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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF THE SALE SHARES
AND
ACQUISITION OF THE CONSIDERATION SHARES**

SHARE PURCHASE AGREEMENT

The Company is pleased to announce that on 12 August 2021 (after trading hours), the Vendor (a direct wholly-owned subsidiary of the Company) entered into the Share Purchase Agreement with the Purchaser and Shunten, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares.

The Consideration for the Sale Shares will be settled through the issuance of the Consideration Shares by Shunten to the Vendor, with the Issue Price of HK\$0.13 per Consideration Share. Based on the Consideration and the Issue Price, the total number of the Consideration Shares is 512,982,240, representing approximately 16.67% of the issued share capital of Shunten as enlarged by the issuance of the Consideration Shares upon Completion (assuming that there will be no change in the total issued share capital of Shunten between the date of this announcement and the Completion).

Upon Completion, the Vendor will hold 56.95% while the Purchaser will hold 43.05% of the equity interests in the Target Company respectively. The Target Company will remain as a subsidiary of the Company and the financial position and financial performance of the Target Group continue to be consolidated into the financial statements of the Company after the Completion.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Completion is subject to the fulfilment and/or waiver of the conditions precedent under the Share Purchase Agreement. As the Disposal and the Acquisition may or may not be completed, the Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT

Date

12 August 2021 (after trading hours)

Parties

- (i) Cosmo Group Holdings Limited, as vendor;
- (ii) Super Winner Enterprises Limited, as purchaser; and
- (iii) Shunten International (Holdings) Limited.

Subject matter

Pursuant to the Share Purchase Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares.

Consideration

The Consideration for the Sale Shares is approximately HK\$66,687,691, which is determined after arm's length negotiations between the Vendor and the Purchaser with reference to 43.05% of the valuation of the total equity interests of the Target Group prepared by an independent qualified professional valuer.

The Consideration will be settled through the issuance of the Consideration Shares by Shunten to the Vendor, with the Issue Price of HK\$0.13 per Consideration Share. Based on the Consideration and the Issue Price, the total number of the Consideration Shares is 512,982,240, representing approximately 16.67% of the issued share capital of Shunten as enlarged by the issuance of the Consideration Shares upon Completion (assuming that there will be no change in the total issued share capital of Shunten between the date of this announcement and the Completion).

Consideration Shares

512,982,240 Consideration Shares will be allotted and issued, representing approximately 20% of the existing issued share capital of Shunten as at the date of this announcement and approximately 16.67% of the issued share capital of Shunten as enlarged by the allotment and issue of the Consideration Shares (assuming there will be no change in the total issued share capital of Shunten between the date of this announcement and the Completion).

The Issue Price of HK\$0.13 per Consideration Share represents:

- (i) a discount of approximately 10.96% to the closing price of HK\$0.146 per share of Shunten as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 2.99% to the average closing price of HK\$0.134 per share of Shunten as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Day; and
- (iii) a premium of approximately 1.56% to the average closing price of HK\$0.128 per share of Shunten as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Day.

The Issue Price of HK\$0.13 per Consideration Share was arrived at after arm's length negotiation between the Vendor and the Purchaser with reference to, among others, the prevailing market prices of shares of Shunten and the current market conditions. Accordingly, the Board considers that the allotment and issue of the Consideration Shares at the Issue Price is fair and reasonable and on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

The Consideration Shares will be allotted and issued by Shunten under the general mandate granted to the directors of Shunten at the annual general meeting of Shunten held on 17 August 2020.

An application will be made by Shunten to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued and fully paid, will rank *pari passu* in all respects with each other and with the shares of Shunten then in issue.

Conditions precedent

Completion is conditional upon fulfilment and/or waiver of the following conditions:

- (i) the Purchaser being reasonably satisfied with the results of the due diligence review to be conducted;
- (ii) the Purchaser having received from a firm of professional valuer chosen by the Purchaser a valuation report on the Target Group in such form and substance to the satisfaction of the Purchaser showing the value of the entire equity interest of the Target Group to be not less than HK\$150,000,000;
- (iii) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other competent government authority prevents the consummation of the transactions contemplated by the Share Purchase Agreement shall be in effect;
- (iv) the representations, warranties and undertakings provided by the Vendor under the Share Purchase Agreement remaining true, complete and accurate in all material respects;
- (v) there has not been any material adverse change as a whole since the date of the Share Purchase Agreement;
- (vi) the representations, warranties and undertakings provided by Shunten remaining true, complete and accurate in all material respects; and
- (vii) the Stock Exchange granting the listing of and permission to deal in the Consideration Shares.

Save as the conditions precedent (i), (ii) and (iv) above which are waivable by the Purchaser at its absolute and sole discretion, the other conditions precedent are not waivable at all time.

If the aforesaid conditions precedent under the Share Purchase Agreement cannot be fulfilled (or, subject to compliance with the applicable laws and regulations, waived by the parties in writing) on or before 31 August 2021 (or such other date as may be agreed by the Vendor and the Purchaser in writing), the Share Purchase Agreement and all rights and obligations thereunder shall cease and have no further effect.

Completion

The Completion will take place on the fifth Business Day following the date on which all conditions precedent under the Share Purchase Agreement have been satisfied and/or waived (or such other date as may be agreed by the Vendor and the Purchaser in writing).

Upon Completion, the Vendor will hold 56.95% while the Purchaser will hold 43.05% of the equity interests in the Target Company respectively. The Target Company will remain as a subsidiary of the Company and the financial position and financial performance of the Target Group continue to be consolidated into the financial statements of the Company after the Completion.

INFORMATION ON THE PARTIES

The Group, the Vendor and the Target Group

The Company is an investment holding company. The principal activities of the Group mainly consist of:

- (1) Branding: (i) development and management of “PONY” and “SKINS” trademarks; (ii) retailing and provision of sourcing services for “arena” swimwear and accessories; and (iii) sourcing, manufacturing and trading of healthcare products;
- (2) Retailing: (i) property investment and holding; and (ii) management and operation of outlet malls; and
- (3) Financial services: provision of securities brokerage, margin financing, money lending, underwriting and placing of listed securities and financial consultancy services.

The Vendor is an investment holding company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company.

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability and directly holds 100% equity interests in Supremium Bio-Technology Limited, which is a company incorporated in Hong Kong with limited liability and is principally engaged in sourcing, manufacturing, designing, packaging, wholesaling and trading of healthcare products in Hong Kong.

Set out below is the unaudited financial information of the Target Group for the financial years ended 31 December 2019 and 31 December 2020:

	For the year ended 31 December 2019 HK\$'000 (unaudited)	For the year ended 31 December 2020 HK\$'000 (unaudited)
Revenue	18,580	8,447
Profit before taxation	5,081	358
Profit after taxation	4,464	358
Net assets	10,775	11,133

The Purchaser

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Shunten. The Purchaser is an investment holding company.

Shunten

Shunten is a company incorporated in the Cayman Islands with limited liability and is principally engaged in the sales, marketing and distribution of health and beauty supplements and products in Hong Kong and provision of e-commerce promotion business.

The following key financial information of Shunten for the financial years ended 31 March 2020 and 31 March 2021 is extracted from the 2020/2021 annual report of Shunten:

	For the year ended 31 March 2020	For the year ended 31 March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	303,854	223,147
Loss before taxation	(5,327)	(116,325)
Loss after taxation from continuing operations	(10,751)	(124,095)
Net assets	132,813	19,037

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser, Shunten and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules) as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE ACQUISITION

The Target Group is principally engaged in distributing healthcare products through a number of distribution channels, among which include a renowned houseware retail chain (the "**Houseware Retail Chain**") located in the housing estates in Hong Kong. According to the official website of the Houseware Retail Chain, it is the largest houseware retail chain in Hong Kong, Macau and Singapore, with extensive retail network comprising of 360 stores in Hong Kong. While Shunten is principally engaged in distributing healthcare products through a number of distribution channels, among which include two leading health and beauty products retail chains in Hong Kong.

The Directors believe the Disposal and the Acquisition will allow Shunten to cooperate with the existing distribution channels of the Target Group as well as establish new distribution channels for the healthcare products of the Target Group and create synergies with and add value to the Target Group after Completion.

The Board considers that the terms and conditions of the Share Purchase Agreement are on normal commercial terms after arm's length negotiations and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL

As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company. The financial position and financial performance of the Target Group are consolidated into the financial statements of the Company. Immediately after Completion, the Company's equity interests in the Target Company will reduce from 100% to 56.95% and the Target Company will remain as a subsidiary of the Company. Accordingly, the financial position and financial performance of the Target Group continue to be consolidated into the financial statements of the Company after Completion. As the financial impact of the Disposal will not result in loss of the Company's control over the Target Company, the Disposal will be accounted for as an equity transaction and will not result in any gain or loss to be recognised in profit or loss.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Completion is subject to the fulfilment and/or waiver of the conditions precedent under the Share Purchase Agreement. As the Disposal and the Acquisition may or may not be completed, the Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

DEFINITIONS

Unless the context requires otherwise, the terms below have the following meanings in this announcement:

“Acquisition”	the acquisition of the Consideration Shares by the Vendor
“Board”	the board of Directors
“Business Day”	a day on which licensed banks are generally open for business in Hong Kong throughout their normal business hours (excluding Saturdays, Sundays and Hong Kong public holidays)
“Company”	Symphony Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1223)
“Completion”	completion of the Disposal and the Acquisition
“connected person(s)”	has the meaning ascribed to it by the Listing Rules
“Consideration”	the consideration in the sum of approximately HK\$66,687,691 in relation to the Disposal to be settled by the issuance of the Consideration Shares
“Consideration Shares”	the 512,982,240 new shares of Shunten to be allotted and issued by Shunten to the Vendor at the Issue Price upon Completion
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Shares by the Vendor to the Purchaser
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Issue Price”	the issue price of HK\$0.13 per Consideration Share

“Last Trading Day”	11 August 2021, being the last trading day of the shares of Shunten on the Stock Exchange immediately prior to the signing of the Share Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Super Winner Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Shunten
“Sale Shares”	the 21,525 shares in the issued share capital of the Target Company to be purchased by the Purchaser from the Vendor
“Share Purchase Agreement”	the agreement for transfer of shares dated 12 August 2021 entered into between the Vendor, the Purchaser and Shunten in relation to the Sale Shares and the Consideration Shares
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Shunten”	Shunten International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 932)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Aggressive Resources Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target Company and Supremium Bio-Technology Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company

“Vendor”

Cosmo Group Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company

“%”

per cent

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

Hong Kong, 12 August 2021

As at the date of this announcement, the Directors are:

Executive Directors:

Mr. Cheng Tun Nei
(Chairman & Chief Executive Officer)
Mr. Chan Kar Lee Gary
Mr. Lee Cheung Ming

Independent Non-executive Directors:

Mr. Shum Pui Kay
Mr. Wah Wang Kei Jackie
Mr. Chow Yu Chun Alexander

* *For identification purpose only*