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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 25% INTEREST  
IN A NON-WHOLLY OWNED SUBSIDIARY**

**THE ACQUISITION**

The Board announces that on 5 December 2023, the Company (as purchaser) and IPA (as seller) have entered into the Share Sale and Purchase Agreement pursuant to which the Company has agreed to purchase, and IPA has agreed to sell, the Sale Shares, representing 25% of the total issued shares of SYM ITO for the Consideration of USD1,000,000 (equivalent to approximately HKD7,800,000), which will be paid in cash by the Company to IPA before the Long Stop Date.

As of the date of this announcement, SYM ITO is a non-wholly owned subsidiary of the Company and held as to 60% by the Company, 25% by IPA and 15% by ITOCHU. Upon Completion, the Company will hold 85% interest in SYM ITO while ITOCHU will retain 15% of equity interest in SYM ITO and SYM ITO will remain a non-wholly owned subsidiary of the Company.

**LISTING RULE IMPLICATIONS**

As IPA 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 IPA 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 5 December 2023, the Company entered into the Share Sale and Purchase Agreement with IPA, pursuant to which, the Company has agreed to purchase, and IPA has agreed to sell, the Sale Shares, representing 25% of all the issued shares of SYM ITO for the Consideration of USD1,000,000 (equivalent to approximately HKD7,800,000). Upon Completion, the Company will hold 85% interest in SYM ITO and SYM ITO will remain a non-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	:	5 December 2023
Parties	:	(i) IPA (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 IPA has agreed to sell, the Sale Shares, representing 25% of all issued shares of SYM ITO.
Consideration and Payment	:	The Consideration for the Acquisition is USD1,000,000 (equivalent to approximately HKD7,800,000), 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 before the Long Stop Date.

## **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;
- (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, ITOCHU and IPA. 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 of the date of this announcement, SYM ITO is a non-wholly owned subsidiary of the Company and held as to 60% by the Company, 25% by IPA and 15% by ITOCHU. Upon Completion, the Company will hold 85% interest in SYM ITO while ITOCHU will retain 15% of equity interest in SYM ITO and SYM ITO will remain a non-wholly owned subsidiary of the Company.

The net asset value of SYM ITO Group as at 31 December 2022 was approximately USD1,723,000 (equivalent to approximately HKD13,439,400). The audited financial information of SYM ITO Group for the two years ended 31 December 2022 and 31 December 2021 is as follows:

	<b>For the year ended 31 December</b>			
	<b>2021</b>		<b>2022</b>	
	(Audited)	Equivalent to	(Audited)	Equivalent to
	<i>USD '000</i>	<i>HKD '000</i>	<i>USD '000</i>	<i>HKD '000</i>
Profit/(loss) before taxation	119	928	(1,908)	(14,882)
Profit/(loss) after taxation	102	796	(1,917)	(14,953)

The original cost of investment incurred by IPA in respect of the Sale Shares amounted to approximately USD1,000,000 (equivalent to approximately HKD7,800,000), representing IPA’s capital contribution to SYM ITO.

## **IPA**

IPA is a company incorporated in Hong Kong with limited liability and principally engaged in sourcing and management of the manufacturers in textile products. It is a shareholder of SYM ITO and is indirectly wholly owned by ITOCHU of which ITOCHU is the sole ultimate beneficial owner of IPA.

## **REASONS FOR, AND BENEFITS OF, THE ACQUISITION**

SYM ITO, currently a 60% 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 acquiring a larger stake in 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 further consolidate the Group’s 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 IPA 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 IPA 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
“Completion Date”	the date of Completion (provided that such date shall not be later than the Long Stop Date, or such other date as may be agreed between the Company and IPA)
“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
“IPA”	ITOCHU Textile Prominent (Asia) Limited, a company incorporated in Hong Kong with limited liability, a shareholder of SYM ITO and is indirectly wholly owned by ITOCHU
“ITOCHU”	ITOCHU Corporation, 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/export, and overseas trading of various products such as textile, machinery, metals, minerals, energy, chemicals, food, general products, realty, information and communications technology, and finance, as well as business investment in Japan and overseas
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	29 December 2023 (or such later date as the parties in the Share Sale and Purchase Agreement may otherwise agree in writing)
“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”	1,000,000 ordinary shares of SYM ITO, representing 25% of the total issued shares of SYM ITO
“Share Sale and Purchase Agreement”	the agreement dated 5 December 2023 entered into between the Company and IPA 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 60%, 25% and 15% by the Company, IPA 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, 5 December 2023

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

*Executive Directors:*

Mr. Cheng Tun Nei (*Chairman & Chief Executive Officer*)  
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

*\* For identification purpose only*