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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)

CONTINUING CONNECTED TRANSACTIONS

Before it became a subsidiary of the Company, securities margin financing facilities were extended by China Rise which continued and became continuing connected transactions for the Company after China Rise was acquired by the Company. The amounts of the Facilities after 30th April, 2014 from time to time exceeded the thresholds in Listing Rule 14A.76(1) so that, amongst other things they should have been, but were not, announced. Each of the facilities has now been terminated or reduced to below HK\$3,000,000.

Due to an oversight the Facilities were not disclosed by the Company in accordance with Rule 14A.60(1) of the Listing Rules, which constituted a breach of the Listing Rules.

On 30th April, 2014 China Rise became a subsidiary of the Company and new shares in the Company were issued to Mr. Cheng who as a result became a substantial shareholder of the Company, and is now one of its directors and a connected person of the Company for the purposes of the Listing Rules.

The principal business of China Rise is dealing in securities and, at various times prior to China Rise becoming a subsidiary of Symphony, it had entered in agreements for and advanced securities margin financing (within the meaning of Listing Rule 14.04(1)(e)(iii)(A)) to Mr. Cheng, his wife Ms. Li Wa Hei, and a company controlled by him and to Mr. Lee Cheung Ming and Mr. Wat Hin Pong (both of whom are directors of subsidiaries of the Company) all of whom are connected persons or deemed connected persons of the Company, on normal commercial terms and in the ordinary and usual course of its business.

After the acquisition of China Rise these financing arrangements continued and became continuing connected transactions for the Company. The amounts of financial assistance

** for identification purposes only*

from 30th April, 2014 from time to time exceeded the thresholds in Listing Rule 14A.76 so that, amongst other things, they should have been announced, but were not.

Save for the Continuing Facilities, being those relating to:-

- (i) Mr. Cheng which were increased from HK\$8,000,000 to HK\$10,000,000 on 24 October 2014. At one point after China Rise became a subsidiary of the Company the utilisation of this facility peaked at HK\$10,130,000,
- (ii) a private limited company, ultimately controlled by Mr. Cheng, increased from HK\$1,000,000 upon account opening on 7 October 2014 to HK\$5,000,000 on 7 January 2015,
- (iii) Mr. Lee Cheung Ming's account which was increased from HK\$2,000,000 to HK\$8,000,000 on 24 December 2014,
- (iv) Mr. Wat Hin Pong's account which was increased from HK\$2,000,000 to HK\$2,500,000 on 24 October 2014 and subsequently from HK\$2,500,000 to HK\$5,000,000 on 23 January 2015,

none of the Facilities have been renewed and none of their terms have been varied since 30th April, 2014. The Facilities referred to in (iii) and (iv) above did not exceed any threshold referred to in Rule 14A.76(2).

As soon as this inadvertent breach was discovered, Mr. Cheng and Ms. Li Wa Hei, initiated the termination of their own Facilities with effect from 13 March 2015 and China Rise reduced the Continuing Facilities to below HK\$3,000,000 each to ensure that they comply with the Listing Rule requirements.

Other than Mr. Cheng, Mr. Lee Cheung Ming and Mr. Wat Hin Pong no directors of the Company or of its subsidiaries have a material interest in the Facilities. Mr. Cheng abstained from voting on the board resolutions to approve the termination of the Facilities and the continuation of the Continuing Facilities.

The Company is a holding company. The principal business activities carried on by the Company through its subsidiaries are retailing and sourcing; branding; property investment and holding; outlet malls; and provision of financial services including securities brokerage, margin financing, underwriting and placing, consulting and money lending.

The consideration payable by connected persons for the Facilities was based on the normal fees charged by China Rise to its customers.

The reasons for granting the Facilities and allowing the Continuing Facilities to remain in place are to generate business for the Group benefits which are expected to accrue to the Company include increased turnover and profit from the Facilities. The directors

(including the independent non-executive directors) believe that the Facilities were and the Continuing Facilities are in the ordinary and usual course of business of the Group. Terms of the Facilities were and those of the Continuing Facilities are fair and reasonable and in the interests of the shareholders as a whole.

The Company will re-comply with the announcement, reporting and shareholders' approval requirements (if applicable) for the Continuing Facilities if and when that is required under the Listing Rules.

The Company instructed China Rise with effect from 13 March 2015 that all margin financing facility openings and renewals of HK\$3,000,000 or above for any connected persons (as that term is defined in the Listing Rules) of the Company, including directors of the Company or its subsidiaries, members of its staff, their relatives, and companies controlled by them must be reviewed by the Company's in-house legal team before any margin financing is provided. It will update its internal control manual to cover explicitly connected transactions at the China Rise level and will require all margin financing opening and renewals staff at China Rise to be briefed on the requirements of Chapter 14A of the Listing Rules conducted by lawyers.

The Company admits that it has inadvertently breached the Listing Rules by, amongst other things, failing to announce the Facilities. These Facilities were not disclosed by the Company in accordance with Rules 14A.35 and 14A.60(1) of the Listing Rules due to an oversight on the part of the Company which thereby breached the Listing Rules. The Stock Exchange has advised the Company that it reserves its rights in respect of this inadvertent breach of the Listing Rules.

In this announcement the terms set out below have the meanings set opposite them below.

"China Rise"	China Rise Securities Asset Management Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
"Company"	Symphony Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
"Continuing Facilities"	those Facilities that have not been terminated as mentioned herein;
"Facilities"	the securities margin financing facilities described in this announcement extended by China Rise before it became a member of the Group to persons who became connected persons of the Company on China Rise becoming a member of the Group;

"Group"	the Company and its subsidiaries;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Mr. Cheng"	Mr. Cheng Tun Nei a director and the Chairman and a substantial shareholder of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By order of the Board
Symphony Holdings Limited
Chow So Ying Anna
Company Secretary

Hong Kong, 21 April 2015

At the date of this announcement, the directors of the Company are:

Executive Directors: Mr. Cheng Tun Nei (Chairman)
 Mr. Sze Sun Sun Tony (Managing Director)
 Ms. Chen Fang Mei
 Mr. Chan Kar Lee Gary

Non-executive Director: Mr. Liu George Hong-chih

Independent non-executive
Directors: Mr. Ho Shing Chak
 Mr. Shum Pui Kay
 Mr. Wah Wang Kei Jackie
 Mr. Chow Yu Chun Alexander