SYMPHONY

SYMPHONY HOLDINGS LTD.
新 灃 集 團 有 限 公 司*

(the "Company")

(Incorporated in Bermuda with limited liability)

(Stock Code: 01223)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

CHAIRMAN'S STATEMENT

It gives me pleasure to present the results of the first half of 2014.

Turnover surged from HK$90.9 million for the six months ended 30 June 2013 to HK$102.4 million for the corresponding period in 2014, achieving a 12.7% growth. The post acquisition effect of the PONY global brand in June 2013 is materializing and the completion of the financial services group acquisition in April 2014 all lead to an increase in overall turnover. Sales from the Shenyang outlet mall is also improving as more retail space was rented out.

Instead of a loss attributable to the owners of the Company at HK$47.4 million for the six months ended 30 June 2013, the Company recorded a gain of HK$6.2 million for the corresponding period in 2014 attributable to the gain on the disposal of a joint venture and the fair value gain on the re-measurement of the equity interest in a joint venture and the reversal of long outstanding payables.

* *For identification only*

Branding and Retail

Pony business in the United States with our licensee, Anthony L&S Group, is making steady progress. To further enhance the PONY brand, marketing efforts have been ongoing and intensified. New business development opportunities in Middle East and Europe are emerging and the market in Asia is improving.

During the first half of 2014, sales of Speedo increased by 3.2% as compared with the same period last year as major efforts have been placed to capture a larger market share. During the same period, wholesale sales increased by 9.3%, with the expansion of 114 new franchisee stores. Retail sales, however, had dropped by 15.4%, mainly due to focused efforts towards growing the wholesale business, and the closing down of non-profitable locations.

Outlet Malls

In line with the Company's long term plan to become a major outlet/shopping mall manager and operator in the Greater China, we have been quite active in the past months in pursuing various opportunities available to Park Outlets in locations such as Jinan（濟南）, Chengdu（成都）, Wuhan（武漢）, Hengqin（橫琴）, Sanya（三亞）and Dailin（大連）. Barring unforeseen circumstances, it is likely that additional outlet malls would soon be building up the Park Outlets portfolio in the foreseeable future.

The Park Outlets owned and operated by the Company in Shenyang has been moving forward steadily in terms of its overall revenue. A latest themed addition to Shenyang Park Outlets, the Duo-Duo World（朵朵童）, a known parent-child activity oriented operation occupying some 6,000 square meters of space, has turned out to be quite a successful attraction drawing plenty of family visitors to the mall. Besides, popular and top-tier brand Armani has also confirmed to take up space at Shenyang Park Outlets, hence our current occupancy is pushing to 90%. It would be a possible move for Shenyang Park Outlets to consider expansion in the next year or so if the current sales increasing trend continues to prevail.

Albeit somewhat behind the original schedule, Tianjin Park Outlets has been set to soft open in September this year thus paving way for the October golden week and the winter season to follow. This outlet mall managed by the Company, notwithstanding its beautiful architecture, would likely be encountering some challenges due to its mainly weekend/holiday location, and its warm up period is hence expected to be relatively longer as well. Other than brand shopping, and certain comic-animation themed features that should appeal to young people, quite a fair amount of special food and beverage operations that arouse the appetites of food lovers will also be introduced in this outlet mall as added attractions.

The company further enhanced its property portfolio by swapping portion of its Shenyang properties for income generating Beijing properties. The Beijing properties consist of 4 floors in a 21-storey building known as Junefield Plaza. The Beijing properties were leased to 10 tenants. The acquisition will generate a stable, reliable and recurring rental income to the Company and at the same time enable the Company to enjoy any future land value appreciation of Beijing property. Not only will the assets swap bring in reliable income, it will bring in a seasoned partner with property development expertise to jointly develop the Shenyang properties. The acquisition will be subject to shareholders' approval and it is expected that the transaction will be completed by the end of Q3 this year.

Financial Services Group

The acquisition of the financial services group under Jin Dragon was completed in the end of April 2014. During the six months ended 30 June 2014, the financial services group obtained 2 new licences namely, Type 4 (advising on securities) and Type 9 (assets management). The range of services provided include securities brokerage, margin financing, underwriting and placing, investment advisory, asset management, consultancy, and money lending. It is expected that the financial business will continue to grow and prosper. Meanwhile, the financial services group is working on technology applications to improve operational efficiency through an increase in automation to strengthen our existing customer relationship and to enhance effective management.

OPERATION REVIEW

Administrative costs increased from HK$66 million for the six months ended 30 June 2013 to HK$85 million for the corresponding period in 2014 is mainly due to (i) legal cost relating to the restructuring; (ii) expenses attributable to the granting of share options to directors and staff; and (iii) exchange loss due to the depreciation of Renminbi.

As a result of the disposal of equity interests in two joint ventures and the acquisition of JFT which become our wholly-owned subsidiary, the loss of joint ventures shared by the Company fell from HK$24.7 million for the six months ended 30 June 2013 to HK$1.4 million for the six months ended 30 June 2014.

Trade and other receivables fell from HK$104.8 million as at 30 June 2013 to HK$85.2 million as at 30 June 2014 due to timely settlement by debtors and the payment of the final adjusted consideration of the disposal of the manufacturing business.

Loss for the period from continuing operations fell from HK$78.3 million for the six months ended 30 June 2013 to HK$29.3 million for the six months ended 30 June 2014 due to a number of factors amongst which include the gain on the disposal of a joint venture, the fair value gain on the re-measurement of the equity interest in a joint venture and significant drop in the share of losses of joint ventures disclosed above.

As stated in the Annual Report 2013, the Company successfully raised a net amount of HK$291.7 million in October last year through placing of shares. The placing proceeds had been utilized as follows: (i) HK$59 million had been used for existing outlet mall operations; (ii) HK$21.7 million was used for general working capital of the Company and its subsidiaries (collectively, the "Group"); while (iii) HK$150 million had been used for the repayment of bank loans of the Group. Only around HK$61 million which has been set aside for the outlet mall extension, has not yet been utilized.

Market Information

During the first six months of 2014, sales to the People's Republic of China, Hong Kong and other Asian countries comprise 92% (2013: 98%) of the total sales and the remaining 8% (2013: 2%) was mainly shared between United States of America, other European countries and South America.

Liquidity and Capital Resources

As at 30 June 2014, the Group had bank balances and cash of HK$675.7 million (31 December 2013: HK$823.3 million). The Group was offered banking facilities amounting to HK$471.5 million (31 December 2013: HK$569.3 million). As at 30 June 2014, the Group's total borrowing was HK$250.6 million (31 December 2013: HK$379.4 million). The Group has variable interest-rate bank loans which carry interest range from 1.31% to 1.89% per annum for the six months ended 30 June 2014. The effective interest rate of the Group's bank loans is 1.62% (2013: 1.80%). The gearing ratio stood at 13.02% (2013: 21.21%), based on total bank borrowings over shareholders' equity. The banking facilities were secured by corporate guarantees from the Company and certain of its subsidiaries. Bank loans are secured by certain land and buildings, investment properties and pledged bank deposits of the Group.

Human Resources

As at 30 June 2014, the total number of employees of the Group is 278 (2013: 500). Employee costs (excluding directors' emoluments) amounted to approximately HK$33.7 million (2013: HK$36.7 million).

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

Share Option Scheme

There has been no changes in the Group's share option scheme, details of which are disclosed in the Company's annual report for the year ended 31 December 2013.

On 17 June 2014, a total of 6,000,000 share options were granted to a director of the Company.

Details of the movements of the share options granted under the 2011 share option scheme during the six months ended 30 June 2014 are as follows:

				Number of share options				
Name of participants	Date of grant	Exercise period	Exercise price per share	Outstanding as at 1 January 2014	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2014
Directors	9/9/2013	9/9/2013 to 8/9/2016	HK$0.406	11,200,000	–	–	–	11,200,000
		9/9/2014 to 8/9/2016	HK$0.406	12,300,000	–	–	–	12,300,000
		9/9/2015 to 8/9/2016	HK$0.406	12,300,000	–	–	–	12,300,000
	9/10/2013	9/10/2013 to 8/10/2016	HK$0.402	2,000,000	–	–	–	2,000,000
		9/10/2014 to 8/10/2016	HK$0.402	1,500,000	–	–	–	1,500,000
		9/10/2015 to 8/10/2016	HK$0.402	1,500,000	–	–	–	1,500,000
	17/6/2014	17/6/2014 to 16/6/2017	HK$0.550	–	6,000,000	–	–	6,000,000
Employees	9/9/2013	9/9/2013 to 8/9/2016	HK$0.406	13,600,000	–	–	–	13,600,000
		9/9/2014 to 8/9/2016	HK$0.406	12,000,000	–	–	–	12,000,000
		9/9/2015 to 8/9/2016	HK$0.406	12,000,000	–	–	–	12,000,000
	9/10/2013	9/10/2013 to 8/10/2016	HK$0.402	5,410,000	–	(1,600,000)	(280,000)	3,530,000
		9/10/2014 to 8/10/2016	HK$0.402	4,470,000	–	–	–	4,470,000
		9/10/2015 to 8/10/2016	HK$0.402	4,470,000	–	–	–	4,470,000
				92,750,000	6,000,000	(1,600,000)	(280,000)	96,870,000
Weighted average exercise price				0.405	0.550	0.402	0.402	0.414

The Group recognised an expense of HK$3,318,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil) in relation to share options granted by the Company.

1,600,000 options were exercised during the six months ended 30 June 2014 with a gross proceeds of HK$643,000 (six months ended 30 June 2013: Nil). 280,000 options were lapsed during the six months ended 30 June 2014 due to the resignation of employees (six months ended 30 June 2013: Nil).

Events After Reporting Period

On 2 July 2014, the Group entered into an acquisition agreement and pursuant to which the Group has conditionally agreed to purchase 100% equity interest in Trillion Earning Limited ("Trillion Earning") from GoldSilk Capital Limited, a company wholly and beneficially owned by Mr. Cheng Tun Nei, a substantial shareholder of the Company, for an aggregate consideration of HK$481,545,000. Upon completion of this acquisition, Trillion Earning will become a wholly-owned subsidiary of the Company.

On 8 August 2014, the Group entered into a conditional agreement for the acquisition of 100% equity interest in Golden Palais Hotel Holdings Limited ("Golden Palais Taiwan") at an initial consideration of TWD120,000,000 (approximately HKD31,141,000). Upon completion, Golden Palais Taiwan will become a wholly-owned subsidiary of the Company.

On 19 August 2014, the Group entered into an agreement for the disposal of 23% equity interest in Wise Investment Group Limited ("Wise Investment") to Acadia Investments Limited, an independent third party for a consideration of HK$14,375,000. Upon completion, Wise Investment will remain as a subsidiary of the Company and approximately HKD2,196,000 will be recognised in equity.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	NOTES	**2014** ***HKD'000*** **(Unaudited)**	2013 *HKD'000* (Unaudited)
Continuing operations			
Revenue	*3*	**102,413**	90,899
Cost of sales		**(47,302)**	(54,618)
Gross profit		**55,111**	36,281
Other income and gains		**46,023**	39,885
Distribution and selling expenses		**(42,768)**	(55,331)
Administrative expenses		**(85,050)**	(66,042)
Finance costs		**(2,118)**	(4,340)
Other expenses		**(2,237)**	(8,263)
Increase in fair value of investment properties		**500**	2,000
Share of results of joint ventures		**(1,394)**	(24,666)
Loss before income tax credit		**(31,933)**	(80,476)
Income tax credit	*4*	**2,592**	2,150
Loss for the period from continuing operations	*5(a)*	**(29,341)**	(78,326)
Discontinued operations			
Profit for the period from discontinued operations, after tax	*5(b)*	**26,607**	18,011
Loss for the period		**(2,734)**	(60,315)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	NOTES	**2014** ***HKD'000*** **(Unaudited)**	2013 *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		**5,850**	6,291
Deferred tax liability arising on revaluation of properties		**(70)**	(147)
	8	**5,780**	6,144
Items that may be reclassified subsequently to profit or loss:			
Fair value gain of available-for-sale investments		**–**	39
Release of investments revaluation reserve to profit or loss upon disposal of available-for-sale investments		**–**	(45)
Translation reserves released to profit or loss on disposal of a joint venture		**944**	–
Translation reserves released to profit or loss on obtaining control of a joint venture		**(372)**	–
Exchange differences arising on translation of foreign operations		**(32,507)**	22,592
Share of other comprehensive income of joint ventures		**(495)**	(1,491)
		(32,430)	21,095
Other comprehensive income for the period, net of tax		**(26,650)**	27,239
Total comprehensive income for the period		**(29,384)**	(33,076)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	NOTES	2014 HKD'000 (Unaudited)	2013 HKD'000 (Unaudited)
Loss for the period attributable to:			
Owners of the Company		**6,247**	(47,350)
Non-controlling interests		**(8,981)**	(12,965)
		(2,734)	(60,315)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(14,597)**	(26,532)
Non-controlling interests		**(14,787)**	(6,544)
		(29,384)	(33,076)
Earnings/(loss) per share	*7*		
Basic and diluted			
From continuing and discontinued operations		**HK0.28 cents**	(HK3.62 cents)
From continuing operations		**(HK0.93 cents)**	(HK5.00 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	NOTES	**30 June 2014** **HKD'000** **(Unaudited)**	31 December 2013 HKD'000 (Audited)
Non-current assets			
Property, plant and equipment	*8*	**503,508**	514,283
Investment properties	*8*	**717,593**	729,233
Prepaid lease payments		**281,165**	292,590
Intangible assets	*9*	**210,461**	209,916
Interests in joint ventures	*10*	**24,751**	35,369
Goodwill	*11*	**35,590**	–
Deferred tax assets		**43,822**	23,207
Tax recoverable		**52,314**	52,314
Club debentures		**2,326**	2,326
Restricted bank deposit		**3,744**	3,843
Deposit paid for renovation		**6,331**	–
Statutory deposits for financial services business		**200**	–
		1,881,805	1,863,081
Current assets			
Inventories	*12*	**27,331**	25,120
Amounts due from joint ventures	*10*	**–**	84,128
Trade and other receivables	*13*	**85,208**	104,757
Advances to customers in margin financing	*14*	**23,076**	–
Loans receivable	*15*	**78,879**	–
Prepaid lease payments		**7,423**	7,618
Pledged bank deposit		**18,722**	57,641
Bank balances and cash			
– held on behalf of customers		**39,583**	–
Bank balances and cash		**675,701**	823,257
		955,923	1,102,521

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2014

	NOTES	**30 June 2014**	31 December 2013
		HKD'000	HKD'000
		(Unaudited)	(Audited)
Current liabilities			
Trade and other payables	*16*	**282,197**	287,862
Amounts due to joint ventures	*10*	**26,435**	44,934
Bank borrowings	*17*	**250,638**	379,383
Tax payable		**40,974**	41,109
		600,244	753,288
Net current assets		**355,679**	349,233
Total assets less current liabilities		**2,237,484**	2,212,314
Non-current liabilities			
Obligations arising from a joint venture	*10*	**–**	64,859
Deferred tax liabilities		**86,136**	85,913
		86,136	150,772
Net assets		**2,151,348**	2,061,542
Capital and reserves			
Share capital	*18*	**236,629**	210,369
Reserves		**1,687,744**	1,578,480
Equity attributable to owners of the Company		**1,924,373**	1,788,849
Non-controlling interests		**226,975**	272,693
		2,151,348	2,061,542

Notes:

1. BASIS OF PREPARATION

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

These condensed consolidated financial statements have not been audited.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements has been prepared in accordance with the same accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2013, except for the accounting policy changes that are relevant to the Group and first effective for the Group's annual financial statements for the year ended 31 December 2014 as set out below.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
HK(IFRIC) – Int 21	Levies

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HK (IFRIC) – Int 21 – Levies

HK (IFRIC) – Int 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs.

These new and revised HKFRSs did not have any material impact on the Group's financial position and performance.

The Group has not early applied the following new and revised standards and amendments that have been issued, potentially relevant to the Group, but are not yet effective.

HKFRS 9	Financial Instruments[4]
Amendments to HKFRS 9, HKFRS 7and HKAS 39	Hedge Accounting[4]
HKFRSs (Amendments)	Annual Improvements 2010 – 2012 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2011 – 2013 Cycle[2]
HKFRS 15	Revenue from Contracts with Customers[3]

[1] Effective for annual periods beginning on or after 1 July 2014

[2] Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

[3] Effective for annual periods beginning on or after 1 July 2017

[4] No mandatory effective date has been yet determined but is available for adoption

The Group is in the process of making an assessment of the potential impact of these new and revised standards and amendments on the Group's financial statements, and the directors of the Company are not yet in a position to quantify their effects on the results and the financial position of the Group.

3. SEGMENT INFORMATION

During the year, the Group obtained control of Jin Dragon Holdings Limited ("**Jin Dragon**") by acquiring its entire equity interests. The principal activities of Jin Dragon are provision of financial services including securities brokerage, margin financing, underwriting and placing, consulting and money lending. The activities of Jin Dragon have become a new reportable and operating segment of the Group and are separately assessed by the chief operating decision-maker.

On the other hand, the Group disposed of its footwear manufacturing segment during the year ended 31 December 2013 which is presented as discontinued operations. The segment information reported below does not include any amounts for the discontinued operations, details of which are set out in Note 5(b) to these unaudited condensed consolidated financial statements.

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; and

– Financial services.

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 2014 (Unaudited)

	Retailing and sourcing *HKD'000*	**Branding** *HKD'000*	**Property investment and holding** *HKD'000*	**Outlet malls** *HKD'000*	**Financial services** *HKD'000*	**Consolidated** *HKD'000*
REVENUE						
External sales	**67,118**	**17,493**	**3,630**	**10,975**	**3,197**	**102,413**
Segment (loss)/profit	**(1,094)**	**(1,872)**	**2,003**	**(28,446)**	**1,476**	**(27,933)**
Unallocated income						
– Interest income						**7,494**
– Gain on disposal of a joint venture						**16,356**
– Fair value gain on re-measurement of equity in a joint venture						**10,051**
– Others						**719**
Central administrative costs						**(37,226)**
Share of results of joint ventures						**(1,394)**
Loss before income tax credit						**(31,933)**

Six months ended 30 June 2013 (Unaudited)

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Consolidated *HKD'000* (Re-stated)
REVENUE					
External sales	77,683	2,770	3,740	6,706	90,899
Segment loss	(14,999)	(4,769)	(1,071)	(33,450)	(54,289)
Unallocated income					
– Interest income					359
– Gain on disposal of a joint venture					11,054
– Fair value gain on re-measurement of equity in a joint venture					5,159
– Gain on disposal of available– for-sale investments					45
– Bargain purchase gain arising on business combination					12,992
– Others					2,307
Central administrative costs					(33,437)
Share of results of joint ventures					(24,666)
Loss before income tax credit					(80,476)

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 joint venture, fair value gain on re-measurement of equity in a joint venture, gain on disposal of available-for-sale investments, and bargain purchase gain arising on business combination, central administrative costs and share of results of joint ventures. This is the information reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

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

As at 30 June 2014 (Unaudited)

	Retailing and sourcing *HKD'000*	**Branding** *HKD'000*	**Property investment and holding** *HKD'000*	**Outlet malls** *HKD'000*	**Financial services** *HKD'000*	**Consolidated** *HKD'000*
Assets for reportable segment	**55,220**	**235,077**	**876,632**	**668,046**	**181,373**	**2,016,348**
Unallocated corporate assets						**821,380**
Consolidated total assets						**2,837,728**

As at 31 December 2013 (Audited)

	Retailing and sourcing *HKD'000*	Branding *HKD'000*	Property investment and holding *HKD'000*	Outlet malls *HKD'000*	Consolidated *HKD'000*
Assets for reportable segments	65,746	235,904	896,267	685,603	1,883,520
Unallocated corporate assets					1,082,082
Consolidated total assets					2,965,602

All assets are allocated to reportable segments other than interests in joint ventures, deferred tax assets, tax recoverable, club debentures, amounts due from joint ventures, restricted bank deposit, pledged bank deposit and bank balances and cash.

4. INCOME TAX CREDIT

	Six months ended 30 June	
	2014	2013
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Current tax charge:		
Hong Kong	**–**	–
Other jurisdictions	**(799)**	(102)
Deferred tax charge:		
Current period	**3,391**	2,252
	2,592	2,150

Hong Kong Tax

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

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

The Group had lodged objections with the IRD against the protective profits tax assessments. The IRD agreed to hold over the additional tax claimed subject to the relevant subsidiaries' purchases of tax reserve certificates ("**TRCs**") amounted to approximately HKD23.0 million. These TRCs were purchased and included in tax recoverable as at 30 June 2014 and 31 December 2013. In July and August 2012, the Group purchased additional TRCs amounted to HKD10.2 million relating to the year of assessment of 2004/2005 at the request of IRD.

In December 2011, the Deputy Commissioner of the IRD issued his written determinations. Among others, he is of the view that the wholly-owned subsidiaries referred to above are subject to Hong Kong profits tax and confirmed/revised the protective profits tax assessments for 2001/2002 to 2004/2005 in the amount of approximately HKD306.0 million in aggregate. In January 2012, the Group filed notices of appeal to the Board of Review objecting to the written determinations the IRD issued in December 2011.

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

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

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

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

In October 2012, the IRD also issued protective profits tax assessments for profits tax or additional profits tax for HKD124.5 million in aggregate to the wholly-owned subsidiaries relating to the year of assessment from 2006/07 to 2009/10 on three alternative bases on same set of profits for each year of assessment. The Group had lodged objections against the IRD regarding these protective profits tax assessments. The IRD agreed to holdover the additional tax claimed subject to the Group's purchasing tax reserve certificate amounted to HKD6.9 million which were done by the Group in January 2013.

Based on the mode of operations and activities of the subsidiaries and the merit of the Group's position as assessed by its tax counsel and tax advisor, the directors are of the opinion that the group companies concerned are not subject to Hong Kong profits tax.

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

The People's Republic of China (the "PRC") Tax

All group companies operating in the PRC are subject to the applicable tax rate of 25% during the current and prior periods.

Others

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

5. LOSS FOR THE PERIOD

(a) Loss for the period from continuing operations has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2014	2013
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**17,120**	16,107
Write off of property, plant and equipment	**385**	–
Provision for bad and doubtful debts	**–**	5,000
Allowance for inventories, net	**4,499**	7,833
Amortisation on prepaid lease payments	**3,749**	3,722
Reversal of impairment loss on loan receivables	**(1,607)**	–
Exchange losses, net	**6,734**	154
Interest income from bank deposits	**(7,494)**	(362)
Gain on disposal of available-for-sale investments	**–**	(45)
Gain on disposal of an investment property	**–**	(180)
Gain on disposal of subsidiaries	**–**	(3,348)
Gain on disposal of a joint venture	**(16,356)**	(11,054)
Bargain purchase gain arising on business combination	**–**	(12,992)
Fair value gain on re-measurement of equity in a joint venture	**(10,051)**	(5,159)

(b) Discontinued operations

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

The profit from discontinued operations for the six months ended 30 June 2014 mainly arose from the write-back of provisions for retirement and termination benefits and long-outstanding payables.

The sales, results and cash flows of the discontinued operations for the six months ended 30 June 2014 and 2013 were as follows:

	Six months ended 30 June	
	2014	2013
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Revenue	**–**	865,882
Cost of sales	**–**	(796,309)
Gross profit	**–**	69,573
Other income	**26,607**	13,453
Distribution costs	**–**	(10,889)
Administrative expenses	**–**	(52,066)
Other operating expenses	**–**	(1,069)
Finance costs	**–**	(1,020)
Profit before taxation	**26,607**	17,982
Income tax expenses	**–**	29
Profit for the period from discontinued operations	**26,607**	18,011
Net cash inflow from operating activities	**–**	(334,478)
Net cash inflow from investing activities	**–**	(7,480)
Net cash inflow from financing activities	**–**	253,169
Net cash flow incurred by the discontinued operations	**–**	(88,789)

6. DIVIDEND

No final dividend was declared and paid in 2014 for the year ended 31 December 2013. The Directors do not recommend the payment of any interim dividend (2013: Nil) for the six months ended 30 June 2014.

7. EARNINGS/(LOSS) PER SHARE

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

(a) Basic earnings/(loss) per share

	Six months ended 30 June	
	2014	2013
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
For continuing and discontinued operations:		
Profit/(loss) for the purposes of basic earnings/(loss) per share	**6,247**	(47,350)
For continuing operations:		
Loss for the purposes of basic loss per share	**(20,360)**	(65,361)
For discontinued operations:		
Profit for the purposes of basic earnings per share	**26,607**	18,011
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	**2,194,076**	1,308,034
	HK cents	*HK cents*
	(Unaudited)	(Unaudited)
Earnings per share for the discontinued operations attributable to owners of the Company – Basic	**1.21**	1.38

(b) Diluted earnings/(loss) per share

The amounts of diluted earnings/(loss) per share are the same as basic earnings/(loss) per share for the period ended 30 June 2014 because the dilutive potential ordinary shares outstanding during the period had an anti-dilution effect on the loss from continuing operations attributable to the owners of the Company.

The amount of diluted loss per share was the same as the basic loss per share for the six months ended 30 June 2013 as there were no dilutive potential ordinary shares in existence during that 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 approximately HKD10,039,000 (six months ended 30 June 2013: HKD38,730,000).

The buildings of the Group located in the PRC and the leasehold land and buildings located in Hong Kong were valued on 30 June 2014 by Prudential Surveyors (Hong Kong) Limited ("**Prudential**"), an independent firm of professional property valuers not connected to the Group, using the same valuation techniques as were used by this valuer when carrying out the valuations as at 31 December 2013. This resulted in a surplus net of tax of approximately HKD5,780,000 (six months ended 30 June 2013: HKD6,144,000), which was recognised as other comprehensive income for the period.

Investment properties

The fair value of the Group's investment properties and investment properties under development were estimated on 30 June 2014 by Prudential, using the same valuation techniques as were used by this valuer when carrying out the valuations as at 31 December 2013. This resulted in an increase in fair value of investment properties of approximately HKD500,000 during the period (six months ended 30 June 2013: HKD2,000,000), which was recognised in the profit or loss for the period.

9. INTANGIBLE ASSETS

During the period, the Group recognised intangible assets of approximately HK$599,000 arising from the acquisition of Jin Dragon (note 19(a)).

The rest of the balance is brought forward from 31 December 2013 and represents trademarks in respect of the "PONY" brand and are considered by management of the Group as having an indefinite useful life because they are expected to contribute net cash inflows to the Group indefinitely. The intangible assets have no impairment indicator and therefore are considered to be not impaired at the end of the reporting period.

10. JOINT VENTURES

Interests in joint ventures

During the period ended 30 June 2014, the Group acquired the remaining 50% equity interest of a joint venture and hence obtained control of it (note 19(b)) and disposed of another joint venture with a carrying value of approximately HKD8,920,000 for an aggregate consideration of HKD26,220,000. As a result, a fair value gain on remeasurement of equity in a joint venture and gain on disposal of a joint venture of approximately HKD10,051,000 and HKD16,356,000 respectively have been recognised and are included in other income in the condensed consolidated statement of comprehensive income.

Amounts due from/to joint ventures

The amount due from/to joint ventures are unsecured, interest-free and repayable on demand.

11. GOODWILL

During the period, the Group recognised goodwill arising from business combination of HKD35,590,000, and was allocated to the cash-generating unit of financial services for impairment testing. For the purposes of the goodwill impairment test, its recoverable amount was determined based on a value-in-use calculation, covering a detailed 5-year budget plan plus an extrapolated cash flow projections applying a steady growth rate subsequent to this 5-year plan, with a pre-tax discount rate of approximately 19.46%.

The key assumptions used in the budget plan are:

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

(ii) That gross margins will be maintained at its current levels throughout 5-year budget plan.

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

The Directors concluded that the cash-generating unit demonstrates sufficient cashflows that justify the carrying value of the goodwill and hence no impairment of goodwill is necessary as at 30 June 2014.

12. INVENTORIES

During the six months ended 30 June 2014, HKD4,499,000 (2013: HKD7,833,000) has been recognised as a reduction in the amount of inventories recognised as an expense in profit or loss during the period, being the amount of write-down of inventories to estimated net realisable value. This write-down was due to a decrease in the estimated net realisable value of certain branded apparel as a result of a change in consumer preferences.

13. TRADE AND OTHER RECEIVABLES

	30 June 2014	31 December 2013
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Trade receivables	**38,530**	37,296
Other receivables, deposits and prepayments	**46,678**	67,461
	85,208	104,757

The Group allows an average credit period ranging from 60 days to 90 days for its trade customers. Included in trade and other receivables are trade and bills receivables, net of allowance for doubtful debts, of HKD38,530,000 (31 December 2013: HKD37,296,000).

The following is an aging analysis of trade receivables net of allowances for doubtful debts, presented based on the invoice date at end of the reporting period:

	30 June 2014	31 December 2013
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
0 to 30 days	**13,737**	9,802
31 to 60 days	**3,247**	6,000
61 to 90 days	**1,604**	1,594
Over 90 days	**19,942**	19,900
	38,530	37,296

14. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

Advances to customers in margin financing are repayable on demand and carry interest range from Hong Kong Dollar Prime rate ("**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 2014, the total market value of securities pledged as collateral in respect of the loan to margin clients was approximately HKD124,797,000 (31 December 2013: Nil).

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

15. LOANS RECEIVABLE

The loans were unsecured and bear interest at 12%-18% per annum and should be repayable in one year from the date of advance. Subsequent to the interim report date, one of the loan receivables together with relevant interests of HKD77,000,000 was early settled with a sum of HKD38,500,000 and the remaining balance of HKD38,500,000 was extended for one year from the date of settlement.

16. TRADE AND OTHER PAYABLES

	30 June 2014	31 December 2013
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Trade and bills payables	**36,567**	34,047
Accounts payable from financial services segments *(note)*	**39,065**	–
Other payables, temporary receipts and accruals	**206,565**	253,815
	282,197	287,862

Included in trade and other payables are trade and bills payables of HKD36,567,000 (31 December 2013: HKD34,047,000). The average credit period on purchases of goods is 90 days.

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

	30 June 2014	31 December 2013
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
0 to 30 days	**15,897**	17,770
31 to 60 days	**18,179**	11,891
61 to 90 days	**2,150**	2,191
Over 90 days	**341**	2,195
	36,567	34,047

Note: The settlement terms of accounts payable attributable to dealing in securities are two days after the trade date. No aging analysis is disclosed for payables to margin clients as, in the opinion of the directors, an aging analysis is not meaningful in view of the business nature of securities dealings and margin financing.

17. BANK BORROWINGS

	30 June 2014 *HKD'000* **(Unaudited)**	31 December 2013 *HKD'000* (Audited)
Carrying amount of variable interest-rate bank loans repayable within one year	**214,638**	295,383
Carrying amount of variable interest-rate bank loans that are not repayable within one year from the end of the reporting period which contain a repayable on demand clause	**36,000**	84,000
Amounts shown under current liabilities	**250,638**	379,383

The Group has variable interest-rate bank loans which carry interest range from 1.31% to 1.89% per annum for the six months ended 30 June 2014 (six months ended 30 June 2013: 1.13% to 2.88%). The effective interest rate of the Group's bank loans is 1.62% (six months ended 30 June 2013: 1.80%).

Bank loans with a carrying amount of HKD84,000,000 (31 December 2013: HKD108,000,000) are secured by certain of the Group's land and buildings and investment properties with a total carrying amount of HKD360,000,000 (31 December 2013: HKD360,000,000).

18. SHARE CAPITAL

	Number of Shares *('000)*	**Share capital** *HKD'000*
Authorised ordinary shares of HKD0.10 each:		
At 31 December 2013 (audited) and 30 June 2014 (unaudited)	20,000,000	2,000,000
Issued and fully paid ordinary shares of HKD0.10 each:		
At 31 December 2013 (audited)	2,103,684	210,369
Exercise of share options	1,600	160
Issue of shares as consideration for acquisition of subsidiaries *(note 19(a))*	261,000	26,100
30 June 2014 (unaudited)	2,366,284	236,629

19. ACQUISITION OF SUBSIDIARIES

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

	HKD'000
	(Unaudited)
Fair value of assets and liabilities acquired:	
Property, plant and equipment	216
Intangible assets	599
Deferred tax assets	18
Statutory deposits for financial business	200
Trade and other receivables	14,904
Advances to customers in margin financing	21,254
Loan receivables	70,000
Bank balances and cash – held on behalf of customers	13,541
Bank balances and cash	26,504
Trade and other payables	(14,249)
Tax payables	(1,540)
	131,447
Goodwill	35,590
	167,037

	HKD'000
	(Unaudited)
Total consideration satisfied by:	
Cash consideration	20,877
Fair value of consideration shares	146,160
	167,037

	HKD'000
	(Unaudited)
Net cash inflow arising on acquisition:	
Cash consideration	(20,877)
Bank balances and cash acquired	26,504
	5,627

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

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

Loss for the period from continuing operations includes a profit of HKD2,496,000 attributable to the business of Jin Dragon and its subsidiaries which generated total revenue of HKD3,197,000 for the period since its acquisition.

Had the acquisition been completed on 1 January 2014 the Group's revenues and profit for the period would have been HKD19,551,000 and HKD7,116,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

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

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

20. DISPOSAL OF SUBSIDIARIES

On 7 June 2013, the Group disposed of its subsidiary, Always Gain Holdings Limited ("**Always Gain**"), which is engaged in trademark rights licensing. The net assets of Always Gain at the date of disposal were as follows:

	HKD'000 (Unaudited)
Net assets are disposed of:	
Intangible assets	38,758
Amount due from a related company	580
Bank balances and cash	15
Amount due to a related company	(16,603)
Deferred tax liabilities	(3,864)
	18,886
Gain on disposal of a subsidiary	3,348
Total consideration	22,234

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

	HKD'000 (Unaudited)
Cash consideration	22,234
Bank balances and cash disposed of	(15)
	22,219

21. COMPARATIVE FIGURES

As a result of the disposal of the footwear manufacturing business during the year ended 31 December 2013, the footwear manufacturing is identified as discontinued operations and is hence no longer considered as an operating segment for resources allocation and performance assessment by the chief operating decision makers. Accordingly, certain comparative figures as set out in the segment information in note 3 have been re-stated to conform to current period's presentation, which is consistent with the presentation in the Group's annual financial statements for the year ended 31 December 2013.

PROPOSED INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend (2013: Nil) for the six months ended 30 June 2014.

CORPORATE GOVERNANCE

The Board adopted a policy concerning the board diversity. Diversity can be achieved through consideration of the skills, regional and industry experience, background, race and gender. The Board will regularly review the composition of the Board, their complimentarily and the characteristics required of Board members in the context of the business environment and its strategies.

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules ("**CG Code**") throughout the six months ended 30 June 2014, only with deviation from code provision A.4.1 of the CG Code.

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

Under the code provision A.6.7, independent non-executive and other non-executive directors should also attend general meetings. All independent non-executive directors were present at the annual general meeting held on 11 June 2014. One non-executive director did not attend the annual general meeting due to other commitments.

Audit Committee

The audit committee of the Company ("**Audit Committee**") comprises wholly non-executive Directors of the Company ("**Non-executive Directors**"), amongst which 3 are independent. The Audit Committee has reviewed with the management and the external auditor the accounting principles and practices adopted by the Group and also discussed internal controls and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2014 of the Group.

Remuneration Committee

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

Nomination Committee

The nomination committee of the Company ("**Nomination Committee**") is made up of 2 independent Non-executive Directors. It is responsible for advising the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive.

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

Board of Directors

At an annual general meeting of the Company held on Wednesday, 11 June 2014, Mr. Chan Ting Chuen ("**Mr. Chan**"), Mr. Chang Tsung Yuan, Mr. Cheng Kar Shing ("**Mr. Cheng**") and Mr. Li I Nan retired. Mr. Chan and Mr. Cheng were re-elected as Directors.

Mr. Liu George Hong-chih was appointed non-executive director of the Company on 20th August 2014.

As from 12 June 2014 and up to the date of this announcement, the Board comprises:

Executive Director
Mr. Chan Ting Chuen *(Chairman)*
Mr. Sze Sun Sun Tony
(Deputy Chairman and Managing Director)
Ms. Chen Fang Mei
Mr. Chan Kar Lee Gary

Non-executive Director
Mr. Liu George Hong-chih

Independent Non-executive Director
Mr. Cheng Kar Shing
Mr. Ho Shing Chak
Mr. Shum Pui Kay
Mr. Wah Wang Kei Jackie

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

For the six months ended 30 June 2014, 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 2014 ("**2014 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 2014 Interim Report on or before 30 September 2014.

APPRECIATION

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

By Order of the Board
Chan Ting Chuen
Chairman

Hong Kong • 22 August 2014

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

Executive Directors:	Mr. Chan Ting Chuen *(Chairman)* Mr. Sze Sun Sun Tony *(Deputy Chairman & Managing Director)* Ms. Chen Fang Mei Mr. Chan Kar Lee Gary
Non-executive Director:	Mr. Liu George Hong-chih
Independent non-executive Directors:	Mr. Cheng Kar Shing Mr. Ho Shing Chak Mr. Shum Pui Kay Mr. Wah Wang Kei Jackie