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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)

**CONTINUING CONNECTED TRANSACTIONS
MASTER MANUFACTURING AND LICENSING AGREEMENT**

The Company is pleased to announce that on 20 December 2021 (after trading hours), the Company, SYM ITO (a direct non-wholly owned subsidiary of the Company) and IPA entered into a Master Manufacturing and Licensing Agreement for the provision of services in sourcing, engaging and managing manufacturers to manufacture “SKINS” Products and purchase a variety of Products from IPA, including but not limited to “SKINS” Products and other branded Products sourced by IPA.

LISTING RULES IMPLICATIONS

As at the date of this announcement, IPA and ITOCHU are shareholders of SYM ITO and IPA is a non-wholly owned subsidiary of ITOCHU. Therefore, IPA is a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. As such, the Master Manufacturing and Licensing Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the maximum annual cap under the Master and Manufacturing and Licensing Agreement calculated with reference to the Listing Rules are less than 5%, the Master Manufacturing and Licensing Agreement is subject to the notification, announcement and annual review requirements but exempt from circular, independent financial advice and shareholders’ approval requirements under Rule 14A.76 of the Listing Rules.

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THE MASTER MANUFACTURING AND LICENSING AGREEMENT

Date

20 December 2021 (after trading hours)

Parties

- (i) the Company;
- (ii) SYM ITO; and
- (iii) IPA

Term

The term of the Master Manufacturing and Licensing Agreement is from 20 December 2021 to 31 December 2023.

Nature of transactions

SYM ITO will engage IPA for the provision of services in sourcing, engaging and managing manufacturers to manufacture “SKINS” Products and purchase a variety of Products from IPA, including but not limited to “SKINS” Products and other branded Products sourced by IPA.

Pricing

The purchase price for the Products is the manufacturing cost of the Products plus 10% of the manufacturing cost as the service fee to be paid to IPA. The service fee is determined after an arm’s length negotiation between the parties in relation to the responsibilities of IPA in the sourcing and manufacturing process. The manufacturing cost of the Products shall be no less favourable than those quoted by the Company from the manufacturers, which shall be reviewed by the Company from time to time.

Payment Terms

The payment terms will be 60 days from the date of delivery of the Products.

Purchase Contracts

SYM ITO shall enter into specific purchase contracts with IPA, which adopt the terms and conditions set out in the Master Manufacturing and Licensing Agreement and the standard terms and conditions of SYM ITO prevailing at the time of execution of such purchase contract. The purchase contracts will set out detailed terms (e.g. the payment terms) of the sale and purchase of Products.

Termination

The Master Manufacturing and Licensing Agreement may not be terminated unless either party breaches a term of the Master Manufacturing and Licensing Agreement and the breach is (i) incapable of remedy; or if capable of remedy, the other party fails to rectify the breach within 30 days after receiving notice to do so; or (ii) the other party enters into liquidation, bankruptcy or insolvency proceedings. SYM ITO may terminate the Master Manufacturing and Licensing Agreement for material repeated failures by IPA or manufacturer to provide Products.

The annual caps

The Board estimates that the annual cap for each of the following periods shall be:

Financial Year Ending	Caps <i>(USD million)</i>
31 December 2021	6.2
31 December 2022	9.4
31 December 2023	11.0

During the financial year ending 31 December 2021 and as at the date of this announcement, SYM ITO has purchased approximately USD2.1 million of Products from IPA, which is fully exempted from the disclosure requirements under the Listing Rules and will be included in the annual caps of the financial year ending 31 December 2021 under the Master Manufacturing and Licensing Agreement.

The terms of the Master Manufacturing and Licensing Agreement were determined after an arm's length negotiation between the parties. In determining each of the annual caps, the Board has considered the current turnover and expected business growth of the branding business and possible further increase in purchases of the Group in light of the development of sales platforms in the coming 3 years (depending on its business expansion plans and operational needs).

INFORMATION ON THE PARTIES

The Group and SYM ITO

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

- (1) Branding: (i) development and management of "PONY" and "SKINS" trademarks; (ii) retailing and provision of sourcing services for "arena" swimwear and accessories; 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.

SYM ITO is a joint venture company incorporated in Hong Kong for the joint venture business between the Company, ITOCHU and IPA. Its principal activities are designing, manufacturing, marketing and distributing the compression and high-performance sportswear and apparels of “SKINS”.

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 non-wholly owned by ITOCHU.

REASONS FOR AND BENEFITS OF THE MASTER MANUFACTURING AND LICENSING AGREEMENT

As one of the principal businesses of the Group is the development and management of “SKINS” trademarks, the entering of the Master Manufacturing and Licensing Agreement will procure the Group to have a stable quality in the branding products, as well as SYM ITO may enjoy a long term and stable credit term of sixty (60) days after the date of shipments for the newly developed brand. Moreover, IPA is experienced in sourcing and management of manufacturers and the Master Manufacturing and Licensing Agreement may reduce of cost of the Products.

Having considered the above and the terms of the Master Manufacturing and Licensing Agreement, the Directors (including the independent non-executive Directors) are of the view that the transaction contemplated under the Master Manufacturing and Licensing Agreement is entered into on normal commercial terms and in the ordinary and usual course of business of the Group and the terms and the annual caps of the Master Manufacturing and Licensing Agreement are fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Board”	the board of Directors
“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: 1223)
“connected person(s)”	has the meaning ascribed to it by the Listing Rules
“Director(s)”	the 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
“IPA”	ITOCHU Textile Prominent (Asia) Limited, a company incorporated in Hong Kong with limited liability, a shareholder of SYM ITO and is non-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)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Products”	all existing and future graduated compression garments, supporting activewear garments, sport related products developed and protected by intellectually property rights by SYM ITO or the Company including but not limited to: <ol style="list-style-type: none">compression garments and sports apparel bearing the “SKINS” brand;custom clothing ordered to IPA;all accessories including hats and bags ordered to IPA;footwear ordered to IPA; andall products ordered to IPA or be compression garments or sports apparel bearing the “SKINS” brand developed by SYM ITO or the Company

“Master Manufacturing and Licensing Agreement”	the master manufacturing and licensing agreement dated 20 December 2021 and entered into between the Company, SYM ITO and IPA
“USD”	United States dollars, the lawful currency of the United States of America
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SYM ITO”	SYM ITO Sales and Distribution Company Limited, a company incorporated in Hong Kong with limited liability and is a direct non-wholly owned subsidiary of the Company

By order of the Board
Symphony Holdings Limited
Cheng Tun Nei
Chairman

Hong Kong, 20 December 2021

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

<i>Executive Directors:</i>	Mr. Cheng Tun Nei (<i>Chairman & 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*