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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)

**CONNECTED TRANSACTION
ACQUISITION OF THE REMAINING 15% INTEREST
IN A NON-WHOLLY OWNED SUBSIDIARY**

THE ACQUISITION

The Board announces that on 25 February 2025, the Company (as purchaser) and ITOCHU (as seller) have entered into the Share Sale and Purchase Agreement pursuant to which the Company has agreed to purchase, and ITOCHU has agreed to sell, the Sale Shares, representing 15% of the total issued shares of SYM ITO for the Consideration of USD600,000 (equivalent to approximately HKD4,680,000), which will be paid in cash by the Company to ITOCHU on or before Completion.

As of the date of this announcement, SYM ITO is a non-wholly owned subsidiary of the Company and held as to 85% by the Company and 15% by ITOCHU. Upon Completion, the Company will hold 100% interest in SYM ITO and SYM ITO will become a wholly owned subsidiary of the Company.

LISTING RULE IMPLICATIONS

As ITOCHU is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of SYM ITO, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratios of the Acquisition exceeds 1% but lower than 5% and ITOCHU is a connected person at subsidiary level of the Company, the Acquisition is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular, independent financial advice and independent shareholders' approval requirements by virtue of Rule 14A.76 of the Listing Rules.

INTRODUCTION

The Board announces that on 25 February 2025, the Company entered into the Share Sale and Purchase Agreement with ITOCHU, pursuant to which, the Company has agreed to purchase, and ITOCHU has agreed to sell, the Sale Shares, representing 15% of all the issued shares of SYM ITO for the Consideration of USD600,000 (equivalent to approximately HKD4,680,000). Upon Completion, the Company will hold 100% interest in SYM ITO and SYM ITO will become a wholly owned subsidiary of the Company.

THE SHARE SALE AND PURCHASE AGREEMENT

The principal terms of the Share Sale and Purchase Agreement are set out below:

- Date : 25 February 2025
- Parties : (i) ITOCHU (as seller); and
(ii) The Company (as purchaser)
- Nature of the transaction : Pursuant to the Share Sale and Purchase Agreement, the Company has agreed to purchase, and ITOCHU has agreed to sell, the Sale Shares, representing 15% of all issued shares of SYM ITO.
- Consideration and Payment : The Consideration for the Acquisition is USD600,000 (equivalent to approximately HKD4,680,000), which is determined based on arm's length negotiation between parties and with reference to the future business prospects and financial performance of SYM ITO Group.

The Consideration shall be paid by the Company in cash by internal resources of the Group on or before Completion.

INFORMATION ON THE PARTIES

The Group and SYM ITO Group

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

- (1) Branding: (i) development and management of "SKINS" trademarks; and (ii) sourcing, manufacturing and trading of healthcare products in Hong Kong; and (iii) distribution of Japanese wine;

- (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.

SYM ITO is a joint venture company incorporated in Hong Kong for the joint venture business between the Company and ITOCHU. SYM ITO Group is principally engaged in the designing, manufacturing, marketing and distributing of the compression and high-performance sportswear and apparels of “SKINS”.

As at the date of this announcement, SYM ITO is a non-wholly owned subsidiary of the Company and held as to 85% by the Company, and 15% by ITOCHU. Upon Completion, the Company will hold 100% interest in SYM ITO and SYM ITO will become a wholly owned subsidiary of the Company.

The net asset value of SYM ITO Group as at 31 December 2023 was approximately USD1,722,000 (equivalent to approximately HKD13,431,600). The audited financial information of SYM ITO Group for the two years ended 31 December 2023 and 31 December 2022 is as follows:

| | For the year ended 31 December | | | |
|----------------------|---------------------------------------|---|------------------------------|---|
| | 2023 | | 2022 | |
| | (Audited) <i>USD '000</i> | Equivalent to approximately <i>HKD '000</i> | (Audited) <i>USD '000</i> | Equivalent to approximately <i>HKD '000</i> |
| Loss before taxation | (13) | (101) | (1,908) | (14,882) |
| Loss after taxation | - | - | (1,917) | (14,953) |

The original cost of investment incurred by ITOCHU in respect of the Sale Shares amounted to approximately USD600,000 (equivalent to approximately HKD4,680,000), representing ITOCHU’s capital contribution to SYM ITO.

ITOCHU

ITOCHU is a company incorporated in Japan and the issued shares of which are listed on the Tokyo Stock Exchange (stock code: 8001). Its principal businesses include domestic trading, import and export, and overseas trading of various products such as textile, machinery, metals, minerals, energy, chemicals, food, information and communications technology, realty, general products, insurance, logistics services, construction, and finance, as well as business investment in Japan and overseas. As at the date of this announcement, it is a shareholder of SYM ITO.

REASONS FOR, AND BENEFITS OF, THE ACQUISITION

SYM ITO, currently an 85% owned subsidiary of the Company, has a well-established and extensive sales and distribution network. Since the formation of the joint venture business in SYM ITO in December 2020, SYM ITO has equipped the Group with a strong supply chain network to facilitate logistics and inventory control, providing an effective sale channel for the “SKINS” products.

Going forward, by fully controlling SYM ITO through the Acquisition, the Company intends to continue to grow the “SKINS” business.

The Board is of the view that the Acquisition will enable the Group to gain full control over SYM ITO Group and enhance operational efficiency.

All Directors (including all independent non-executive Directors) are of the opinion that the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Group and the terms of the Share Sale and Purchase Agreement are fair, reasonable and in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As ITOCHU is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of SYM ITO, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratios of the Acquisition is more than 1% but lower than 5% and ITOCHU is a connected person at a subsidiary level of the Company, the Acquisition is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular, independent financial advice and independent shareholders’ approval requirements by the virtue of Rule 14A.76 of the Listing Rules.

None of the Directors has any material interest in the connected transaction herein announced so no Director was required to abstain from voting on the Board resolutions of the Company approving the Acquisition. The Board has considered and approved the resolution on the Acquisition.

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

| | |
|---------------|---|
| “Acquisition” | the proposed acquisition of Sale Shares by the Company in accordance with the provisions of the Share Sale and Purchase Agreement |
| “Board” | the board of Directors 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 (stock code: 1223) |
| “Completion” | completion of the Acquisition in accordance with the Share Sale and Purchase Agreement |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consideration” | the consideration for the Acquisition |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” or “HKD” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | The Hong Kong Special Administrative Region of the People’s Republic of China |
| “ITOCHU” | ITOCHU Corporation, a company incorporated in Japan and the issued shares of which are listed on the Tokyo Stock Exchange (stock code: 8001) |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange |
| “Main Board” | the main board of the Stock Exchange |
| “percentage ratios” | refers to the percentage ratios under rule 14.07 of the Listing Rules |
| “Sale Shares” | 600,000 ordinary shares of SYM ITO, representing 15% of the total issued shares of SYM ITO |
| “Share Sale and Purchase Agreement” | the agreement dated 25 February 2025 entered into between the Company and ITOCHU relating to the sale and purchase of Sale Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules |

| | |
|-----------------|--|
| “SYM ITO” | SYM ITO Sales and Distribution Company Limited, a company incorporated in Hong Kong with limited liability and owned as to 85% and 15% by the Company and ITOCHU, respectively as at the date of this announcement |
| “SYM ITO Group” | SYM ITO and its subsidiaries |
| “US\$” or “USD” | United States dollars, the lawful currency of the United States of America |
| “%” | per cent |

For the purpose of this announcement, conversion of USD into HKD is based on the approximate exchange rate of USD1.0 to HKD7.8. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HKD or USD have been, could have been or may be converted at such or any other rate or at all.

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

Hong Kong, 25 February 2025

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

| | |
|---|--|
| <i>Executive Directors:</i> | Mr. Cheng Tun Nei (<i>Chairman & Chief Executive Officer</i>) Mr. Chan Kar Lee Gary Mr. Lee Cheung Ming Ms. Fung Kim Wan Ewim |
| <i>Independent Non-executive Directors:</i> | Mr. Shum Pui Kay Mr. Wah Wang Kei Jackie Mr. Chow Yu Chun Alexander |

** For identification purpose only*