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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
MARGIN FINANCING AGREEMENTS

Reference were made to the announcements of the Company dated 31 December 2018 and 31 October 2019 in relation to the provision of margin financing services to the connected persons of the Company. The terms of the Existing Margin Financing Agreements for Mr. Cheng (together with GCL), Mr. Lee and Ms. Fung will expire on 31 December 2021, 29 October 2022 and 31 December 2021 respectively.

The Board hereby announces that on 29 December 2021 (after trading hours), China Rise entered into the New Margin Financing Agreements (with identical terms save as the margin loan amounts) with each of Mr. Cheng (together with GCL), Mr. Lee and Ms. Fung, pursuant to which China Rise agreed to grant Mr. Cheng (together with GCL), Mr. Lee and Ms. Fung the margin loan amounts of up to HK\$17,000,000, HK\$15,000,000 and HK\$10,000,000 for a fixed term of three years commencing from 1 January 2022 to 31 December 2024 respectively. The existing margin financing agreement for Mr. Lee will be terminated on the date on which the New Margin Financing Agreements become effective.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Cheng and Mr. Lee are the executive Directors and Mr. Cheng, holding approximately 40.89% of the Shares (in which approximately 36.02% of the Shares are held through GCL), is also a substantial shareholder of the Company. Ms. Fung is a director of certain subsidiaries of the Company (including China Rise). Therefore, each of them is a connected person of the Company under Chapter 14A of the Listing Rules. As such, each of the New Margin Financing Agreements and the transactions contemplated thereunder constitutes separate continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In relation to each of the annual caps of the New Margin Financing Agreements, as all applicable percentage ratios calculated with reference to the Listing Rules are less than 5%, each of the New Margin Financing Agreements is subject to the notification, announcement and annual review requirements but exempt from circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

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THE NEW MARGIN FINANCING AGREEMENTS

Date

29 December 2021 (after trading hours)

Parties

- (i) China Rise; and
- (ii) each of Mr. Cheng (together with GCL), Mr. Lee and Ms. Fung

Term

Three years commencing from 1 January 2022 to 31 December 2024

Interest rate

The interest rate agreed to be charged by China Rise and payable by each of Mr. Cheng (together with GCL), Mr. Lee and Ms. Fung for the margin financing services are at 3% over the Hong Kong Dollars prime rate per annum. The interest rate is determined with reference to the rates offered in the market by other securities brokers for services of a similar nature.

Historical figures

The maximum outstanding balance of margin loans provided by China Rise to each of Mr. Cheng (together with GCL), Mr. Lee and Ms. Fung for the years ended 31 December 2019 and 31 December 2020 and the period from 1 January 2021 to 30 November 2021 are set out below:

Maximum Outstanding Balance of Margin Loans	Period	From 1 January 2019 to 31 December 2019 HK\$'000	From 1 January 2020 to 31 December 2020 HK\$'000	From 1 January 2021 to 30 November 2021 HK\$'000
	Mr. Cheng (together with GCL)	8,945	8,146	9,163
	Mr. Lee	9,646	9,879	8,787
	Ms. Fung	3,080	3,014	3,015

The new annual caps

The new maximum outstanding balance of the margin loans to be provided by China Rise to each of Mr. Cheng (together with GCL), Mr. Lee and Ms. Fung for the years ending 31 December 2022, 31 December 2023 and 31 December 2024 are set out below:

Maximum Outstanding Balance of Margin Loans	Period	For the year ending 31 December 2022 HK\$'000	For the year ending 31 December 2023 HK\$'000	For the year ending 31 December 2024 HK\$'000
	Mr. Cheng (together with GCL)	17,000	17,000	17,000
	Mr. Lee	15,000	15,000	15,000
	Ms. Fung	10,000	10,000	10,000

The New Margin Financing Agreements separately offer to each of Mr. Cheng (together with GCL), Mr. Lee and Ms. Fung subject to each of them having provided a cash deposit of HK\$17,000,000, HK\$15,000,000 and HK\$10,000,000 respectively or assets of equivalent value by way of collateral. Any payment obligations arising from the New Margin Financing Agreements will be satisfied by the internal resources of the Group.

The terms of the New Margin Financing Agreements were determined after an arm's length negotiation between China Rise and each of Mr. Cheng (together with GCL), Mr. Lee and Ms. Fung. In determining each of the new annual caps, the Board has considered the current state of the securities market and the anticipated trading volume and the historical amounts of the previous transactions by each of Mr. Cheng (together with GCL), Mr. Lee and Ms. Fung. Each of the New Margin Financing Agreements is (i) no less favourable to China Rise than those offered to independent third parties; and (ii) in accordance with the relevant pricing policy of China Rise which will be reviewed from time to time and subject to adjustments at the discretion of the Company for the purpose of alignment with the prevailing market practice.

INFORMATION ON THE PARTIES

The Group and China Rise

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.

China Rise is a licensed corporation incorporated in Hong Kong with limited liability to carry on Types 1, 4 and 9 regulated activities under the Securities and Futures Ordinance and an indirect wholly-owned subsidiary of the Company. Its principal activities are dealing in securities and in the ordinary and usual course of its business, offering securities margin financing (within the meaning of Rule 14.04(1)(e)(iii)(A) of the Listing Rules) to its clients.

Mr. Cheng, GCL, Mr. Lee and Ms. Fung

Mr. Cheng is an executive Director and a substantial shareholder of the Company. He is also a director and the sole shareholder of GCL.

GCL is an investment holding company incorporated in the British Virgin Islands with limited liability. It is a substantial shareholder of the Company and wholly owned by Mr. Cheng.

Mr. Lee is an executive Director and the brother-in-law of Mr. Cheng.

Ms. Fung is a director of certain subsidiaries of the Company (including China Rise).

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW MARGIN FINANCING AGREEMENTS

As one of the principal businesses of the Group is provision of financial services (including the provision of margin financing), the termination of the existing margin financing agreement for Mr. Lee and the entering of the New Margin Financing Agreements is expected to contribute to the turnover of the Group by way of generating more interest income under the New Margin Financing Agreements.

Having considered the above and the terms of the New Margin Financing Agreements, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under each of the New Margin Financing Agreements are entered into on normal commercial terms and in the ordinary and usual course of business of the Group and the terms of the New Margin Financing Agreements are fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Cheng and Mr. Lee are the executive Director and Mr. Cheng, holding approximately 40.89% of the Shares (in which approximately 36.02% of the Shares are held through GCL), is also a substantial shareholder of the Company. Ms. Fung is a director of certain subsidiaries of the Company (including China Rise). Therefore, each of them is a connected person of the Company under Chapter 14A of the Listing Rules. As such, each of the New Margin Financing Agreements and the transactions contemplated thereunder constitutes separate continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In relation to each of the annual caps of the New Margin Financing Agreements, as all applicable percentage ratios calculated with reference to the Listing Rules are less than 5%, each of the New Margin Financing Agreements is subject to the notification, announcement and annual review requirements but exempt from circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

As Mr. Cheng and Mr. Lee are respectively having interests in the New Margin Financing Agreements, they have been abstained from voting on the board resolutions approving the respective New Margin Financing Agreements.

DEFINITIONS

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

“Board”	the board of Directors
“China Rise”	China Rise Securities Asset Management Company Limited, a licensed corporation incorporated in Hong Kong with limited liability to carry on Types 1, 4 and 9 regulated activities under the Securities and Futures Ordinance (CE No.: ASZ577) and an indirect wholly-owned subsidiary of the Company
“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
“Existing Margin Financing Agreements”	collectively: <ol style="list-style-type: none">1. the margin financing agreement dated 31 December 2018 and entered into between China Rise and Mr. Cheng (together with GCL);2. the margin financing agreement dated 31 December 2018 and entered into between China Rise and Ms. Fung; and3. the margin financing agreement dated 30 October 2019 and entered into between China Rise and Mr. Lee
“GCL”	Gold silk Capital Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Cheng
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$/Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Cheng”	Mr. Cheng Tun Nei, an executive Director and a substantial shareholder of the Company and is also a director and the sole shareholder of GCL
“Mr. Lee”	Mr. Lee Cheung Ming, an executive Director and the brother-in-law of Mr. Cheng
“Ms. Fung”	Ms. Fung Kim Wan, Ewim, a director of certain subsidiaries of the Company (including China Rise)
“New Margin Financing Agreements”	collectively: <ol style="list-style-type: none"> 1. the margin financing agreement dated 29 December 2021 and entered into between China Rise and Mr. Cheng (together with GCL); 2. the margin financing agreement dated 29 December 2021 and entered into between China Rise and Mr. Lee; and 3. the margin financing agreement dated 29 December 2021 and entered into between China Rise and Ms. Fung
“Share(s)”	ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 29 December 2021

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