SYMPHONY

SYMPHONY HOLDINGS LIMITED
新 灃 集 團 有 限 公 司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 01223)
(Warrant Code: 01537)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

CHAIRMAN'S STATEMENT

It is my pleasure to present the results of the Group for the first half of 2017.

In the first half of 2017, the Group continued to face challenges ranging from general market uncertainty and volatility. Despite these headwinds, the Group demonstrated its resilience and delivered sales growth in Travel Retail.

The Group continues to expand its Travel Retail strategy. We successfully won the bid for a parcel of land of 60,273 sq.m. in Xiamen in mid February 2017. This will be developed for our flagship Park Outlet store in China which will have a catchment area of more than 50 million people around a 3 hour vicinity of Xiamen city.

Overall revenue for the Group in the first half of 2017 was HKD158.7 million, a slight decrease of 9.7% from same period last year.

Profit attributable to the owners of the Company after tax was HKD36.9 million, a significant increase from the same period last year. This is due to the fair value increase in our Group's property investment holdings.

* *For identification only*

Dividend

The board recommends no dividend payout for the interim period.

Outlook

The Group will continue to build on its strategy in Travel Retail. The opening of our Anyang City Park Outlet in the late 3rd quarter of 2017 will not only solidify our presence across the PRC but also build on our Park Outlet Brand. We will also enhance our product mix services and cater for more sizeable food and beverages chain to our Park Outlet Malls.

In our community malls we also anticipate occupancy rates to increase in both Chongqing and Tianjin as more reputable tenants will be signed.

We are confident with our duty free business in Kinmen as we expand our product range in store and tie up alliances with key partners and suppliers.

We are also looking for business development opportunities to further expand our duty free business geographically.

Regarding our brands, we expect a strong second half from our Arena joint venture operations.

The summer months of July and August will fuel a strong second half momentum for 2017 as we increase distribution, points of sales and points of usage. Marketing efforts with Descente will also raise communication awareness for the brand.

Online momentum will also be captured via our e-commerce platform which captures major e-commerce stores like JD, T Mall and Amazon.

For our financial services business, we will continue a prudent management approach to manage and mitigate risk. At the same time, we will explore potential strategic partnership and opportunities as we move forward.

Pony will continue to expand into new geographical territories in Africa, Middle East & Latin America in the second half of 2017.

We expect the second half of the year to be exciting and productive as we continue to build on our strategic platform.

Finally we would like to thank our Board and management for their devoted service during the interim period and of course, we want to thank our shareholders, customers and suppliers for their continued support for the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Highlights

	2017	2016
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
For the six months ended 30 June		
Revenue	**158,728**	175,726
Gross profit	**106,800**	121,397
Profit before income tax expense	**91,969**	4,113
Income tax expense	**(38,402)**	(9,321)
Profit attributable to owners of the Company	**36,869**	2,120
Earnings per share	***HK cents***	*HK cents*
– Basic	**1.29**	0.08
– Diluted	**1.29**	0.08

Business Performance

A) Travel Retail

1) Outlet Malls

The Group Shenyang's outlet mall sales revenue grew 9.4% versus the same period last year spurred by new product mix and the addition of new product service categories. The Group's opening of Anyang City Park Outlet, a joint venture with China International Travel Service Group Corporation was postponed to the 3rd Quarter of 2017.

The Group is pushing forward its plan of completing the construction of its Park Outlet anchor flagship store in Xiamen in late 2018.

At the same time the Group intends to expand its professional management of outlets malls in different cities in China. Ongoing discussions are being held with major property groups in China to capitalise on Symphony's Park Outlet management services.

2) Community Malls

Our community mall in Tianjin hailed in Metro AG our anchor tenant. Metro is one of the biggest supermarket chains in the world. Tianjin occupancy rate is also rising. There are on-going discussions with key tenants and we expect occupancy rate to further increase.

Our Chongqing mall is also performing well with improving occupancy rates.

We are aggressively pursuing customer services and a new product mix to enhance the mall traffic.

3) Duty Free

Despite lower tourist arrivals from China, our duty free operations in Kinmen saw an increase of sales revenue of 68.4% versus same period of last year. Aggressive sourcing and a restructure of product mix captured more sales for the operation.

B) Brands

1) Arena

Our joint venture with Descente Group for the brand Arena which just started in early 2017 is performing well. After six months of operations only, sales revenues are at HKD59.8 million.

2) *Pony*

The competition amongst apparel shoes has been challenging. Sales for Pony dropped 38.3% versus same period of last year. We are working hard on expanding our geographical foot print across Africa, Middle East and Latin America.

C) *Financial Services*

Overall sales revenue was down 49.5% versus the same period of last year. In view of the volatility of the market, the Group's financial arm decided to adopt an aggressive risk matrix in managing risks and exposures. As a consequence the money-lending business was scaled back.

D) *Property Investments*

Our property investment portfolio gained significantly as a result of the fair value measurement of our Chongqing, Beijing, Shanghai and Hong Kong assets as at 30 June 2017. A significant gain of HKD137.9 million was recognised.

Financial Review

Administrative expenses increased from HKD66.8 million to HKD89.6 million as a result of increase in exchange loss, legal and professional fees for acquisition and rental expenses for Tianjin community mall.

Fair value gain of investment properties surged from HKD9.8 million to HKD137.9 million as a result of valuation gain of investment properties held by the Group.

Trade and other receivables increased from HKD142.5 million to HKD456.0 million, out of which HKD333.3 million was in respect of deposit for the acquisition of a piece of land in Xiamen.

Loan from non-controlling interests fell from HKD153.3 million to HKD23.4 million as a result of acquisition of the loan from the non-controlling interests in Shenyang Park Outlets during the period.

MARKET INFORMATION

During the first six months of 2017, sales to the People's Republic of China, Hong Kong, Taiwan and other Asian countries comprised 99.2% (30 June 2016: 98.6%) of the total sales and the remaining 0.8% (30 June 2016: 1.4%) was mainly shared between the United States of America, other European countries and South America.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2017, the Group had bank balances and cash of HKD194.2 million (31 December 2016: HKD 328.5 million). The Group was offered banking facilities amounting to HKD1,200.7 million (31 December 2016: HKD719.5 million). As at 30 June 2017, the Group's total bank borrowings were HKD1,200.7 million (31 December 2016: HKD719.5 million). The Group has variable interest-rate bank loans which carry interest ranging from 2.12% to 9.20% per annum for the six months ended 30 June 2017 (six months ended 30 June 2016: 2.11% to 2.67%). The weighted-average effective interest rate of the Group's bank loans was 4.29% (30 June 2016: 2.48%). Debt to total assets ratio stood at 28.5% (31 December 2016: 21.2%), based on total bank borrowings over total assets. The banking facilities were secured by corporate guarantees from the Company and certain of its subsidiaries. Bank loans were also secured by certain land and buildings and investment properties.

HUMAN RESOURCES

As at 30 June 2017, the total number of employees of the Group was 374 (30 June 2016: 376). Employee costs (excluding directors' emoluments) amounted to approximately HKD32.6 million (30 June 2016: HKD35.4 million).

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Notes	**2017** ***HKD'000*** **(Unaudited)**	2016 *HKD'000* (Unaudited)
Revenue	*3*	**158,728**	175,726
Cost of sales		**(51,928)**	(54,329)
Gross profit		**106,800**	121,397
Other income and gains		**8,305**	3,668
Distribution and selling expenses		**(41,978)**	(43,158)
Administrative expenses		**(89,567)**	(66,810)
Finance costs		**(22,985)**	(9,013)
Other expenses		**(9,614)**	(7,011)
Increase in fair value of investment properties		**137,935**	9,800
Share of results of joint ventures		**3,073**	(4,760)
Profit before income tax expense	*4*	**91,969**	4,113
Income tax expense	*5*	**(38,402)**	(9,321)
Profit/(loss) for the period		**53,567**	(5,208)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Notes	**2017** ***HKD'000*** **(Unaudited)**	2016 *HKD'000* (Unaudited)
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
Surplus arising on revaluation of properties		**24,303**	15,932
Deferred tax liability arising on revaluation of properties		**(4,853)**	(1,090)
		19,450	14,842
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**64,790**	(20,288)
Share of other comprehensive income of joint ventures		**(1,931)**	(27)
		62,859	(20,315)
Other comprehensive income for the period, net of tax		**82,309**	(5,473)
Total comprehensive income for the period		**135,876**	(10,681)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Notes	**2017**	2016
		HKD'000	*HKD'000*
		(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to:			
Owners of the Company		**36,869**	2,120
Non-controlling interests		**16,698**	(7,328)
		53,567	(5,208)
Total comprehensive income for the period attributable to:			
Owners of the Company		**115,410**	(88)
Non-controlling interests		**20,466**	(10,593)
		135,876	(10,681)
Earnings per share	*7*		
Basic		**HK1.29 cents**	HK0.08 cents
Diluted		**HK1.29 cents**	HK0.08 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	30.06.2017 HKD'000 (Unaudited)	31.12.2016 HKD'000 (Audited)
Non-current assets			
Property, plant and equipment	*8*	**620,647**	596,754
Investment properties	*8*	**1,717,962**	1,155,268
Prepaid lease payments		**239,008**	234,213
Intangible assets	*9*	**146,417**	146,417
Interests in joint ventures	*10*	**161,259**	156,254
Interest in an associate	*11*	**–**	–
Loan to an associate	*11*	**5,756**	5,587
Goodwill	*12*	**35,590**	35,590
Deferred tax assets	*18*	**16,934**	18,084
Club debenture		**1,876**	1,876
Restricted bank deposit		**3,454**	3,337
Statutory deposits for financial services business		**200**	200
		2,949,103	2,353,580
Current assets			
Inventories	*13*	**53,101**	20,874
Trade and other receivables	*14*	**456,035**	142,508
Amounts due from joint ventures	*10*	**58,696**	53,069
Amounts due from an associate	*11*	**15,654**	–
Advances to customers in margin financing	*15*	**105,435**	119,656
Loan to non-controlling interests		**–**	1,668
Loans receivable	*16*	**293,176**	333,810
Prepaid lease payments		**6,849**	6,617
Trading securities		**42,555**	10,714
Restricted bank deposit		**1,648**	1,533
Bank balances and cash – held on behalf of customers		**30,943**	22,679
Bank balances and cash		**194,223**	328,468
		1,258,315	1,041,596

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2017

	Notes	30.06.2017 HKD'000 (Unaudited)	31.12.2016 HKD'000 (Audited)
Current liabilities			
Trade and other payables	17	**355,326**	258,836
Bank borrowings	19	**679,831**	173,082
Dividend payable		**11,236**	–
Tax payable		**11,922**	8,729
		1,058,315	440,647
Net current assets		**200,000**	600,949
Total assets less current liabilities		**3,149,103**	2,954,529
Non-current liabilities			
Bank borrowings	19	**520,901**	546,409
Loans from non-controlling interests		**23,368**	153,254
Deferred tax liabilities	18	**145,164**	87,556
		689,433	787,219
Net assets		**2,459,670**	2,167,310
Equity			
Share capital	20	**295,579**	270,575
Reserves		**2,114,743**	1,907,242
Equity attributable to owners of the Company		**2,410,322**	2,177,817
Non-controlling interests		**49,348**	(10,507)
		2,459,670	2,167,310

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 2016.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2016, except for the amendments to HKFRSs that are effective for the Group's annual financial statements for the year ending 31 December 2017. Details of these amendments are set out below.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Included in Annual Improvements to HKFRSs 2014-2016 Cycle, Disclosure of Interests in Other Entities

AMENDMENTS TO HKAS 7 – DISCLOSURE INITIATIVE

Amendments to HKAS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosures to be provided in the Group's annual financial statements. The Group is not required to provide the additional disclosures in these condensed consolidated interim financial statements.

AMENDMENTS TO HKAS 12 – RECOGNITION OF DEFERRED TAX ASSETS FOR UNREALISED LOSSES

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situation. The amendments clarify that an entity, when assessing whether taxable profit will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

AMENDMENTS TO HKFRS 12 – CLARIFICATION OF THE SCOPE OF DISCLOSURE REQUIREMENTS IN HKFRS 12

The amendments clarify that the disclosure requirements of HKFRS 12, other than for those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale in accordance with HKFRS 5.

The application of the new and revised HKFRSs in the current period has no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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.

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

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

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

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

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

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.

(A) SEGMENT REVENUE AND RESULTS

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 2017 (Unaudited)

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

Six months ended 30 June 2016 (Unaudited)

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Financial services *HKD'000*	Duty free *HKD'000*	Consolidated *HKD'000*
REVENUE							
External sales	59,807	18,338	18,721	14,692	60,096	4,072	175,726
Inter-segment sales	–	–	1,459	–	–	–	1,459
	59,807	18,338	20,180	14,692	60,096	4,072	177,185
Segment profit/(loss)	(16,712)	4,993	19,273	(21,142)	36,069	(5,685)	16,796
Unallocated income							
– Interest income							1,985
– Others							251
Central administrative costs							(10,159)
Share of results of joint ventures							(4,760)
Profit before income tax expense							4,113

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

(B) SEGMENT ASSETS

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

	30.6.2017	31.12.2016
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Retailing and sourcing	**101,904**	47,335
Branding	**164,203**	151,002
Property investment and holding	**2,050,919**	1,480,837
Outlet malls	**932,522**	583,560
Financial services	**486,297**	547,123
Duty free	**12,073**	15,443
Total segment assets	**3,747,918**	2,825,300
Unallocated	**459,500**	569,876
Consolidated total assets	**4,207,418**	3,395,176

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, loan to an associate, amounts due from joint ventures, amounts due from an associate, loan to non-controlling interests, deferred tax assets, club debenture, restricted bank deposits and bank balances and cash.

4. PROFIT BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2017	2016
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**16,577**	17,789
Bad debts written off	**–**	2,786
Write off of obsolete inventories	**1,845**	–
(Reversal)/provision of allowance for inventories, net	**(13,699)**	11,438
Provision of allowance for bad and doubtful debts, net		
– Other receivables	**2,377**	–
Amortisation on prepaid lease payments	**3,362**	3,529
Exchange losses, net	**8,786**	127
Loss on disposal of property, plant and equipment	**53**	7
Interest income from bank deposits/amounts due from joint ventures	**(2,105)**	(1,985)
Dividend income	**(3,808)**	–
Gain on disposal of a subsidiary	**(53)**	–
Loss on disposal of trading securities	**4,593**	1,137

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Current tax charge:		
Hong Kong	**2,476**	3,758
Other jurisdictions	**3,564**	2,024
Deferred tax charge:		
Current period	**32,362**	3,539
	38,402	9,321

HONG KONG TAX

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

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

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

Up to the date of 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. 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, 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.

6. DIVIDEND

A final dividend of HKD0.0038 (2016: HKD0.02) per ordinary share was proposed in 2017 for the year ended 31 December 2016, amounted to HKD11,236,000 and HKD53,973,000 payables for the balance of 2017 and 2016 respectively. For the period ended 30 June 2017, the Board does not recommend the payment of an interim dividend (2016: Nil) to the members of the Company.

As at 30 June 2017, a total amount of HKD11,232,000 of dividend has been declared by the Directors of the Company and the remaining HKD4,000 will be valid within six years then to declare.

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:

EARNINGS

	Six months ended 30 June	
	2017	2016
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company	**36,869**	2,120

	Six months ended 30 June	
	2017	2016
	Number of Share	Number of Share
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**2,864,597**	2,698,245
Effect of dilutive potential ordinary shares *(Note)*:		
– share options	**–**	2,507
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,864,597**	2,700,752
Earnings per share:		
Basic earnings per share *(HK cents)*	**1.29**	0.08
Diluted earnings per share *(HK cents)*	**1.29**	0.08

Note: The Company's warrants as at 30 June 2017 did not give rise to any dilution effect to the earnings per share because the exercise price of the Company's warrants issued during the six months ended 30 June 2017 was higher than the average market price of the Company's shares for the period.

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 HKD4,885,000 (six months ended 30 June 2016: HKD4,984,000).

The buildings of the Group located in the PRC and the leasehold land and buildings located in Hong Kong were valued on 30 June 2017 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 HKD19,450,000 (six months ended 30 June 2016: HKD14,842,000) 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 construction were estimated on 30 June 2017 by Prudential Surveyors (Hong Kong) Limited and 深圳市戴德梁行土地房地產評估有限公司成都分公司, independent firms of professional property valuers not connected to the Group. This resulted in an increase in fair value of investment properties of approximately HKD137,935,000 during the period (six months ended 30 June 2016: HKD9,800,000), which was recognised in the profit or loss for the period.

On 12 January 2017, the Group acquired a commercial property located in the PRC with a total costs of HKD366,040,000 upon the completion of acquisition of an 80% equity interest in Kingxin International Investment Limited.

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 (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 and considered to be not impaired at the end of reporting period.

10. INTERESTS IN JOINT VENTURES

INTERESTS IN JOINT VENTURES

As at 30 June 2017, the Group owned four joint venture companies, namely 武漢喬尚實業發展有限公司 ("武漢喬尚"), 安陽喬尚尚柏奧萊商業管理有限公司 ("安陽喬尚"), 安陽國旅尚柏奧萊置業有限公司 ("安陽國旅") and Aggressive Resources Limited ("Aggressive"). 武漢喬尚 and 安陽國旅 are principally engaged in outlet mall operation in Anyang of the PRC, with a carrying value of approximately HKD10,274,000 and HKD53,218,000 respectively. Aggressive is an investment holding company, with a carrying amount of approximately HKD97,767,000, which holds a wholly-owned subsidiary engaged in manufacturing and retailing of health supplement products in Hong Kong.

AMOUNTS DUE FROM JOINT VENTURES

The amount due from joint ventures was unsecured, interest-bearing at 5%-5.4% per annum (31 December 2016: 5%) and repayable on demand.

11. INTEREST IN AN ASSOCIATE

LOAN TO AN ASSOCIATE

The loan to an associate was unsecured and repayable upon mutual agreement by both parties. Loan amount of HKD4,029,000 bears interest at 5.4% per annum and the remaining balance of HKD1,727,000 was non-interest bearing as at 30 June 2017.

AMOUNTS DUE FROM AN ASSOCIATE

The amounts due from an associate were unsecured, non-interest bearing and repayable on demand.

12. GOODWILL

Goodwill of approximately HKD35,590,000 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 2017.

13. INVENTORIES

During the six months ended 30 June 2017, reversal of allowance for inventories of HKD13,699,000 has been recognised as income in profit or loss as the relevant inventories were sold during the period.

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

14. TRADE AND OTHER RECEIVABLES

	30.06.2017	31.12.2016
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Trade receivables		
– Other than financial services segments	**70,890**	48,971
– Financial services segment	**9,056**	20,483
	79,946	69,454
Less: allowance for doubtful debts	**(23,664)**	(23,664)
	56,282	45,790
Other receivables, deposits and prepayments	**406,207**	100,795
Less: allowance for doubtful debts		
– Other receivables	**(6,454)**	(4,077)
	399,753	96,718
Total trade and other receivables	**456,035**	142,508

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. Allowance for doubtful debts of HKD23,664,000 at 30 June 2017 (31 December 2016: HKD23,664,000) was solely in respect of trade receivable of the others than financial services segment.

TRADE RECEIVABLES FROM FINANCIAL SERVICES SEGMENT

	30.06.2017	31.12.2016
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Trade receivables arising from ordinary course of business of dealing in securities:		
Cash clients	**212**	158
Clearing house	**4,198**	–
Trade receivables arising from ordinary course of business of provision of:		
Money lending	**4,646**	20,313
Insurance brokerage	**–**	12
	9,056	20,483

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 HKD29,000 as at 30 June 2017 (31 December 2016: HKD86,000) 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 the end of the reporting period:

	30.06.2017	31.12.2016
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
0 to 30 days	**40,745**	37,251
31 to 60 days	**5,064**	2,603
61 to 90 days	**3,145**	1,209
Over 90 days	**7,328**	4,727
	56,282	45,790

15. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	30.06.2017	31.12.2016
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Directors and his associates	**49**	133
Other margin clients	**105,386**	119,523
	105,435	119,656

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 30 June 2017, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HKD425,313,000 (31 December 2016: HKD531,318,000). 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 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.

16. LOANS RECEIVABLE

	30.06.2017	31.12.2016
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Secured	**301,176**	341,810
Less: allowance for doubtful debts	**(8,000)**	(8,000)
	293,176	333,810

The loans receivable are secured by charges over the borrowers' properties and/or financial assets, interest bearing at 5%-23% per annum (31 December 2016: 5%-24%), and are repayable within one month to one year from the dates 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.

17. TRADE AND OTHER PAYABLES

	30.06.2017	31.12.2016
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Trade and bills payables	**49,618**	36,422
Accounts payable from financial services segment	**31,694**	32,218
Other payables, temporary receipts, accruals and receipts in advance	**274,014**	190,196
	355,326	258,836

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

	30.06.2017	31.12.2016
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
0 to 30 days	**22,411**	17,490
31 to 60 days	**19,312**	15,088
61 to 90 days	**4,524**	2,358
Over 90 days	**3,371**	1,486
	49,618	36,422

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

	30.06.2017	31.12.2016
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Accounts payable arising from the ordinary course of business of dealing in securities *(Note):*		
Cash clients	**16,047**	11,560
Margin clients	**15,631**	16,491
Clearing house	**–**	4,155
	31,678	32,206
Accounts payable arising from the ordinary course of business of provision of:		
Insurance brokerage	**16**	12
	31,694	32,218

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.

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.

18. DEFERRED TAXATION

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

	30.06.2017	31.12.2016
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Deferred tax assets	**(16,934)**	(18,084)
Deferred tax liabilities	**145,164**	87,556
	128,230	69,472

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

	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 31 December 2016 (audited)	73,935	9,607	9,506	73	(31,015)	7,366	69,472
Exchange realignment	–	463	61	–	–	–	524
Arising from acquisition of a subsidiary	–	19,854	–	–	–	–	19,854
Charge/(credit) to profit or loss	–	32,378	(16)	–	1,165	–	33,527
Charge to other comprehensive income	4,853	–	–	–	–	–	4,853
At 30 June 2017 (unaudited)	78,788	62,302	9,551	73	(29,850)	7,366	128,230

19. BANK BORROWINGS

	30.06.2017	31.12.2016
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Current		
Carrying amount of variable interest-rate bank loans repayable within one year:		
– unsecured	**322,090**	155,082
– secured	**357,741**	18,000
	679,831	173,082
Non-Current		
Carrying amount of secured variable interest-rate bank loans that are repayable:		
– more than one year, but not exceeding two years	**227,246**	236,245
– more than two years, but not exceeding five years	**160,959**	155,082
– after five years	**132,696**	155,082
	520,901	546,409
	1,200,732	719,491

The Group has variable interest-rate bank loans which carry interest ranging from 2.12% to 9.20% per annum for the six months ended 30 June 2017 (six months ended 30 June 2016: 2.11% to 2.67%). The weighted-average effective interest rate of the Group's bank loans is 4.29% (six months ended 30 June 2016: 2.48%).

No undrawn borrowing facilities is available for future operating activities and to settle capital commitments as at 30 June 2017 and 31 December 2016.

The Group had pledged certain of its leasehold land and buildings and completed investment properties, with carrying values of approximately HKD236,000,000 and HKD1,275,098,000 (31 December 2016: HKD225,000,000 and HKD709,282,000) respectively, to secure bank borrowings granted to the Group of approximately HKD1,044,619,000 (31 December 2016: HKD564,409,000).

20. SHARE CAPITAL

	Number of shares *'000*	Share capital *HKD'000*
Authorised ordinary share of HKD0.10 each:		
At 31 December 2016 (audited) and 30 June 2017 (unaudited)	20,000,000	2,000,000
Issued and fully paid ordinary share of HKD0.10 each:		
At 1 January 2017 (audited)	2,705,754	270,575
Issue of shares *(Note)*	250,000	25,000
Exercise of warrants *(Note 21)*	40	4
At 30 June 2017 (unaudited)	2,955,794	295,579

Note: Shares were issued was pursuant to the agreement dated 9 December 2016 in relation to the proposed acquisition of the 42% equity interest in Giant Eagle Enterprises Limited not already owned by the Company under specific mandate. Further details are disclosed in the Company's announcement dated 13 December 2016, 3 March 2017 and 8 March 2017 respectively, as well as the circular dated 15 February 2017.

21. BONUS WARRANTS

On 18 March 2016, the Company announced a proposed bonus issue of warrants on the basis of one warrant for every five shares held on the record date (i.e. 17 June 2016). On 6 July 2016, 539,732,716 units of warrants were issued. Each warrant entitles the holder thereof to subscribe in cash for one share at the initial subscription price of HKD1.00 per share (subject to adjustments). The warrants are exercisable at any time during a period of three years commencing from the date of issue of the warrants (i.e. 6 July 2016). Details of the bonus warrants are disclosed in the Company's circular dated 29 April 2016.

During the six months ended 30 June 2017, the holders exercised a total of 40,000 warrants, at an exercise price of HKD1.00 per share and accordingly a total of 40,000 ordinary shares were issued by the Company (2016: Nil).

PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend (2016: Nil) for the six months ended 30 June 2017.

CORPORATE GOVERNANCE REPORT

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

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

The Directors have considered this deviation carefully and decided not to adopt the provision. As the current structure has been effective in facilitating the operation and development of the Group and its business while necessary checks and balances consistent with sound corporate governance practices are in place, the Directors do not envisage the Group should alter its current arrangement. Nonetheless, the Directors will review the structure from time to time to ensure it continues to meet its objectives.

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

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

Mr. Hong Kim Cheong, previously a non-executive director of the Company, was re-designated as an executive director of the Company on 1st April 2017.

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

Compliance with the Model Code

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

Audit Committee

The audit committee of the Company ("Audit Committee") consists of three independent non-executive Directors of the Company ("INEDs"). The Audit Committee has reviewed with the management and the external auditor BDO Limited, the accounting principles and practices adopted by the Group and also the unaudited consolidated financial statements of the Group for the six months ended 30 June 2017.

An independent advisor was appointed in March 2016 to assist the Board to monitor the effectiveness of the risk management and internal control system of the Group. The service provider completed its half-year review in accordance with "Internal Control Integrated Framework" and "Enterprise Risk Management Framework" issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). A half-yearly Risk Management and Internal Control Review Report was submitted to the Audit Committee. The report findings were also communicated to the management so that appropriate follow-up actions will be taken if so required.

Remuneration Committee

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

Nomination Committee

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

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

Board of Directors

At the annual general meeting of the Company held on Friday, 9 June 2017, Mr. Cheng Tun Nei, Mr. Chan Kar Lee Gary and Mr. Chow Yu Chun Alexander retired. All of them, being eligible, offered themselves for re-election and were re-elected as Directors.

As from 9 June 2017 and up to the date of this announcement, the Board comprises:

Executive Directors:
Mr. Cheng Tun Nei
(Chairman and Chief Executive Officer)
Mr. Chan Kar Lee Gary
Mr. Hong Kim Cheong (re-designated as Executive Director on 1 April 2017)

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

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

For the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATIONS OF DETAILED RESULTS

The Interim Report containing the unaudited condensed consolidated financial statements and notes to the financial statements for the six months ended 30 June 2017 ("2017 Interim Report") will be published on both websites of the Company (www.symphonyholdings.com) and the Exchange (www.hkex.com.hk). Shareholders shall receive copies of the 2017 Interim Report on or before 30 September 2017.

By Order of the Board
Cheng Tun Nei
Chairman

Hong Kong • 18 August 2017

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

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