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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)

(Warrant Code: 01537)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE ACQUISITION OF 40% EQUITY INTERESTS
IN TARGET COMPANY**

THE ACQUISITION

The Board is pleased to announce that on 12 October 2018 (after the trading hours of the Stock Exchange), Perfect Day Ventures Limited (an indirect wholly owned subsidiary of the Company) (“**Purchaser**”) and Perfect Mega International Limited (“**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 40% of the issued share capital of the Target Company at a consideration of HK\$72,200,000.

IMPLICATIONS UNDER THE LISTING RULES

As more than one of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Acquisition are more than 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

On 12 October 2018 (after the trading hours of the Stock Exchange), the Purchaser, entered into the Agreement with the Vendor pursuant to which the Vendor has agreed to

* For identification purpose only

sell and the Purchaser has agreed to purchase the Sale Shares representing 40% of the issued share capital of the Target Company at a consideration of HK\$72,200,000.

THE AGREEMENT

Date:

12 October 2018

Parties:

- (i) Perfect Day Ventures Limited, as Purchaser; and
- (ii) Perfect Mega International Limited, as Vendor.

The Group currently holds a 60% equity interests in the Target Company through the Purchaser. The Target Company is currently accounted for as a joint venture company of the Group. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

The Vendor is an investment holding company incorporated in the BVI. Save as aforesaid, to the best of the Directors' knowledge, information and belief after making reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Assets to be acquired:

Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares. The Sale Shares represent 40% of the issued share capital of the Target Company.

Consideration:

The consideration for the Sale Shares is HK\$72,200,000 and will be financed by the Group's internal resources. The amount shall be settled in the following manner:

- (i) HK\$62,200,000 is payable within 5 Business Days upon the signing of the Agreement ("**First Installment**");
- (ii) the remaining HK\$10,000,000 is payable on 15th April 2019 ("**Second Installment**") if the unaudited financial statements of the Target Group indicates an unaudited profit of HK\$11,000,000 after tax for the financial year ended 31st December 2018 ("**Audit Cut Off Date**").

If there is any accounts receivable arising from the ordinary and usual course of business of SBTL that remains outstanding after the Audit Cut Off Date and unsettled by 13th April 2019 (“**Outstanding Receivable**”), the Second Installment payable to the Vendor will be adjusted by deducting the Outstanding Receivable.

The Consideration was determined after arm’s length negotiations between Vendor and Purchaser on normal commercial terms with reference to the valuation conducted by an independent third party valuer adopting the income approach. The valuation of 100% of the equity value of the Target Group is HK\$187,342,000. The Consideration has been slightly adjusted due to the partnership between the Vendor and the Purchaser.

Profit Guarantee:

Pursuant to the Agreement, the Vendor unconditionally and irrevocably represents and warrants to and undertakes with the Purchaser that for the financial year ending on 31 December 2018, the Consolidated Net Profit of the Target Group shall not be less than HK\$11,000,000 (“**Profit Guarantee**”). This Profit Guarantee shall survive upon Completion.

If there shall be any shortfall in relation to the Consolidated Net Profit of the Target Group for the financial year ending on 31 December 2018, the Purchaser shall deduct the shortfall from the Second Installment payable to the Vendor.

INFORMATION ON TARGET COMPANY

The Target Company is an investment holding company incorporated in the BVI with limited liability. It is accounted for as a joint venture company of the Group.

SBTL is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company. SBTL is principally engaged in sourcing, manufacturing, designing, packaging, wholesaling and trading of health supplement products in Hong Kong.

Set out below are the consolidated summary of the unaudited financial information of the Target Group prepared under the Hong Kong Financial Reporting Standards for the two years ended 31 December 2017 and 2016:

	<i>For the year ended 31 December 2016 HK\$000</i>	<i>For the year ended 31 December 2017 HK\$000</i>
Turnover	27,943	39,731
Profit before taxation	11,862	12,107
Profit after taxation	9,888	10,082

REASONS FOR THE ACQUISITION

The principal activities of the Group consist of retailing and sourcing, outlet malls, duty free, branding, financial services and property investment and holding.

Given the market size of an aging population, rising living standards and increased awareness of the physical well-being of urban citizens, the Group considers that the Acquisition represents a good opportunity and important step for the Group to tap into the health supplement industry, diversify and broaden the business horizon and income source of the Group.

The Directors are of the view that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the 40% equity interests in the Target Company pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 12 October 2018 entered into between Purchaser and Vendor in relation to the proposed acquisition by Purchaser of the 40% 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
“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 and Warrant code: 01537)

“Completion”	completion of the Acquisition under the Agreement
“connected persons”	bear the same meaning ascribed thereto under the Listing Rules
“Consolidated Net Profit of the Target Group”	the consolidated net profit after tax of the Target Group which is based on SBTL’s audited accounts for the respective financial year
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“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”	Perfect Day Ventures Limited, an indirect wholly-owned subsidiary of the Company which is incorporated in the BVI with limited liability
“Sale Shares”	20,000 ordinary shares of Target Company, representing 40% of the issued share capital of Target Company
“SBTL”	Supremium Bio-Technology Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Aggressive Resources Limited, a company incorporated in the BVI with limited liability
“Target Group”	Target Company and its subsidiary, SBTL
“Vendor”	Perfect Mega International Limited, an investment holding company incorporated in the BVI
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

