	**–**	**383**	**3,308**
Interest income	**–**	**–**	**–**	**–**	**89,924**	**–**	**89,924**
Interest expense	**–**	**–**	**18,429**	**–**	**–**	**–**	**18,429**

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

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 are detailed below:

	Revenue from external customers		**Non-current assets located** *(Note (ii))*	
	2016	2015	**2016**	2015
	HKD('000)	*HKD('000)*	***HKD('000)***	*HKD('000)*
The People's Republic of China	**190,118**	220,944	**1,512,315**	1,607,197
Taiwan	**7,625**	5,169	**5,146**	8,307
Hong Kong (Place of domicile)	**126,553**	100,113	**506,181**	478,101
United States of America	**7,029**	905	**–**	–
Other Asia countries *(Note (i))*	**26,781**	23,189	**–**	–
Others *(Note (i))*	**5,750**	747	**146,676**	147,047
	363,856	351,067	**2,170,318**	2,240,652

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 deferred tax assets, restricted bank deposit, interests in joint ventures and loan to an associate.

(e) Information about Major Customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue subsisted during the year ended 31 December 2016 and 2015.

5. FINANCE COSTS

	2016	2015
	HKD('000)	*HKD('000)*
Interest on bank borrowings	**18,429**	10,965

Bank borrowings amounting to HK$173,082,000 (2015: HK$173,002,000) are repayable within one year.

6. INCOME TAX EXPENSES

The amount of income tax expenses in the consolidated statement of comprehensive income represents:

	2016	2015
	HKD('000)	*HKD('000)*
Current tax		
Hong Kong		
– Profits tax		
– current year	**(6,084)**	(11,660)
– over provision in prior years	**49**	–
Other jurisdictions		
– Enterprise income tax		
– current year	**(2,852)**	(6,818)
– under provision in prior years	**(47)**	(5,081)
– Other		
– current year	**(1,015)**	(4,869)
	(9,949)	(28,428)
Deferred tax		
– current year	**(6,196)**	(10,547)
Income tax expenses	**(16,145)**	(38,975)

Hong Kong Tax

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

PRC Tax

All group companies operating in the PRC are subject to the applicable tax rate of 25% during the years ended 31 December 2016 and 2015, 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. However, for all new tenancy agreements signed between the Group and tenants, a new term has been added such that the tenants are required to pay the PRC Enterprise Income Tax on behalf of the Group. Based on the experience of the Group's management and the above measures adopted during the year ended 31 December 2016, 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 for the year can be reconciled to the profit before income tax expense per the consolidated statement of comprehensive income as follows:

	2016	2015
	HKD'000	*HKD'000*
Profit before income tax expenses	**30,190**	195,053
Tax expense calculated at Hong Kong Profits Tax rate of 16.5%	**(4,981)**	(32,184)
Tax effect of expenses not deductible for tax purposes	**(3,772)**	(10,107)
Tax effect of revenue not taxable for tax purposes	**7,868**	8,612
Tax effect of share of results of joint ventures	**–**	(290)
Tax effect of tax losses not recognised	**(15,432)**	–
Tax effect of deductible temporary difference not recognised	**(29)**	–
Tax effect of utilisation of tax losses previously not recognised	**124**	2,011
Effect of different tax rates of subsidiaries operating in other jurisdictions	**75**	(1,936)
Over/(under) provision in respect of prior years	**2**	(5,081)
Income tax expenses	**(16,145)**	(38,975)

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.

7. PROFIT FOR THE YEAR

(a) Other income and gains

	2016	2015
	HKD('000)	*HKD('000)*
Gain on disposal of subsidiaries	**38**	4,470
Bad debts recovery	**30**	–
Gain on disposal of property, plant and equipment	**–**	2
Gain on disposal of available-for-sale investments	**–**	5,605
Gain on disposal of intangible assets	**–**	222,497
Interest income from bank deposits	**1,839**	6,719
Interest income from joint ventures	**1,975**	–
Net gain on trading securities	**–**	161
Reserves released on obtaining control of a joint venture	**–**	2,051
Government grant*	**1,801**	1,695
Others	**5,699**	7,238
	11,382	250,438

* *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

	2016	2015
	HKD('000)	*HKD('000)*
Bad debts written off	**3,362**	3,048
Loss on disposal of property, plant and equipment	**10**	–
Write off of property, plant and equipment	**8**	4,731
Provision of allowance for bad and doubtful debts, net		
– Trade receivables	**11,874**	6,000
Net loss on trading securities	**822**	–
Fair value loss on re-measurement of equity interests in a joint venture	**–**	20
Others	**3,898**	1,836
	19,974	15,635

(c) Profit for the year has been arrived at:

	2016	2015
	HKD('000)	*HKD('000)*
After charging		
Directors' emoluments	**5,425**	6,393
Other employee costs	**56,296**	65,150
Retirement benefits schemes contributions, excluding Directors	**6,881**	7,501
	68,602	79,044
Auditor's remuneration	**1,860**	1,710
Amortisation of prepaid lease payments	**6,958**	7,349
Cost of inventories recognised as expense	**91,998**	85,779
Depreciation of property, plant and equipment	**34,779**	40,396
Exchange losses, net	**2,061**	–
Write off of property, plant and equipment	**8**	4,731
Loss on disposal of property, plant and equipment	**10**	–
After crediting:		
Reversal of allowance for inventories, net *(Note)*	**3,308**	9,998
Gross rental income from investment properties	**36,245**	34,042
Less: direct operating expenses from investment properties that generate rental income	**(597)**	(595)
	35,648	33,447
Interest income from:		
Bank deposits	**1,839**	6,719
Joint ventures	**1,975**	–
Loans receivable and advances to customers in margin financing	**89,924**	63,902

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

8. DIVIDENDS

	2016	2015
	HKD('000)	*HKD('000)*
2015 final dividend of HKD0.02 per ordinary share paid during the year (2014: Nil)	**53,974**	–

No interim dividend was declared or paid during the years ended 31 December 2016 and 2015. For the year ended 31 December 2016, the Board recommends the payment of final dividend of HKD0.0038 (2015: HKD0.02) per Share to the Shareholders.

9. EARNINGS PER SHARE

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

Earnings per share

	2016	2015
	HKD('000)	*HKD('000)*
Profit for the year attributable to the owners of the Company	**27,746**	180,822

	2016	2015
	Number of shares	Number of shares
	('000)	*('000)*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,700,487**	2,681,411
Effect of diluted potential ordinary shares *(Note)*:		
– Options	**1,126**	9,530
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,701,613**	2,690,941
Basic earnings per share *(HK cents)*	**1.03**	6.74
Diluted earnings per share *(HK cents)*	**1.03**	6.72

Note: The Company's warrants as at 31 December 2016 do not give rise to any dilution effect to the earnings per share because the exercise price of the Company's warrants issued during the year ended 31 December 2016 was higher than the average market price of the Company shares for the period.

10. TRADE AND OTHER RECEIVABLES

	2016	2015
	HKD('000)	*HKD('000)*
Trade receivables		
– Other than financial services segment	**48,971**	44,433
– Financial services segment	**20,483**	31,264
Total trade receivables	**69,454**	75,697
Less: allowance for doubtful debts	**(23,664)**	(19,790)
	45,790	55,907
Other receivables, deposits and prepayments	**100,795**	64,012
Less: allowance for doubtful debts – other receivables	**(4,077)**	(4,077)
	96,718	59,935
Total trade and other receivables	**142,508**	115,842

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 HKD25,307,000 (2015: HKD24,643,000). 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 86% (2015: 59%) 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

	2016	2015
	HKD('000)	*HKD('000)*
Trade receivables arising from ordinary course of business of dealing in securities:		
Cash clients	**158**	239
Clearing house	**–**	22,315
Trade receivables arising from ordinary course of business of provision of:		
Money lending	**20,313**	8,633
Insurance brokerage	**12**	77
	20,483	31,264

Save for the credit period allowed by the Group, the trade receivables shall be due on the settlement date of the respective securities contract transaction. In view of the fact that such receivables relate to a number of diversified customers, there is no significant concentration of credit risk. Overdue receivables from cash clients of approximately HKD86,000 as at 31 December 2016 (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 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:

	2016	2015
	HKD('000)	*HKD('000)*
0 to 30 days	**37,251**	41,810
31 to 60 days	**2,603**	1,891
61 to 90 days	**1,209**	2,023
Over 90 days	**4,727**	10,183
	45,790	55,907

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

	2016	2015
	HKD('000)	*HKD('000)*
Over 90 days	**4,727**	10,183

Movement in the allowance for doubtful debts – trade receivables

	2016	2015
	HKD('000)	*HKD('000)*
Balance at beginning of the year	**19,790**	13,790
Impairment losses recognised	**3,874**	6,000
Balance at end of the year	**23,664**	19,790

The above provision for impairment of trade receivables represents a provision for an impaired trade receivable with a carrying amount before provision of approximately HKD23,664,000 (2015: HKD25,188,000). This impaired receivable related to a customer that is slow in settlement and management assessed that only a portion or none of the balance is expected to be recovered.

Movement in the allowance for doubtful debts – other receivables

	2016	2015
	HKD('000)	*HKD('000)*
Balance at beginning and end of the year	**4,077**	4,077

The above provision for impairment of other receivables represents a provision for an impaired other receivable with a carrying amount before provision of approximately HKD4,077,000 (2015: HKD4,077,000). This impaired receivable relates to a debtor that is slow in settlement and management assessed that only a portion or none of the balance is expected to be recovered.

11. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	2016	2015
	HKD('000)	*HKD('000)*
Directors and their associates	**133**	2,698
Other margin clients	**119,523**	123,352
Balance at end of the year	**119,656**	126,050

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 2016, the total market value of securities pledged as collateral in respect of the loan to margin clients was approximately HKD531,318,000 (2015: HK$699,241,000). The Group is allowed to dispose of the collateral in settlement of the customers' obligations to maintain the agreed level of margin and any other liability of the customers due to the Group.

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

12. LOANS RECEIVABLE

	2016	2015
	HKD('000)	*HKD('000)*
Secured	**341,810**	629,196
Less: allowance for doubtful debts	**(8,000)**	–
	333,810	629,196

The loans receivable are secured by charges over the borrowers' properties and/or financial assets, interest bearing at 5%-24% per annum (2015: 12%-36% per annum) and repayable between one month to one year from the date of advance.

Customers giving rise to loans receivable 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 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.

13. TRADE AND OTHER PAYABLES

	2016	2015
	HKD('000)	*HKD('000)*
Trade and bills payables	**36,422**	32,761
Accounts payable from financial services segment	**32,218**	16,426
Other payables, temporary receipts, accruals and receipts in advance	**190,196**	216,424
Total trade and other payables	**258,836**	265,611

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:

	2016	2015
	HKD('000)	*HKD('000)*
0 to 30 days	**17,490**	16,572
31 to 60 days	**15,088**	11,358
61 to 90 days	**2,358**	2,761
Over 90 days	**1,486**	2,070
	36,422	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

	2016	2015
	HKD('000)	*HKD('000)*
Accounts payable arising from ordinary course of business of dealing in securities *(Note)*:		
Cash clients	**11,560**	7,336
Margin clients	**16,491**	8,995
Clearing house	**4,155**	–
	32,206	16,331
Accounts payable arising from ordinary course of business of provision of:		
Insurance brokerage	**12**	95
	32,218	16,426

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

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

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.

14. DISPOSAL OF SUBSIDIARIES

(a) On 18 September 2015, the Group disposed of its subsidiary Grand Golden Enterprises Limited ("**Grand Golden**") to an independent third party for a cash consideration of HKD20. The net liabilities of Grand Golden 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 a cash consideration 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)

15. ACQUISITION OF SUBSIDIARIES

On 28 April 2015, the Group completed an acquisition of the remaining 50% equity interest in the 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 the 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 was recognised and included in other expenses in 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)

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of HKD0.0038 per Share (2015: HKD0.02) to shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 6 June 2017 to Friday, 9 June 2017 (both days inclusive), during which period no transfer of shares will be effected.

Warrant holder(s) who want(s) to be entitled to attend and vote at the 2016 Annual General Meeting should subscribe their outstanding Warrants no later than 4:30 p.m. by Wednesday, 31 May 2017.

In order to qualify to attend and vote at the 2016 Annual General Meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong ("**Share Registrar**") for registration no later than 4:30 p.m. on Monday, 5 June 2017.

The proposed final dividend is expected to be distributed on Wednesday, 5 July 2017 to Shareholders whose names appear on the Register of Members of the Company as at the close of business on Tuesday, 20 June 2017. The payment of final dividend is subject to the approval of Shareholders at Annual General Meeting to be held on Friday, 9 June 2017.

In order to qualify for the final dividend entitlements, all transfer of shares accompanied by the relevant share certificates must be lodged with the Share Registrar for registration no later than 4:30 p.m. on Thursday, 15 June 2017. The register of members will be closed from Friday, 16 June 2017 to Tuesday, 20 June 2017 (both days inclusive) during which no transfer of shares will be effected. To ensure entitlement to the final dividend, Warrant holder(s) should subscribe their outstanding Warrants no later than 4:30 p.m. on Monday, 12 June 2017.

CORPORATE GOVERNANCE

The Company has complied with the CG Code throughout the year ended 31 December 2016, except for the deviation from code provisions A.2.1 and A.4.1 of CG Code.

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

Under the code provision A.2.1, the roles of the Chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheng Tun Nei currently serves as both the Chairman and Chief Executive Officer of the Company.

In view of the evolving business environment in which our Group operates, the Board is of the view that currently vesting the roles of both the chairman and chief executive on Mr. Cheng Tun Nei will provide the Group with strong and consistent leadership while permitting more effective and timely business planning and decision-making process.

Under code provision A.4.1, non-executive Directors should be appointed for a specific term and are subject to re-election.

All non-executive Directors of the Company were not appointed for specific term but are subject to retirement by rotation and re-election at annual general meeting in accordance with Bye-law 87 of the Bye-laws of the Company.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry to all Directors, each of them confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2016.

Audit Committee

The audit committee of the Company ("**Audit Committee**") comprises 3 independent non-executive Directors of the Company. The Audit Committee has reviewed with the management of the Company and the external auditor, Messers. BDO Limited, the accounting principles and practices adopted by the Group and also discussed auditing, and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31 December 2016 of the Group.

Remuneration Committee

The remuneration committee of the Company ("**Remuneration Committee**") comprises 3 independent non-executive Directors and advises the Board on the emolument policies of Directors and senior management.

Nomination Committee

The nomination committee of the Company ("**Nomination Committee**") consists of 3 members, out of which 2 are independent non-executive Directors. It offers guidance to the Board on the appointment or re-appointment of Directors, succession planning, in particular, the Chairman and the Chief Executive.

Terms of reference

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

Board of Directors

At the annual general meeting of the Company held on Friday, 10 June 2016, Messrs. Shum Pui Kay and Wah Wang Kei Jackie retired and were re-elected as Directors.

As from 10 June 2016 and up to the date of this announcement, the Board comprises:

Executive Director
Mr. Cheng Tun Nei
(Chairman & Chief Executive Officer)
Mr. Chan Kar Lee Gary

Non-executive Director
Mr. Hong Kim Cheong

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

GENERAL INFORMATION

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. BDO Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

The 2016 Annual General Meeting will be held at the Boardroom on the 10th Floor of Island Place Tower, 510 King Road, North Point, Hong Kong on Friday, 9 June 2017 at 10:00 a.m. and the notice of Annual General Meeting will be published and dispatched to Shareholders in a manner as required by the Listing Rules of the Stock Exchange of Hong Kong Limited.

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

For the year ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATIONS OF DETAILED RESULTS

The Annual Report containing the audited consolidated financial statements and notes to the financial statements for the year ended 31 December 2016 ("**2016 Annual Report**") will be published on both the websites of the Company (www.symphonyholdings.com) and the Exchange (www.hkex.com.hk). Shareholders shall receive copies of the 2016 Annual Report before the end of April 2017.

By order of the Board
Symphony Holdings Limited
Cheng Tun Nei
Chairman

Hong Kong, 17 March 2017

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

Executive Directors:	Mr. Cheng Tun Nei *(Chairman & Chief Executive Officer)* Mr. Chan Kar Lee Gary
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

GLOSSARY

"Annual General Meeting"	the annual general meeting of the Company to be held on Friday 9th June 2017 at 10:00 a.m. or any adjournment Thereof
"Board"	the board of Directors of the Company
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Company"	Symphony Holdings Limited, a company incorporated in Bermuda with limited liability, the shares and warrants of which are listed on the Main Board of the Stock Exchange (Stock code: 1223 and Warrant code: 1537)
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HKD"	Hong Kong dollar, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	The People's Republic of China which, for the purpose of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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