SYMPHONY

SYMPHONY HOLDINGS LTD.

新灃集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 01223)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012 AND CLOSURE OF BOOKS

CHAIRMAN'S STATEMENT AND OUTLOOK

I present the annual results of the Company for the year ended 31 December 2012.

RESULTS

The year 2012 has turned out to be a challenging one in the history of Symphony both as a manufacturer and a retailer of branded consumer goods in China. The source of these challenges stems from a protracted global slowdown and uncertain prospect of sustained recovery.

Symphony's manufacturing business suffered a sharp order reduction, both in its overseas and domestic markets. Order books from our brand owners were affected by a weakened retail performance. For most parts of the year both in the US and in Europe, demand for a wide range of consumer products, including footwear remained lackluster.

The economy of China was correspondingly impacted by weak export revenues and inflow of foreign direct investments. The build-up of excess capacity and excess inventories did not help the overall situation. Most brands faced a supercharged retail market where heavy discounts became a daily fare. To the extent that such market sentiments created a downward pressure on margins, our retail performance in China had suffered from it.

* For identification purposes only

In our manufacturing business, we encountered a formidable challenge in the form of rising labor cost, higher utilities cost, overheads pressures from our Zhongshan factory as well as in the interior of China. Raw materials, a volatile foreign currency regime, inflationary pressures, higher oil prices, every transportation and logistics cost are trending higher. Meanwhile, industry consolidation and tight credit caused prospective buyers to narrowly focus their purchases and order placements with a few well known factory groups and starving the smaller ones. All these difficulties had forced us to re-examine our position in the industry and caused a reformulation of development strategy so that we can be effective and profitable. The new strategy is aimed at regaining our competitiveness and also to strengthen our niche position in the fast maturing manufacturing, branding, retailing, and distribution sectors in China.

FINANCIAL PERFORMANCE

The 2012 financial results reflect the combined performance of our current business operations and the change initiatives undertaken in the year. Compared to a pre-tax profit of HKD35,900,000 in 2011, the company suffered a pre-tax loss of HKD224,300,000 in 2012. The bulk of our loss was attributable to two factories relocation in China. The Company incurred a sizeable severance payment to its former employees with long tenure of service. Despite this heavy financial obligation, we discharged our duties and obligations with sincere gratitude to our former staff and employees and would extend to them our best wishes.

After a careful strategic review of our competitive position, we have decided that we urgently need to accelerate the pace of transformation from manufacturing to joint product development with customers, and purchase of specialized raw materials for manufacturers (the "Transformation"). We expect the Transformation would bring about a bright future because of our unique ability to leverage our extensive footwear industry-specific knowledge and deep brand relationships. When fully executed, the manufacturing business is expected to contribute fairly significantly in revenues to our company.

OUTLET MALL DEVELOPMENT AND OPENING

On October 26, 2012 the Company successfully opened its first outlet mall in Shenyang, a significant milestone and news worthy event, in Shenyang and the satellite cities in Northeast of China. Overall, the outlet mall has been well received by all participants, including our partners, government officials, fellow retailers, and customers. Since opening, the operations have gone on smoothly and most of the stores have now been rented out. Due to popular demand, an expansion program is now in the works. We expect this project to perform well to expand further and to become profitable in the near future. As we seek to increase customer traffic at the mall, new investments in fixtures and furniture, as well as marketing expenses to draw crowds to the site will be incurred.

It is important to note that most of our tenants are appreciative of the attractive, spacious ambience we have created for them, including the revolutionary approach and designs aimed at enhancing shopping experience in Shenbei District of Shenyang.

CONSOLIDATION OF RETAILING IN CHINA

In view of the intensified competition China's retail sector has shaped out to be, we responded quickly by consolidating our operations, reviewing our footprint and market exposure, and revisiting our planned projections. We had renegotiated some tenancy agreements, closed down challenging stores with no prospect of gaining profitability within a specific period, cut overheads drastically, and minimized inventories. Further consolidation is in the card and will continue relentlessly until the core retailing business become profitable.

PONY BRAND OWNERSHIP

A major decision was made during the year with regard to the PONY brand project. In order to establish our own market niche, we concluded that a unique consumer brand with the right heritage and brand cachet is a valuable asset and ownership should be considered to allow us to autonomy in charting its operations. Consequently, we negotiated with our partner for acquisition of PONY's global ownership outside of China. We believe that this ownership and control can now provide us a valuable platform and legitimacy to expand into brand ownership, development, and management in future. It is also an opportunity to demonstrate our full capabilities at nurturing an iconic consumer brand with an authentic heritage to match. Going forward, we know that much effort will be needed to make our plan work successfully. But, we believe that PONY global ownership and control will now challenge us to rally for companywide support and develop our own brand management capabilities. It is therefore a project our company needs in order to embark on reaching an audacious goal in future with a strong confidence.

OUTLOOK

Peering into the future, we are confident that Symphony has undertaken to make adequate preparations to deal with the uncertain market changes. During the year, we had embarked on change initiatives to drastically scale back our risk exposure and concentrate instead on the fundamentals. We intend to take a cautious approach to managing the affairs of the company. We shall narrow down and concentrate on a few core activities in which we have competitive advantage and core competencies. In this regard, the two core business activities we intend to dedicate our future efforts are PONY brand development and outlet mall expansion. We will continue to monitor carefully the Transformation process. Further consolidation of existing retail and distribution networks in China is expected until operations becomes profitable. In the foreseeable future, we have no intention to expand our retail stores unless more favorable market conditions prevails.

APPRECIATION

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

OPERATION REVIEW

During the year, the Group's footwear manufacturing business continue to face challenges including but not limited to rising production costs and declining gross profit margin. The Group recorded a revenue of HKD1,967,574,000, representing a decline of 20.61% compared to the year before. Gross profit margin fell from 15.4% to 9.90%.

The decrease in revenue is attributable to migration of manufacturing facilities to Vietnam and Henan in Northern China. Factories are forced not to take production orders.

The Group recorded a loss of HKD224,346,000 in light of severance payment arising from relocation of manufacturing facilities and a challenging China retail operating environment. Labour and logistics costs are surging while retail business in China remain sluggish due to a slow China economy and piling up of inventory in the PRC market.

Other expenses increased to HKD86,644,000 attributable to a sizeable one-time expense in the form of (a) severance payments to workers due to cessation of business of the Fujian and Panyu factories; and (b) the writing off of fixed assets in these factories.

Other income is recorded as HKD122,160,000 due to (a) recognition of a gain from the disposal of land in Zhongshan and also (b) grant from the Shenbei government as incentive for setting up business in Shenyang.

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

MANUFACTURING AND RETAILING BUSINESS MARKET INFORMATION

During the year, sales to the United States of America and Canada comprised 65% (2011: 57.6%) and orders to other European countries comprised 16.4% (2011: 18.9%) of the total sales and the remaining 18.6% (2011: 23.5%) was shared between the People's Republic of China, Taiwan, Hong Kong, Vietnam and other Asia countries.

PRODUCTION FACILITIES

As at 31 December 2012, the Group had an aggregate number of 29 production lines, of which 13 are in the PRC, and a further 16 are in Vietnam.

CUSTOMER RELATIONSHIP MAINTENANCE AND RESEARCH AND DEVELOPMENT

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

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2012, the Group had bank balances and cash of HKD480,102,000 (2011: HKD277,715,000). The Group was offered banking facilities amounting to HKD841,370,000 (2011: HKD568,500,000). As at 31 December 2012, the Group obtained bank borrowing in the amount of HKD437,426,000 (2011: HKD120,000,000). The Group has variable interest rate bank loans which carry interest range from 1.5% to 3.05% per annum. The effective interest rate of the Group's bank loans is 1.88% (2011: 1.52%). The gearing ratio stood at 29.33% (2011: 7.08%), based on total borrowings over shareholders' equity. The banking facilities were secured by corporate guarantees from the Company and its certain subsidiaries. Bank loans are secured by certain land and buildings and investment properties of the Group.

HUMAN RESOURCES

As at 31 December 2012, the total number of employees of the Group was approximately 15,000 Employee costs (excluding directors' emoluments) amounted to approximately HKD492,070,000 (2011: HKD483,278,000).

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

SHARE OPTION

During the year ended 31 December 2012, the Group has granted no share option, there was no outstanding, lapsed or cancelled share option pursuant to the share option scheme adopted on 22 October 2001 and the new share option scheme adopted on 10 June 2011.

EVENTS AFTER THE REPORTING PERIOD

(a) In January 2013, the Group further injected an amount of USD10,600,000 (approximately HKD82,167,000) into Shenyang Keenson Alliance Properties Limited ("Shenyang Keenson"), a non wholly-owned subsidiary indirectly held by the Group and in return, the Group's equity interest in Shenyang Keenson increased from 83% to 88%. Upon receipt of fund, Shenyang Keenson settled the remaining consideration of RMB57,052,000 (approximately HKD70,925,000) for the investment property representing a parcel of land located at North Puheda Road Shenyang, Liaoning Province, PRC, which Shenyang Keenson successfully acquired in an open auction on 8 December 2011, and in respect of which an amount of RMB120,892,000 was paid and recognised as deposit paid as at 31 December 2011.

(b) On 11 January 2013, the Group further injected USD4,778,000 (approximately HKD37,037,000) into Shenyang Park Outlets Property Development Co Ltd (translation name), a non wholly-owned subsidiary indirectly held by the Group. After the capital injection, the equity interests held by the Group remained unchanged.

(c) On 22 January 2013, the Group entered into a provisional sale and purchase agreement for the disposal of an investment property with a carrying amount of HKD9,500,000 as at 31 December 2012 for a consideration of HKD9,700,000.

(d) On 27 March 2013, the Group entered into the following acquisition agreement, disposal and transfer agreement:

  (i) a disposal agreement with the joint venture partner of Grand Wealth pursuant to which the Group has conditionally agreed to dispose of its 50% equity interest in, together with the shareholder's loan and other advances due to Grand Wealth, to the joint venture partner for an aggregate consideration of USD15,530,000 (approximately HKD120,382,000). Upon closing of this disposal, the Group will cease to have any interest in Grand Wealth;

  (ii) an acquisition agreement with the joint venture partner China Ocean (who is also the joint venture of Grand Wealth) to which the Group has conditionally agreed to acquire from the joint venture partner its 50% equity interest in China Ocean together with the shareholder's loan owed by China Ocean to the joint venture partner for an aggregate consideration of USD15,500,000 (approximately HKD120,500,000). Upon closing of this acquisition, China Ocean will become a wholly-owned subsidiary of the Company; and

  (iii) a trademark agreement pursuant to which the Group will, through a subsidiary of China Ocean, sells and transfers to an investee company of the joint venture partner of Welcome Wealth, all the right, title and interest in and to the PONY trademarks that are registered in the PRC and Taiwan (the "Transferred Trademarks"). Under the trademark agreement, the Group will retain the right to use the Transferred Trademarks solely for the purposes of manufacturing products to be sold exclusively outside of the PRC and Taiwan.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 December 2012

	NOTES	2012 *HKD'000*	2011 *HKD'000* *(Restated)*
Revenue	3	**1,967,574**	2,478,280
Cost of sales		**(1,772,722)**	(2,096,488)
Gross profit		**194,852**	381,792
Other income		**122,160**	18,571
Distribution and selling expenses		**(160,952)**	(170,223)
Administrative expenses		**(218,084)**	(215,479)
Finance costs	4	**(8,365)**	(2,302)
Other expenses		**(86,644)**	(8,862)
Increase in fair value of investment properties		**33,843**	75,195
Impairment loss on interests in jointly controlled entities		**(20,512)**	-
Share of results of jointly controlled entities		**(59,274)**	(21,184)
(Loss) / profit before income tax expense		**(202,976)**	57,508
Income tax expense	5	**(21,370)**	(21,652)
(Loss) / profit for the year	6	**(224,346)**	35,856
Other comprehensive income / (expense)			
Surplus arising on revaluation of properties		**18,924**	35,144
Deferred tax liability arising on revaluation of properties		**(2,469)**	(7,548)
Release of deferred tax liabilities arising on revaluation of properties upon disposal of properties		**11,554**	-
Fair value gain / (loss) on available-for-sale investments		**670**	(581)
Release of investments revaluation reserve to profit or loss upon disposal of available-for-sale investments		**(189)**	-
Exchange reserve released on closure of a jointly controlled entity		**-**	(3)
Exchange differences arising on translation of foreign operations		**10,109**	35,816
Share of other comprehensive income / (expense) of jointly controlled entities		**1,701**	(3,029)
Other comprehensive income for the year (net of tax)		**40,300**	59,799
Total comprehensive (expense) / income for the year		**(184,046)**	95,655
(Loss) / profit for the year attributable to:			
Owners of the Company		**(214,346)**	23,811
Non-controlling interests		**(10,000)**	12,045
		(224,346)	35,856
Total comprehensive (expense) / income attributable to:			
Owners of the Company		**(176,778)**	76,276
Non-controlling interests		**(7,268)**	19,379
		(184,046)	95,655
(Loss) / earnings per share			(Restated)
- Basic and diluted (HK cents)	8	**(16.39)**	2.16

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 December 2012

	NOTES	2012 HKD'000	2011 HKD'000 (Restated)	2010 HKD'000 (Restated)
Non-current assets				
Property, plant and equipment		571,383	362,443	331,097
Investment properties		506,880	923,432	512,962
Prepaid lease payments		291,363	19,382	19,054
Deposit paid for acquisition of an investment property	9	150,288	44,390	-
Interests in jointly controlled entities		1,242	42,383	91,217
Advances to jointly controlled entities		108,348	171,388	171,388
Available-for-sale investments		2,334	5,665	6,246
Deferred tax assets		18,457	13,132	12,266
Tax recoverable		45,414	23,214	23,214
Club debentures		2,003	2,003	2,003
Restricted bank deposit		3,729	-	-
		1,701,441	1,607,432	1,169,447
Current assets				
Inventories		254,211	346,028	281,499
Amounts due from jointly controlled entities		4,212	23,936	23,693
Trade and other receivables	9	328,225	416,532	345,947
Prepaid lease payments		7,394	541	518
Pledged bank deposit		78,319	-	-
Bank balances and cash		480,102	277,715	365,519
		1,152,463	1,064,752	1,017,176
Assets classified as held for sales	11	120,383	-	-
		1,272,846	1,064,752	1,017,176
Current liabilities				
Trade and other payables	10	551,668	484,407	451,064
Amounts due to jointly controlled entities		24,259	25,286	12,577
Bank borrowings		437,426	120,000	80,000
Tax payable		75,293	56,860	55,483
		1,088,646	686,553	599,124
Net current assets		184,200	378,199	418,052
Total assets less current liabilities		1,885,641	1,985,631	1,587,499
Non-current liabilities				
Deferred tax liabilities		74,257	86,201	60,923
		1,811,384	1,899,430	1,526,576
Capital and reserves				
Share capital		130,804	130,804	436,011
Share premium and reserves		1,360,684	1,564,262	988,813
Equity attributable to owners of the Company		1,491,488	1,695,066	1,424,824
Non-controlling interests		319,896	204,364	101,752
		1,811,384	1,899,430	1,526,576

Notes:

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

(a) Adoption of new/revised HKFRSs - effective 1 January 2012

Amendments to HKFRS 7	Disclosures - Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax - Recovery of Underlying Assets

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

<u>Amendments to HKAS 12 - Deferred Tax - Recovery of Underlying Assets</u>

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property which is stated at fair value under HKAS 40 "Investment Property" is recovered entirely through sale. The measurement of the deferred tax liability or deferred tax asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If this presumption is rebutted, the amount of deferred tax is measured based on the expected manner in which the carrying amount of the investment property would be recovered, using the appropriate tax rates enacted or substantially enacted at the reporting date.

The Group had investment properties measured at fair value of HKD506,880,000 as at 31 December 2012 (31 December 2011: HKD923,432,000 and 1 January 2011: HKD 512,962,000). The Group has assessed that the presumption in the amendments to HKAS 12 should be adopted in respect of the Group's investment properties located in Hong Kong and the People's Republic of China (the "PRC") with a carrying amount of HKD506,880,000 (31 December 2011: HKD476,032,000 and 1 January 2011: HKD 257,773,000), accordingly the associated deferred tax of these investment properties has been re-measured on the presumption that they are recovered entirely through sale. The Group has rebutted the presumption in respect of its other investment properties located in the PRC with carrying amount of HKD447,400,000 and HKD255,189,000 as at 31 December 2011 and 1 January 2011 respectively as they are assessed to be depreciable and are held by a subsidiary with a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time rather than through sale. These properties have been transferred to property, plant and equipment and prepaid lease payments during the year as evidenced by commencement of owner-occupation. Deferred tax in relation to these investment properties has not been re-measured.

This change in accounting policy has been applied retrospectively in accordance with the amendments to HKAS 12 and the comparative figures have been restated. Accordingly, a third statement of financial position as at 1 January 2011 has been presented. The effects of the adoption of the amendments to HKAS 12 on the financial statements are summarised below:

	31 December 2012 HKD '000	31 December 2011 HKD '000	1 January 2011 HKD '000
Consolidated statement of financial position			
Decrease in deferred tax liabilities	21,012	16,194	16,594
Decrease in total non-current liabilities	21,012	16,194	16,594
Increase in net assets	21,012	16,194	16,594
Increase in retained earnings	16,194	16,594	16,594
Consolidated statement of comprehensive income			
Decrease/(increase) in income tax expense	4,818	(400)	
Decrease in loss/(decrease in profit)/ total comprehensive expense/ (income) for the year	4,818	(400)	
Decrease in loss/(decrease in profit) attributable to owners of the company	4,818	(400)	
Decrease in basic/diluted loss /earnings per share	HK0.37 cents	HK0.03 cents	

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

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

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities [2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurements[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities[3]

[1]Effective for annual periods beginning on or after 1 July 2012
[2]Effective for annual periods beginning on or after 1 January 2013
[3]Effective for annual periods beginning on or after 1 January 2014
[4]Effective for annual periods beginning on or after 1 January 2015

<u>HKFRSs (Amendments) - Annual Improvements 2009-2011 Cycle</u>

The improvements made amendments to four standards.

(i) HKAS 1 Presentation of Financial Statements
The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) HKAS 16 Property, Plant and Equipment
The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) HKAS 32 Financial Instruments: Presentation
The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) HKAS 34 Interim Financial Reporting
The amendments clarifies that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment need to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

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

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

Amendments to HKFRS 7 - Offsetting Financial Assets and Financial Liabilities
HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) - Investment Entities
The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds. The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

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

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

HKFRS 11 - Joint Arrangements

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

HKFRS 12 - Disclosure of Interests in Other Entities

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

HKFRS 13 - Fair Value Measurement

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

The Group is in the process of making an assessment of the potential impact of these pronouncements. The directors so far concluded that the adoption of the amendments to HKFRS 1 and HKAS 34 as part of the Annual Improvements 2009-2011 Cycle have no impact on the Group's annual financial statements. In respect of the other new pronouncements, the directors anticipate that more disclosures would be made but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

3. SEGMENT INFORMATION

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

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

(a) Segment Revenue and Results

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

For the year ended 31 December 2012

	Footwear manufacturing *HKD'000*	Retailing and sourcing *HKD'000*	Property Investment and holding *HKD'000*	Outlet malls *HKD'000*	Consolidated *HKD'000*
REVENUE					
External sales	1,818,239	139,657	8,665	1,013	1,967,574
Segment (loss) / profit	(27,668)	(56,889)	35,842	(17,642)	(66,357)
Corporate income:					
- Interest income					7,775
- Gain on disposal of available-for-sale investments					189
- Others					655
Central administrative costs					(65,452)
Impairment loss on interests in jointly controlled entities					(20,512)
Share of results of jointly controlled entities					(59,274)
Loss before income tax expense					(202,976)

The income from outlet malls segment is analysed as follows:

Gross revenue from concessionaire sales	14,173
Commission income from concessionaire sales	1,013

For the year ended 31 December 2011

	Footwear manufacturing *HKD'000*	Retailing and sourcing *HKD'000*	Property Investment and holding *HKD'000*	Outlet malls *HKD'000*	Consolidated *HKD'000*
REVENUE					
External sales	2,344,219	126,858	7,203	-	2,478,280
Segment profit / (loss)	116,477	(44,464)	36,300	41,644	149,957
Corporate income:					
- Interest income					7,978
- Others					1,169
Central administrative costs					(80,412)
Share of results of jointly controlled entities					(21,184)
Profit before income tax expense					57,508

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

(b) Segment Assets

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

Segment assets

	2012	2011
	HKD'000	*HKD'000*
Footwear manufacturing	**562,371**	897,063
Retailing and sourcing	**109,264**	114,705
Property investment and holding	**791,785**	641,474
Outlet malls	**646,324**	459,506
Total segment assets	**2,109,744**	2,112,748
Unallocated	**864,543**	559,436
Consolidated assets	**2,974,287**	2,672,184

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

(c) Revenue from Major Products and Services

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

	2012	2011
	HKD'000	*HKD'000*
Footwear manufacturing	**1,818,239**	2,344,219
Retailing and sourcing	**139,657**	126,858
Property investment and holding	**8,665**	7,203
Outlet malls	**1,013**	-
	1,967,574	2,478,280

(d) Geographical Information

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

	Revenue from external customers		Non-current assets *(Note ii)* located	
	2012	2011	**2012**	2011
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*
The People's Republic of China	**178,636**	190,068	**1,097,393**	971,477
Taiwan	**-**	-	**10,423**	9,743
Hong Kong	**7,877**	7,203	**394,534**	352,408
United States of America	**1,175,884**	1,327,012	**-**	-
Canada	**103,157**	101,455	**-**	-
Other European countries *(Note i)*	**323,065**	467,569	**-**	-
Vietnam	**-**	-	**17,564**	16,019
Other Asian countries *(Note i)*	**98,937**	240,124	**-**	-
Others *(Note i)*	**80,018**	144,849	**-**	-
	1,967,574	2,478,280	**1,519,914**	1,349,647

Notes:

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

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

(e) Information about Major Customers

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

	2012	2011
	HKD'000	*HKD'000*
Customer A	**1,059,185**	1,172,455
Customer B	**385,398**	397,265
Customer C	**-**	362,236

Note: Customer C contributed approximately 7% of the total sales for the year ended 31 December 2012.

4. FINANCE COSTS

	2012	2011
	HKD'000	*HKD'000*
Interest on bank borrowings wholly repayable within five years	**8,365**	2,302

All bank borrowings for the year ended 31 December 2012 and 2011 contain a repayment on demand clause.

5. INCOME TAX EXPENSE

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

	2012 HKD'000	2011 HKD'000 (Restated)
Current tax		
Hong Kong		
- current year	725	324
- under provision in prior years	14	148
Other jurisdictions		
- Enterprise income tax ("EIT") - current year	12,818	3,233
- EIT - under provision in prior years	6,348	1,083
- Land Appreciation tax	9,667	-
	29,572	4,788
Deferred tax		
- current year	(8,202)	16,864
Income tax expense	21,370	21,652

Hong Kong Tax

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

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

The Group had lodged objections with the IRD against the protective profits tax assessments. The IRD agreed to hold over the additional tax claimed subject to the relevant subsidiaries' purchases of tax reserve certificates ("TRCs") amounted to approximately HKD23 million. These TRCs were purchased and included in tax recoverable as at 31 December 2012 and 2011. In July and August 2012, the Group purchased additional TRCs amounted to HKD10.2 million relating to the year of assessment of 2004/2005 at the request of IRD.

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

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

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

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

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

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

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

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

PRC Tax

The tax status for a subsidiary, Fuqing Grand Galatica Footwear Co. Ltd. ("Fuqing Grand Galatica"), of the Group operating in PRC, is as follows:

- Fuqing Grand Galatica enjoyed the preferential tax rate of 24% for the year ended 31 December 2011. The tax rates for current year increased up to 25%;

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

Vietnam Tax

Stateway Vietnam Footwear Co. Ltd ("Stateway Vietnam") enjoyed the preferential tax rate of 20% for the years from 2006 to 2015 and will increase to 25% thereafter. Furthermore, Stateway Vietnam was entitled to an exemption from enterprise income tax for two years and a further tax preferential tax treatment in the form of a 50% reduction for the following three years in the preferential tax rate in Vietnam. The first tax exemption period of Stateway Vietnam commenced in 2009.

Continuance Vietnam Footwear Co. Ltd. ("Continuance Vietnam") was entitled to an exemption from enterprise income tax for two years and a further tax preferential tax treatment in the form of a 50% reduction for the following three years in the applicable tax rate in Vietnam. The first tax exemption period of Continuance Vietnam commenced in 2011.

For another Vietnam subsidiary, the applicable tax rate was 25% during the year.

Others

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

6. (LOSS) / PROFIT FOR THE YEAR

(Loss) / profit for the year has been arrived at after charging:

	2012 *HKD'000*	2011 *HKD'000*
Directors' emoluments	8,432	7,692
Other staff costs	460,465	483,278
Retirement benefits schemes contributions, excluding directors	31,605	34,501
	500,502	525,471
Auditor's remuneration	1,834	1,917
Allowance for inventories, net (included in cost of sales)	12,507	3,831
Amortisation of prepaid lease payments	1,771	541
Cost of inventories recognised as expense	1,772,722	2,096,488
Depreciation of property, plant and equipment	43,362	40,597
Exchange losses, net	-	5,203
Research and development costs (included in administrative expenses)	19,075	25,873
Loss on disposal of property, plant and equipment	622	1,924
Written off of property, plant and equipment	11,218	-
Provision of allowance for bad and doubtful debts	-	3,640
Provision for financial guarantee contracts	2,300	-
Severance and termination costs (included in other expense)	67,715	-

and after crediting:

	2012 *HKD'000*	2011 *HKD'000*
Exchange gains, net	1,822	-
Gain on disposal of property, plant and equipment and prepaid lease payments	59,700	-
Government grant	35,527	-
Reversal of allowance for bad and doubtful debts	1,880	-
Gain on disposal of available-for-sale investments	189	-
Gross rental income for investment properties	8,665	7,203
Less: direct operating expenses from investment properties that generate rental income	(595)	(298)
	8,070	6,905
Interest income from:		
Bank deposits	1,306	1,033
Available-for-sale investments	83	476
Loans to a jointly controlled entity	6,386	6,469

7. DIVIDENDS

	2012 HKD'000	2011 HKD'000
2011 final dividend of HKD0.01 (2011: 2010 final dividend of HKD0.015) per ordinary share paid	13,080	39,241

No interim dividend was declared and paid in 2011 and 2012. For the year ended 31 December 2012, the board did not recommend a final dividend (2011: HKD0.01 per ordinary share and amounting to HKD13,080,000).

8. (LOSS) / EARNINGS PER SHARE

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

Basic (Loss) / Earnings per Share

	2012 HKD'000	2011 HKD'000 (Restated)
(Loss)/profit for the year attributable to the owners of the Company (HKD)	(214,346)	23,811

	2012 Number of shares ('000)	2011 Number of shares ('000) (Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,308,034	1,104,516
Basic and diluted (loss) / earnings per share (HK cents)	(16.39)	2.16

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

Diluted (Loss) / Earnings per Share

The amount of diluted (loss) / earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 31 December 2012 and 2011.

9. TRADE AND OTHER RECEIVABLES

	2012 HKD'000	2011 HKD'000
Trade receivables	250,423	336,965
Less: allowance for doubtful debts	(6,730)	(8,610)
	243,693	328,355
Other receivables, deposits and prepayments	84,532	88,177
Trade and other receivables - current	328,225	416,532
Deposits paid for acquisition of an investment property *(note)*	150,288	44,390
Total trade and other receivables	478,513	460,922

Note: The amounts represented deposits paid to Shenyang Plan and Land Resources Bureau for acquisition of a land use right of a parcel of land located in Shenyang, the PRC.

The Group allows an average credit period ranging from 60 to 90 days to its trade customers. Included in trade and other receivables are trade and bills receivables, net of allowance for doubtful debts, of HKD243,693,000 (2011: HKD328,355,000). 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:

	2012 HKD'000	2011 HKD'000
0 to 30 days	137,593	240,509
31 to 60 days	65,264	14,511
61 to 90 days	25,202	16,772
Over 90 days	15,634	56,563
	243,693	328,355

Before accepting any new customer, the Group assesses the potential customer's credit quality and grants a credit limit to the customer. Limits and score attributed to customers are reviewed twice a year. Approximately 94% (2011: 83%) of the trade receivables that are neither past due nor impaired have no default payment history. The Group does not hold any collateral over these balances.

<u>Ageing of trade receivables which are past due but not impaired</u>

	2012 HKD'000	2011 HKD'000
Over 90 days	15,634	56,563

Movement in the allowance for doubtful debts

	2012 HKD'000	2011 HKD'000
Balance at beginning of the year	8,610	4,970
Impairment losses recognised on receivables	630	3,730
Impairment losses reversed	(2,510)	(90)
	6,730	8,610

10. TRADE AND OTHER PAYABLES

	2012 *HKD'000*	2011 *HKD'000*
Trade and bills payables	**201,520**	228,416
Other payables, temporary receipts and accruals	**350,148**	255,991
Total trade and other payables	**551,668**	484,407

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

	2012 *HKD'000*	2011 *HKD'000*
0 to 30 days	**83,004**	116,673
31 to 60 days	**61,515**	58,924
61 to 90 days	**17,632**	18,683
Over 90 days	**39,369**	34,136
	201,520	228,416

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

11. ASSETS CLASSIFIED AS HELD FOR SALES

On 27 March 2013, the Group entered into a disposal agreement with a joint venture partner of Grand Wealth pursuant to which the Group has conditionally agreed to dispose of its 50% equity interest in, together with the shareholder's loan and other advances due to Grand Wealth, to the joint venture partner for an aggregate consideration of USD15,530,000 (approximately HKD120,382,000). As a result of this agreement, an impairment loss of HKD20,512,000 on the Group's equity interest in has been recognised as an expense in the consolidated statement of comprehensive income during the year. Since the Group was submitted to sell these assets before end of reporting period, the disposal assets were classified as assets held for sales accordingly.

12. COMPARATIVE FIGURES

As a result of the commencement of the operation of the outlet mall located in the PRC during the year, the outlet mall is identified as a separate segment for resources allocation and performance assessment by the chief operating decision maker. Accordingly, certain comparative figures of segment information have been reclassified to conform to current year's presentation.

PROPOSED FINAL DIVIDEND

The Board did not recommend a final dividend per ordinary share (2011: HKD0.01 per ordinary share) to shareholders.

CLOSURE OF REGISTER OF MEMBERS

Register of Members will be closed from Friday, 7 June 2013 to Tuesday, 11 June 2013 (both days inclusive), during which period no transfer of shares will be effect. In order to qualify for entitle to vote at the 2013 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 ("Share Registrar") for registration no later than 4:30 p.m. on Thursday, 6 June 2013.

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 2012, only with deviation from code provision A.4.1 of the CG Code.

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

Under the code provision A.6.7, independent non-executive and other non-executive directors should also attend general meetings. One of the independent non-executive directors who is also the chairman of the audit committee attended the annual general meeting held on 12 June 2012 ("AGM"), he shared his observations at the AGM with the remaining non-executive directors.

At a special general meeting held on 7th November 2012, an independent non-executive director was present to understand the view of the shareholders.

Audit Committee

The audit committee of the Company ("**Audit Committee**") comprises wholly non-executive Directors of the Company ("**Non-executive Directors**"), amongst which 3 are independent. The Audit Committee has reviewed with the management of the Company and the external auditor, BDO Limited, the accounting principles and practices adopted by the Group and also discussed auditing, internal controls and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31 December 2012 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.

Nomination Committee

The nomination committee of the Company ("**Nomination Committee**") comprises 3 independent Non-executive Directors. It is responsible for advising the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular, the Chairman and the Chief Executive.

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

Board of Directors

At an annual general meeting of the Company held on Tuesday, 12 June 2012, Messrs. Chang Tsung Yuan, Li I Nan, Cheng Kar Shing and Feng Lei Ming retired and were re-elected as Directors.

As from 12th June 2012 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 2012 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. BDO Limited in this respect did not constitute on assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. BDO Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

The 2012 Annual General Meeting will be held at the Boardroom on the 10th Floor of Island Place Tower, 510 King's Road, North Point, Hong Kong on Tuesday, 11 June 2013 at 9:30 a.m. and the notice of annual general meeting will be published and dispatched to Shareholders in a manner as required by the Listing Rules.

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

For the year ended 31 December 2012, 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 2012 ("**2012 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 2012 Annual Report before the end of April 2013.

By Order of the Board
SYMPHONY HOLDINGS LIMITED

Chan Ting Chuen
Chairman

Hong Kong • 28 March 2013

As at the date of this announcement, the directors of the Company are:

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