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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

### GROUP FINANCIAL HIGHLIGHTS

- Net profit steadily rose 4.1% to HKD4.0 million.
- Group revenue decreased by 8.4% to HKD812.4 million.

### CHAIRMAN'S STATEMENT AND OUTLOOK

The first half of 2010 was a period of challenges for the Group. The stagnation of US and Eurozone economies, and the frequent outbreak of natural disasters have generally slowed down the economic recovery. During the period under review, Symphony Holdings Limited ("**Symphony**" or "**Company**", together with its subsidiaries, "**Group**") was inevitably challenged by the reorganisation of production facilities, impact on seasonal demand of factories orders, fluctuations in currency movements and uncertainties in global economy. Despite the challenges facing the Group, Symphony maintained a solid revenue of HKD812,425,000 for the six months ended 30 June 2010. The improvement in business efficiency has further strengthened the profit attributable to owners of the Company to HKD3,975,000, representing a steady growth of 4.1% as compared to the corresponding period in 2009. Gross margin was slightly affected by the rise in operating cost, reflecting a decrease of 190 basis points to 19.2%.

During the six months ended 30 June 2010, the Group's branding portfolio was gaining momentum.

Pony and Haggar, our own heritage American brands, indicated a successful turnaround owing to the implementation of efficacious restructuring and cost control measures. The reorganisation strategy of Pony has been proven effective. During the period under review, Pony recorded a positive EBITDA for the first time since our acquisition in 2006. The operation of Pony in China continued to expand during the first half of 2010. Revenue of Pony China grew strongly and the number of points-of-sale increased to 113, in addition to two online shops. We expect to see further improvements in Pony business in the years to come. Besides, Haggar experienced a marked improvement and recorded a surge of EBITDA by 287.6% for the six months ended 30 June 2010.

Speedo stepped up its growth momentum with a notable 45.6% year-on-year increase in turnover. The current 135 points-of-sale covering most of the key PRC cities will be expanded to approximately 170 by the end of this year. Having entered into the PRC market last summer, Berghaus has already secured twelve strategic store locations and is expected to increase to 25 points-of-sale within this year. Helly Hansen, having its first flagship store opened in Beijing this May, is projected to expand to nine points-of-sale this year. Through the current two points-of-sale, Mango was making progress with a corresponding increase of 15.7% in turnover during the period. To facilitate further expansion, opening of another seven new Mango stores is underway in selective Chinese cities at the end of 2010.

Since its launch last summer, JFT has quickly established widespread market recognition, especially amongst the local trend-setting crowds. Starting from its two flagship stores in Causeway Bay and Tsimshatsui, JFT has rapidly expanded to 15 points-of-sale at strategic locations in Hong Kong and Macau. The monthly average turnover in first half of 2010 has surged 88.2% compared to 2009. JFT is now actively identifying suitable location in key China cities for its expansion into the PRC market in 2011.

Park Outlet (尚柏奧萊) of Shenyang, the Group's flagship development of premium factory outlet mall, entertainment complexes and eco-industrial attractions with an attributable gross floor area of 60,705 square meters, is targeting to complete the first phase by fourth quarter of 2011. The construction and preliminary leasing work is satisfactory.

The footwear manufacturing division continued to yield positive returns to the Group despite the challenging operating environment. The impact on seasonal demand of factory orders and the course of reorganisation had lingered the production capacity during the period under review. As a result, the revenue of footwear manufacturing division recorded a slight corresponding decrease by 8.5%. The first phase of reorganisation has been completed in mid-2010. Through the favourable commercial and operational environment in Vietnam and the upturn of orders during the latter part of 2010, the Group believes that revenue shall be picking up the momentum as soon as the production facilities are operated in full gear.

It is anticipated that the global economy will improve gradually in the second half of 2010. Subsequent to the revival of economy, business of the Group is expected to be strengthened and perk up steadily. Given that the gearing up of the BRICs' market, accompanied by moderate revitalisation of the US and Eurozone economies, the Group remains cautiously optimistic. With the aim of building an invigorated platform in this favourable leverage era, the Group allocates our resources strategically in order to maximise profitability. Through our entrepreneurial spirit and expertise, strong partnership network, accompanied by our committed team, we believe Symphony will build thriving businesses following the full recovery of global economy.

## **OPERATION REVIEW**

During the first half of 2010, the Group's manufacturing division continued to undergo restructuring. To a certain extent, productivity of the production facilities has been affected and accordingly, revenue of the Group was HKD812,425,000, representing a 8.4% corresponding decline.

Being part of the restructuring, the Group has disposed of a production plant in PRC during the period. As a result, an exceptional gain due to disposal of asset, together with the appreciation of investment properties in Hong Kong showed 102.7% year-on-year increase in other revenue to HKD42,279,000.

As production technology matures, the Group took further measures to reduce operating costs. By implementation of effective cost control policy and cutting down of research and development expenses, the administrative and other operating expenses recorded a reduction of 13.0%.

The performance of the Group's jointly controlled entities improved and showed a gradual pick-up, interests in jointly controlled entities increased 28.7% to HKD73,082,000.

In light of the current favourable financial market, the Group has disposed of most of its security and bond investments during the period under review. Available-for-sale investments and held-for-trading investments during the period greatly reduced.

The Group has spent significantly on raw materials to cope with the production of high-end footwear products and the seasonal increase in manufacturing demand. Accordingly, cash and bank balance dropped 54.9%, accounts receivable and inventory, which included work in process raw materials, were HKD323,744,000 and HKD311,368,000 respectively during the first half of 2010. It is expected that the liquidity of the Group shall be improved upon delivery of orders. The average collection period has been reduced to 56 days.

As at 30 June 2010, the Group obtained a bank loan of HKD60,000,000, which will be used by the Company as working capital and fund for preliminary development of Shenyang outlet mall project.

### **Manufacturing and Retailing Business Market Information**

During the period, sales to North America comprised 47.9% (2009: 54.1%) and orders to Europe comprised 29.7% (2009: 29.4%) of the total sales and the remaining 22.4% (2009: 16.5%) was shared between Asia, Africa, Australia, Latin America and the Middle East.

### **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 maximize 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 30 June 2010, the Group had bank balances and cash of HKD180,051,000 (31 December 2009: HKD399,184,000). The Group was offered banking facilities amounting to HKD197,900,000 (31 December 2009: HKD77,500,000). During the period, the Group obtained new bank borrowing in the amount of HKD60,000,000 (1.1.2009-30.6.2009: Nil). The borrowing is interest bearing at Hong Kong Interbank Offered Rate plus 1.1%. The gearing ratio stood at 13.8% (2009: 0.0%), based on total borrowing over shareholders' fund. The banking facilities were secured by corporate guarantees from the Company and its certain subsidiaries.

### **Human Resources**

As at 30 June 2010, the total number of employees of the Group was approximately 18,000. Employee cost (excluding directors' emoluments) amounted to approximately HKD206,927,000 (2009: HKD197,947,000).

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**

During the six months ended 30 June 2010, the Group has no share option being granted, outstanding, lapsed or cancelled pursuant to the share option scheme adopted on 22 October 2001.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

		2010 HKD'000	2009 HKD'000
	Notes		
Revenue	3	812,425	886,637
Cost of sales		<u>(656,842)</u>	<u>(699,955)</u>
Gross profit		155,583	186,682
Other income		42,279	20,855
Distribution and selling expenses		(81,240)	(69,955)
Administrative expenses		(89,415)	(103,016)
Other expenses		(1,755)	(1,826)
Share of results of jointly controlled entities		<u>(19,909)</u>	<u>(24,876)</u>
Profit before tax		5,543	7,864
Taxation	4	<u>(1,501)</u>	<u>(1,782)</u>
Profit for the period	5	<u>4,042</u>	<u>6,082</u>
<b>Other comprehensive income (expense)</b>			
Exchange differences arising on translation of foreign operations		6,671	(1,198)
Fair value gain of available-for-sale investments		670	2,124
Re-classification adjustment to profit or loss upon disposal of available-for-sale investments		(1,597)	(28)
Reserve released upon deregistration of a subsidiary		(2,254)	-
Reversal of deferred tax liability arising on revaluation of properties		(282)	(60)
Share of other comprehensive (expense) income of jointly controlled entities		(600)	1,762
Surplus arising on revaluation of properties		<u>39</u>	<u>-</u>
Other comprehensive income for the period (net of tax)		<u>2,647</u>	<u>2,600</u>
Total comprehensive income for the period		<u>6,689</u>	<u>8,682</u>
Profit for the period attributable to:			
Owners of the Company		3,975	3,818
Non-controlling interests		<u>67</u>	<u>2,264</u>
		<u>4,042</u>	<u>6,082</u>
Total comprehensive income attributable to:			
Owners of the Company		6,548	6,412
Non-controlling interests		<u>141</u>	<u>2,270</u>
		<u>6,689</u>	<u>8,682</u>
Earnings per share			
Basic and diluted (HK cents)	7	<u>0.23</u>	<u>0.22</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 June 2010 HKD'000	At 31 December 2009 HKD'000
Non-current assets		
Property, plant and equipment	230,661	242,532
Investment properties	341,061	331,040
Prepaid lease payments	38,315	38,604
Interests in jointly controlled entities	73,082	56,778
Advances to jointly controlled entities	171,681	171,110
Available-for-sale investments	28,136	60,011
Deferred tax assets	13,495	13,127
Tax recoverable	23,214	17,214
Club debentures	2,003	2,003
	921,648	932,419
Current assets		
Inventories	311,368	171,254
Amounts due from jointly controlled entities	20,489	25,664
Trade and other receivables	398,599	217,808
Prepaid lease payments	1,055	1,050
Held-for-trading investments	-	321
Bank balances and cash	180,051	399,184
	911,562	815,281
Current liabilities		
Trade and other payables	372,824	311,305
Amounts due to jointly controlled entities	12,256	17,650
Dividend payable	22,673	-
Tax payable	40,099	54,969
Bank borrowing	60,000	-
	507,852	383,924
Net current assets	403,701	431,357
Total assets less current liabilities	1,325,358	1,363,776
Non-current liabilities		
Deferred tax liabilities	29,809	28,303
Net Assets	1,295,549	1,335,473
Capital and reserve		
Share capital	436,011	436,011
Share premium and reserves	852,932	866,842
Equity attributable to owners of the Company	1,288,943	1,302,853
Non-controlling interests	6,606	32,620
	1,295,549	1,335,473

Notes:

## 1. BASIS OF PREPARATION

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the following new accounting policy adopted during the period.

### **HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements**

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in Hong Kong Financial Reporting Standards ("**HKFRSs**"), increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of increase in interests in subsidiaries that did not involve change in control (being the difference between the consideration paid and the carrying amount of the share of net assets acquired of) was recognised in profit or loss. Under HKAS 27 (Revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("**new and revised HKFRSs**") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2010. The application of these new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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)	Improvements to HKFRSs 2010 <sup>1</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>4</sup>
HKAS 32 (Amendment)	Classification of Rights Issues <sup>2</sup>
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters <sup>3</sup>
HKFRS 9	Financial Instruments <sup>5</sup>
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>4</sup>
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>3</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
- <sup>2</sup> Effective for annual periods beginning on or after 1 February 2010
- <sup>3</sup> Effective for annual periods beginning on or after 1 July 2010
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2011
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2013

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. HKFRS 9 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 might affect the classification and measurement of the Group's financial assets.

The directors of the Company ("**Directors**") anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

### 3. SEGMENT INFORMATION

The Group's reportable segments, based on information reported to the chief operating decision maker, being the managing director of the Company, for the purpose of resource allocation and performance assessment are 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.

The following is an analysis of the Group's revenue and results by reportable segments for the period under review:

#### For the six months ended 30 June 2010

	Footwear manufacturing HKD'000	Retailing and sourcing HKD'000	Property investment HKD'000	Consolidated HKD'000
<b>REVENUE</b>				
External sales	778,956	29,790	3,679	812,425
Segment profit (loss)	31,805	(16,279)	11,276	26,802
Corporate income:				
Interest income				3,937
Others				19,399
Central administrative costs				(24,686)
Share of results of jointly controlled entities				(19,909)
Profit before tax				5,543

For the six months ended 30 June 2009

	Footwear manufacturing HKD'000	Retailing and sourcing HKD'000	Property investment HKD'000	Consolidated HKD'000
<b>REVENUE</b>				
External sales	851,488	32,492	2,657	886,637
Segment profit (loss)	<u>71,278</u>	<u>(15,141)</u>	<u>6,064</u>	<u>62,201</u>
Corporate income:				
Interest income				5,160
Others				125
Central administrative costs				(34,746)
Share of results of jointly controlled entities				<u>(24,876)</u>
Profit before tax				<u>7,864</u>

Segment profit (loss) represents the profit (loss) earned/incurred by each segment without allocation of corporate income, which includes interest income, gain on deregistration of a subsidiary and others, etc., central administrative costs which include bank charges, donation and loss on disposal of property, plant and equipment, etc. 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.

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

	<b>30 June 2010 HKD'000</b>	31 December 2009 HKD'000
Footwear manufacturing	<b>892,248</b>	588,719
Retailing and sourcing	<b>49,377</b>	44,952
Property investment	<b>379,434</b>	368,617
Total segment assets	<b>1,321,059</b>	1,002,288
Unallocated	<b>512,151</b>	745,412
Consolidated assets	<b>1,833,210</b>	1,747,700

All assets are allocated to reportable segments other than advances 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.

#### 4. TAXATION

	For the six months ended 30 June	
	<b>2010 HKD'000</b>	2009 HKD'000
Current tax charge:		
Hong Kong	-	1,411
Other jurisdictions	<b>644</b>	655
	<b>644</b>	2,066
Deferred tax (credit) charge:		
Current period	<b>857</b>	(284)
	<b>1,501</b>	1,782

### **Hong Kong Tax**

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

In March 2008, Inland Revenue Department ("IRD") issued protective profits tax assessments notice, 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 30 June 2010 and 31 December 2009.

In March 2009, IRD further issued protective profits tax assessments notice, 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 30 June 2010 and 31 December 2009.

In January 2010, IRD issued another protective profits tax assessments notice, for an aggregate additional tax of HKD35,500,000, relating to the year of assessment of 2003/2004, that is, for the financial year ended 31 December 2003, 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 HKD6,000,000 which was included in tax recoverable as at 30 June 2010.

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 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 the People's Republic of China ("PRC"), including Zhongshan Jingmei Footwear Industry & Commerce Co. Ltd. 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 six months ended 30 June 2009 and 2010;
- Fuqing Grand Galatica enjoyed the preferential tax rate of 10.0% (being 50.0% of the applicable tax rate of 20.0%) for the six months ended 30 June 2009 and 11.0% (being 50.0% of the applicable tax rate of 22.0%) for the six months ended 30 June 2010;

For other PRC subsidiaries, the applicable tax rate was 25.0% for the periods under review.

### Vietnam Tax

Stateway Vietnam Footwear Co. Ltd. ("**Stateway Vietnam**") was entitled to 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 further tax preferential treatment in the form of 50.0% reduction in the applicable tax rate in Vietnam.

Continuance Vietnam Footwear Co. Ltd. ("**Continuance Vietnam**") was entitled to 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 further tax preferential treatment in the form of 50.0% reduction in the applicable tax rate in Vietnam.

### Others

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

## 5. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2010 HKD'000	2009 HKD'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	19,709	21,453
Allowance for (reversal of) bad and doubtful debts	190	(240)
Amortisation of prepaid lease payments	528	655
Research and development costs	6,404	9,883
Interest income from:		
Bank deposits	(287)	(715)
Advance to a jointly controlled entity	(3,216)	(2,776)
Available-for-sale investments	(434)	(1,669)
Gain on fair value changes of held-for-trading investments	(64)	(600)
Gain on deregistration of a subsidiary	(17,434)	-
Gain on disposal of available-for-sale investments	(1,597)	(28)
Increase in fair value of investment properties	(8,293)	(3,550)

## 6. DIVIDENDS

	For the six months ended 30 June	
	2010 HKD'000	2009 HKD'000
2008 final dividend of HKD0.010 per share paid	-	17,440
2009 final dividend of HKD0.013 per share declared	22,673	-

Directors do not recommend the payment of an interim dividend (2009: Nil).

## 7. EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2010	2009
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share (HKD)	<u>3,975,000</u>	<u>3,818,000</u>
Number of ordinary shares for the purpose of basic earnings per share	<u>1,744,044,773</u>	<u>1,744,044,773</u>

No diluted earnings per share is presented for the six months ended 30 June 2010 because the Company did not have any outstanding potential ordinary shares at the end of the reporting period or during the period.

No diluted earnings per share is presented for the six months ended 30 June 2009 because the exercise price of the Company's options was higher than the average market price of the shares during that period.

## 8. TRADE AND OTHER RECEIVABLES

The Group generally allows an average credit period ranging from 60 days to 90 days to its trade customers.

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

	30 June 2010 HKD'000	31 December 2009 HKD'000
0 to 30 days	316,895	156,222
31 to 60 days	1,549	4,518
61 to 90 days	2,123	342
Over 90 days	<u>3,177</u>	<u>2,041</u>
	<u>323,744</u>	<u>163,123</u>

## 9. TRADE AND OTHER PAYABLES

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

	30 June 2010 HKD'000	31 December 2009 HKD'000
0 to 30 days	135,954	82,072
31 to 60 days	46,400	39,827
61 to 90 days	30,681	16,594
Over 90 days	<u>26,562</u>	<u>21,244</u>
	<u>239,597</u>	<u>159,737</u>

## INTERIM DIVIDEND

Directors do not recommend the payment of an interim dividend (2009: Nil) for the six months ended 30 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 six months ended 30 June 2010, 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 three are independent. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and also discussed internal controls and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2010 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 Thursday, 17 June 2010, Mr. Ho Shing Chak, Dr. Ho Ting Seng, Mr. Li I Nan and Mr. Sze Sun Sun Tony retired and were re-elected as Directors.

As from 17 June 2010 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

Dr. Ho Ting Seng

Ms. Chen Fang Mei

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

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

For the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **PUBLICATIONS OF DETAILED RESULTS**

The Interim Report containing the unaudited condensed consolidated financial statements and notes to the financial statements for the six months ended 30 June 2010 ("**2010 Interim Report**") will be published on both websites of the Company ([www.symphonyholdings.com](http://www.symphonyholdings.com)) and the Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). Shareholders shall receive copies of the 2010 Interim Report on or before Wednesday, 8 September 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 • 24 August 2010

\* For identification purposes only