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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)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF AN 80% EQUITY INTEREST IN  
KINGXIN INTERNATIONAL INVESTMENT LIMITED**

**THE KX ACQUISITION**

After the trading hours of the Stock Exchange on 15 December 2016, State Key (an indirect wholly-owned subsidiary of the Company) and the KX Vendor entered into the KX Agreement, pursuant to which State Key has agreed to purchase, and the KX Vendor has agreed to sell, the KX Sale Shares, representing 80% of the issued share capital of Kingxin, at a cash consideration of RMB76 million (equivalent to approximately HK\$85.1 million). The principal asset of the Kingxin Group is the Chongqing Property and the principal liability of the Kingxin Group is the Debt.

The KX Acquisition was completed on 12 January 2017 and Kingxin has become an indirect 80%-owned subsidiary of the Company.

**REGULATORY IMPLICATIONS**

The KX Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

Due to an inadvertent oversight, the Company had not complied with the disclosure requirements by way of announcement in respect of the KX Acquisition at the material time of the KX Agreement. The Board apologises for this non-compliance and will strengthen the relevant internal control procedures to avoid occurrence of similar incidents in the future.

*\* For identification purposes only*

The Board announces that after the trading hours of the Stock Exchange on 15 December 2016, State Key (an indirect wholly-owned subsidiary of the Company) and the KX Vendor entered into the KX Agreement, pursuant to which State Key has agreed to purchase, and the KX Vendor has agreed to sell, the KX Sale Shares, representing 80% of the issued share capital of Kingxin.

## **(I) THE KX AGREEMENT**

### **Date**

15 December 2016

### **Parties**

- (i) State Key, an indirect wholly-owned subsidiary of the Company, being the purchaser; and
- (ii) Mr. Zeng Huan Huang, i.e. the KX Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the KX Vendor is a third party independent of the Company and its connected persons.

### **Assets to be acquired**

Pursuant to the KX Agreement, State Key agreed to purchase, and the KX Vendor agreed to sell, the KX Sale Shares free and clear of any encumbrances and third party claims (subject thereto) together with all accrued benefits and rights attached thereto as at the date of the KX Agreement.

As at the date of the KX Agreement, the KX Vendor owned 100% of the issued share capital of Kingxin. The KX Sale Shares represent 80% of the issued share capital of Kingxin as at the date of the KX Agreement. Further details of Kingxin are set out in the section headed "Information on the Kingxin Group" below.

### **Consideration**

The consideration for the KX Sale Shares is RMB76 million (equivalent to approximately HK\$85.1 million) which shall be payable by State Key in cash to the KX Vendor in the following manner:

- (i) as to RMB50 million (equivalent to approximately HK\$56.0 million), upon signing of the KX Agreement as a deposit and part payment of the consideration. The amount is refundable if the KX Vendor cannot provide documents evidencing the due transfer of 100% of the registered capital of Yuntai from 上海贏翰資產管理有限公司 (Shanghai Yinghan Asset Management Company Limited\*) ("**Yinghan**") to Asia Gain by 30 March 2017 (or such other date as the parties may agree); and

- (ii) as to the remaining balance of RMB26 million (equivalent to approximately HK\$29.1 million), within 5 Business Days after the provision by the KX Vendor of the original copies of (a) 港澳僑投資企業批准證書 (the Certificate of Approval for Establishment of Enterprises with Investment of Hong Kong and Macau\*) in relation to the transfer of the entire registered capital in Yuntai to Asia Gain; and (b) documents evidencing the due transfer of 100% of the registered capital of Yuntai from Yinghan to Asia Gain.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yinghan and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

The consideration for the KX Sale Shares was determined after arm's length negotiations between the parties to the KX Agreement with reference to (i) the net assets of Yuntai of approximately RMB37.1 million (equivalent to approximately HK\$41.6 million) as at 31 July 2016 which included the Chongqing Property with carrying value of approximately RMB233.8 million (equivalent to approximately HK\$261.9 million) and the Debt; and (ii) the minimum valuation of the Chongqing Property of RMB295 million (equivalent to approximately HK\$330.4 million) as warranted by the KX Vendor. The preliminary valuation of the Chongqing Property as indicated by an independent professional valuer on the basis of capitalisation of net income was RMB335.4 million (equivalent to approximately HK\$375.6 million) as at 30 November 2016.

### **Completion**

Pursuant to the KX Agreement, Completion shall take place no later than 30 March 2017.

Completion has taken place on 12 January 2017 and Kingxin has become an indirect 80%-owned subsidiary of the Company.

## **(II) INFORMATION ON THE KINGXIN GROUP**

### ***Business***

Kingxin is incorporated in the BVI with limited liability and is an investment holding company. Asia Gain, a wholly-owned subsidiary of Kingxin, is incorporated in Hong Kong and is an investment holding company. Both Kingxin and Asia Gain do not have any material assets or liabilities and have not carried out any business since their incorporation.

Yuntai is engaged in property and investment holding in the PRC. As at the date of the KX Agreement, Yuntai holds the Chongqing Property which is a hotel/commercial mixed-use development situated at No.70 Shancha Road, Yubei

District, Chongqing City, the PRC (中國重慶市渝北區山茶路70號) with a total site area of 11,904.60 sq. m. and gross floor area of 18,296.21 sq. m.. Portion of the Chongqing Property with a total lettable area of approximately 12,308.50 sq. m. is subject to various tenancies with the last term expiring in February 2030. The remaining portion of the Chongqing Property is currently vacant.

The entire registered capital in Yuntai was previously held by Yinghan. Subsequent to the signing of the KX Agreement, the KX Vendor provided documents (as referred to in the paragraph headed “Consideration” above) evidencing that the entire registered capital of Yuntai was duly transferred to Asia Gain and Yuntai became a wholly-owned subsidiary of Asia Gain on 23 November 2016.

### ***Financial information***

Set out below is the audited financial information of Yuntai for each of the two years ended 31 December 2014 and 2015:

	For the year ended 31 December			
	2014		2015	
	<i>RMB'000</i>	<i>Equivalent to HK\$'000</i>	<i>RMB'000</i>	<i>Equivalent to HK\$'000</i>
Net (Loss) before taxation and extraordinary items	(2,432)	(2,724)	(1,764)	(1,976)
Net (Loss) after taxation and extraordinary items	(2,432)	(2,724)	(1,764)	(1,976)

The unaudited net assets of Yuntai amounted to approximately RMB37.1 million (equivalent to approximately HK\$41.6 million) as at 31 July 2016, which comprised principally the Chongqing Property and the Debt.

### **(III) REASONS FOR AND BENEFITS OF THE ACQUISITIONS**

The Company is an investment holding company. The principal business activities of the Group are the development and management of outlet malls, branding, retailing and sourcing, property investment and holding in Hong Kong and the PRC, provision of financial services and duty-free business.

The Company is expanding into the community mall management and investment business. The Chongqing Property is the first community mall investment for the Company and it will strengthen the property portfolio and generate recurring rental income for the Group.

The payment of the consideration for the KX Acquisition was financed by internal resources of the Group.

The Directors (including the non-executive Director and independent non-executive Directors) are of the view that the terms of the KX Agreement are fair and reasonable and the KX Acquisition is in the interest of the Group and the Shareholders as a whole.

#### **(IV) REGULATORY IMPLICATIONS**

The KX Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

Due to an inadvertent oversight, the Company had not complied with the disclosure requirements by way of announcement in respect of the KX Acquisition at the material time of the KX Agreement. The Board apologises for this non-compliance and will strengthen the relevant internal control procedures to avoid occurrence of similar incidents in the future.

#### **(V) DEFINITIONS**

Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as set forth below:

“Asia Gain”	HK Asia Gain International Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Kingxin
“Board”	the board of Directors
“Business Day(s)”	any day except a Saturday, Sunday or other day on which commercial banking institutions in the BVI or Hong Kong are authorised or required by law or executive order to close, or a public holiday in Hong Kong
“BVI”	British Virgin Islands
“Chongqing Property”	the commercial property situated at 中國重慶市渝北區山茶路70號 (No.70 Shancha Road, Yubei District, Chongqing City, the PRC) held by Yuntai
“Company”	Symphony Holdings Limited, a company incorporated in Bermuda with limited liability, the shares and warrants of which are listed on the Main Board of the Stock Exchange (Stock code : 1223 and Warrant code : 1537)

“Completion”	completion of the KX Acquisition in accordance with the terms of the KX Agreement
“Debt”	the debt with principal amount of RMB200 million owed by Yuntai to a financial institution which is a third party independent of the Company and its connected persons as at the date of the KX Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kingxin”	Kingxin International Investment Limited, a company incorporated in the BVI with limited liability
“Kingxin Group”	Kingxin and its subsidiaries
“KX Acquisition”	the proposed acquisition of the KX Sale Shares by State Key from the KX Vendor pursuant to the terms and conditions of the KX Agreement
“KX Agreement”	the agreement dated 15 December 2016 and entered into between State Key and the KX Vendor in respect of the KX Acquisition
“KX Sale Shares”	40,000 ordinary shares of US\$1.0 each in the capital of Kingxin representing 80% of the issued share capital of Kingxin as at the date of the KX Agreement
“KX Vendor”	曾煥煌先生 (Mr. Zeng Huan Huang*)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“State Key”	State Key Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company

“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yuntai”	重慶雲太美每家商業運營管理有限公司 (Chongqing Yuntai Meijia Commercial Operation Management Limited*), a company incorporated in PRC with limited liability and a wholly-owned subsidiary of Asia Gain
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar, the lawful currency of the United States of America
“sq. m.”	square meters
“%”	per cent.

*\*The English translations of certain Chinese names are included for identification purpose only.*

*For illustration purpose, amounts in RMB are translated into HK\$ at the rate of RMB1=HK\$1.12.*

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

Hong Kong, 24 January 2017

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

**Non-executive Director:** Mr. Hong Kim Cheong

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