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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 DISPOSAL OF 60% EQUITY INTERESTS
IN TARGET COMPANY**

THE DISPOSAL

The Board is pleased to announce that on 29th September 2017 (after the trading hours of the Stock Exchange), Perfect Day Ventures Limited (an indirect wholly owned subsidiary of the Company) as the vendor (“**Vendor**”) and Excellence Steps Limited as the purchaser (“**Purchaser**”) have entered into a sales and purchase agreement pursuant to which the Vendor had conditionally agreed to sell and the Purchaser had conditionally agreed to purchase the Sale Shares representing 60% of the issued share capital of the Target Company at an a consideration of \$97,800,000.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Disposal is more than 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL

On 27 September 2017 (after the trading hours of the Stock Exchange), the Purchaser, an independent third party, entered into the Agreement with the Vendor pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to

* For identification purpose only

purchase the Sale Shares representing 60% of the issued share capital of the Target Company at a consideration of HK\$97,800,000.

THE AGREEMENT

Date:

29 September 2017

Parties:

- (i) Perfect Day Ventures Limited, as Vendor; and
- (ii) Excellence Steps Limited, as Purchaser.

The Group currently holds a 60% equity interest in the Target Company through the Vendor which is accounted for as a joint venture company of the Group.

The Purchaser is an investment holding company incorporated in the BVI. Save as aforesaid, to the best of the Directors' knowledge, information and belief after making reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Assets to be disposed of:

Pursuant to the Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares. The Sale Shares represent 60% of the issued share capital of the Target Company as at the date of the Agreement.

Consideration:

The consideration for the Sale Shares of HK\$97,800,000 shall be payable in the following manner:

- (i) an initial cash payment of HK\$5,000,000 shall be payable by the Purchaser to the Vendor in the manner as follows : -
 - a) HK\$1,000,000 payable upon the signing of the Agreement;
 - b) HK\$4,000,000 payable within 7 Business Days after the conditions precedent for Completion have been satisfied
- (ii) the remaining balance of HK\$92,800,000 shall be payable in the form of newly issued promissory notes issued by Megalogic : -
 - a) HK\$35,000,000 maturing 6 months after the date of issue;

- b) HK\$57,800,000 maturing 12 months after the date of issue carrying an interest rate of 2% per annum.

The Consideration was determined after arm's length negotiations between Vendor and Purchaser on normal commercial terms with reference to the (a) price-earnings ratio of market comparable companies listed on the Stock Exchange engaging in the business of a similar nature to the Target Group; and (b) the reasons for Disposal as outlined in the section headed "Reasons for the Disposal".

Profit Guarantee:

Pursuant to the Agreement, the Vendor unconditionally and irrevocably represents and warrants to and undertakes with the Purchaser that: (a) for the financial year ending on 31 December 2017, the Consolidated Net Profit of Target Company shall not be less than HK\$10,000,000.00; (b) for the financial year ending on 31 December 2018, the Consolidated Net Profit of Target Company shall not be less than HK\$11,000,000.00; (c) for the financial year ending on 31 December 2019, the Consolidated Net Profit of Target Company shall not be less than HK\$12,000,000.00; and (d) for the financial year ending on 31 December 2020, the Consolidated Net Profit of Target Company shall not be less than HK\$13,000,000.00 (the aforesaid undertaking is defined as "**Profit Guarantee**"). This Profit Guarantee shall survive Completion.

If there shall be any shortfall (the shortfall being the difference between the Guaranteed Profit and the actual Consolidated Net Profit of the Target Group) in relation to the Consolidated Net Profit of Target Group for: (a) the financial year ending 31 December 2017; or (b) the financial year ending 31 December 2018 or (c) the financial year ending 31 December 2019 or (d) the financial year ending 31 December 2020, the Vendor shall pay the Target Company the shortfall in cash, within 14 Business Days after the audited accounts of the subsidiary of the Target Company for the respective period is issued.

The Vendor also undertakes to the Purchaser to use its best endeavours to reserve the net assets value of the Target Group upon Completion to not less than HK\$10,000,000 for ongoing business operations.

Conditions precedent:

Completion of the Agreement is conditional upon the fulfillment or waiver (as the case may be) of the following conditions : -

- (i) the shareholders of Megalogic passing at the extraordinary general meeting of Megalogic the necessary resolution(s) approving the Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules, the constitution of Megalogic and applicable laws and regulations;

- (ii) the representations and warranties in the Agreement given by the Vendor remain true and accurate as at the date of the Agreement and at Completion;
- (iii) none of the undertakings, negative pledges, warranties and representations of the Vendor contained in the Agreement having been breached in any material respect or being misleading or untrue or inaccurate in any material respect;
- (iv) the Purchaser having completed and being satisfied with the results of the due diligence review, including but not limited to accounting, financial, legal and business diligence on the Target Group; and
- (v) (if necessary) all other authorizations, approvals, consents, waivers and permits, including but not limited to those from the Stock Exchange and the SFC and/or other relevant authorities which are necessary or relevant to give effect to the transactions contemplated hereunder having been granted, received or obtained and not revoked.

INFORMATION ON TARGET COMPANY

The Target Company is an investment holding company incorporated in the BVI with limited liability. It is accounted for as a joint venture company of the Group.

Set out below are the unaudited consolidated financial information of the Target Company prepared under the Hong Kong Financial Reporting Standards for the two years ended 31 December 2016 and 2015:

	<i>For the year ended 31 December 2015 HK\$</i>	<i>For the year ended 31 December 2016 HK\$</i>
Turnover	26,912,822.00	27,943,366.44
Profit before taxation	11,733,690.55	11,861,733.42
Profit after taxation	9,781,996.55	9,887,907.42

REASONS FOR THE DISPOSAL

The principal activities of the Group consist of retailing and sourcing, outlet malls, duty free, branding, financial services and property investment and holding.

The core business of the Target Group is the sourcing, manufacturing, designing, packaging, wholesaling and trading of health supplement products and as the original equipment manufacturer of various health supplement products in Hong Kong. The Disposal of the non-core business enables the Group to focus its management resources on its core business activities. With the acquisition of a community mall in Chongqing in January and the opening of the Anyang CITS Park Outlets in September this year, the

Group is actively engaging in improving mall operational efficiency. As the preparatory work of the opening of Xiamen Park Outlets is also in full swing, the Directors consider that it is strategically advantageous from the resource allocation perspective for the Group to dispose of non-core business to enable management to focus on its core business activities.

The Disposal shall be conditional upon satisfaction of certain conditions precedent in the Agreement. Based on the unaudited carrying amount of the Target Group of approximately HK\$97,767,000 as of 30th June 2017 and the expected dividend to be received upon Completion of approximately HK\$315,000 and the consideration of the Sale Shares of HK\$97,800,000, it is expected that the unaudited gain before taxation accrued to the Group at Completion would be approximately HK\$348,000. The Group intends to utilize the proceeds towards the general working capital of the Group.

The Directors are of the view that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As one of the relevant percentage ratios under the Listing Rules exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Agreement”	the conditional sale and purchase agreement dated 29 September 2017 entered into between Purchaser and Vendor in relation to the proposed acquisition by Purchaser of the 60% equity interest in the Target Company
“Board”	the board of Directors of the Company
“Business Days”	a day (excluding Saturdays and Sundays) on which banks generally are open in Hong Kong for the transaction of normal banking business
“BVI”	British Virgin Islands
“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: 01223 and Warrant code: 01537)

“Completion”	completion of the Disposal under the Agreement
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Net Profit”	the consolidated net profit after tax of the Target Company and its wholly-owned subsidiary which is based on its audited accounts for the respective financial year
“Director(s)”	director(s) of the Company
“Disposal”	the sale of 60% equity interest in the Target Company pursuant to the Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Megalogic”	Megalogic Technology Holdings Limited, a company incorporated under the laws of the Cayman Islands of which the shares are listed on GEM
“PRC”	The People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Excellence Steps Limited, an investment holding company incorporated in the BVI, is an indirect wholly-owned subsidiary of Megalogic
“Sale Shares”	30,000 ordinary shares of Target Company, representing 60% of the issued share capital of Target Company
“SFC”	means the Securities and Futures Commission
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Aggressive Resources Limited, a company incorporated in the BVI with limited liability
“Target Group”	Target Company and its subsidiary

“Vendor”	Perfect Day Ventures Limited, an indirect wholly-owned subsidiary of the Company which is incorporated in the BVI with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 29 September 2017

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

Executive Directors:	Mr. Cheng Tun Nei (<i>Chairman & Chief Executive Officer</i>) Mr. Chan Kar Lee Gary Mr. Hong Kim Cheong
Independent non-executive Directors:	Mr. Shum Pui Kai Mr. Wah Wang Kei Mr. Chow Yu Chun Alexander