



SYMPHONY HOLDINGS LIMITED

(新豐集團有限公司) *

(Incorporated in Bermuda with limited liability)

(Stock code: 01223)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007, DIVIDEND DECLARATION AND CLOSURE OF BOOKS

GROUP FINANCIAL HIGHLIGHTS

- Group revenue was HK\$1,849.2 million in 2007.
- Profit attributable to equity holders of the Company for 2007 was HK\$94.9 million.
- Final dividend of HK\$0.022 per share was recommended to be payable on or about Friday, 4 July 2008; including interim dividends paid, total dividends for 2007 amounted to HK\$0.0548 per share.

CHAIRMAN'S STATEMENT

2007 and 2008 are years of transition for Symphony. Changes in operational and economic conditions in southern China will mean continual pressure on contract manufacturers. The Symphony Group has taken steps since 2002 to re-position our core business to de-emphasize our core business away from contract manufacturing and to establish our presence in apparel and shoe retail brands, both globally and in China's fast growth consumer markets.

Our first investment in retail brands was a participation in the buy-out of Converse, which went into bankruptcy. It was rapidly turned around and was sold to Nike profitably. Converse remains an important client of our contract manufacturing business. In late 2004, we invested in a company which became the China licensee of Reebok in China. This became so successful that it was sold in 2006 to Adidas/Reebok, again profitably.

Among the retail brands which we have an interest are AEE Italy, Pony International, Haggar and Speedo China. Symphony expects that in the short term, continual capital investment is needed to grow our brands. In the longer term, they will form our core brand portfolio, and generate growing recurrent income. With a global market, income stream will be steady as compared to contract manufacturing. We aim to be among the rare Hong Kong companies to own growing global brands.

AEE Italy is a top ladies fashion footwear brand in China which has already reached breakeven in 2007, and is poised to take strides in providing increasingly fashion minded female consumers with the latest fashion shoes and accessories they desire, with an affordable price tag.

Symphony led the buy-out of Pony International in 2006. Pony is a 40 years old brand based in the US and rich in history. Past celebrity endorsers include sports immortals like Muhammad Ali and Pele. A new management team was installed in 2007. Since then, Pony has launched a totally new product line, focusing on performance. This signified a long overdue new beginning. In recent months, Pony gained wide exposure in the US media, in trade and fashion magazines, something which Pony has not enjoyed for some decades. Meanwhile, Symphony also operates Pony Asia, with growing sales in China, Taiwan, the Philippines and other Asian countries. Although we expect further funding of Pony's growth in 2008, recent indication of market reception of the rejuvenated Pony brand is encouraging. We forecast 2008 to

be the last year of further capital investment into Pony from Symphony. By 2009, we expect the Pony brand will have built substantial consumer following to enable it to leverage on the brand strength to start exploration in Europe and other global markets and to support its growth in Asia. Pony China is now in negotiations with various channel partners to launch an aggressive marketing program with the opening of a large number of stores for Pony in key cities in China.

In December 2005, Symphony participated in the buy-out of Haggar, a respected brand of men's apparel in the USA. With this acquisition, we aim to participate in the mid-market for menswear in the USA, and to have ownership in a brand which we can introduce to Chinese and Asian consumers. However, as the US economy began to enter into recession in 2007, the most affected apparel segment is menswear. Haggar sales declined by 3.0% to approximately US\$428.8 million in 2007. Symphony's share of loss for 2007 was around US\$6.0 million, equivalent to around HK\$45.0 million. This amount includes the amortization of goodwill on acquisition. Haggar appointed a new CEO in October 2007 to accelerate the turnaround of the business. Our new CEO at Haggar came from a strong background in the apparel and fashion industry in the USA, having served from 1971 to 2005 with VF Corporation, a leading global brand portfolio company, where he was in charge of jeans including the Lee jeans brand. Shareholders as a group infused an additional US\$40.0 million into Haggar, of which Symphony's share was US\$3.6 million. Under new management, a number of measures have been implemented, including the introduction of fresh products, and the elimination of certain unprofitable business segments. The new management of Haggar forecasts EBITDA breakeven for 2008.

Speedo is the world's premiere swimwear brand, offering cutting edge technology and fashion. Celebrity endorsers of Speedo include some of the world's top competitive swimmers. Speedo China was set up by Symphony as Speedo's long term licensee and distributor. We have great expectation of the swimwear market in China. China is strong in swimming, as can be seen in wins in international competitive events. With economic growth, more swimming pools are being built. As consumers become more affluent, they would want better swimwear. The Chinese government encourages the development of the sport as well.

Symphony is also in advanced negotiations to acquire land in two key cities in China to build mega shopping malls and entertainment complexes to complement its brand retailing business.

Meanwhile, as expected, the contract manufacturing business is under pressure during 2007. It is operating against strong headwind of the US recession, which will continue to hurt factory orders. Government policy in Guangdong in labour law reforms, taxation, pension funding requirements and in environment protection requirements, together with escalating labour cost, higher fuel and material costs, and the rapidly rising exchange rate of Renminbi, all operate against factories. Over 1,000 factories closed their doors in Guangdong during 2007. Even though our factory sales only declined by 3.3% in 2007, higher costs and higher exchange rate affected our gross margin, which fell from 21.4% in 2006 to 17.1% in 2007. We expect 2008 to be another difficult year. To combat these difficult conditions, Symphony has already established four production lines in Vietnam, to secure lower production cost and more pro-factory government policies.

BUSINESS PERFORMANCE

For the year ended 31 December 2007, turnover of the Company was HK\$1,849.2 million (2006: HK\$1,861.6 million). Profit attributable to equity holders of the Company for 2007 was HK\$94.9 million, as compared with HK\$207.3 million for 2006.

The largest markets for the Company and its subsidiaries (the "Group") in 2007 were North America and Europe. Sales to North America comprised 55.9% (2006: 63.3%) and orders to Europe comprised 23.6% (2006: 18.9%) of the total sales and the remaining 20.5% (2006: 17.8%) was shared between Asia, Africa, Australia, Latin America and the Middle East.

Production Facilities

The Group has an aggregate number of thirty-four (34) production lines, of which eight (8) are in Panyu, ten (10) are in Zhongshan, eight (8) are in Dongguan, four (4) are in Fuzhou, and a further four (4) are in Vietnam.

Customer Relationship Maintenance and Research and Development

Our extensive experience and working knowledge on the manufacturing process, production materials and procurement allows us to work closely with our customers to achieve quality and efficiency and produce cost-effective products. Our close relationship with customers has built an in-depth understanding of their needs so that we are capable of anticipating and resolving their problems expeditiously and effectively. Our research and development team improves products design to maximise their comfort, endurance and functionality, and where necessary, introduces new technology to enhance their market appeal. Our value-added contributions enable us to maintain our long-term partnership with our customers.

Liquidity and Capital Resources

As at 31 December 2007, the Group had bank balances and cash of HK\$519.5 million (2006: HK\$627.7 million). The Group was offered banking facilities amounting to HK\$155.6 million (2006: HK\$116.7 million), none of which had been utilised, indicating a zero gearing ratio on the basis of total borrowings over shareholders' fund. The banking facilities were secured by corporate guarantees from the Company and its certain subsidiaries. There is currently no charge on the Group's assets.

Human Resources

As at 31 December 2007, the total number of employees of the Group was approximately 20,000. Employee cost (excluding directors' emoluments) amounted to approximately HK\$387.6 million (2006: HK\$353.2 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 Options

On 2 August 2006, the Company granted 166,050,000 share options at an exercise price of HK\$1.0320 each to the directors of the Company ("Director(s)") and the other eligible participants. During the financial year ended 31 December 2007, a number of 79,340,000 share options were exercised and 1,500,000 share options were lapsed. As at 31 December 2007, the aggregate number of share options outstanding was 85,210,000.

FINANCIAL RESULTS

The board of Directors of the Company ("Board") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2007 together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	2007 HK\$'000	2006 HK\$'000
Revenue	3	1,849,207	1,861,604
Cost of sales		(1,531,487)	(1,462,333)
Gross profit		317,720	399,271
Other income		79,942	45,928
Distribution and selling expenses		(76,852)	(91,928)
Administrative expenses		(184,707)	(166,618)
Other expenses		(3,387)	(48,643)
Increase in fair value of investment properties		38,255	5,000
Loss on disposal of property, plant and equipment		(5)	(2,412)
Gain on fair value changes of held-for-trading investments		7,177	–
Gain on disposal of available-for-sale investments		368	–
Share of results of jointly controlled entities		(62,259)	111,690
Share-based payment expenses		–	(29,900)
Deficit arising on revaluation of buildings		–	(190)
Share of loss of an associate		–	(26)
Profit before tax		116,252	222,172
Income tax expense	4	(18,216)	(7,444)
Profit for the year	5	98,036	214,728
Attributable to:			
Equity holders of the parent		94,929	207,287
Minority interests		3,107	7,441
		98,036	214,728
Dividends recognised as distribution during the year	6	164,072	171,464
Earnings per share	7		
Basic		5.58 cents	12.5 cents
Diluted		5.57 cents	N/A

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	2007 HK\$'000	2006 HK\$'000
Non-current assets		
Property, plant and equipment	260,660	256,231
Investment properties	144,500	80,000
Prepaid lease payments	48,155	58,504
Deposit paid for acquisition of properties	9,200	489
Goodwill	57,477	57,477
Interests in jointly controlled entities	249,195	299,800
Available-for-sale investments	23,085	11,218
Structured deposits	62,240	62,160
Deferred tax assets	11,326	14,106
Club debentures	2,003	–
	<u>867,841</u>	<u>839,985</u>
Current assets		
Inventories	277,719	246,560
Amounts due from jointly controlled entities	32,710	2,079
Trade and other receivables	358,317	305,948
Prepaid lease payments	1,206	1,472
Held-for-trading investments	428	–
Bank balances and cash	519,494	627,706
	<u>1,189,874</u>	<u>1,183,765</u>
Current liabilities		
Trade and other payables	421,041	445,767
Amounts due to jointly controlled entities	8,792	501
Tax payable	53,419	50,179
	<u>483,252</u>	<u>496,447</u>
Net current assets	<u>706,622</u>	<u>687,318</u>
Total assets less current liabilities	<u>1,574,463</u>	<u>1,527,303</u>
Non-current liabilities		
Deferred tax liabilities	18,425	8,724
	<u>1,556,038</u>	<u>1,518,579</u>
Capital and reserves		
Share capital	436,011	416,176
Reserves	1,084,657	1,064,692
Equity attributable to equity holders of the parent	<u>1,520,668</u>	<u>1,480,868</u>
Minority interests	35,370	37,711
	<u>1,556,038</u>	<u>1,518,579</u>

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under Hong Kong Accounting Standards (“HKAS”) 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions ³
HK(IFRIC) – Int 12	Service Concession Arrangements ⁴
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁵
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁴

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 March 2007

⁴ Effective for annual periods beginning on or after 1 January 2008

⁵ Effective for annual periods beginning on or after 1 July 2008

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The Directors anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values as appropriate.

The consolidated financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA. 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 (the “Exchange”) (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

No business segment analysis is presented as less than 10% of the Group's turnover and contribution to results are contributed by activities other than the manufacture and sales of footwear products.

Geographical segments

An analysis of the Group's turnover and contribution to segment results, assets and liabilities by geographical markets, based on location of customers, irrespective of the origin of the goods, is presented below:

2007

	United States of America HK\$'000	Canada HK\$'000	Europe HK\$'000	Asia HK\$'000	Australia HK\$'000	Others HK\$'000	Consolidated HK\$'000
REVENUE							
External sales	<u>939,056</u>	<u>95,357</u>	<u>436,629</u>	<u>225,894</u>	<u>27,216</u>	<u>125,055</u>	<u>1,849,207</u>
RESULTS							
Segment results	<u>123,101</u>	<u>12,500</u>	<u>57,238</u>	<u>31,060</u>	<u>3,568</u>	<u>16,392</u>	243,859
Unallocated income							87,249
Unallocated expenses							(152,597)
Share of results of jointly controlled entities							<u>(62,259)</u>
Profit before tax							116,252
Income tax expense							<u>(18,216)</u>
Profit for the year							<u>98,036</u>
ASSETS							
Segment assets	322,988	32,798	150,179	77,696	9,361	43,014	636,036
Interests in jointly controlled entities							249,195
Deferred tax assets							11,326
Unallocated corporate assets							<u>1,161,158</u>
Consolidated total assets							<u>2,057,715</u>
LIABILITIES							
Segment liabilities	213,811	21,712	99,415	51,433	6,197	28,473	421,041
Tax payable							53,419
Deferred tax liabilities							18,425
Unallocated corporate liabilities							<u>8,792</u>
Consolidated total liabilities							<u>501,677</u>
OTHER INFORMATION							
Allowance for inventories	2,394	243	1,113	576	70	318	4,714
Reversal of allowance for bad and doubtful debts	(8,089)	(821)	(3,761)	(1,946)	(234)	(1,079)	(15,930)
Unclaimed payables written off	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,237)</u>	<u>-</u>	<u>-</u>	<u>(14,237)</u>

Segment assets consist of inventories, trade receivables and other operating assets. Segment liabilities comprise certain trade payables. Property, plant and equipment and prepaid lease payments are not directly attributable to each customer and cannot be allocated to the segments on a reasonable basis.

2006

	United States of America HK\$'000	Canada HK\$'000	Europe HK\$'000	Asia HK\$'000	Australia HK\$'000	Others HK\$'000	Consolidated HK\$'000
REVENUE							
External sales	<u>1,065,789</u>	<u>112,268</u>	<u>351,258</u>	<u>201,764</u>	<u>33,343</u>	<u>97,182</u>	<u>1,861,604</u>
RESULTS							
Segment results	<u>130,178</u>	<u>15,184</u>	<u>44,295</u>	<u>29,365</u>	<u>4,282</u>	<u>11,369</u>	234,673
Unallocated income							41,262
Unallocated expenses							(165,427)
Share of loss of an associate							(26)
Share of results of jointly controlled entities							<u>111,690</u>
Profit before tax							222,172
Income tax expense							<u>(7,444)</u>
Profit for the year							<u>214,728</u>
ASSETS							
Segment assets	316,316	33,320	104,250	59,882	9,896	28,844	552,508
Interests in jointly controlled entities							299,800
Deferred tax assets							14,106
Unallocated corporate assets							<u>1,157,336</u>
Consolidated total assets							<u>2,023,750</u>
LIABILITIES							
Segment liabilities	252,822	26,632	83,324	47,861	7,910	23,053	441,602
Tax payable							50,179
Deferred tax liabilities							8,724
Unallocated corporate liabilities							<u>4,666</u>
Consolidated total liabilities							<u>505,171</u>
OTHER INFORMATION							
Written off promissory notes receivables	13,909	1,465	4,584	2,633	435	1,269	24,295
Allowance for/written off of bad and doubtful debts	12,298	1,295	4,053	2,328	385	1,121	21,480
Allowance for inventories	<u>1,692</u>	<u>178</u>	<u>558</u>	<u>53</u>	<u>320</u>	<u>155</u>	<u>2,956</u>

An analysis of the Group's other information related to property, plant and equipment and prepaid lease payments attributable to geographical markets by location of customers for both years is not presented as the amounts involved cannot be allocated by location of its customers.

The following table is an analysis of the carrying amount of assets and capital additions, analysed by the geographical area in which the assets are located:

	Carrying amount of assets		Capital additions	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Hong Kong	1,181,929	1,101,906	15,989	5,645
The People's Republic of China ("PRC")	537,670	522,192	15,910	31,898
Others	77,595	85,746	5,272	12,767
	<u>1,797,194</u>	<u>1,709,844</u>	<u>37,171</u>	<u>50,310</u>

4. INCOME TAX EXPENSE

	2007 HK\$'000	2006 HK\$'000
CURRENT TAX:		
Hong Kong		
Current year	911	2,938
Overprovision in prior years	(2)	(95)
Other Jurisdictions		
Current year	6,655	11,295
Underprovision in prior years	28	274
	<u>7,592</u>	<u>14,412</u>
DEFERRED TAX:		
Current year	10,624	(6,968)
Taxation attributable to the Company and its subsidiaries	<u>18,216</u>	<u>7,444</u>

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the year.

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

Pursuant to the relevant laws and regulations in PRC, certain subsidiaries of the Group including Zhongshan Jingmei Footwear Industry & Commerce Co Limited 中山精美鞋業有限公司 ("Zhongshan Jingmei"), Fuqing Grand Galatica Footwear Co. Ltd. 福清宏太鞋業有限公司 ("Fuqing Grand Galatica"), Guangzhou Panyu Xingtaiy Footwear Industry & Commerce Co. Ltd. 廣州番禺興泰鞋業有限公司 ("Panyu Xingtaiy") and Zhongshan Huali Footwear Industry & Commerce Co Ltd. 中山華利企業有限公司 ("Zhongshan Huali") are entitled to exemption from the PRC enterprise income tax for two years commencing from their first profit-making year of operation and thereafter, followed by a 50% reduction in the applicable tax rate for the next three years ("Tax Relief").

The tax status of each of the above companies are stated as follows:

- Zhongshan Jingmei and Zhongshan Huali enjoyed the second year of tax exemption for 2007 and were exempted from the PRC income tax for the year;
- Tax Relief for Fuqing Grand Galatica had expired in 2006 and the concessionary tax rate for the current year is 7.5%;
- Tax Relief for Panyu Xingtaiy had expired in 2005 and the concessionary tax rate for the current year is 12.0%, being an Export-Orient Enterprise ("EOE").

On 16 March 2007, PRC promulgated the Law of PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of PRC. On 6 December 2007, the State Council of PRC issued Implementation Regulations of the New Law ("Implementation Regulations"). The tax status of each of the above companies under the New Law and Implementation Regulations will be as follows:

- Zhongshan Jingmei and Zhongshan Huali continue to enjoy the preferential tax treatment (12.5% tax rate, i.e. 50.0% of the applicable tax rate 25.0%) for the years from 2008 to 2010;
- Fuqing Grand Galatica continue to enjoy the preferential tax treatment, i.e. 9.0% (50.0% of the applicable tax rate 18.0%) for the year 2008 and 10.0% (50.0% of the applicable tax rate 20.0%) for the year 2009. Thereafter, the tax rate will ratchet up to 22.0%, 24.0%, 25.0% from 2009 to 2011 respectively;
- The preferential tax treatment for EOE had been cancelled starting from 2008, the tax rate for Panyu Xingtaiy with effect from 2008 is 25.0%.

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2007 HK\$'000	2006 HK\$'000
Profit before tax	116,252	222,172
Tax at Hong Kong Profits Tax rate of 17.5% (2006: 17.5%)	20,344	38,880
Tax effect of expenses not deductible for tax purpose	5,588	7,806
Tax effect of income not taxable for tax purpose	(9,547)	(8,715)
Tax effect of share of loss of an associate	–	5
Tax effect of share of results of jointly controlled entities	10,895	(19,546)
Underprovision in respect of prior year	26	179
Tax effect of deferred tax assets not recognised	2,145	899
Effect of tax exemptions granted to certain subsidiaries	(11,605)	(14,728)
Effect of different tax rates of subsidiaries operating in other jurisdictions	370	3,841
Utilisation of deferred tax/tax losses previously not recognised	–	(1,239)
Others	–	62
Tax expense for the year	18,216	7,444

In addition to the amount charged to the consolidated income statement, deferred tax relating to the revaluation of the Group's properties was charged directly to equity.

In March 2008, the Inland Revenue Department ("IRD") issued protective profits tax assessments, for an aggregate additional tax of approximately HK\$15.4 million, relating to the years of assessment 2001/2002, that is, for the financial years ended 31 December 2001, against certain wholly-owned subsidiaries of the Company.

The directors of the Company believe that no profits tax is payable by the Group in respect of the concerned subsidiaries and no provision for Hong Kong profits tax in respect of the protective assessments is considered necessary. The Group intends to lodge objections with the IRD against the protective assessments.

5. PROFIT FOR THE YEAR

	2007 HK\$'000	2006 HK\$'000
Profit for the year has been arrived at after charging:		
Directors' emoluments	7,361	24,283
Other staff costs	387,568	353,196
Retirement benefits schemes contributions, excluding Directors	775	707
	395,704	378,186
Auditors' remuneration	2,399	1,798
Allowance for bad and doubtful debts	–	3,300
Allowance for inventories	4,714	2,956
Amortisation of prepaid lease payments	1,206	1,345
Bad debts written off	–	18,180
Cost of inventories recognised as expense	1,531,487	1,462,333
Depreciation	39,305	37,067
Exchange losses	6,479	8,055
Promissory notes receivables written off	–	24,295
and after crediting as other income:		
Reversal of allowance for bad and doubtful debts	15,930	–
Dividends from equity investments	1,189	34
Exchange gains	4,210	6,348
Gross rental income from investment properties	2,206	1,833

Less: direct operating expenses from investment properties that generated rental income during the year	<u>(591)</u>	(386)
	1,615	1,447
Interest income from:		
Bank deposits	26,143	26,897
Structured deposits	345	654
Available for sale investments	168	255
Trade debtors ^(note)	150	25
Loans to a jointly controlled entity	538	2,409
Unclaimed payables written off	<u>14,237</u>	<u>–</u>

Note: Interest was charged to trade debtors with extended credit terms.

6. DIVIDENDS

	2007	2006
	HK\$'000	HK\$'000
2006 final dividend of HK\$0.0613 per share (2006: 2005 final dividend of HK\$0.0730 per share) paid	106,867	121,523
2007 interim dividend of HK\$0.0328 per share (2006: HK\$0.0300 per share) paid	<u>57,205</u>	<u>49,941</u>
	<u>164,072</u>	<u>171,464</u>

The 2007 final dividend of HK\$0.022 per share (2006: HK\$0.0613 per share) has been proposed by the Directors and is subject to the approval by the shareholders of the Company in a general meeting.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to ordinary equity holders is based on the following data:

	2007	2006
EARNINGS		
Profit for the year attributable to equity holders of the Company for the purposes of basic and diluted earnings per share	<u>HK\$94,929,000</u>	<u>HK\$207,287,000</u>
NUMBER OF SHARES		
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,700,558,971	1,664,704,773
Effect of dilutive potential ordinary shares issuable under the Company's share option scheme	<u>3,874,676</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,704,433,647</u>	<u>1,664,704,773</u>

No diluted earnings per share was presented for the year ended 31 December 2006 because the exercise price of the Company's options was higher than the average market price.

PROPOSED FINAL DIVIDEND

The Board recommended a final dividend of HK\$0.022 per share (2006: HK\$0.0613 per share), payable on or about Friday, 4 July 2008 to shareholders whose names appear on the register of members of the Company ("Register of Members") at the close of business on Wednesday, 4 June 2008 ("Shareholders"). The payment of dividend is subject to the approval of the Shareholders at an annual general meeting of the Company to be held on Thursday, 12 June 2008 ("2008 Annual General Meeting").

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 5 June 2008 to Friday, 6 June 2008, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 4 June 2008.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (the "CG Code") throughout the financial year ended 31 December 2007, 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 a 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-law 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 three are independent. The Audit Committee has reviewed with the management and the external auditors 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 financial year ended 31 December 2007 of the Group.

Remuneration Committee

The remuneration committee of the Company ("Remuneration Committee") comprises three 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 Monday, 25 June 2007, Mr. Li Kwok Lung Alfred Ronald, Mr. Sze Sun Sun Tony, Mr. Chang Tsung Yuan and Mr. Ho Shing Chak retired and were re-elected as Directors.

On 1 September 2007, Mr. Chan Ting Chuen was re-designated as an executive Director of the Company.

As from 1 September 2007 and up to the date of this announcement, the Board comprises:

Executive Director

Mr. Li Kwok Lung Alfred Ronald (*Chairman*)
Mr. Sze Sun Sun Tony (*Deputy Chairman & Managing Director*)
Mr. Chang Tsung Yuan (*Deputy Chairman*)
Mr. Ku Edward Y.
Mr. Chan Lu Min
Dr. Ho Ting Seng
Mr. Chan Ting Chuen

Non-executive Director

Mr. Li I Nan

Independent Non-executive Director

Mr. Cheng Kar Shing
Mr. Feng Lei Min
Mr. Ho Shing Chak

GENERAL INFORMATION

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2007 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

ANNUAL GENERAL MEETING

The 2008 Annual General Meeting will be held at 10/F, Island Place Tower, 510 King's Road, North Point, Hong Kong on Thursday, 12 June 2008 at 9.30 a.m. and the notice of Annual General Meeting will be published and despatched to the Shareholders in the manner as required by the Listing Rules.

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

For the year ended 31 December 2007, 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 financial statements and notes to the financial statements for the year ended 31 December 2007 ("2007 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 2007 Annual Report on or before Wednesday, 30 April 2008.

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 year.

By Order of the Board
Li Kwok Lung Alfred Ronald
Chairman

Hong Kong, 8 April 2008

* For identification purposes only