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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Symphony Holdings Limited, you should at once hand this circular with the enclosed proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Symphony Holdings Limited.



SYMPHONY
SYMPHONY HOLDINGS LIMITED
新豐集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 01223)

MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF 70% EQUITY INTERESTS IN ARENA SHANGHAI
AND
NOTICE OF SGM

A notice convening the special general meeting (the “SGM”) of Symphony Holdings Limited to be held at the Boardroom, 10/F., Island Place Tower, 510 King’s Road, North Point, Hong Kong on Friday, 25 March 2022 at 10:30 a.m. is set out on pages SGM-1 to SGM-4 of this circular. Whether or not you are able to attend the SGM, you are advised to read the notice and complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the scheduled time (i.e. Wednesday, 23 March 2022 at 10:30 a.m.) for holding the SGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the SGM of the Company:

- (1) compulsory temperature checks
- (2) submission of Health Declaration Form
- (3) wearing of surgical face mask
- (4) no provision of refreshment and souvenir

Attendees who do not comply with the precautionary measures referred to in (1) to (3) above may be denied entry to the SGM venue, at the absolute discretion of the Company as permitted by law.

In light of the latest pandemic controlling measures adopted by the Hong Kong government, including the restriction on conducting physical general meeting of companies, as well as the uncertainty of the development of COVID-19 pandemic and other corresponding restrictions, the SGM may be a hybrid meeting and the Company will make further announcement for the hybrid arrangement when necessary. For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy and to return their proxy forms by the time specified above, instead of attending the SGM in person.

* For identification purpose only

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DEFINITIONS

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

“Agreement”	the share purchase agreement dated 7 January 2022 entered into between the Parties
“Arena Shanghai”	Arena Shanghai Industrial Co., Limited (阿瑞娜(上海)實業有限公司), a corporation established in the PRC with limited liability and is owned as to 70% by the Seller and 30% by Shanghai Descente
“Board”	the board of Directors of the Company
“CASBE”	China Accounting Standards for Business Enterprises
“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 assignment or transfer of ownership of the Equity pursuant to the Agreement
“Completion Date”	the date of Completion
“Conditions Precedent”	the conditions precedent to the Agreement, as described in the section headed “Letter from the Board – Principal terms of the Agreement – Conditions precedent” of this circular, and the term “Condition Precedent” shall refer to any of the Conditions Precedent
“connected person(s)”	the meaning ascribed to this term under the Listing Rules
“Deed of Guarantee by the Company”	the deed of guarantee in the form prescribed by the Agreement executed by the Company as guarantor and the Purchaser as guarantee on 7 January 2022
“Deed of Guarantee by the Seller”	the deed of guarantee in the form prescribed by the Agreement executed by the Seller as guarantor and Arena Shanghai as guarantee on 7 January 2022
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Equity by the Seller to the Purchaser pursuant to the terms and conditions of the Agreement

DEFINITIONS

“Distribution Agreement”	the distribution agreement dated 27 February 2017 entered into between the Company, Arena Shanghai, Shanghai Descente and the Purchaser
“Encumbrance”	(a) any mortgage, charge, pledge, lien, hypothecation, deed of trust, title retention, security interest, or other third-party rights of any kind securing or conferring any priority of payment in respect of any obligation of any person, any other restriction or limitation; (b) any easement or covenant granting a right of use or occupancy to any person; (c) any proxy, power of attorney, voting trust agreement, interest, option, right of first offer, right of pre-emptive negotiation, or refusal or transfer restriction in favor of any person; (d) any adverse claim as to title, possession, or use, and includes any agreement or arrangement for any of the same
“Equity”	70% of the equity interests in the registered capital of Arena Shanghai
“Extension and Termination Agreement for the Distribution Agreement”	the agreement to extend the term of and to terminate the Distribution Agreement entered into between the Seller, the Company, Shanghai Descente, the Purchaser and Arena Shanghai on 7 January 2022 (after trading hours) pursuant to the terms of the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the joint venture agreement for Arena Shanghai entered into between the Seller, the Company, Shanghai Descente, the Purchaser and Arena Shanghai on 27 February 2017
“Latest Practicable Date”	21 February 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Parties”	the Seller, the Company, the Purchaser and Shanghai Descente, and the term “Party” shall refer to any one of them
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchase Money”	the aggregate purchase money to be paid by the Purchaser in RMB to the Seller for the Equity pursuant to the Agreement
“Purchaser”	Descente, Ltd., a corporation incorporated in Japan with limited liability and the issued shares of which are listed on the Tokyo Stock Exchange (stock code: 8114)
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Tian Feng (Shanghai) Apparel and Accessory Trading Co., Ltd.* (添峯(上海)服飾貿易有限公司), a corporation established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider, and, if thought fit, approve the Agreement and the transactions contemplated thereunder (including but not limited to the Disposal, the Deed of Guarantee by the Company, the Deed of Guarantee by the Seller, the Termination Agreement for the JV Agreement and the Extension and Termination Agreement for the Distribution Agreement)
“SGM Notice”	the notice of the SGM
“Shanghai Descente”	Shanghai Descente Commercial Co. Ltd. (上海迪桑特商業有限公司), a corporation established in the PRC with limited liability and a substantial shareholder of Arena Shanghai
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Arena (Shanghai) Network Science and Technology Co., Ltd.* (阿瑞娜(上海)網絡科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Arena Shanghai
“Termination Agreement for the JV Agreement”	the agreement to terminate the JV Agreement entered into between the Seller, the Company, Shanghai Descente, the Purchaser and Arena Shanghai on 7 January 2022 (after trading hours) pursuant to the terms of the Agreement
“%”	per cent.

LETTER FROM THE BOARD



SYMPHONY
SYMPHONY HOLDINGS LIMITED
新豐集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 01223)

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal place of business

in Hong Kong:
10/F., Island Place Tower
510 King's Road
North Point
Hong Kong

24 February 2022

To the Shareholders

Dear Sirs,

**MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF 70% EQUITY INTERESTS IN ARENA SHANGHAI
AND
NOTICE OF SGM**

INTRODUCTION

On 7 January 2022 (after trading hours), the Board announced that the Seller (a wholly-owned subsidiary of the Company), the Company, the Purchaser and Shanghai Descente entered into the Agreement, pursuant to which the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Equity.

* *For identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among that things, (i) further information on the Agreement and the transactions contemplated thereunder; (ii) the SGM Notice; and (iii) other information as required under the Listing Rules.

PRINCIPAL TERMS OF THE AGREEMENT

Date

7 January 2022 (after trading hours)

Parties

- (i) the Seller, as seller;
- (ii) the Company, as guarantor of the Seller;
- (iii) the Purchaser, as purchaser; and
- (iv) Shanghai Descente.

Subject matter

Subject to the terms of the Agreement, the Seller, as the registered holder and beneficial owner of the Equity, agrees to sell to the Purchaser, and the Purchaser agrees to purchase from the Seller, on the Completion Date, the Equity, free from any Encumbrance and together with all rights, benefits and advantages attached or accruing to the Equity on and after the date of the Agreement.

Consideration

The aggregate purchase money to be paid by the Purchaser in RMB to the Seller for the Equity is RMB22,129,691.74. The Purchase Money shall be paid on the Completion Date. The amount of the Purchase Money was determined after arm's length negotiations between the Parties with reference to, among others, the net asset value of Arena Shanghai of approximately RMB41,899,000, in accordance with CASBE, with certain adjustments, including but not limited to a deduction of the penalty which arose from not meeting the minimum purchase in 2021 under the Distribution Agreement of approximately RMB4,836,000, and a deduction of the pay out of staff compensation incurred before the Disposal of approximately RMB3,369,000. The net asset value of Arena Shanghai after adjustments was approximately RMB31,614,000 in accordance with CASBE. In light of the aforesaid, the Directors are of the view that the amount of the Purchase Money is fair and reasonable.

LETTER FROM THE BOARD

Conditions precedent

The obligation of the Purchaser to purchase the Equity from the Seller and the obligation of the Seller to sell the Equity to the Purchaser at the Completion are subject to the fulfilment on or prior to the Completion Date, or waiver (if applicable) by the relevant Party, of the following Conditions Precedent:

- (A) conditions precedent to be fulfilled before the execution of the Agreement:
 - (i) agreement to extend the term of the Distribution Agreement to the Completion Date having been duly executed by the relevant parties; and
 - (ii) any outstanding shareholder's loan granted by the Seller to Arena Shanghai having been fully repaid in accordance with the terms of the loan agreement entered into between the Seller and Arena Shanghai;

- (B) conditions precedent to be fulfilled before the Completion:
 - (i) all the originals and copies of the agreements (including among others, the Agreement, the Deed of Guarantee by the Company and the Deed of Guarantee by the Seller) having been duly entered into, delivered by sending them out in the manner prescribed in the Agreement;
 - (ii) all the necessary procedures applicable to the Company for the purpose of the Completion pursuant to the Hong Kong laws and Stock Exchange regulations, including but not limited to obtaining the approval of the shareholders of the Company at its special general meeting, having been duly completed;
 - (iii) the valuation report(s) on Arena Shanghai required by the laws of the PRC has/have been duly prepared by Arena Shanghai at its own costs and expenses;
 - (iv) agreements to terminate the JV Agreement and the Distribution Agreement having been duly executed by the relevant parties prior to the Completion Date;
 - (v) agreements to settle all claims under the JV Agreement and the Distribution Agreement having been made and entered into by and among all the relevant parties prior to the Completion Date; and
 - (vi) all the amount of the compensation (statutory dismissal allowance) having been paid to all the employees and workers of Arena Shanghai subject to termination of employment (employees directly employed by Arena Shanghai and any staff or worker who was engaged in the business and affairs of Arena Shanghai by being dispatched by the agency or any other form of contract) not later than 15 January 2022. All the said employees and workers having acknowledged and agreed to

LETTER FROM THE BOARD

the termination of employment and expressed that they have no objection in a written form. All the personal income tax in relation to the said compensation having been withheld and paid to the relevant tax office by Arena Shanghai.

Any of the Conditions Precedent may only be waived with the written consent of the Parties. The Company confirms that the Condition Precedent in paragraph (B)(ii) above will not be waived, and as at the Latest Practicable Date, none of the Conditions Precedent had been waived. As at the Latest Practicable Date, all of the Conditions Precedent, with the exception of the condition in paragraph (B)(ii) above, had been fulfilled.

Guarantee by the Company

The Company as guarantor undertakes to the Purchaser as guarantee that it shall be liable for all the Seller's contractual obligations arising out of the Agreement, which promise is entered into between the Company and the Purchaser in accordance with the form of Deed of Guarantee by the Company set out in the Agreement. Pursuant to the terms of the Agreement, on 7 January 2022 (after trading hours), the Company as guarantor and the Purchaser as guarantee executed the Deed of Guarantee by the Company.

Guarantee by the Seller

Pursuant to the terms of the Agreement, on 7 January 2022, the Seller as guarantor and Arena Shanghai as guarantee executed the Deed of Guarantee by the Seller in the form as set out in the Agreement, whereby the said parties agreed to, among other things, the following:

- (i) The Seller irrevocably guarantees to Arena Shanghai that the Seller shall be liable for certain accounts receivables (together with all interests thereto) (the “**Accounts Receivables**”) which are payable by certain third parties to Arena Shanghai (the aggregate amount of such Accounts Receivables is RMB1,849,769.22) subject to certain conditions as provided in the Deed of Guarantee by the Seller, and if Arena Shanghai fails to fully recover them by the respective due dates as provided in the Deed of Guarantee by the Seller, then Arena Shanghai shall have the right (the “**Right to Compensation**”) to demand that the Seller shall pay to Arena Shanghai the amount equivalent to up to 70% of the due and unrecovered Accounts Receivables (the “**Compensation**”) instead of the relevant debtors within one month after the relevant due dates.
- (ii) After the receipt of the Compensation, if Arena Shanghai recovers full or any part of the Accounts Receivables, then Arena Shanghai shall return 70% of the recovered Accounts Receivables, i.e. the amount equivalent to the Compensation paid by the Seller, within one month after Arena Shanghai's receipt thereof.

LETTER FROM THE BOARD

Arrangements to terminate joint venture relationships

Pursuant to the terms of the Agreement, on 7 January 2022 (after trading hours), the Seller, the Company, Shanghai Descente, the Purchaser and Arena Shanghai entered into the Termination Agreement for the JV Agreement, whereby, among other things, the said parties have agreed to the following:

- (i) the JV Agreement shall be terminated on the Completion Date;
- (ii) Shanghai Descente waives its right of first refusal which it is entitled to in accordance with the JV Agreement;
- (iii) on the Completion Date, all the directors and supervisor of Arena Shanghai delegated by the Seller or the Company shall provide Arena Shanghai with letters for their resignation from the office of Arena Shanghai's director and supervisor; and
- (iv) upon the termination of the JV Agreement on the Completion Date, the said parties shall irrevocably waive any and all rights to claim against any other party for any of its obligations pursuant to the JV Agreement except those arising out of governing law clause, dispute resolution clause and confidentiality clause thereof.

Pursuant to the terms of the Agreement, on 7 January 2022 (after trading hours), Shanghai Descente, Arena Shanghai, the Purchaser and the Company entered into the Extension and Termination Agreement for the Distribution Agreement, whereby, among other things, the said parties have agreed to the following:

- (i) the term of the Distribution Agreement, which shall terminate on 27 February 2022 in accordance with its original terms, shall be extended to the Completion Date;
- (ii) the Distribution Agreement be terminated on the Completion Date; and
- (iii) upon the termination of the Distribution Agreement on the Completion Date, the said parties waive any and all rights to claim against any other party for any of their obligations pursuant to the Distribution Agreement except those arising out of confidentiality clause and governing law and dispute resolution clauses thereof.

Completion

Subject to the fulfilment or waiver (if applicable) of the Conditions Precedent, Completion shall take place on or after 1 April 2022, however, no later than 30 April 2022 in any event, unless:

- (i) any delay(s) in the fulfilment or waiver (if applicable) of any of the Conditions Precedent occur(s), in which case the Completion Date shall be extended to a reasonable extent, unless any waiver (if applicable) thereof is made;

LETTER FROM THE BOARD

- (ii) any delay in the completion of the change of company registration of the Company (i.e. change of shareholders) to the governmental authority (the administration for market regulation in Putuo, Shanghai) arises out of internal treatment of the governmental authority without any failure or fault of the Parties or Arena Shanghai, in which case the Completion Date shall be extended to a reasonable extent; or
- (iii) consecutive national holidays in Japan in around April to May 2022 (so-called “**Golden Week**”) prevent the Purchaser from remitting the Purchase Money, in which case the Completion Date shall be extended to the next business day in Japan immediately during or after such “Golden Week”.

Conditions subsequent

After the Completion, the Seller, the Company and/or the Purchaser (as the case may be) shall further fulfil the following conditions subsequent:

- (i) all the originals and copies of the documents (including evidence showing receipt of the Purchase Money by the Seller, resignation letters of the directors and supervisor of Arena Shanghai nominated and designated by the Seller or the Company, written approval of the execution of the Agreement and the Completion by an appropriate organizational meeting of Arena Shanghai as its shareholders meeting and meeting of its board of directors in accordance with the articles of association of Arena Shanghai) shall be duly entered into, delivered by sending them out in the manner prescribed in the Agreement by the relevant parties;
- (ii) the Company shall cause its relevant subsidiary (the “**Office Landlord**”) to continue letting Arena Shanghai and its subsidiary use the relevant office premises in Shanghai (the “**Office**”) owned by the Office Landlord, on the same terms and conditions under the current lease agreement between the Office Landlord and Arena Shanghai, for the period of time requested by Arena Shanghai and its subsidiary, provided that, in any event, such period shall not be extended to a date later than 30 June 2022;
- (iii) the Seller is currently leasing a warehouse in Shanghai (the “**Warehouse**”) from a third party (the “**Warehouse Landlord**”) for a term up to 30 June 2022 under a lease agreement, by virtue of which Shanghai Descente is entitled to enjoy lawful usage thereof until that date without any interference or otherwise of the Warehouse Landlord and any other third parties;
- (iv) the ERP (Enterprise Resources Planning) system for management of finance, sales and distribution of Arena Shanghai and the Subsidiary shall be included in the Office and/or the Warehouse which Arena Shanghai and/or the Subsidiary are entitled to continuous use up to a date no later than 30 June 2022; and

LETTER FROM THE BOARD

- (v) the Purchaser and Shanghai Descente shall undertake to maintain employment of Arena Shanghai's employees for the time being, insofar as they want to be employed, and not to conduct corporate restructuring which involve large-scale layoffs to take the opportunity of termination of Arena Shanghai.

INFORMATION ON THE PARTIES

Arena Shanghai

Arena Shanghai is a company established in the PRC with limited liability principally engaged in the trading, retailing and distribution of swimming apparel and accessories. It directly holds 100% equity interests in the Subsidiary, which is a company established in the PRC with limited liability and is principally engaged in retail commerce business of trading swimming apparel and accessories. As at the date of this circular, Arena Shanghai is owned as to 70% by the Seller (a wholly-owned subsidiary of the Company) and as to 30% by Shanghai Descente. Upon Completion, Arena Shanghai and the Subsidiary will cease to be subsidiaries of the Company.

The following table summarizes the unaudited consolidated financial information of Arena Shanghai and the Subsidiary prepared in accordance with HKFRS for the years ended 31 December 2019 and 2020 and the six months ended 30 June 2021 respectively:

	For the year ended		For the six
	31 December		months ended
	2019	2020	30 June
	(RMB'000)	(RMB'000)	2021
			(RMB'000)
Profit/(Loss) before taxation	6,246	(1,585)	4,642
Profit/(Loss) after taxation	6,246	(3,001)	3,665

The unaudited consolidated net asset value of Arena Shanghai as of 30 September 2021 was approximately RMB39,440,000. The loss after taxation of approximately RMB3,001,000 for the year ended 31 December 2020 was primarily due to COVID-19 pandemic, which has happened since early 2020, leading to restrictions in the operation of the retail stores of Arena Shanghai and public swimming pools, which caused disruptions to the business operation of Arena Shanghai. As such, the financial position and performance of Arena Shanghai were adversely affected. Despite Arena Shanghai having made a positive profit (both before and after tax) for the six months ended 30 June 2021, the Directors are of the view that the Disposal is in the interest of the Company and the Shareholders as a whole, after considering the reasons and benefits as stated in the section headed "Letter from the Board – Reasons for and Benefits of the Disposal" below.

LETTER FROM THE BOARD

The Seller

The Seller is a company established in the PRC with limited liability. It is a wholly-owned subsidiary of the Company, and is principally engaged in the business of investment holding, trading, retailing and brand distribution, and other retail supporting functions, including warehousing.

The Company

The Company is an investment holding company. The principal business 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, which, subject to Completion, 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 Japan with limited liability and the issued shares of which are listed on the Tokyo Stock Exchange (stock code: 8114). Its principal businesses include manufacture and sale of sportswear and its related products all over the world and is the owner of certain trademarks relating to “arena” branded products in certain Asian countries and regions.

Shanghai Descente

Shanghai Descente is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Purchaser. It is engaged in the business of sale of sportswear and related articles in the PRC, and is the owner of the know-how related to “arena” branded products. It directly owns 30% of the equity interests in the registered capital of Arena Shanghai.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DISPOSAL

Part of the principal businesses of the Group is developing and managing certain international sport and outdoor brands over the world and the Directors have undertaken strategic reviews of the Group's assets from time to time with a view to maximize returns to the Shareholders. The Directors consider the current market of the performance swimwear segment is stagnant with relatively little prospects of business growth. Besides, the head-to-head competition in the performance swimwear segment against another market leader is strong and severe. Meanwhile, the Directors consider the current model implemented by the Group in connection with the JV Agreement and the Distribution Agreement is outdated and does not align with the Group's future strategic direction of operating and managing brands where the relevant trademarks are/will be owned by the Group. Accordingly, the Directors believe that the Disposal will enable the Company to reallocate capital into potentially more attractive investment opportunities and pursue other opportunities.

As discussed in further detail in the section headed "Letter from the Board – Financial Impact of the Disposal" below, the Company estimates that it will record a loss of approximately RMB3,108,000 as a result of the Disposal. Such loss is mainly attributable to the discrepancy between (i) the net asset value of Arena Shanghai referenced when determining the amount of the Purchase Money, which was accounted for in accordance with CASBE, and (ii) the net asset value of Arena Shanghai used in preparing the consolidated accounts of the Company, which was accounted for in accordance with HKFRS.

The Directors (including all independent non-executive Directors) consider that the Disposal, the terms and conditions of the Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUTURE PLANS AND POTENTIAL TRANSACTIONS

As at the date of this circular, save as disclosed herein, the Company has no plans to change its remaining businesses (i.e. the businesses other than those operated by Arena Shanghai and the Subsidiary). However, the Company is open to divestment and investment opportunities and business cooperation opportunities should the market conditions become appropriate and should there be suitable counterparty(ies).

As disclosed in the announcement of the Company dated 14 July 2021, the Company has entered into a non-legally binding term sheet with Silk Road II Holdings Pte. Ltd. in relation to a potential disposal by Majestic City Group Limited, an indirect wholly-owned subsidiary of the Company, of 75% of the issued capital in Majestic City (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company. Majestic City (Hong Kong) Limited is an investment holding company incorporated in Hong Kong with limited liability and its subsidiaries are principally engaged in the holding of and the operation and management of Xiamen Park Outlets (廈門尚柏奧萊). Notwithstanding the expiry of the exclusivity period of the abovementioned

LETTER FROM THE BOARD

term sheet, commercial negotiations between the parties in relation to such potential disposal are still ongoing.

As disclosed in the announcement of the Company dated 7 January 2022, the Company is in close negotiation with another lifestyle swimwear brand with a view to enter into a distribution agreement and a license agreement in the near future. The brand is a popular international lifestyle swimwear brand with over 50 years of history, possessing special design and unique selling proposition targeting young consumers and having presence worldwide including Asia, Australia, Europe and North America. As at the Latest Practicable Date, the Group had not entered into any legally binding distribution agreement or license agreement with the said lifestyle swimwear brand. Based on the experience of the Group in operating in the swimwear market over the past fifteen years, as compared to the performance swimwear market, which is stagnant as discussed in the section headed “Letter from the Board – Reasons for and Benefits of the Disposal” above, the lifestyle swimwear market is relatively well performing partly because it has a potentially larger retail customer base. While performance swimwear usually adopts designs and materials which contribute more towards functionality and is thus targeted more towards athletes, experienced swimmers and students, lifestyle swimwear usually adopts designs and materials which contribute more towards aesthetics and is thus targeted more towards the wider public who may consider such lifestyle swimwear as a fashion item and could wear different styles of swimwear for different leisure or sports occasions.

The Company will publish further announcement(s) in compliance with the applicable requirements of the Listing Rules as and when appropriate.

FINANCIAL IMPACT OF THE DISPOSAL

Upon Completion, Arena Shanghai and the Subsidiary will cease to be subsidiaries of the Company, and the financial results of Arena Shanghai and the Subsidiary will no longer be consolidated into the accounts of the Group. It is estimated that as a result of the Disposal, the Company will record a loss of approximately RMB3,108,000, which is calculated based on the amount of the Purchase Money of RMB22,129,691.74, less the estimated consolidated net asset value of Arena Shanghai. Moreover, the Disposal will result in a decrease in the total assets and total liabilities of the Group by approximately RMB88,353,000 and approximately RMB57,747,000 respectively.

The aforementioned financial impact of the Disposal to the Group is disclosed for illustrative purpose only and the actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to the review and financial audits by the auditors of the Company.

The net proceeds from the Disposal (after deducting direct and indirect expenses) are expected to be approximately RMB21,780,000, which will be applied by the Group for general working capital use, whereby approximately 70% of which will be allocated towards the further development of the branding business of the Group (including but not limited to the development and management of the existing/future trademarks owned/licensed by the Group)

LETTER FROM THE BOARD

and approximately 30% of which will be allocated towards meeting any ad-hoc general working capital needs of the Group.

LISTING RULES IMPLICATIONS

As at the date of this circular, Arena Shanghai is owned as to 70% by the Seller (a wholly-owned subsidiary of the Company) and as to 30% by Shanghai Descente. As the Purchaser is the parent company of Shanghai Descente, the Purchaser and Shanghai Descente are connected persons of the Company at the subsidiary level. Thus, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the Board has approved the Disposal and the independent non-executive Directors have confirmed their view that the terms of the Disposal are fair and reasonable, the Disposal is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the connected transaction is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

However, as the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors had material interests in the Disposal and hence no Director is required to abstain from voting on the Board resolutions approving the Agreement and the transactions contemplated thereunder. So far as the Company is aware, having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on the resolution to approve, the Disposal if the Company were to convene a general meeting to approve the same.

NOTICE OF THE SGM

The SGM Notice is set out on pages SGM-1 to SGM-4 of this circular. At the SGM, resolutions will be proposed to approve the Agreement and the transactions contemplated thereunder. The resolution will be put to vote by way of poll at the SGM. So far as the Company is aware, having made all reasonable enquiries, no Shareholder has a material interest in the Agreement and the transactions contemplated thereunder. Accordingly, no Shareholder will be required to abstain from voting at the SGM in respect of the resolutions. An announcement on the poll vote results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A proxy form for the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the office of the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time scheduled (i.e. Wednesday, 23 March 2022 at 10:30 a.m.) for holding

LETTER FROM THE BOARD

the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

BAD WEATHER ARRANGEMENT

In the event Typhoon Signal No. 8 (or above) or a Black Rainstorm Warning Signal is hoisted in Hong Kong on Friday, 25 March 2022:

- (a) but lowered at or before 7:30 a.m., the SGM will be held at 10:30 a.m. on the same day at the same venue; or
- (b) but lowered at or before 2:00 p.m., the SGM will be adjourned to 5:00 p.m. on the same day at the same venue; or
- (c) but lowered after 2:00 p.m., the SGM will be adjourned to 10:30 a.m. on Monday, 28 March 2022 at the same venue.

If the SGM is so adjourned, the resolution set out in this circular and the SGM Notice to be proposed at the SGM will remain unchanged, and such resolution will be proposed at the adjourned SGM.

RECOMMENDATION

The Board is of the opinion that although the Disposal is not in the ordinary and usual course of business of the Group on the basis that acquisition and disposal of businesses is not part of the principal business of the Group, the terms of the Disposal are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, and accordingly, the Board recommends all Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this circular.

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

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Details of the unaudited consolidated financial information of the Group for the six months ended 30 June 2021 and the audited consolidated financial information of the Group for the years ended 31 December 2018, 2019 and 2020 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.symphonyholdings.com).

- (i) The unaudited consolidated financial information of the Group for the six months ended 30 June 2021 is disclosed in the announcement of interim results of the Company for the six months ended 30 June 2021 published on 27 August 2021, from pages 2 to 21.

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0827/2021082701924.pdf>

- (ii) The audited consolidated financial information of the Group for the year ended 31 December 2020 is disclosed in the announcement of final results of the Company for the year ended 31 December 2020 published on 26 March 2021, from pages 2 to 26.

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0326/2021032602494.pdf>

- (iii) The audited consolidated financial information of the Group for the year ended 31 December 2019 is disclosed in the announcement of final results of the Company for the year ended 31 December 2019 published on 20 March 2020, from pages 12 to 50.

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0322/2020032200033.pdf>

- (iv) The audited consolidated financial information of the Group for the year ended 31 December 2018 is disclosed in the announcement of final results of the Company for the year ended 31 December 2018 published on 15 March 2019, from pages 10 to 36.

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0317/ltn20190317013.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 December 2021, being the latest practicable date of the purpose of this indebtedness statement prior to publication of this circular, the indebtedness of the Group of approximately HK\$1,838,620,000, comprising of bank borrowings, amount due to a related party, amount due to a director, lease liabilities and loan from non-controlling interests.

Bank borrowings

As at 31 December 2021, the Group had secured interest-bearing borrowings of approximately HK\$1,622,156,000, which was secured by (i) certain of its leasehold land and buildings; (ii) outlet mall buildings; (iii) investment properties; (iv) right-of-use assets; (v) restricted bank deposits; (vi) shares of certain of the Company's subsidiaries; (vii) corporate guarantees provided by the Company and certain of its subsidiaries and a related party; and (viii) personal guarantee provided by a director of the Group, to secure the banking facilities offered to the Group.

Amount due to a related party

As at 31 December 2021, the Group had total outstanding amount due to a related party of approximately HK\$123,000. The balance of amount due to a related party was unsecured, interest-free and repayable on demand.

Amount due to a director

As at 31 December 2021, the Group had total outstanding amount due to a director of approximately HK\$7,367,000. The balance of amount due to a director was unsecured, interest-free and repayable on demand.

Lease liabilities

As at 31 December 2021, the Group had total outstanding lease liabilities of approximately HK\$205,291,000.

Loan from non-controlling interests

As at 31 December 2021, the Group had total outstanding loan from non-controlling interests of approximately HK\$3,683,000. The balance of loan from non-controlling interest was unsecured, interest-bearing at 3.5% per annum and with no fixed term of repayment.

Contingent liabilities

As at 31 December 2021, the Group did not have any significant contingent liabilities.

Save as disclosed above, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other loan capital, bank overdrafts, loans, debt securities and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding as at 31 December 2021.

Save as disclosed above, the Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group from 31 December 2021 to the Latest Practicable Date.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed there has not been any material adverse change in the financial or trading position since 31 December 2020 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

4. SUFFICIENCY OF WORKING CAPITAL

The Directors are satisfied that, after taking into account the financial resources presently available to the Group including the internally generated funds, the currently available banking and credit facilities and the effects of the Disposal, the Group has sufficient working capital for its requirements for at least the next twelve months from the date of this circular.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Looking ahead, the economic situation will remain uncertain and unpredictable, but the Group will always be prepared to seek opportunities amidst challenges and breakthroughs through opportunities. As an international corporation focusing on “Sports Brands + Retail Business”, the Group will continue to strengthen the development and transformation of its brands and, building on its strong foundation, strive forward bravely along the road of internationalisation. At the same time, we will step-up investment in the development of online business, expanding our e-commerce footprint and launching focal promotion to enhance synergy between online and offline. The PRC government continues to promote big consumption and internal circulation, and is determined to strengthen the sports development, including the launch of the “National Fitness Program”, which is a strong support for the sports retail industry. The Group is confident in the industry outlook and will make proactive deployment to embrace business opportunities.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests in the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to (i) Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executives of the Company were taken or deemed to have under such provisions of the SFO); (ii) Division 2 and 3 of Part XV of the SFO; (iii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iv) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules:

Long positions in the Shares

Director	Capacity/Nature of interest	Number of Shares held	Total number of Shares held	Approximate percentage of the issued share capital
Cheng Tun Nei ("Mr. Cheng")	Beneficial owner Interest in a controlled corporation	144,870,000 1,071,190,000	1,216,060,000 (Note 1)	40.89%
Chan Kar Lee Gary	Beneficial owner	9,000,000	9,000,000	0.30%
Lee Cheung Ming ("Mr. Lee")	Beneficial owner Interest of spouse	91,050,000 2,000,000	93,050,000 (Note 2)	3.13%
Shum Pui Kay	Beneficial owner	10,000,000	10,000,000	0.34%

Notes:

- (1) Mr. Cheng owned the entire issued share capital of Goldsilk Capital Limited (“**Goldsilk**”). As at the Latest Practicable Date, Goldsilk was directly interested in 1,071,190,000 Shares. Together with his direct interest as beneficial owner of 144,870,000 Shares, Mr. Cheng was deemed to be interested in 1,216,060,000 Shares in total.
- (2) Mr. Lee was directly interested in 91,050,000 Shares and he was deemed to be interested in 2,000,000 Shares held by his spouse. He was thus deemed to be interested in 93,050,000 Shares in total.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with any member of the Group which was not determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS’ INTERESTS IN ASSETS AND CONTRACTS AND COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group, and since 31 December 2020 (the date to which the latest published audited consolidated financial statements of the Group were made up), none of the Directors is directly or indirectly interested in any assets which have been acquired or disposed of by or leased to (or are proposed to be acquired or disposed of by or leased to) any member of the Group.

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding the date of this circular and are, or may be, material:

- (1) the Agreement;
- (2) the Deed of Guarantee by the Company;
- (3) the Deed of Guarantee by the Seller;
- (4) the Termination Agreement for the JV Agreement;
- (5) the Extension and Termination Agreement for the Distribution Agreement; and

- (6) the agreement for transfer of shares dated 12 August 2021 entered into between Cosmo Group Holdings Limited (a direct wholly-owned subsidiary of the Company) as vendor (“**Cosmo Group**”), Super Winner Enterprises Limited as purchaser (“**Super Winner**”) and Shunten International (Holdings) Limited (“**Shunten**”) in relation to the 21,525 shares in the issued share capital of Aggressive Resources Limited (the “**Aggressive Resources Shares**”) and 512,982,240 newly issued shares of Shunten (the “**Shunten Shares**”), whereby Cosmo Group conditionally agreed to sell, and Super Winner conditionally agreed to purchase, the Aggressive Resources Shares, at the consideration of approximately HK\$66,687,691, which was agreed to be settled through the issuance of the Shunten Shares by Shunten to Cosmo Group.

6. LITIGATION

As at the Latest Practicable Date, no material litigation or claim of material importance was pending or threatened against any member of the Group.

7. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be published on the websites of the Company (www.symphonyholdings.com) and the Stock Exchange (www.hkexnews.hk) during the period of 14 days from the date of this circular:

- (a) the Agreement;
- (b) the Deed of Guarantee by the Company;
- (c) the Deed of Guarantee by the Seller;
- (d) the Termination Agreement for the JV Agreement; and
- (e) the Extension and Termination Agreement for the Distribution Agreement.

8. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Yeung King Hang. He is an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute.
- (b) The registered office of the Company is situate at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (c) The headquarters and principal place of business of the Company is situate at 10/F., Island Place Tower, 510 King’s Road, North Point, Hong Kong.

- (d) The principal share registrar of the Company is Conyers Corporate Services (Bermuda) Limited at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (e) The branch share registrar of the Company in Hong Kong is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) The English text of this circular shall prevail over its Chinese text.

NOTICE OF SGM



SYMPHONY
SYMPHONY HOLDINGS LIMITED
新豐集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 01223)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “**SGM**”) of Symphony Holdings Limited (the “**Company**”) will be held at 10:30 a.m. on Friday, 25 March 2022 at the Boardroom, 10/F., Island Place Tower, 510 King’s Road, North Point, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions which would be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

“**THAT:**

- (1) the share purchase agreement (the “**Agreement**”) dated 7 January 2022 entered into between Tian Feng (Shanghai) Apparel and Accessory Trading Co., Ltd.* (添峯(上海)服飾貿易有限公司) (a wholly-owned subsidiary of the Company) (the “**Seller**”), the Company, Descente, Ltd. (the “**Purchaser**”) and Shanghai Descente Commercial Co. Ltd. (上海迪桑特商業有限公司) (“**Shanghai Descente**”) in relation to the disposal (the “**Disposal**”) by the Seller of 70% of the equity interests in the registered capital of Arena Shanghai Industrial Co., Limited (阿瑞娜(上海)實業有限公司) (“**Arena Shanghai**”) to the Purchaser for an aggregate consideration of RMB22,129,691.74, a copy of which has been produced to the meeting, marked “**A**” and initialed by the chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder (including but not limited to the Disposal, the Termination Agreement for the JV Agreement and the Extension and Termination Agreement for the Distribution Agreement as described in the circular of the Company dated 24 February 2022), be and are hereby approved, ratified and confirmed;

* *For identification purpose only*

NOTICE OF SGM

- (2) the deed of guarantee (the “**Deed of Guarantee by the Company**”) in the form prescribed by the Agreement executed by the Company as guarantor and the Purchaser as guarantee on 7 January 2022, a copy of which has been produced to the meeting, marked “**B**” and initialed by the chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (3) the deed of guarantee (the “**Deed of Guarantee by the Seller**”) in the form prescribed by the Agreement executed by the Seller as guarantor and Arena Shanghai as guarantee on 7 January 2022, a copy of which has been produced to the meeting, marked “**C**” and initialed by the chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and
- (4) any director of the Company be and is hereby authorized for and on behalf of the Company to execute all such other documents, instruments and agreements (whether under common seal or not) and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Agreement, the Deed of Guarantee by the Company, the Deed of Guarantee by the Seller and/or the transactions contemplated thereunder as he/she may in his/her absolute discretion consider necessary, desirable or expedient to give effect to the Agreement, the Deed of Guarantee by the Company and/or the Deed of Guarantee and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the directors of the Company, in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 24 February 2022

NOTICE OF SGM

Notes:

1. Any member of the Company entitled to attend and vote at the SGM is entitled to appoint another person as his proxy to attend and vote instead of him. On a poll vote may be given either personally or by proxy. A proxy needs not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
2. To be valid, the proxy form must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. The proxy form and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (the "**Share Registrar**") not less than 48 hours before the time for holding the SGM (i.e. Wednesday, 23 March 2022 at 10:30 a.m.) or adjourned meeting or poll (as the case may be) at which the person named in such proxy form proposes to vote, and in default the proxy form shall not be treated as valid.
4. Where there are joint registered holders of any share, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
5. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Tuesday, 22 March 2022 to Friday, 25 March 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a shareholder of the Company to be eligible to attend and vote at the above meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar for registration not later than 4:30 p.m. on Monday, 21 March 2022.
6. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on the Stock Exchange, the resolutions set out in this notice will be voted by poll at the SGM.
7. As at the date of this notice, the board of directors of the Company comprises three executive directors, namely, Mr. Cheng Tun Nei, Mr. Chan Kar Lee Gary and Mr. Lee Cheung Ming; and three independent non-executive directors, namely, Mr. Shum Pui Kay, Mr. Wah Wang Kei Jackie and Mr. Chow Yu Chun Alexander.
8. In the event Typhoon Signal No. 8 (or above) or a Blackstorm Warning Signal is hoisted in Hong Kong on Friday, 25 March 2022:
 - (a) but lowered at or before 7:30 a.m., the SGM will be held at 10:30 a.m. on the same day at the same venue; or
 - (b) but lowered at or before 2:00 p.m., the SGM will be adjourned to 5:00 p.m. on the same day at the same venue; or
 - (c) but lowered after 2:00 p.m., the SGM will be adjourned to 10:30 a.m. on Monday, 28 March 2022 at the same venue.

NOTICE OF SGM

PRECAUTIONARY MEASURES FOR THE SGM

To safeguard the health and safety of the shareholders of the Company and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the SGM of the Company:

- (1) compulsory body temperature check will be taken for every shareholder or proxy at the entrance of the venue and anyone with a body temperature of more than 37.3 degrees Celsius will not be given access to the venue;
- (2) every shareholder or proxy is required to submit a Health Declaration Form before entering into the venue;
- (3) every shareholder or proxy is required to wear surgical face mask before entering into the venue and during their attendance of this meeting; and
- (4) no refreshment and souvenir will be served and distributed.

Attendees who do not comply with the precautionary measures referred to in (1) to (3) above may be denied entry to the SGM venue, at the absolute discretion of the Company as permitted by law.

In light of the latest pandemic controlling measures adopted by the Hong Kong government, including the restriction on conducting physical general meeting of companies, as well as the uncertainty of the development of COVID-19 pandemic and other corresponding restrictions, the SGM may be a hybrid meeting and the Company will make further announcement for the hybrid arrangement when necessary. For the health and safety of the shareholders of the Company, the Company would like to encourage shareholders to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy and to return their proxy forms by the time specified above, instead of attending the SGM in person.