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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF “PONY” BUSINESS
AND
FORMATION OF JOINT VENTURE**

THE DISPOSALS

The Board is pleased to announce that on 6 May 2022, the Company entered into the Agreements, pursuant to which the Company agreed to (i) sell the Subject Business I to the Purchaser; and (ii) sell the Subject Business II to Sym-Icon. The total consideration for the Disposals is US\$28,000,000 (equivalent to approximately HK\$218,400,000) and will be paid by the Purchaser pursuant to the terms of the Agreements.

FORMATION OF JOINT VENTURE

On the same date, upon entering into the Agreements, the Company, the Purchaser and the JV Company entered into the Shareholders' Agreement to govern the rights and obligations of the Company and the Purchaser in the JV Company which will in turn own and operate the Subject Business II. The JV Company will be owned 50% by the Company and 50% by the Purchaser, respectively. The JV Company and Sym-Icon will not be subsidiaries of the Company and its financial results will not be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As the Disposals under the Agreements are entered into with the parties connected or otherwise associated with one another, and also involves the disposal of parts of one asset, pursuant to Rule 14.22 of the Listing Rules, the transactions thereunder shall be aggregated as a series of transaction. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposals (after aggregation) exceed 5% but less than 25%, the Disposals constitute discloseable transactions of the Company and are subject to the notification and announcement requirements but are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Since all the applicable percentage ratios in respect of the Shareholders' Agreement and the transactions contemplated thereunder are less than 5%, the entering into the Shareholders' Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

BACKGROUND

The Board is pleased to announce that on 6 May 2022, the Company entered into the Agreements, pursuant to which the Company agreed to (i) sell the Subject Business I to the Purchaser; and (ii) sell the Subject Business II to Sym-Icon. The total consideration for the Disposals is US\$28,000,000 (equivalent to approximately HK\$218,400,000) and will be paid by the Purchaser pursuant to the terms of the Agreements.

PRINCIPAL TERMS OF THE AGREEMENT I

Date

6 May 2022

Parties

1. The Company, as seller; and
2. The Purchaser, as purchaser.

Subject matter

Pursuant to the Agreement I, the Company has agreed to sell, and the Purchaser has agreed to purchase, the legal and beneficial ownership and title of the Subject Business I comprising the assets (among other things, benefits of the contracts, goodwill, rights, title and interest in the books and records, business information used or held for used in the assets, intellectual property rights, receivables, social media accounts in control of the Group and all title and interests in all other property and assets and all rights (including against third parties) of the Group relating to the Subject Business I) relating to “PONY” brand in the Relevant Jurisdictions, free from any encumbrance at Completion.

PRINCIPAL TERMS OF AGREEMENT II

Date

6 May 2022

Parties

1. The Company; and
2. Sym-Icon, as purchaser.

Subject matters

Pursuant to the Agreement II, the Company has agreed to sell, and Sym-Icon has agreed to purchase the legal and beneficial ownership and title of the Subject Business II. Sym-Icon will own the Subject Business II comprising the assets (among other things, benefits of the contracts, goodwill, rights, title and interest in the books and records, business information used or held for used in the assets, intellectual property rights, receivables, social media accounts in control of the Group and all title and interests in all other property and assets and all rights (including against third parties) of the Group) relating to “PONY” brand in APAC, free from any encumbrance at Completion. Sym-Icon will be 100% owned by the JV Company, which in turn, will be owned 50% by the Company and 50% by the Purchaser, respectively.

Consideration

The total consideration of the Agreement I and the Agreement II for the disposals of Subject Businesses is US\$28,000,000 (equivalent to approximately HK\$218,400,000), which will be paid by the Purchaser for the Disposals simultaneously in the following manners:

- (a) US\$16,500,000 (equivalent to approximately HK\$128,700,000) is payable upon Completion; and

- (b) the remaining balance of US\$11,500,000 (equivalent to approximately HK\$89,700,000) is payable on the date falling 12 months after the Completion Date.

The consideration was determined by the Company and the Purchaser after arm's length negotiations by reference to the book value of the Subject Businesses as at 31 December 2021 and prevailing market conditions.

FORMATION OF THE JV COMPANY

On the same day as executing the Agreements, the Company, the Purchaser and the JV Company entered into the Shareholders' Agreement for the formation of the JV Company for operating the Subject Business II, as well as regulating their respective rights and obligations as the shareholders of the JV Company.

Pursuant to the Shareholders' Agreement, the JV Company will be owned 50% by the Company and 50% by the Purchaser respectively, and the JV Company will be engaged in investment holding and will be the sole shareholder of Sym-Icon, and Sym-Icon will be engaged in holding and operating the "PONY" brand in the APAC region.

FINANCIAL IMPACT OF THE DISPOSALS

The unaudited book value of the Subject Businesses as at 31 December 2021 was approximately US\$18,895,000 (equivalent to approximately HK\$147,381,000). The unaudited financial information of the Subject Businesses for the two years ended 31 December 2021 and 31 December 2020 is as follows:

	Year ended 31 December 2020	Year ended 31 December 2021
	Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>
Profit/(loss) before taxation	186	(2,811)
Loss after taxation	(275)	(3,363)

It is estimated that the Company will realise an unaudited gain of approximately US\$8,150,000 (equivalent to approximately HK\$63,570,000) from the Disposals, which is calculated with reference to the difference between (i) the consideration and (ii) the aggregate of unaudited book value of the Subject Businesses and the estimated expenses and tax to be incurred in connection to the Disposals. The actual amount of gain or loss as a result of the Disposals to be recorded by the Group is subject to review and final audit to be performed by the Company's independent auditors.

REASONS FOR AND BENEFITS OF THE DISPOSALS AND FORMATION OF THE JV COMPANY

The Group's international footwear brand "PONY" has been operating in a number of countries for more than ten years. The Board is of the view that the Disposals offer an excellent opportunity for the Group to focus its business to synergize with the Purchaser to gain leverage on their international resources and the Group's experience to create better value for the JV Company to be operating in the APAC region. Also, the proceeds provide the Group extra resources to focus on the development of other key business segments and pursue other business opportunities. The Group is in ongoing evaluation and making changes where necessary to generate the greatest return. The Board is also of the view that the Disposals will enable the Company to utilize its resources, diversify its investment options; thus, ensuring the healthy and sustainable business development in the long run.

The net proceeds from the Disposals (after deducting direct and indirect expenses) are expected to be approximately US\$27,000,000 (equivalent to approximately HK\$210,600,000), which will be applied by the Group for general working capital use.

The Board (including the independent non-executive Directors) considers that the terms of the Agreements and the Shareholders' Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and are in the interests of the Company and its shareholder as a whole.

INFORMATION ON THE PARTIES

The Group

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

- (1) branding: (i) development and management of "SKINS" and "PONY" trademarks; (ii) retailing and provision of sourcing services for "arena" swimwear and accessories, which will be discontinued; and (iii) sourcing, manufacturing and trading of healthcare products;
- (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.

The Purchaser

The Purchaser is a company incorporated in Luxembourg with limited liability and is principally engaged in investments holding. It is a wholly-owned subsidiary of Iconix International, Inc., which owns, licenses and markets growing portfolio of various consumer brands globally. Iconix International, Inc. licenses its brands to a network of leading retailers and manufacturers that touch every major segment of retail distribution in both the United States of America and worldwide. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is third party independent of the Company and is not connected with the Group.

The JV Company and Sym-Icon

The JV Company is a company newly incorporated in the British Virgin Islands in March 2022, which is principally engaged in investment holding and is the sole shareholder of Sym-Icon, a company newly incorporated in Hong Kong in April 2022 and will be engaged in holding and operating the “PONY” brand in the APAC region. The JV Company is owned and will be owned as to 50% by the Company and 50% by the Purchaser respectively as at the date of this announcement and immediately after the Completion. The JV Company and Sym-Icon will not become subsidiaries of the Company, and its financial results will not be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As the Disposals under the Agreements are entered into with the parties connected or otherwise associated with one another, and also involves the disposal of parts of one asset, pursuant to Rule 14.22 of the Listing Rules, the transactions thereunder shall be aggregated as a series of transaction. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposals (after aggregation) exceed 5% but less than 25%, the Disposals constitute discloseable transactions of the Company and are subject to the notification and announcement requirements but are exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

Since all the applicable percentage ratios in respect of the Shareholders’ Agreement and the transactions contemplated thereunder are less than 5%, the entering into the Shareholders’ Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, the terms below have the following meaning in this announcement:

“Agreement I”	the business sale and purchase agreement dated 6 May 2022 entered into between the Company as seller and the Purchaser in relation to the transfer of the Subject Business I to the Purchaser
“Agreement II”	the business sale and purchase agreement dated 6 May 2022 entered into between the Company and Sym-Icon in relation to the transfer of the Subject Business II to Sym-Icon
“Agreements”	the Agreement I and the Agreement II
“APAC”	Australia, Bangladesh, Brunei, Cambodia, Fiji, Hong Kong, Indonesia, Japan, Laos, Kazakhstan, Kyrgyzstan, Macau, Malaysia, Mongolia, Myanmar, New Zealand, Pakistan, Papua New Guinea, Philippines, Singapore, South Korea, Thailand, Uzbekistan and Vietnam
“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 transfer of ownership of Subject Businesses pursuant to the Agreements
“Completion Date”	the date of the Agreements
“connected person(s)”	the meaning ascribed to this term under the Listing Rules
“Directors(s)”	the director(s) of the Company
“Disposals”	the disposals of the Subject Business I to the Purchaser and the Subject Business II to Sym-Icon respectively pursuant to the terms and conditions of the Agreements
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“intellectual property rights”	(a) patents, all reissues, divisions, renewals, extensions, continuations and continuations in part thereof, rights in inventions and invention disclosures, and utility models, (b) trade marks, (c) domain names and rights with respect to domain names, (d) registered designs, design rights, and rights in designs, (e) copyright, neighbouring rights and rights in software and works of authorship (whether copyrightable or not), (f) database rights, (g) rights in business information, trade secrets, know how and confidential information of all kinds, and (h) any other intellectual property rights, industrial property rights, proprietary rights or rights that are similar to any of the foregoing, which may subsist now or in the future, in each case of (a) through (h) in any part of the world and whether or not registered, issued or granted, or subject to a pending application for registration, issuance or grant, and including any registration of and application (and rights to apply) for, registration, issuance or grant, or renewals or extensions of, and all rights to claim priority from, any of the foregoing
“JV Company”	Wisdom Class International Limited, a company incorporated in the British Virgin Islands with limited liability, and is owned and will be owned as to 50% by the Company and 50% by the Purchaser at the date of this announcement and immediately after the Completion
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Luxembourg Pony Holdings S.à r.l., a company incorporated in Luxembourg with limited liability and is a wholly-owned subsidiary of Iconix International, Inc.
“Relevant Jurisdictions”	the jurisdictions in which any member of the Group holds assets relating to the “PONY” brand, and excluding APAC and any assets located in or relating to the PRC or Taiwan
“Shareholders’ Agreement”	a shareholders’ agreement dated 6 May 2022 entered into between the Company, the Purchaser and the JV Company in relation to formation of the JV Company for holding and operating the Subject Business II
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subject Business I”	the assets held by any member of the Group relating to the “PONY” brand carried on in the Relevant Jurisdictions on the date of the Agreement I and from time to time
“Subject Business II”	the assets held by any member of the Group relating to the “PONY” brand carried on in APAC on the date of the Agreement II and from time to time
“Subject Businesses”	Subject Business I and Subject Business II
“Sym-Icon”	Sym-Icon Holdings Limited, a company incorporated in Hong Kong with limited liability and being the wholly-owned subsidiary of the JV Company
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For the purpose of this announcement, conversion of US\$ into HK\$ is based on the approximate exchange rate of US\$1.0 to HK\$7.8. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or US\$ 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, 6 May 2022

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

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

* *For identification purpose only*