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SYMPHONY

SYMPHONY HOLDINGS LTD.

新豐集團有限公司*

(Stock Code: 01223)

(incorporated in Bermuda with limited liability)

DISCLOSEABLE TRANSACTION

DISPOSAL OF 50% EQUITY INTERESTS IN WELCOME WEALTH PROPERTIES LIMITED

THE DISPOSAL

After Stock Exchange trading hours on 31 March 2014, the Sellers and the Purchaser entered into the SPA, pursuant to which, amongst other things, each of the Sellers has agreed to sell and the Purchaser has agreed to purchase the Treasure Bloom Sale Shares and the SPC Sale Shares for a consideration of US\$3,380,000 each (equivalent to HK\$26,195,000). The aggregate consideration for the Sale Shares amount to US\$6,760,000 (equivalent to HK\$52,390,000). The Treasure Bloom Sale Shares represent 50% of the issued share capital of Welcome Wealth. The Consideration shall be satisfied in cash.

LISTING RULES IMPLICATIONS

The Disposal constitutes a discloseable transaction for Symphony under Chapter 14 of the Listing Rules.

** For identification only*

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THE SPA

Date:

31 March 2014

Parties:

- (i) Treasure Bloom; and
- (ii) Prodigy Fund SPC, collectively as Sellers;
- (iii) Pou Sheng International Sports Development Company Limited, as Purchaser.

Assets to be disposed:

Pursuant to the SPA, each of the Sellers has agreed to sell and the Purchaser has agreed to purchase the Treasure Bloom Sale Shares and SPC Sale Shares representing the entire equity interest in Welcome Wealth, free and clear of any Encumbrance. Treasure Bloom Sale Shares equal to 50% equity interests in Welcome Wealth. Further details of Welcome Wealth are set out in the paragraph headed "Information on the Welcome Wealth Group" below.

The book value of the Sale Shares as at 31 December 2013 is US\$2,536,222 which means that the book value of the Treasure Bloom Sale Shares is US\$1,268,111 and SPC Sale Shares is US\$1,268,111 likewise.

Consideration:

The consideration for each of the Treasure Bloom Sale Shares and the SPC Sales Shares is US\$3,380,000 (equivalent to HK\$26,195,000) and shall be payable in cash by the Purchaser within five (5) Business Days upon signing of the SPA.

The consideration was determined after arm's length negotiations between the Sellers and the Purchaser based on the audited consolidated net asset value of the Welcome Wealth Group US\$2,536,222 as at 31 December 2013 plus a premium of US\$4,223,778.

The disposal is expected to record an unaudited gain of approximately HK\$16,000,000 for the Group which is calculated with reference to the net proceeds from the Disposal and the Group's share of the net assets of the 50% equity interest in Welcome Wealth as at 31 December 2013. The actual gain or loss that the Group is able to realize will depend on the actual net book value of Welcome Wealth Group on the date of Completion.

Completion:

Completion is to take place on the 5th Business Day after the signing of the SPA.

Termination:

SPA may only be terminated at any time prior to the Completion by the written consent of the parties.

INFORMATION ON TREASURE BLOOM

Treasure Bloom, a wholly-owned subsidiary of Symphony, is incorporated in the BVI with limited liability. Treasure Bloom owns 50% of the equity interest in Welcome Wealth. Treasure Bloom is mainly engaged in investment holding.

INFORMATION ON PRODIGY FUND SPC

Prodigy Fund SPC is an investment fund incorporated with limited liability under the laws of Cayman Islands. It is set up and run by Prodigy Asset Management (Cayman Islands) Co. The principal business of Prodigy Fund SPC is investment management.

INFORMATION ON THE PURCHASER

The Purchaser is incorporated in Hong Kong with limited liability. Its principal business is investment holding.

INFORMATION ON WELCOME WEALTH GROUP

Welcome Wealth is a company incorporated in the BVI with limited liability. Welcome Wealth is the holding company of the Welcome Wealth Group. The Welcome Wealth Group is principally engaged in outsourcing manufacturing and the sale of various kinds of fashion shoes, clothing and accessories.

The audited consolidated financial information of the Welcome Wealth Group for its last two financial years ended 31 December 2012 and 31 December 2013 were as set out below :

	Year ended 31 December 2013 <i>US\$</i> (audited)	Year ended 31 December 2012 <i>US\$</i> (audited)
Turnover	25,697,500	22,599,022
Net losses before taxation and extraordinary items	1,363,355	9,288,650
Net losses after taxation and extraordinary items	1,363,416	9,289,624

REASONS FOR THE DISPOSAL

The principal activities of the Group are (i) retailing and sourcing; (ii) property investment and holding in Hong Kong and the PRC; (iii) management and operation of outlet mall in the PRC; and (iv) the development and management of “PONY” brand. The Disposal will complete Symphony’s brand restructuring exercise that started in 2013. Financial resources can be released for Symphony to concentrate its efforts on the development of the outlet mall business and PONY brand globally (except PRC and Taiwan).

The Directors believe that the terms of the Disposal are fair and reasonable and in the interests of the shareholders of Symphony as a whole.

The Directors confirm that, to the best of the directors’ knowledge, information and belief having made all reasonable enquiry, Prodigy Fund SPC, the Purchaser and the ultimate beneficial owner of Prodigy Fund SPC and the Purchaser are third parties independent of Symphony and connected persons of Symphony.

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DEFINITIONS

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

- “Business Day(s)” 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
- “Completion” completion of the Disposal under the SPA
- “Consideration” the consideration payable for the Disposal
- “Director(s)” director(s) of Symphony
- “Disposal” the proposed disposal of the Sale Shares by the Sellers to the Purchaser pursuant to the SPA
- “Encumbrance” any security interest, pledge, hypothecation, mortgage, lien (including environmental and tax liens), charge, lease, license, encumbrance, easement, adverse claim, reversion, preferential arrangement, restrictive covenant, condition or restriction of any kind, including any restriction on the use, voting, transfer, receipt of income or other exercise of any

	attributes of ownership
“Group”	Symphony and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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, the Macau Special Administrative Region and Taiwan
“Prodigy Fund SPC”	Prodigy Fund SPC Prodigy Strategic Investment Fund XXII Segregated Portfolio, incorporated in Cayman Islands with limited liability
“Purchaser”	Pou Sheng International Sports Development Company Limited (寶勝國際體育發展有限公司), incorporated with limited liability in Hong Kong
“Sale Shares”	the Treasure Bloom Sale Shares and SPC Sale Shares
“Sellers”	Treasure Bloom and Prodigy Fund SPC
“SPA”	the sale and purchase agreement dated 31 March 2014 entered into between the Sellers and the Purchaser in relation to the Disposal
“SPC Sale Shares”	the two (2) shares which have been issued and fully paid and are legally owned by Prodigy Fund SPC, representing fifty percent (50%) of the issued capital of Welcome Wealth as at the date of SPA and as at the date of Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Symphony”	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)
“Treasure Bloom”	Treasure Bloom Properties Limited, a company incorporated in British Virgin Islands with limited liability

“Treasure Bloom Sale Shares”	the two (2) shares which have been issued and fully paid and are legally and beneficially owned by Treasure Bloom, representing fifty percent (50%) of the issued capital of Welcome Wealth as at the date of this Agreement and as at the date of Completion
“US\$”	United States dollars, the lawful currency of the United States of America
“Welcome Wealth”	Welcome Wealth Properties Limited, a company incorporated with limited liability in the BVI
“Welcome Wealth Group”	Welcome Wealth and its subsidiaries

For ease of reference, sums in US\$ in this announcement are translated into HK\$ at the rate of US\$1 = HK\$7.75. This does not mean that HK\$ could be converted into US\$, or vice versa, based on such exchange rate.

By order of the Board
Symphony Holdings Limited
Chan Ting Chuen
Chairman

Hong Kong, 2 April 2014

At the date of this announcement, the Directors are:

Executive Directors:	Mr. Chan Ting Chuen (Chairman) Mr. Sze Sun Sun Tony (Deputy Chairman & Managing Director) Mr. Chang Tsung Yuan (Deputy Chairman) Ms. Chen Fang Mei Mr. Chan Kar Lee Gary
Non-executive Director:	Mr. Li I Nan
Independent non-executive Directors:	Mr. Cheng Kar Shing Mr. Ho Shing Chak Mr. Shum Pui Kay Mr. Wah Wang Kei Jackie