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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  
IN RELATION TO  
THE ACQUISITION OF 20% EQUITY INTERESTS  
IN A SUBSIDIARY**

**THE AGREEMENT**

The Board announced that after the trading hours on 18<sup>th</sup> October 2019, State Key Limited (an indirect wholly-owned subsidiary of the Company) (“**Purchaser**”) and Mr. Lee Hung Yuen (“**Vendor**”) entered into a sale and purchase agreement pursuant to which the Vendor had agreed to sell and the Purchaser had agreed to purchase the Sale Shares representing 20% of the issued share capital of the Target Company and the shareholder’s loan at an aggregate consideration of HK\$40,490,000.

As the Vendor is a connected person of the Company under Rule 14A.07, the Agreement is a connected party transaction. The Agreement have been approved by the Board and the independent non-executive Directors have also confirmed that the terms of the Agreement are fair and reasonable, and the Agreement is on normal commercial terms and in the interests of the Company and its shareholders as a whole. The Agreement is therefore exempted under Rule 14A.101 of the Listing Rules from the circular, independent financial advice and shareholders’ approval requirements otherwise applicable.

**THE AGREEMENT**

**Date**

18 October 2019

## **Parties**

- (i) State Key Limited, as Purchaser; and
- (ii) Lee Hung Yuen, as Vendor.

The Group currently holds 80% equity interests in the Target Company through the Purchaser with the remaining 20% owned by the Vendor.

The principal business of the Group consists of (i) retailing and provision of sourcing services for branded apparel, swimwear and accessories, and sourcing, manufacturing and trading of healthcare products; (ii) development and management of “PONY” trademarks; (iii) property investment and holding; (iv) management and operation of outlet malls; (v) provision of financial services (including securities brokerage, margin financing, moneylending, underwriting and placing of listed securities and financial consultancy services); and (vi) operation of duty-free shops.

The Vendor is a businessman. As the Target Company is accounted as a subsidiary of the Group, Mr. Lee is a connected person of the Company within the definition of Listing Rule 14A.07, the acquisition under the sales and purchase agreement is a connected party transaction.

The Agreement have been approved by the Board and the independent non-executive Directors have also confirmed that the terms of the Agreement are fair and reasonable, and the Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group; and in the interests of the Company and its shareholders as a whole. The Agreement is therefore exempted under Rule 14A.101 of the Listing Rules from the circular, independent financial advice and shareholders' approval requirements otherwise applicable.

## **Assets to be acquired**

Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares and the shareholder's loan. The Sale Shares represent 20% of the issued share capital of the Target Company.

## **Consideration**

The aggregate consideration for the Sale Shares and the shareholder's loan is HK\$40,490,000 and will be settled by internal resources.

The consideration for the Sale Shares is HK\$39,890,000 and the consideration for the shareholder's loan is HK\$600,000.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the net asset value of the Target Group as at 30 September 2019 ("NAV"). For assessing the NAV, the underlying RMB is converted at the rate of RMB1=HK\$1.1076. The book value of the Sale Shares and the shareholder's loan is approximately HK\$40,615,000.

## INFORMATION ON TARGET COMPANY

The Target Company is an investment holding company incorporated in the BVI with limited liability.

HK Asia Gain is a company incorporated with limited liability in Hong Kong and a direct wholly-owned subsidiary of the Target Company. The principal business of HK Asia Gain is investment holding.

Chongqing Yuntai is a company incorporated in the PRC (wholly-owned by HK Asia Gain) and is the registered owner of a commercial complex at No. 70, Shancha Road, Yubei District, Chongqing City, PRC. The principal business of Chongqing Yuntai is property investment and the operation of a community mall in Chongqing.

Set out below are the summary of the consolidated financial information of the Target Company prepared under the Hong Kong Financial Reporting Standards for the two years ended 31 December 2018 and 2017 and for the six months ended 30 June 2019 :

	For the six months ended 30 June 2019 (unaudited) HK\$'000	For the year ended 31 December 2018 (audited) HK\$'000	For the year ended 31 December 2017 (audited) HK\$'000
Turnover	9,482	17,180	6,221
Profit/(loss) before taxation	13,238	(6,192)	91,718
Profit/(loss) after taxation	9,647	(6,199)	61,390

The Group completed the acquisition of the Target Company in January 2017. The operation of the community mall in Chongqing has been growing steady throughout the years. As the business and the management of the community mall mature, it is considered that time is appropriate to consolidate the ownership of the Chongqing community mall. The Directors consider that the terms of the transaction are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Vendor acquired the Sale Shares and the shareholder's loan at an original cost of HK\$21,644,400.

No Director has a material interest in the acquisition.

## DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 18 October 2019 entered into between Purchaser and Vendor in relation to the proposed acquisition by Purchaser of the 20% equity interests in the Target Company
“Board”	the board of Directors of the Company
“Business Days”	any day (excluding Saturdays, Sundays, and public holidays) on which banks generally are open in Hong Kong for the transaction of normal banking business
“BVI”	British Virgin Islands
“Chongqing Yuntai”	重慶雲太美每家商業運營管理有限公司(Chongqing Yuntai Meijia Commercial Operation Management Company Limited*)
“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)
“connected persons”	bear the same meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK Asia Gain”	HK Asia Gain International Investment Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock

	Exchange
“Purchaser”	State Key Limited, an indirect wholly-owned subsidiary of the Company which is incorporated in the British Virgin Islands with limited liability
“PRC”	People’s Republic of China
“RMB”	Renminbi, the lawful currency of PRC
“Sale Shares”	10,000 ordinary shares of Target Company, representing 20% of the issued share capital of Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Kingxin International Investment Limited, a company incorporated in the BVI with limited liability
“Target Group”	Target Company and all its subsidiaries.
“Vendor”	Lee Hung Yuen
“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, 21 October 2019

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

Executive Directors:	Mr. Cheng Tun Nei ( <i>Chairman &amp; Chief Executive Officer</i> ) Mr. Chan Kar Lee Gary Mr. Lee Cheung Ming
Independent non-executive Directors:	Mr. Shum Pui Kay Mr. Wah Wang Kei Jackie Mr. Chow Yu Chun Alexander