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SYMPHONY
SYMPHONY HOLDINGS LIMITED

新豐集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 01223)
(Warrant Code: 01537)

INCREASE OF ANNUAL CAP
CONTINUING CONNECTED TRANSACTIONS

The Company refers to its announcements published on 27th February 2017 and 22nd March 2017 ("**Announcements**") respectively. Terms defined in the Announcements bear the same meanings as they appear in this announcement.

On 31st December 2017 an agreement supplemental to the Distribution Agreement (the "**Supplemental Agreement**") was entered into, increasing the annual caps under the Distribution Agreement.

The annual cap of each contract year has been revised under the Supplemental Agreement as follows:

<u>Year</u>	<u>Pre Supplemental Agreement</u> (RMB)	<u>Post Supplemental Agreement</u> (RMB)
2017	86,702,000	130,053,000
2018	90,875,000	136,312,500
2019	97,481,000	146,221,500
2020	120,613,000	180,919,500
2021	133,403,000	200,104,500

* For identification purpose only

The increased annual caps under the Supplemental Agreement were determined by reference to the demand for swimwear products in PRC market, in both wholesale and retail business taking into account multiple distribution channels online and offline, which is higher than was expected at the time of execution of the Distribution Agreement.

The price payable by Arena Shanghai for products under the Distribution Agreement as amended by the Supplemental Agreement (“**Revised Distributed Agreement**”) remains the same as disclosed in previous Announcements.

In compliance with Rule 14A.52, the Company has appointed Crescendo Capital Limited (“**Crescendo**”), an independent financial advisor, to review the term of the Revised Distributed Agreement. Having considered that (i) a long-term and steady relationship with Shanghai Descente and the supply arrangements under the Revised Distributed Agreement are necessary and conducive to Arena Shanghai’s sales operations as such relationship and arrangements shall enable a timely and reliable supply of products to the Group which shall in turn reduce the operational risks and facilitate a smooth distribution of the products; (ii) Arena Shanghai may not be able to fully enjoy the benefits from its marketing and promotion efforts if the duration of the Revised Distributed Agreement is not long enough; (iii) a shorter agreement term may lower the returns on investment of the Company in Arena Shanghai; (iv) the Company or its subsidiaries have also entered into distribution agreements with duration over three years with independent third parties previously; and (v) public information indicates that a number of comparable transactions involving distribution agreements for granting exclusive rights to distribute branded or trademarked products have a duration longer than three years, Crescendo is of the view that it is commercially desirable to secure a term of longer than three years for the Revised Distributed Agreement and confirms that it is a normal business practice for contracts similar to this type to be of such duration.

The terms of the Revised Distribution Agreement have been approved by the Board and the independent non-executive directors have also confirmed that the terms of the transaction are fair and reasonable, and the transaction is on normal commercial terms and in the interests of the Company and its shareholders as a whole. The amendment is therefore exempted under Rule 14A.101 of the Listing Rules from the circular, independent financial advice and shareholders’ approval requirements otherwise applicable.

By order of the Board
Symphony Holdings Limited
Cheng Tun Nei
Chairman

Hong Kong, 15 January, 2018

At the date of this announcement, the Directors are:

Executive Directors:

Mr. Cheng Tun Nei (*Chairman and Chief Executive Officer*)

Mr. Chan Kar Lee Gary

Mr. Hong Kim Cheong

**Independent non-executive
Directors:**

Mr. Shum Pui Kay

Mr. Wah Wang Kei Jackie

Mr. Chow Yu Chun Alexander