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SYMPHONY

SYMPHONY HOLDINGS LTD.

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 2009 DIVIDEND DECLARATION AND CLOSURE OF BOOKS

GROUP FINANCIAL HIGHLIGHTS

- Group revenue was HKD1,784.9 million for the year ended 31 December 2009.
- Gross profit margin was 19.4%, an increase of 570 basis point compared to last year.
- Profit attributable to owners of the Company for the year ended 31 December 2009 was HKD19.0 million.
- Final dividend of HKD0.013 per ordinary share was recommended to be payable on or about Monday, 5 July 2010.

CHAIRMAN'S STATEMENT AND OUTLOOK

I am pleased to present the annual results of the Company for the year ended 31 December 2009.

Financial Results

Continuing the profitability reported in the first half of 2009, Symphony Holdings Limited ("**Symphony**" or "**Company**", together with its subsidiaries, "**Group**") recorded a 23.2% increase in gross profit to HKD347,069,000 for the whole year ended 31 December 2009, notwithstanding a decline of 13.0% in turnover compared to last year. The appreciable increase in gross profit was predominantly due to the effective cost control programs adopted and strategic allocation of resources by the Group during the year.

Branding

2009 was still a cultivating year for the branding business of the Group. As a result of the prolonged world recession, the recovery of economy was at slow pace. In United States, the persistent high unemployment rate undermined the domestic consumption and affected the retail industry. While in the East, the retail market was slowed down.

Nevertheless, the Group was strengthening its branding business.

The results of Pony and Haggar were improving. During the year, we continued to implement a comprehensive restructuring in Pony. At the same time, we expanded the Pony licensee portfolio to include certain European and American conglomerates that the Group believed they will be positively pushing forward the Pony brand globally. Amongst, the Argentina licensee performed outstandingly and quadrupled its minimum royalty payable during the year. Another strategy for Pony is to diversify into Direct-to-Retail business. The management believes that the DTR model will benefit Pony by maintaining its existing global licensee relationship with minimum sales support. In 2010, Pony will continue to look for seasoned licensees in order to expand its global network. Meantime, it will strategically focus on re-launching its heritage line of footwear and develop fashionable products to meet the market trend and needs. On the other hand, Pony has successfully broadened its recognition in PRC in 2009. The turnover of Pony China for the year tripled while the number of point-of-sale increased to 89 spreading across the country. Owing to initial expansion of Pony in China, it is foreseen that certain set up cost will be incurred and the Group is cautious in monitoring its expenditure with the aim of achieving profit maximisation.

Haggar forged its path during the year. By implementing stringent cost control policy, the efficiency at Haggar was improved. Moreover, Haggar has employed a seasoned marketing specialist to formulate an effective marketing strategy. It is expected that the EBITA of Haggar will further strengthen in 2010.

Being the licensee, distributor and/or franchisee for Speedo, Berghaus, Helly Hansen and Mango in China, the Group engaged in many important endeavours to encourage and improve the operations of the brands. Despite the fact that the PRC retail market, especially the sporting goods sector, was slowed down in 2009 weathering the global economic downturn, the Group maintained a steady growth in the branding business. During the year, sales of Speedo increased by 117%, adding 21 points-of-sale with most of them operated by franchisees. This strategy enabled the Group to increase its market share by appointing experienced franchisees and simultaneously reducing the management cost of the brand. In 2010, Speedo targets to sign up 66 franchised points-of-sale in second tier cities. Following the official launch of Berghaus at the British Embassy in Beijing last June, we have opened 9 Berghaus points-of-sale in strategic first tier city locations in China during the year. Berghaus plans to further open 20 directly managed and franchised points-of-sale in China in 2010. During the year, the turnover of Mango grew significantly and there are plans to open up to 5 Mango stores at high-traffic locations in selected key cities. The first Helly Hansen store will be opened at a prime Beijing location in April 2010, followed by approximately 10 more stores at strategic locations by the end of the year.

Having said that, the increase in raw material cost, the decline in selling price and the intensified promotional activities had impacted the profit margin in the industry. We remain cautiously optimistic about the growth of the PRC retail market given that the Group's competitive advantage of a basket of valuable brands.

Retailing

JFT is a joint venture between the Company and Toyota Tsusho Corporation, a member of the renowned Japanese conglomerate, Toyota Motor Corporation, for the retailing and marketing of apparels, footwear and accessories originating from Japan, Europe and the United States. Following the grand opening in the busy shoppers-frequented Causeway Bay of its first flagship store in August last year, the second JFT store landed in Tsimshatsui, a highly concentrated tourist area in Hong Kong. JFT's current portfolio covers over 100 brands and includes Japanese top golf fashion brand Heal Creek and Viva Heart, and the internationally renowned Edwin jeans. In March 2010, JFT became the exclusive distributor for Edwin in Hong Kong and Macau. There are plans to open up to 7 additional points-of-sale for Edwin in Hong Kong. On the whole, JFT strives every opportunity to expand its brand portfolio and point-of sale as its prime strategy to enhance its value.

Outlet Mall

Grasping the opportunity of blooming domestic consumption in China, the Company has plans to diversify to outlet mall business. During the year, the Company acquired the land use rights in Shenyang, China. The land is located at Hushi Tai Development Zone of Shenbei New District, which is a new administrative zone approved by the State Council as pilot new development in Northeast China. Superbly located adjacent to Puhe Road, the major highway of Shenbei, the Company will develop the land into a mixed-use development of factory outlet mall, entertainment complexes and eco-industrial attractions with an attributable gross floor area of 60,705 square metres, covering the world's premium brands at bargain. We are currently undergoing architectural design and preliminary leasing work. Construction work for the first phase is scheduled to commence in 2010. We believe that the outlet mall will create synergistic value to our brands and further strengthen our branding business.

Manufacturing

The footwear manufacturing division maintained satisfactory results despite the challenging business operating environment facing the Group in PRC. During the year, the Group has reorganised its production facilities and adopted a tightened cost control in its manufacturing plants. By relocating its production lines to Vietnam, our footwear manufacturing division benefited from its relatively low labour and transportation cost. Although the turnover of the footwear manufacturing division was slightly impacted by the migration of production facilities this year, the Group is confident that the reorganisation and consolidation will provide a profound interest to the manufacturing division. We expected to pick up the momentum in the years to follow.

Outlook

The global economic downturn is a proven opportunity for us. As a result of effective cost control and precise expansion, we have achieved and improved efficiency of the Group. During the year, efforts have been made to lower our manufacturing cost margin, focus on our branding efforts, recruit talented personnel to strengthen our team as well as increase our market share strategically.

Although there will unquestionably continue to be uncertainties in the road ahead, we remain cautiously optimistic about the future of the global economic recovery. Despite the pressure on appreciation of Renminbi, weak United States dollars, unstable global political environment, trade protectionism and the credit threat in Europe, the Group continues to implement cautious policies to cope with and manage the mounting risk and cost arising from operations. In future, we aim at taking advantage of our current strengths to explore investment opportunities as well as develop projects that create synergy to our existing investments so as to maximise our shareholders' value. In particular, we are well-positioned in the China retail market, which is a strategic market given its upsurge of internal demands and consumption power. We believe that our branding business, retailing business and the future outlet mall development are well-aligned to benefit from the Chinese governmental policies on encouraging domestic consumption.

OPERATION REVIEW

For the year ended 31 December 2009, the turnover of the Group decreased by 13.0% to HKD1,748,907,000, being adversely affected by decrease of orders from relocation of production facilities and soft consumer markets worldwide. Nevertheless, stringent cost control and strategic allocation of resources enabled the Group to return to profitability and thereby recording an increase in gross profit margin to 19.4%. Profit attributable to shareholders was HKD19,008,000. The improvement in efficiency in the branding business contributes to a substantial decrease by 42.3% in operating loss of jointly controlled entity.

The Company acquired the land use rights in Shenyang in 2009 and leased out one of its properties located in Hong Kong. Accordingly, the investment properties increased to HKD331,040,000,

During the year, the efficiency of the Company improved. Trade and other receivables greatly reduced by 52.6%. This was due to effective collection of debts and receivables. Trade and other payables were reduced through improved working relationship with suppliers. The decrease in inventory is attributable to product diversification and therefore reduced in costly raw materials for production.

The Group disposed of certain held-for-trading investment which comprises of shares of various listed companies.

Manufacturing and Retailing Business Market Information

During the year, sales to United States of America and Canada comprised 54.4% (2008: 49.6%) and orders to other European countries comprised 28.1% (2008: 31.6%) of the total sales and the remaining 17.5% (2008: 18.8%) was shared between Asia, Africa, Australia, Latin America and the Middle East.

Production Facilities

As at 31 December 2009, the Group had an aggregate number of 35 production lines, of which 7 are in Panyu, 10 are in Zhongshan, 6 are in Fuzhou, and a further 12 are in Vietnam. During the year, the Group has closed down 4 production lines in Dongguan.

Stores Network

The Group had directly managed and franchised stores in mainland China for the retail and distribution of 4 globally renowned brands. Below is a breakdown by brand and store type:

	Directly managed stores	Franchised stores
Speedo	45	65
Pony	68	21
Berghaus	9	-
Mango	2	-

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 dynamic brands development team provides their expertise and foresighted advice to our customers on the retail and wholesale market in mainland China. The maintenance of close relationship with our 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 2009, the Group had bank balances and cash of HKD399,184,000 (31 December 2008: HKD280,963,000). The Group was offered banking facilities amounting to HKD236,250,000 (31 December 2008: HKD117,500,000), 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.

Human Resources

As at 31 December 2009, the total number of employees of the Group was approximately 14,000. Employee cost (excluding directors' emoluments) amounted to approximately HKD358,950,000 (2008: HKD430,725,000).

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 HKD1.032 each to the directors of the Company ("**Director(s)**") and the other eligible participants.

During the year ended 31 December 2009, none of the share options granted and outstanding was exercised. On 31 August 2009, the entire granted and outstanding share options lapsed.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December,

	Notes	2009 HKD'000 (Audited)	2008 HKD'000 (Audited)
Revenue	3	1,784,907	2,050,584
Cost of sales		<u>(1,437,838)</u>	<u>(1,768,865)</u>
Gross profit		347,069	281,719
Other income		34,427	38,853
Distribution and selling expenses		(149,114)	(127,843)
Administrative expenses		(195,347)	(231,266)
Other expenses		(7,430)	(3,360)
Net increase (decrease) in fair value of investment properties		57,750	(32,050)
Gain on disposal of subsidiaries		-	13,586
Impairment loss on goodwill		-	(57,477)
Gain (Loss) on fair value changes of held-for-trading investments		716	(11,998)
Share of results of jointly controlled entities		<u>(58,498)</u>	<u>(101,409)</u>
Profit (Loss) before tax		29,573	(231,245)
Taxation	4	<u>(10,785)</u>	1,554
Profit (Loss) for the year	5	<u>18,788</u>	<u>(229,691)</u>
Other comprehensive income (expense)			
Surplus arising on re-classification from prepaid lease payments to investment properties		14,523	-
Deferred tax on surplus arising on re-classification from prepaid lease payments to investment properties		(2,413)	-
Surplus (deficit) arising on revaluation of properties		12,194	(2,605)
Deferred tax (liability) asset arising on revaluation of properties		(3,145)	640
Effect of changes in tax rates		-	253
Fair value gain (loss) on available-for-sale investments		6,412	(6,899)
Re-classification adjustment to profit or loss upon disposal of available-for-sale investments		(2)	-
Exchange difference arising on translation of foreign operations		(2,968)	27,945
Share of other comprehensive income of jointly controlled entities		<u>5,320</u>	<u>(3,108)</u>
Other comprehensive income for the year (net of tax)		<u>29,921</u>	<u>16,226</u>
Total comprehensive income and expense for the year		<u>48,709</u>	<u>(213,465)</u>
Profit (Loss) for the year attributable to:			
Owners of the Company		19,008	(226,508)
Minority interests		<u>(220)</u>	<u>(3,183)</u>
		<u>18,788</u>	<u>(229,691)</u>
Total comprehensive income and expense attributable to:			
Owners of the Company		48,920	(210,926)
Minority interests		<u>(211)</u>	<u>(2,539)</u>
		<u>48,709</u>	<u>(213,465)</u>
Earnings (Loss) per share			
Basic and diluted (HK cents)	7	<u>1.09</u>	<u>(12.99)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 31 December 2009 <i>HKD'000</i> (Audited)	At 31 December 2008 <i>HKD'000</i> (Audited)
Non-current assets		
Property, plant and equipment	242,532	282,741
Investment properties	331,040	112,450
Prepaid lease payments	38,604	50,203
Interests in jointly controlled entities	56,778	78,272
Advance to jointly controlled entities	171,110	127,749
Available-for-sale investments	60,011	54,366
Deferred tax assets	13,127	10,085
Tax recoverable	17,214	9,714
Club debentures	2,003	2,003
	932,419	727,583
Current assets		
Inventories	171,254	269,148
Amounts due from jointly controlled entities	25,664	50,692
Trade and other receivables	217,808	459,061
Prepaid lease payments	1,050	1,301
Held-for-trading investments	321	4,055
Bank balances and cash	399,184	280,963
	815,281	1,065,220
Current liabilities		
Trade and other payables	311,305	395,027
Amounts due to jointly controlled entities	17,650	28,006
Tax payable	54,969	55,641
	383,924	478,674
Net current assets	431,357	586,546
Total assets less current liabilities	1,363,776	1,314,129
Non-current liabilities		
Deferred tax liabilities	28,303	9,925
Net Assets	1,335,473	1,304,204
Capital and reserves		
Share capital	436,011	436,011
Share premium and reserves	866,842	835,362
Equity attributable to owners of the Company	1,302,853	1,271,373
Minority interests	32,620	32,831
	1,335,473	1,304,204

Notes:

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

In the current year, the Group has applied the following new and revised standards, amendments and interpretations (“**new and revised HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a re-designation of the Group's reportable segments (see Note 3).

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures requirement in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments. The amendments also expand and amend the disclosures required in relation to liquidity risk.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 24 (Revised)	Related Party Disclosures ⁶
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendment)	Classification of Rights Issues ⁴
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ⁵
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 9	Financial Instruments ⁷
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁶
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁵

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

² Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

³ Effective for annual periods beginning on or after 1 January 2010

⁴ Effective for annual periods beginning on or after 1 February 2010

⁵ Effective for annual periods beginning on or after 1 July 2010

⁶ Effective for annual periods beginning on or after 1 January 2011

⁷ Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in a Group's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 will affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee.

The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

Directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the 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 HKFRSs issued by 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 ("**Exchange**") ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segment (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was geographical segments by location of customers, irrespective of the origin of goods. The application of HKFRS 8 has resulted in a re-designation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In prior year, primary segment information was analysed on the basis of geographical markets based on the location of customers that the Group's goods were shipped to, i.e. United States of America, Canada, Europe, Asia, Australia and others. However, information reported to the chief operating decision maker, being the managing director of the Company, for the purpose of resources allocation and performance assessment focus more specifically on the operation efficiency by each operation unit, i.e. footwear manufacturing, retailing and sourcing and property investment. Financial information on segment results and segment assets are regularly provided to chief operating decision maker while no information of segment liabilities is provided. The Group's reportable segments under HKFRS 8 are therefore as follows:

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

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to reflect the change on basis of presentation of segment information under HKFRS 8.

Segment revenue and results

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

For the year ended 31 December 2009

	Footwear manufacturing	Retailing and sourcing	Property investment	Consolidated
	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>
REVENUE				
External sales	1,701,530	77,178	6,199	1,784,907
Segment profit (loss)	113,461	(38,953)	63,515	138,023
Corporate income:				
Interest income				10,126
Others				496
Central administrative costs				(60,574)
Share of results of jointly controlled entities				(58,498)
Profit before tax				29,573

For the year ended 31 December 2008

	Footwear manufacturing	Retailing and sourcing	Property investment	Consolidated
	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>
REVENUE				
External sales	1,946,322	100,115	4,147	2,050,584
Segment profit (loss)	22,737	(28,264)	(28,708)	(34,235)
Corporate income:				
Gain on disposal of subsidiaries				13,586
Interest income				14,077
Others				213
Central administrative costs				(66,000)
Impairment loss on goodwill				(57,477)
Share of results of jointly controlled entities				(101,409)
Loss before tax				(231,245)

Segment profit (loss) represents the profit (loss) earned or incurred by each segment without allocation of interest income, gain on disposal of subsidiaries, other income, central administrative costs, impairment loss on goodwill and share of results of jointly controlled entities. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Segment assets

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

Segment assets

	2009	2008
	<i>HKD'000</i>	<i>HKD'000</i>
Footwear manufacturing	588,719	929,981
Retailing and sourcing	44,952	49,577
Property investment	368,617	195,346
Total segment assets	1,002,288	1,174,904
Unallocated	745,412	617,899
Consolidated assets	1,747,700	1,792,803

For the purposes of monitoring segment performances and allocating resources between segments:

All assets are allocated to reportable 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, held-for-trading investments and bank balances and cash.

Revenue from major products and services

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

	2009	2008
	<i>HKD'000</i>	<i>HKD'000</i>
Footwear manufacturing	1,701,530	1,946,322
Retailing and sourcing	77,178	100,115
Property investment	6,199	4,147
Total revenue from major products and services	1,784,907	2,050,584

Geographical information

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

	Revenue from external customers		Non-current assets located	
	2009	2008	2009	2008
	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>
The People's Republic of China ("PRC")	66,231	97,650	354,235	247,592
Taiwan	10,947	2,465	9,641	9,643
Hong Kong	6,199	4,147	233,993	172,389
United States of America	899,489	924,335	-	-
Canada	72,019	93,572	-	-
Other European Countries	501,924	646,941	-	-
Vietnam	-	-	14,307	15,770
Other Asian Countries	174,673	148,393	-	-
Others	53,425	133,081	-	-
	1,784,907	2,050,584	612,176	445,394

The geographical information for the revenue attributed to each foreign country is not available and the cost to develop it would be excessive.

Note: Non-current assets excluded financial instruments, advance to jointly controlled entities, interests in jointly controlled entities, deferred tax assets, tax recoverable and club debentures of which the Group considered it is impracticable to decide the location of assets.

Information about major customers

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

	2009	2008
	<i>HKD'000</i>	<i>HKD'000</i>
Customer A	626,196	628,918
Customer B	494,774	318,820
Customer C	217,464	212,620
Customer D	N/A¹	258,940

¹The corresponding revenue did not contribute over 10% of the total sales of the Group.

4. TAXATION

	2009 HKD'000	2008 HKD'000
Current tax:		
Hong Kong		
current year	66	37
(over)underprovision in prior years	(108)	412
Other jurisdictions		
current year	884	4,670
under(over)provision in prior years	165	(307)
	<u>1,007</u>	<u>4,812</u>
Deferred tax:		
Current year	9,778	(6,366)
Taxation attributable to the Company and its subsidiaries	<u>10,785</u>	<u>(1,554)</u>

Hong Kong Tax

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years of 2008 and 2009.

In March 2008, the Inland Revenue Department ("IRD") issued protective profits tax assessments, for an aggregate additional tax of HKD15,400,000, relating to the year of assessment of 2001/2002, that is, for the financial year ended 31 December 2001, against certain wholly-owned subsidiaries of the Company. The Group had lodged objections with IRD against the protective assessments. IRD agreed to hold over the tax claimed subject to the subsidiaries' purchase of tax reserve certificates ("TRCs") of HKD9,714,000 which was included in tax recoverable as at 31 December 2008 and 2009.

In March 2009, IRD issued another protective profits tax assessments, for an aggregate additional tax of HKD27,700,000, relating to the year of assessment of 2002/2003, that is, for the financial year ended 31 December 2002, against certain wholly-owned subsidiaries of the Company. The Group had lodged objections with IRD against the protective assessments. IRD agreed to hold over the tax claimed subject to the subsidiaries' purchase of TRCs of HKD7,500,000 which was included in tax recoverable as at 31 December 2009.

In January 2010, IRD issued another protective profits tax assessments, for an aggregate additional tax of HKD35,500,000, relating to the year of assessment of 2003/2004, that was, for the financial year ended 31 December 2003, against certain wholly-owned subsidiaries of Company. The Group had lodged objectives with IRD against the protective assessments. IRD agreed to hold over the tax claimed subject to the subsidiaries purchase of TRCs of HKD6,000,000.

Directors believe that no provision for Hong Kong Profits Tax in respect of the above mentioned protective assessments is necessary. In addition, the inquiries from IRD are still at a fact-finding stage and IRD has not yet expressed any formal opinion on the potential tax liability, if any. The potential tax liability, if any, cannot be readily ascertained at this stage.

PRC Tax

The tax status for certain subsidiaries of the Group operating in PRC, 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**”) and Zhongshan Huali Footwear Industry & Commerce Co Ltd. 中山華利企業有限公司 (“**Zhongshan Huali**”), are as follows:

- Zhongshan Jingmei and Zhongshan Huali enjoyed the preferential tax rate of 12.5% (being 50.0% of the applicable tax rate of 25.0%) for the years from 2008 to 2010. Thereafter, the tax rate will increase to 25.0% from the year 2011 onwards;
- Fuqing Grand Galatica enjoyed the preferential tax treatment of 9.0% (being 50.0% of the applicable tax rate of 18.0%) for the year 2008 and that of 10.0% (being 50.0% of the applicable tax rate of 20.0%) for the year 2009. Thereafter, the tax rate will step up to 22.0%, 24.0% and 25.0% for the years 2010, 2011 and 2012 respectively.

For other PRC subsidiaries, the applicable tax rate was 25.0% during the year.

Vietnam Tax

Stateway Vietnam Footwear Co. Ltd (“**Stateway Vietnam**”) was entitled to an exemption from enterprise income tax for 4 years starting with the first profit-making year. For the following 9 years, Stateway Vietnam would be entitled to a further tax preferential tax treatment in the form of a 50.0% reduction in the applicable tax rate in Vietnam. Stateway Vietnam has not yet commenced its tax exemption period due to its loss position in 2008 and 2009. The tax exemption period is deemed to commence from 2010 onwards.

Continuance Vietnam Footwear Co. Ltd (“**Continuance Vietnam**”) was entitled to an exemption from enterprise income tax for 2 years starting with first profit-making year. For the following 3 years, Continuance Vietnam would be entitled to a further tax preferential tax treatment in the form of a 50.0% reduction in the applicable tax rate in Vietnam. Continuance Vietnam has not yet commenced its tax exemption period due to its loss position in 2008 and 2009. The tax exemption period is deemed to commence from 2010 onwards.

Others

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

The taxation for the year can be reconciled to the profit (loss) before tax per the consolidated statement of comprehensive income as follows:

	2009	2008
	<i>HKD'000</i>	<i>HKD'000</i>
Profit (Loss) before tax	29,573	(231,245)
Tax at Hong Kong Profits Tax rate of 16.5%	4,880	(38,155)
Tax effect of expenses not deductible for tax purpose	524	13,661
Tax effect of income not taxable for tax purpose	(2,198)	(5,082)
Tax effect of share of results of jointly controlled entities	9,652	16,732
Underprovision in respect of prior years	57	105
Tax effect of tax losses not recognised	7,685	11,409
Effect of tax exemptions granted to certain subsidiaries	(10,873)	(2,237)
Income tax on concessionary rate	(903)	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	50	875
Decrease in opening deferred tax liabilities resulting from a decrease in applicable tax rate	-	(209)
Deferred taxation on withholding tax arising on undistributed profits in PRC subsidiaries	1,911	1,347
Taxation for the year	10,785	(1,554)

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

5. PROFIT (LOSS) FOR THE YEAR

	2009 HKD'000	2008 HKD'000
Profit (Loss) for the year has been arrived at after charging:		
Directors' emoluments	20,498	8,214
Other staff costs	358,950	430,725
Retirement benefits schemes contributions, excluding directors	16,907	16,177
	<u>396,355</u>	<u>455,116</u>
Auditor's remuneration	2,530	2,565
Allowance for inventories, net	8,498	2,114
Amortisation of prepaid lease payments	1,173	1,301
Cost of inventories recognised as expense	1,437,838	1,768,865
Depreciation of property, plant and equipment	41,346	40,354
Exchange losses	2,810	12,263
Research and development costs (included in administrative expenses)	23,649	38,282
Loss on disposal of property, plant and equipment	3,592	-
and after crediting:		
Gain on disposal of property, plant and equipment	-	66
Gain on disposal of investment property	30	-
Gain on disposal of available-for-sale investments	2	-
Net reversal of allowance for bad and doubtful debts	440	2,850
Exchange gains	2,743	1,974
Gross rental income for investment properties	6,199	4,147
Less: direct operating expenses from investment properties that generated rental income during the year	(287)	(729)
	<u>5,912</u>	<u>3,418</u>
Interest income from:		
Bank deposits	1,569	7,680
Structured deposits	-	398
Available-for-sale investments	3,327	2,487
Trade debtors (Note)	-	49
Loans to a jointly controlled entity	5,230	3,463

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

6. DIVIDENDS

	2009 HKD'000	2008 HKD'000
2008 final dividend of HKD0.010 per ordinary share (2008: 2007 final dividend of HKD0.022) per ordinary share) paid	<u>17,440</u>	<u>38,369</u>

No interim dividend was declared or paid in 2008 and 2009. For the year ended 31 December 2009, a final dividend of HKD0.013 (2008: HKD0.010) per ordinary share, amounting to HKD22,673,000 (2008: HKD17,440,000) has been proposed by the Directors and is subject to the approval by the Shareholders in general meeting.

7. EARNINGS (LOSS) PER SHARE

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

	2009	2008
Earnings (Loss)		
Profit (Loss) for the year attributable to owners of the Company (HKD)	<u>19,008,000</u>	<u>(226,508,000)</u>
Number of shares		
Number of ordinary shares in issue during the year	<u>1,744,044,773</u>	<u>1,744,044,773</u>

The computation of diluted earnings per ordinary share does not assume the exercise of share options for 2009 because the exercise price of the Company's option was higher than the average market price of the shares.

The computation of diluted loss per ordinary share does not assume the exercise of share options for 2008 because the exercise of the Company's outstanding share options has an anti-dilutive effect.

8. TRADE AND OTHER RECEIVABLES

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 bill receivables, net of allowance for doubtful debts of HKD163,123,000 (2008: HKD313,940,000). 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:

	2009 HKD'000	2008 HKD'000
0 to 30 days	156,222	242,559
31 to 60 days	4,518	58,416
61 to 90 days	342	3,807
Over 90 days	<u>2,041</u>	<u>9,158</u>
	<u>163,123</u>	<u>313,940</u>

9. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade and bills payables of HKD159,737,000 (2008: HKD237,381,000). The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2009 HKD'000	2008 HKD'000
0 to 30 days	82,072	84,484
31 to 60 days	39,827	83,394
61 to 90 days	16,594	30,457
Over 90 days	21,244	39,046
	<u>159,737</u>	<u>237,381</u>

PROPOSED FINAL DIVIDEND

The Board recommended a final dividend of HKD0.013 per ordinary share (2008: HKD0.010 per ordinary share), payable on or about Monday, 5 July 2010 to shareholders whose names appear on the register of members of the Company ("**Register of Members**") at the close of business on Monday, 14 June 2010 ("**Shareholders**"). The payment of dividend is subject to the approval of Shareholders at an annual general meeting of the Company to be held on Thursday, 17 June 2010 ("**2010 Annual General Meeting**").

CLOSURE OF REGISTER OF MEMBERS

Register of Members will be closed from Tuesday, 15 June 2010 to Thursday, 17 June 2010, during which period no transfer of shares will be effect. In order to qualify for the proposed final dividend and entitle to vote at 2010 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 Monday, 14 June 2010.

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 2009, 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. The 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 and the external auditors, Deloitte Touche Tohmatsu, 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 2009 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

On 23 January 2009, Mr. Li, Kwok Lung Alfred Ronald resigned from his offices as chairman of the Board and as Director.

On 9 March 2009, Mr. CHAN, Ting Chuen was appointed the Chairman.

On 30 March 2009, Mr. KU, Edward Yu-Sun passed away and ceased to be the Director.

At an annual general meeting of the Company held on Wednesday, 10 June 2009, Mr. Chang Tsung Yuan, Mr. Cheng Kar Shing and Mr. Feng Lei Ming retired and were re-elected as Directors.

On 8 July 2009, Ms. Chen Fang Mei and Mr. Huang Shenglan were appointed the executive Director and independent Non-executive Director of the Company respectively.

As from 8 July 2009 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 2009 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 2010 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 Thursday, 17 June 2010 at 11:30 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 2009, 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 2009 ("**2009 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 2010 Annual Report on or before Friday, 23 April 2010.

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 • 26 March 2010

* For identification purposes only