SYMPHONY

SYMPHONY HOLDINGS LTD.

新灃集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 01223)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011 DIVIDEND DECLARATION AND CLOSURE OF BOOKS

GROUP FINANCIAL HIGHLIGHTS

- Group revenue increased by 27.3% to HKD2,478.3 million.
- Final dividend of HKD0.01 per ordinary share was recommended to be payable on or about Wednesday, 4 July 2012.

CHAIRMAN'S STATEMENT AND OUTLOOK

I am pleased to present the annual results of the Company for the year ended 31 December 2011.

RESULTS

The Group recorded a turnover of HKD2,478.3 million for 2011, this represents a 27.3% increase. The operating environment continues to be challenging due to inflation and appreciation of the renminbi. Overall gross profit margin was slightly squeezed by 3.2% due to a challenging operating environment, relocation costs had also been incurred in migration of the manufacturing facilities to Vietnam and Henan in the inner part of China.

BRANDING AND RETAILING

In 2011, turnover from the branding and retailing division increases 78.0% due to continued brand building efforts over the years. Overall turnover generated from retail sales increased 46% and turnover generated from wholesale sales increased 109%. Overall gross profit increased by 59%.

Speedo's overall sales increased 23% attributable mainly to increase in the number of wholesale accounts. Retail sales rose 8% while wholesale sales increased 39%, gross profit also increased 32%. The total turnover for Helly Hansen surged 481% out of which retail sales grew 59% while wholesale turnover increased 100%. Gross profit grew impressively by 275%. Berghaus' turnover rose 40% and the increment was attributable to growth in wholesale accounts. Given Helly Hansen's noticeable growth over the past year, management is carefully monitoring the branding portfolio in order to allocate its resources efficiently. The turnover and gross profit for MANGO rose 163% and 157% respectively as a result of rising number of franchisees joining the arena. Growth in wholesale sales for Speedo and Berghaus was better than retail sales over the past year. Moving forward, since the fixed rent for outdoor brand in China malls is high, the return from operating retail presence is less fruitful. Consequentially, the Group aims to focus on enhancing franchisee participation to boost sales. Furthermore, the MANGO operation will move towards a transistionary stage to include key strategic cities in Shenyang and Jinan. With the rise in spending power and the growth in demand for lifestyle products in China, it is foreseen that 2012 will be a booming retail year for the China market.

Turnover for JFT, a joint venture between the Group and Toyota Tsusho Corporation, increased 37.1% during the year. The gross profit also upsurged 68% as JFT gradually established itself as a fashion trendy hub, two years after it commenced business and also as a result of JFT China commencing operation in China in 2011. Due to high retail rental cost in Hong Kong, JFT will undergo restructuring and brand consolidation.

During the year, turnover for Haggar slightly improved 6.3% as the US market steadily improved. Gross profit adjusted 3% downwards as a result of campaigns to boost sales and the slowdown of sales in Canada. Advertising and marketing activities continued during the year as new POS opened in Houston, Oklahoma City and Philadelphia.

Pony's global and United States turnover recorded a decline of 7.5% but the gross profit improved 34% due to efforts to divest the wholesale division while enhancing the competitive edge of its licensing and distribution business. Efforts were concentrated on restructuring the business model, the performance of the licensees in Korea, Europe and Argentina have been impressive. The Pony product has been favourably received by the market and management has been approached by prospective licensees interested in distributing the product. Pony's management team aims to improve profitability through concentration on the licensing business. Pony China operation recorded a 39.3% increase in turnover due to increase in the number of POS.

PARK OUTLETS DEVELOPMENT

The Group partnered with Mitsubishi Estates Co. Ltd. and Toyota Tsusho Corporation for developing the outlet mall in Shenyang. Construction of this Park Outlets is nearing completion and Park Outlets is scheduled to open before the end of 2012. It is anticipated that an occupancy rate of 80% will be achieved by the time Park Outlets commences business. The emergence of a booming middle class with luxury lifestyle aspirations is creating fertile ground for the outlet mall shopping business.

As a result of the Group's investment in the outlet mall business in Shenyang, the Group was offered the incentive to acquire additional land for development purpose.

MANUFACTURING

During the year, revenue contributed by the footwear manufacturing division increased by 25.4% to HKD2,344.2 million due to a change to a higher end product category. Manufacturing continues to generate substantial turnover for the Group. Profit generated by the manufacturing division increases 72.6% compared to the year before. Gross margin dropped by 3.4% to 13.9%.

OUTLOOK

As increasing the domestic consumption is a key objective of China's 12th Five-Year Plan, the PRC government aims to move the country's economy from export-led to demand-driven growth. One of the official targets includes a 7% annual increase in disposable income. These policies will bring exciting opportunities to retailing and property investment opportunities in the PRC. With the migration of manufacturing facilities to Vietnam and Henan, the cost of production becomes more competitive. We continue to improve our operations and aim at creating long term sustainable core competence. The open offer and the capital restructuring exercise that were completed in year 2011 provided the Group with resources for future expansion, enabling the Group to improve profitability and respond to investment opportunity.

APPRECIATION

I would like take this opportunity to thank my fellow directors, our staff and stakeholders for their continuing contributions and support in shaping the future of Symphony.

OPERATION REVIEW

During the year, the Group's manufacturing restructuring was almost completed. Productivity of the production facilities picked up quickly as a result, the Group recorded a revenue of HKD2,478,280,000, representing a 27.3% corresponding growth compared to the previous year.

The value of investment properties increases due to additional acquisition of land in Shenyang. The increase in the fair value of investment properties is comparatively lower due to the area of the new land acquired during the year is smaller compared to the previous year and construction of this piece of new land has not yet commenced.

Finance costs increased due to the drawdown of banking facility to support expanding Group activities.

The overall inventory value increases 22.9% due to (a) migration to upscale footwear product line, (b) higher cost of raw materials required for producing high end footwear, (c) product shipment takes place after the year end. Likewise, trade and other receivables become correspondingly higher compared to the year before.

As at 31 December 2011, the Group was offered a secured term loan of HKD120,000,000 for financing the Group's expanding commercial activities.

Manufacturing and Retailing Business Market Information

During the year, sales to the United States of America and Canada comprised 57.6% (2010: 53.8%) and orders to other European countries comprised 18.9% (2010: 24.6%) of the total sales and the remaining 23.5% (2010: 21.6%) was shared between the People's Republic of China, Taiwan, Hong Kong, Vietnam and other Asia countries.

Production Facilities

As at 31 December 2011, the Group had an aggregate number of 33 production lines, of which 6 are in Panyu, 5 are in Zhongshan, 6 are in Fuzhou, and a further 16 are in Vietnam.

Customer Relationship Maintenance and Research and Development

Our experience and working knowledge on the manufacturing process, production materials and procurement enable us to work closely with our customers to deliver quality and cost-effective products efficiently. We maintain a close relationship with our customers due to our long term understanding of their needs.

Liquidity and Capital Resources

As at 31 December 2011, the Group had bank balances and cash of HKD277,715,000 (2010: HKD365,519,000). The Group was offered banking facilities amounting to HKD568,500,000 (2010: HKD257,500,000). As at 31 December 2011, the Group obtained bank borrowing in the amount of HKD120,000,000 (2010: HKD80,000,000). The Group has variable interest rate bank loans which carry interest at Hong Kong Interbanks Offered

Rate plus range from 1.1% to 1.25% subject to a maximum of 3 month interest rate. The effective interest rate of the Group's bank loans is 1.52% (2010:1.36%). The gearing ratio stood at 91.7% (2010: 18.3%), based on total borrowings over shareholders' funds. The banking facilities were secured by corporate guarantees from the Company and its certain subsidiaries. Bank loans are secured by certain land and buildings and investment properties of the Group.

Human Resources

As at 31 December 2011, the total number of employees of the Group was approximately 17,000. Employee costs (excluding directors' emoluments) amounted to approximately HKD483,278,000 (2010: HKD399,647,000).

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

Share Option

During the year ended 31 December 2011, the Group has granted no share option, there was no outstanding, lapsed or cancelled share option pursuant to the share option scheme adopted on 22 October 2001 and the new share option scheme adopted on 10 June 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 December 2011

	NOTES	2011 HKD'000	2010 HKD'000
Revenue	3	2,478,280	1,947,473
Cost of sales		(2,096,488)	(1,585,502)
Gross profit		381,792	361,971
Other income		18,571	23,320
Distribution and selling expenses		(170,223)	(176,838)
Administrative expenses		(215,479)	(215,210)
Finance costs		(2,302)	(497)
Other expenses		(8,862)	(4,765)
Increase in fair value of investment properties		75,195	159,224
Gain on disposal of available-for-sale investments		-	20,491
Gain on fair value changes of held-for-trading investments		-	64
Share of results of jointly controlled entities		(21,184)	(41,394)
Profit before income tax expense		57,508	126,366
Income tax expense	4	(21,252)	(38,770)
Profit for the year	5	36,256	87,596
Other comprehensive income			
Surplus arising on revaluation of properties		35,144	25,754
Deferred tax liability arising on revaluation of properties		(7,548)	(4,238)
Fair value (loss)/gain on available-for-sale investments		(581)	1,755
Reclassification adjustment to profit or loss upon disposal of available-for-sale investments		-	(2,103)
Exchange reserve released on closure of a jointly controlled entity		(3)	-
Exchange differences arising on translation of foreign operations		35,816	15,581
Share of other comprehensive income of jointly controlled entities		(3,029)	3,021
Other comprehensive income for the year (net of tax)		59,799	39,770
Total comprehensive income for the year		96,055	127,366
Profit for the year attributable to:			
Owners of the Company		24,211	87,861
Non-controlling interests		12,045	(265)
		36,256	87,596
Total comprehensive income attributable to:			
Owners of the Company		76,676	126,835
Non-controlling interests		19,379	531
		96,055	127,366
Earnings per share	7		(Restated)
- Basic and diluted (HK cents)		2.19	9.83

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 December 2011

	NOTES	2011 HKD'000	2010 HKD'000
Non-current assets			
Property, plant and equipment		362,443	331,097
Investment properties		923,432	512,962
Prepaid lease payments		19,382	19,054
Deposit paid for acquisition of an investment property	8	44,390	-
Interests in jointly controlled entities		42,383	91,217
Advances to jointly controlled entities		171,388	171,388
Available-for-sale investments		5,665	6,246
Deferred tax assets		13,132	12,266
Tax recoverable		23,214	23,214
Club debentures		2,003	2,003
		1,607,432	1,169,447
Current assets			
Inventories		346,028	281,499
Amounts due from jointly controlled entities		23,936	23,693
Trade and other receivables	8	416,532	345,947
Prepaid lease payments		541	518
Bank balances and cash		277,715	365,519
		1,064,752	1,017,176
Current liabilities			
Trade and other payables	9	484,407	451,064
Amounts due to jointly controlled entities		25,286	12,577
Secured bank loans		120,000	80,000
Tax payable		56,860	55,483
		686,553	599,124
Net current assets		378,199	418,052
Total assets less current liabilities		1,985,631	1,587,499
Non-current liabilities			
Deferred tax liabilities		102,395	77,517
		1,883,236	1,509,982
Capital and reserves			
Share capital		130,804	436,011
Share premium and reserves		1,548,068	972,219
Equity attributable to owners of the Company		1,678,872	1,408,230
Non-controlling interests		204,364	101,752
		1,883,236	1,509,982

Notes:

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

(a) Adoption of new/revised HKFRSs – effective 1 January 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

Except as explained below, the adoption of these new/revised standards and interpretations has no material impact on the Group's consolidated financial statements.

HKFRS 3(Amendments) – Business Combinations
As part of the Improvements to HKFRSs issued in 2010, HKFRS 3 has been amended to clarify that the option to measure non-controlling interests ("NCI") at either fair value or the NCI's proportionate share in the recognised amounts of the acquiree's identifiable net assets is limited to instruments that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of NCI are measured at their acquisition date fair value unless another measurement basis is required by HKFRSs. The Group has amended its accounting policies for measuring NCI but the adoption of the amendment has had no impact on the Group's consolidated financial statements as there was no business acquisition in 2011.

HKFRS 7(Amendments) – Financial Instruments: Disclosures
As part of the Improvements to HKFRSs issued in 2010, HKFRS 7 has been amended to enhance the interaction between quantitative and qualitative disclosures. If the carrying amount of a financial asset best represents the maximum exposure to credit risk, the standard does not require a positive statement to this effect in the consolidated financial statements. This amended disclosure requirement has been applied retrospectively. The carrying amount of the Group's trade receivables represents the Group's maximum exposure to credit risk in respect of these financial assets as at 31 December 2011 and 2010. The prior year consolidated financial statements included a positive statement to this effect which is removed in the 2011 consolidated financial statements following the amendments. The adoption of the amendments has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) – Related Party Disclosures
HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition and as a consequence has amended the disclosures of its related party transactions in the current and comparative periods to include transactions with subsidiaries of the Group's associates and jointly controlled entity and to exclude transactions with an entity which was significantly influenced by a member of the Group's key management personnel. Related party transactions

are disclosed in the annual report in accordance with HKAS 24 (Revised). The adoption of HKAS 24 (Revised) has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

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

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

Amendments to HKFRS 7	Disclosures – Transfer of Financial Assets[1]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[3]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurements[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HKAS 19 (2011)	Employee Benefits[4]

[1]Effective for annual periods beginning on or after 1 July 2011
[2]Effective for annual periods beginning on or after 1 January 2012
[3]Effective for annual periods beginning on or after 1 July 2012
[4]Effective for annual periods beginning on or after 1 January 2013
[5]Effective for annual periods beginning on or after 1 January 2015

Amendments to HKFRS 7 - Disclosures – Transfers of Financial Assets
The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Amendments to HKAS 12 - Deferred Tax – Recovery of Underlying Assets
The amendments to HKAS 12 introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendments will be applied retrospectively.

The Group expects to adopt HKAS 12 Amendments from 1 January 2012. Upon the adoption, the Group's deferred tax liability with respect to investment properties located in Hong Kong is expected to be reduced.

Amendments to HKAS 1 (Revised) - Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 - Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 10 - Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implentation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 11 - Joint Arrangements

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. HKFRS 11 will be applied retrospectively with specific restatement requirements for a joint venture which changes from proportionate consolidation to the equity method.

HKFRS 12 - Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 - Fair Value Measurements

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

HKAS 19 (2011) - Employee Benefits

HKAS 19 (2011) abandons the corridor approach with the result that changes in defined benefit obligations and the fair value of plan assets are recognised in the period in which they occur. The revised standard requires the changes in the Group's net defined benefit liability (or asset) to be separated into three components: service cost (including current and past service cost and settlements) recognised in profit or loss; net interest on the net defined benefit liability recognised in profit or loss; and re-measurements of the defined benefit liability (or asset) recognised in other comprehensive income. The revised standard distinguishes between short-term and long-term employee benefits based on the expected date of settlement. The previous standard used the term "due to be settled". This change may result in more plans being classified as long-term employee benefit plans that will need to be accounted for in a similar way to defined benefit plans. HKAS 19 (2011) provides additional guidance on the definition of termination benefits. Benefits that are conditional on future service being provided including those that increase if additional service is provided are not termination benefits. The revised standard requires that a liability for termination benefits is recognised on the earlier of the date when the entity can no longer withdraw the offer of those benefits and the date the entity recognises any related restructuring costs. This could lead to later recognition of voluntary termination benefits in some cases. The amendments will generally be applied retrospectively with two exceptions.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that, except for the adoption of Amendments to HKAS 12, the application of these new/revised HKFRSs will have no material impact on the Group's consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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

3. SEGMENT INFORMATION

Information reported to the chief operating decision maker, being the managing director of the Group, for the purpose of resources allocation and performance assessment focuses specifically on the assessment of operating performance in each operation unit, which is the basis upon which the Group is organised. Each operating unit is distinguished based on types of goods or services delivered or provided, i.e. footwear manufacturing, retailing and sourcing and property investment and holding. Financial information on segment results and segment assets are regularly provided to the chief operating decision maker while no information of segment liabilities is provided. The Group's reportable segments under HKFRS 8 - Operating Segments are as follows:

1. Footwear manufacturing;
2. Retailing and sourcing – retailing and provision of sourcing services for branded apparel, swimwear and accessories; and
3. Property Investment and holding.

(a) Segment revenue and results

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

For the year ended 31 December 2011

	Footwear manufacturing HKD'000	Retailing and sourcing HKD'000	Property Investment and holding HKD'000	Consolidated HKD'000
REVENUE				
External sales	**2,344,219**	**126,858**	**7,203**	**2,478,280**
Segment profit (loss)	**116,477**	**(44,464)**	**77,944**	**149,957**
Corporate income:				
- Interest income				**7,978**
- Others				**1,169**
Central administrative costs				**(80,412)**
Share of results of jointly controlled entities				**(21,184)**
Profit before income tax expense				**57,508**

For the year ended 31 December 2010

	Footwear manufacturing HKD'000	Retailing and sourcing HKD'000	Property Investment and holding HKD'000	Consolidated HKD'000
REVENUE				
External sales	**1,869,365**	**71,284**	**6,824**	**1,947,473**
Segment profit (loss)	**67,499**	**(42,247)**	**164,453**	**189,705**
Corporate income:				
- Interest income				**7,865**
- Gain on disposal of available-for-sale investments				**20,491**
- Others				**278**
Central administrative costs				**(50,579)**
Share of results of jointly controlled entities				**(41,394)**
Profit before income tax expense				**126,366**

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned or loss incurred by each segment without allocation of interest income, gain on disposal of available-for-sale investments, other income, central administrative costs and share of results of jointly controlled entities. This is the measure reported to the chief operating decision maker for the purpose of resources allocation and performance assessment.

(b) Segment assets

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

Segment assets

	2011 HKD'000	2010 HKD'000
Footwear manufacturing	897,063	802,015
Retailing and sourcing	114,705	55,748
Property investment and holding	1,100,980	633,314
Total segment assets	2,112,748	1,491,077
Unallocated	559,436	695,546
Consolidated assets	2,672,184	2,186,623

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to reportable and operating segments other than advance to jointly controlled entities, interests in jointly controlled entities, available-for-sale investments, deferred tax assets, tax recoverable, club debentures, amounts due from jointly controlled entities, bank balances and cash.

(c) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2011 HKD'000	2010 HKD'000
Footwear manufacturing	2,344,219	1,869,365
Retailing and sourcing	126,858	71,284
Property investment and holding	7,203	6,824
	2,478,280	1,947,473

(d) Geographical information

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

	Revenue from external customers		Non-current assets *(Note 2)* located	
	2011 HKD'000	2010 HKD'000	2011 HKD'000	2010 HKD'000
The People's Republic of China ("**PRC**")	190,068	89,389	971,477	482,434
Taiwan	-	-	9,743	10,240
Hong Kong	7,203	6,824	352,408	355,173
United States of America	1,327,012	959,576	-	-
Canada	101,455	87,823	-	-
Other European countries *(Note 1)*	467,569	479,176	-	-
Vietnam	-	-	16,019	15,266
Other Asian countries *(Note 1)*	240,124	172,618	-	-
Others *(Note 1)*	144,849	152,067	-	-
	2,478,280	1,947,473	1,349,647	863,113

Notes:

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

2. Non-current assets excluded advances to jointly controlled entities, interests in jointly controlled entities, available-for-sale investments, deferred tax assets, tax recoverable and club debentures.

(e) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales, all of which are included in footwear manufacturing segment of the Group, are as follows:

	2011	2010
	HKD'000	*HKD'000*
Customer A	1,172,455	706,254
Customer B	397,265	399,668
Customer C	362,236	588,154

4. INCOME TAX EXPENSE

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

	2011	2010
	HKD'000	*HKD'000*
Current tax		
Hong Kong		
- current year	324	-
- under provision in prior years	148	-
Other jurisdictions		
- current year	3,233	1,499
- under / (over) provision in prior years	1,083	(88)
	4,788	1,411
Deferred tax		
- current year	16,464	37,359
Income tax expense	21,252	38,770

Hong Kong Tax

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

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

The Group had lodged objections with the IRD against the protective profits tax assessments. The IRD agreed to hold over the additional tax claimed subject to the relevant subsidiaries' purchases of tax reserve certificates ("TRCs") amounted to approximately HKD23 million. These TRCs were purchased and included in tax recoverable as at 31 December 2011 and 2010.

In March 2011, the Group filed an application to the Court for a judicial review relating to the years of assessment of 2001/2002 to 2004/2005. The judicial review proceeding was heard on the 1st and 2nd February of 2012 and the Group is awaiting the judgment.

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

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 will lodge objections with the IRD against these protective profits tax assessments before the objection due date.

Based on the mode of operations and activities of the subsidiaries and the merit of the Group's position as assessed by its legal advisor, the directors are of the opinion that the group companies concerned are not subject to Hong Kong profits tax. The directors also do not agree with IRD's determinations of the profits tax liabilities of the companies and are discussing this matter with the IRD. The directors believe that the Group has adequately provided for any possible profits tax liabilities as at 31 December 2011.

Given the above circumstances, the directors are of the view that no additional provision for profits tax in respect of the protective profits tax assessments for the years of assessment 2001/2002 to 2005/2006 and as confirmed/revised by the Deputy Commissioner in his written determinations where applicable is necessary. Whilst the directors believe that the Group has adequately provided for any possible profits tax liabilities as at 31 December 2011, as the results of the judiciary review and appeal to the Board of Review are both pending, the eventual outcomes of these actions which are being handled by the Group's legal advisor and the financial impact thereof on the Group, if any, cannot be readily ascertained at this stage.

PRC Tax
The tax status for certain subsidiaries of the Group operating in the PRC, including Zhongshan Jingmei, Fuqing Grand Galatica and Zhongshan Huali, are as follows:

- Zhongshan Jingmei and Zhongshan Huali enjoyed the preferential tax rate of 12.5% (being 50% of the applicable tax rate of 25%) for the years from 2008 to 2010. In the current year, the applicable tax rate increases to 25%; and

- Fuqing Grand Galatica enjoyed the preferential tax treatment of 22% and 10% (being 50% of the applicable tax rate of 20%) for the years 2010 and 2009 respectively. The applicable tax rate steps up to 24% in the current year and will increase to 25% thereafter.

For the other PRC subsidiaries, the applicable tax rate was 25% during the year.

Vietnam Tax
Stateway Vietnam was entitled to an exemption from enterprise income tax for four years starting with the first profit-making year. For the following nine years, Stateway Vietnam would be entitled to a further tax preferential tax treatment in the form of a 50% reduction in the

applicable tax rate in Vietnam. The first tax exemption period of Stateway Vietnam commenced in 2010.

Continuance Vietnam was entitled to an exemption from enterprise income tax for two years starting with the first profit-making year. For the following three years, Continuance Vietnam would be entitled to a further tax preferential tax treatment in the form of a 50% reduction in the applicable tax rate in Vietnam. Continuance Vietnam has not yet commenced its tax exemption period due to its loss position in 2010 and 2011.

Others

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

Income tax expense for the year can be reconciled to the profit before income tax expense per the consolidated statement of comprehensive income as follows:

	2011 HKD'000	2010 HKD'000
Profit before income tax expense	57,508	126,366
Tax calculated at Hong Kong Profits Tax rate of 16.5%	9,489	20,851
Tax effect of expenses not deductible for tax purposes	7,801	184
Tax effect of revenue not taxable for tax purposes	(18,526)	(6,627)
Tax effect of share of results of jointly controlled entities	3,495	6,830
Tax effect of tax losses not recognised	25,221	12,948
Effect of tax exemptions granted to certain subsidiaries	(3,068)	(6,543)
Income tax on concessionary rate	(53)	(508)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(5,245)	11,162
Deferred taxation on withholding tax arising on undistributed profits in PRC subsidiaries	907	561
Under(Over) provision in respect of prior years	1,231	(88)
Taxation for the year	21,252	38,770

In addition to the amount charged to profit or loss, deferred tax relating to the surplus on reclassification from prepaid lease payments, and property, plant and equipment to investment properties and revaluation of the Group's properties was charged or credited directly to other comprehensive income.

5. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2011 HKD'000	2010 HKD'000
Directors' emoluments	7,692	7,739
Other staff costs	483,278	399,647
Retirement benefits schemes contributions, excluding directors	34,501	14,872
	525,471	422,258
Auditor's remuneration	1,917	2,728
Allowance for inventories, net (included in cost of sales)	3,831	6,558

Amortisation of prepaid lease payments	**541**	518
Cost of inventories recognised as expense	**2,096,488**	1,585,502
Depreciation of property, plant and equipment	**40,597**	41,377
Exchange losses, net	**5,203**	14,602
Research and development costs (included in administrative expenses)	**25,873**	19,261
Loss on disposal of property, plant and equipment	**1,924**	1,387
Provision / (reversal) of allowance for bad and doubtful debt	**3,640**	(810)

and after crediting:

Gross rental income for investment properties	**7,203**	6,824
Less: direct operating expenses from investment properties that generate rental income	**(298)**	(292)
	6,905	6,532
Interest income from:		
Bank deposits	**1,033**	734
Available-for-sale investments	**476**	672
Loans to a jointly controlled entity	**6,469**	6,459

6. DIVIDENDS

	2011 *HKD'000*	2010 *HKD'000*
2010 final dividend of HKD0.015 (2010: 2009 final dividend of HKD0.013) per ordinary share paid	**39,241**	22,673

No interim dividend was declared and paid in 2010 and 2011. For the year ended 31 December 2011, a final dividend of HKD0.01 (2010: HKD0.015) per ordinary share, amounting to HKD13,080,000 (2010: HKD39,241,000) has been proposed by Directors and is subject to the approval by shareholders of the Company in the forthcoming general meeting.

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:

Basic Earnings per Share

	2011 *HKD'000*	2010 *HKD'000*
Profit for the year attributable to the owners of the Company (HKD)	**24,211**	87,861

	2011 Number of shares *('000)*	2010 Number of shares *('000)* *(Restated)*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,104,516**	894,099
Basic and diluted earnings per share (HK cents)	**2.19**	9.83

The weighted average number of ordinary shares for the purpose of basic earnings per share in 2011 and 2010 has been adjusted retrospectively for the issue of shares by way of an open offer in June 2011 and the reduction of shares through share consolidation in July 2011.

Diluted Earnings per Share
The amount of diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 31 December 2011 and 2010.

8. TRADE AND OTHER RECEIVABLES

	2011 HKD'000	2010 HKD'000
Trade receivables	336,965	253,976
Less: allowance for doubtful debts	(8,610)	(4,970)
	328,355	249,006
Other receivables, deposits and prepayments	88,177	96,941
Trade and other receivables - current	416,532	345,947
Deposits paid for acquisition for an investment property (note)	44,390	-
Total trade and other receivables	460,922	345,947

Note: The amounts represented the deposits paid to Shenyang Plan and Land Resources Bureau to qualify for the auction of one parcel of land located in Shenyang, PRC conducted and the Group was successful in bidding the land.

The Group allows an average credit period ranging from 60 to 90 days to its trade customers. Included in trade and other receivables are trade and bills receivables, net of allowance for doubtful debts, of HKD328,355,000 (2010: HKD249,006,000). The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2011 HKD'000	2010 HKD'000
0 to 30 days	240,509	232,593
31 to 60 days	14,511	8,681
61 to 90 days	16,772	3,367
Over 90 days	56,563	4,365
	328,355	249,006

Before accepting any new customer, the Group assesses the potential customer's credit quality and grants a credit limits to the customer. Limits and score attributed to customers are reviewed twice a year. Approximately 83% (2010: 98%) of the trade receivables that are neither past due nor impaired have no default payment history.

Included in the Group's trade receivables balance are debtors with an aggregate carrying amount of HKD56,563,000 (2010: HKD4,365,000) which were past due at the end of reporting period but for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2011 HKD'000	2010 HKD'000
Over 90 days	56,563	4,365

Movement in the allowance for doubtful debts

	2011 HKD'000	2009 HKD'000
Balance at beginning of the year	4,970	5,780
Impairment losses recognised on receivables	3,730	4,780
Impairment losses reversed	(90)	(5,590)
	8,610	4,970

9. TRADE AND OTHER PAYABLES

	2011 HKD'000	2010 HKD'000
Trade and bills payables	228,416	236,895
Other payables, temporary receipts and accruals	255,991	214,169
Total trade and other payables	484,407	451,064

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

	2011 HKD'000	2010 HKD'000
0 to 30 days	116,673	129,256
31 to 60 days	58,924	54,762
61 to 90 days	18,683	23,402
Over 90 days	34,136	29,475
	228,416	236,895

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.

PROPOSED FINAL DIVIDEND

The Board recommended a final dividend of HKD0.01 per ordinary share (2010: HKD0.015 per ordinary share), payable on or about Wednesday, 4 July 2012 to shareholders whose names appear on the register of members of the Company ("**Register of Members**") at the close of business on Thurssday, 7 June 2012 ("**Shareholders**"). The payment of dividend is subject to the approval of Shareholders at an annual general meeting of the Company to be held on Tuesday, 12 June 2012 ("**2012 Annual General Meeting**").

CLOSURE OF REGISTER OF MEMBERS

Register of Members will be closed from Friday, 8 June 2012 to Tuesday, 12 June 2012 (both days inclusive), during which period no transfer of shares will be effect. In order to qualify for the proposed final dividend and entitle to vote at the 2012 Annual General Meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited on the 26th Floor of Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 7 June 2012.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules ("**CG Code**") throughout the year ended 31 December 2011, only with deviation from code provision A.4.1 of the CG Code.

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

Audit Committee

The audit committee of the Company ("**Audit Committee**") comprises wholly non-executive Directors of the Company ("**Non-executive Directors**"), amongst which 3 are independent. The Audit Committee has reviewed with the management of the Company and the external auditor, BDO Limited, the accounting principles and practices adopted by the Group and also discussed auditing, internal controls and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31 December 2011 of the Group.

Remuneration Committee

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

The terms of reference of the Audit Committee and the Remuneration 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 Friday, 10 June 2011, Mr. Chan Lu Min, Mr. Chan Ting Chuen, Ms. Chen Fang Mei and Mr. Huang Shengnan retired and were re-elected as Directors.

As from 10th June 2011 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)
Mr. Chang Tsung Yuan (Deputy Chairman)
Mr. Chan Lu Min
Ms. Chen Fang Mei
Dr. Ho Ting Seng

Non-executive Director
Mr. Li I Nan

Independent Non-executive Director
Mr. Cheng Kar Shing
Mr. Feng Lei Ming
Mr. Ho Shing Chak
Mr. Huang Shenglan

GENERAL INFORMATION

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2011 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. BDO Limited in this respect did not constitute on assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. BDO Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

The 2012 Annual General Meeting will be held at the Boardroom on the 10th Floor of Island Place Tower, 510 King's Road, North Point, Hong Kong on Tuesday, 12 June 2012 at 9:30 a.m. and the notice of annual general meeting will be published and dispatched to Shareholders in a manner as required by the Listing Rules.

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

For the year ended 31 December 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATIONS OF DETAILED RESULTS

The Annual Report containing the audited consolidated financial statements and notes to the financial statements for the year ended 31 December 2011 ("**2011 Annual Report**") will be published on both the websites of the Company (www.symphonyholdings.com) and the Exchange (www.hkex.com.hk). Shareholders shall receive copies of the 2011 Annual Report before the end of April 2012.

By Order of the Board
Chan Ting Chuen
Chairman

Hong Kong • 27 March 2012

* For identification purposes only