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SYMPHONY

SYMPHONY HOLDINGS LTD.

新豐集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01223)

**DISCLOSEABLE TRANSACTION IN RELATION TO
DISPOSAL OF ALWAYS GAIN HOLDINGS LIMITED
AND
TERMINATION OF TRADEMARK AGREEMENT**

**THE ALWAYS GAIN DISPOSAL AND TERMINATION OF TRADEMARK
AGREEMENT**

After the Stock Exchange trading hours on 22 April 2013, Always Gain and Dream Smart have agreed to terminate the Trademark Agreement while China Ocean and Sharp Gain have conditionally agreed to sell and Dream Smart has conditionally agreed to purchase the Always Gain Sale Shares and the Always Gain Sale Loan for an aggregate consideration of US\$5 million (equivalent to approximately HK\$38.8 million).

LISTING RULES IMPLICATIONS

As one of the relevant percentage ratios under the Listing Rules exceeds 5% but is less than 25%, the Always Gain Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

**THE ALWAYS GAIN DISPOSAL AND TERMINATION OF TRADEMARK
AGREEMENT**

Reference is made to the announcement of the Company dated 27 March 2013 in relation to, among other things, the discloseable transaction concerning the disposal of the Transferred Trademarks.

** For identification purpose only*

On 27 March 2013, Always Gain and Dream Smart entered into the Trademark Agreement pursuant to which Always Gain would transfer the Transferred Trademarks to Dream Smart. It has subsequently been agreed that the Trademark Agreement shall be terminated in order to avoid delay in its completion and that instead, Dream Smart shall acquire the entire equity interest in Always Gain on the basis that at Always Gain Closing, it has no assets other than the Transferred Trademarks and no material liabilities. To give effect to the above, the parties entered into the Always Gain Disposal Agreement on 22 April 2013, details of which are set out below.

THE ALWAYS GAIN DISPOSAL AGREEMENT

Date:

22 April 2013

Parties:

- (i) China Ocean and Sharp Gain, as seller;
- (ii) Dream Smart, as purchaser; and
- (iii) Always Gain.

The Group currently holds a 50% equity interest in China Ocean which is accounted for as a jointly controlled entity of the Group. Sharp Gain is a direct wholly-owned subsidiary of China Ocean and Always Gain is an indirect wholly-owned subsidiary of China Ocean.

Dream Smart is an investee company of Prodigy Fund acquired by Prodigy Fund for the purpose of engaging in trademark and brand management. The principal business of Prodigy Fund is investment management. Each of Prodigy Fund and Treasure Bloom Properties Limited (an indirect wholly-owned subsidiary of the Company) is a 50% shareholder of Welcome Wealth Properties Limited which is in turn a jointly controlled entity of the Group. Prodigy Fund is not a legal entity but it is a segregated portfolio and investment fund set up and run by Prodigy Asset Management (Cayman Islands) Co.. Save as aforesaid, to the best of the Directors' knowledge, information and belief after making reasonable enquiries, Dream Smart and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Assets to be disposed of:

Pursuant to the Always Gain Disposal Agreement, Always Gain and Dream Smart have agreed to terminate the Trademark Agreement while China Ocean and Sharp Gain have conditionally agreed to sell and Dream Smart has conditionally agreed to purchase the Always Gain Sale Shares and the Always Gain Sale Loan. As at the date of this

announcement, Always Gain was owned as to 60% by China Ocean and as to 40% by Sharp Gain. The Always Gain Sale Shares represent the entire issued share capital of Always Gain as at the date of the Always Gain Disposal Agreement.

Consideration:

The aggregate consideration for the Always Gain Sale Shares and the Always Gain Sale Loan of US\$5 million (equivalent to approximately HK\$38.8 million) shall be payable in cash in the following manner:

- (i) an initial payment of US\$2.5 million (equivalent to approximately HK\$19.4 million) shall be payable by Dream Smart to Power Plus on or before 22 April 2013; and
- (ii) the remaining amount of US\$2.5 million (equivalent to approximately HK\$19.4 million) shall be payable by Dream Smart to Power Plus on Always Gain Closing.

The consideration was determined after arm's length negotiations between China Ocean, Sharp Gain and Dream Smart with reference to the net asset value of Always Gain of approximately HK\$6.7 million and the aggregate amount of shareholders' loan owed to China Ocean and Sharp Gain of approximately HK\$16.6 million outstanding as at 31 March 2013.

Conditions of the Always Gain Disposal:

The Always Gain Disposal shall be conditional upon completion of the Acquisition Agreement.

Termination:

The Always Gain Disposal Agreement may be terminated at any time prior to Always Gain Closing (i) by either party to the Always Gain Disposal Agreement if Always Gain Closing shall not have occurred before or on the 120th day after the date of the Acquisition Agreement; or (ii) by the written consent of the parties to the Always Gain Disposal Agreement. In the event that the Always Gain Disposal Agreement is terminated, the Always Gain Disposal Agreement shall forthwith become void and there shall be no further liability on the part of either party, but nothing therein shall relieve either party from liability for any breach of the Always Gain Disposal Agreement occurring prior to such termination.

INFORMATION ON ALWAYS GAIN

Always Gain is a company incorporated in the BVI with limited liability, the principal assets of which are various trademarks relating to the brand name "PONY" in the PRC and Taiwan. Always Gain is principally engaged in the marketing of footwear, apparel

and accessories under the “PONY” brand name. It also provides trademark rights and licensing services of the PONY trademarks in the PRC and Taiwan.

PONY is a US based brand founded by a Uruguay-born entrepreneur in 1972. It offers diverse lifestyle and casual products including apparel, footwear and accessories such as gloves, scarfs, socks and knitted headwear.

Set out below are the unaudited financial information of Always Gain prepared under the Hong Kong Financial Reporting Standards for the two years ended 31 December 2011 and 2012:

| | For the year ended 31 December 2011 | For the year ended 31 December 2012 |
|-------------------------------|--|--|
| | HK\$'000 | HK\$'000 |
| Turnover | 2,382 | 12,127 |
| Profit/(Loss) before taxation | 2,362 | (2,822) |
| Profit/(Loss) after taxation | 2,362 | (2,822) |

REASONS FOR THE ALWAYS GAIN DISPOSAL

The principal activities of the Group are footwear manufacturing, retailing and sourcing, property investment and investment holding in Hong Kong and the PRC.

Always Gain holds PONY trademarks in the PRC and Taiwan. The Always Gain Disposal enables the Group to focus its marketing resources in expanding the PONY global network outside the PRC and Taiwan and making it better known after the Group consolidates the equity interest in China Ocean. In order to avoid delay in completion of the Trademark Agreement, Always Gain and Dream Smart have agreed to terminate the Trademark Agreement and Dream Smart shall acquire the entire equity interest in Always Gain on the basis that at Always Gain Closing, it has no assets other than the Transferred Trademarks and no material liabilities.

The aggregate consideration for the Always Gain Sale Shares and the Always Gain Sale Loan of US\$5 million (equivalent to approximately HK\$38.8 million) represents an excess of approximately HK\$15.5 million over aggregate value of (i) the net asset value of Always Gain of approximately HK\$6.7 million as at 31 March 2013; and (ii) the aggregate amount of shareholders' loan owed to China Ocean and Sharp Gain of approximately HK\$16.6 million outstanding as at 31 March 2013. The Always Gain Disposal shall be conditional upon completion of the Acquisition Agreement. In accordance with relevant accounting standards, the identifiable assets and liabilities of China Ocean Group, including those of Always Gain and the Transferred Trademarks, shall be recorded by the Group at fair value upon completion of the Acquisition Agreement. The Transferred Trademarks shall be recorded by the Group at their fair value of US\$5 million which is the same as the consideration under the Always Gain

Disposal Agreement immediately upon completion of the Acquisition Agreement and before the Always Gain Closing. Accordingly, the Group is not expected to record any material gain or loss on the Always Gain Disposal. Shareholders of the Company should note that the actual gain or loss on the Always Gain Disposal to be recorded by the Company will depend on the financial position of Always Gain and the actual amount of the Always Gain Sale Loan as at the date of Always Gain Closing. The Company intends to apply the proceeds from the Always Gain Disposal as general working capital of the Group.

The Directors are of the view that the terms of the Always Gain Disposal 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 one of the relevant percentage ratios under the Listing Rules exceeds 5% but is less than 25%, the Always Gain Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITION

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

| | |
|-------------------------|---|
| “Acquisition Agreement” | the conditional sale and purchase agreement dated 27 March 2013 entered into between Power Plus and Canstrong International Limited in relation to the proposed acquisition by Power Plus of the equity interest in China Ocean |
| “Always Gain” | Always Gain Holdings Limited, a company incorporated in the BVI with limited liability, which is an indirect wholly-owned subsidiary of China Ocean |
| “Always Gain Closing” | closing of the Always Gain Disposal under the Always Gain Disposal Agreement |
| “Always Gain Disposal” | the proposed disposal of the Always Gain Sale Shares and the Always Gain Sale Loan by China Ocean and Sharp Gain to Dream Smart pursuant to the Always Gain Disposal Agreement |
| “Always Gain Disposal | the conditional sale and purchase agreement dated 22 April |

| | | | |
|----------------------|------|------|--|
| Agreement” | | | 2013 entered into between China Ocean, Sharp Gain, Dream Smart and Always Gain in relation to the Always Gain Disposal and the termination of the Trademark Agreement |
| “Always Gain Loan” | Gain | Sale | the shareholders’ loan owed by Always Gain to China Ocean and Sharp Gain as at the Always Gain Closing |
| “Always Gain Shares” | Gain | Sale | 100 ordinary shares of Always Gain, representing 100% of the issued share capital of Always Gain |
| “associates” | | | the meaning ascribed thereto under the Listing Rules |
| “Board” | | | the board of Directors |
| “BVI” | | | British Virgin Islands |
| “China Ocean” | | | China Ocean Resources Limited, a company incorporated in the BVI with limited liability |
| “China Ocean Group” | | | China Ocean and its subsidiaries |
| “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) |
| “connected persons” | | | the meaning ascribed thereto under Rule 1.01 and as extended under Rule 14A.11 of the Listing Rules |
| “Director(s)” | | | director(s) of the Company |
| “Dream Smart” | | | Dream Smart Limited, a company incorporated in the BVI with limited liability |
| “Group” | | | the Company and its subsidiaries |
| “Hong Kong” | | | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | | | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Power Plus” | | | Power Plus Limited, a company incorporated in the BVI with limited liability, which is an indirect wholly-owned subsidiary of the Company |
| “PRC” | | | The People’s Republic of China, excluding Hong Kong, |

| | |
|--------------------------|--|
| | Macau Special Administrative Region and Taiwan |
| “Prodigy Fund” | Prodigy Strategic Investment Fund Series XXII Segregated Portfolio, an investment fund set up and run by Prodigy Asset Management (Cayman Islands) Co. |
| “Sharp Gain” | Sharp Gain Profits Limited, a company incorporated in the BVI with limited liability, which is a direct wholly-owned subsidiary of China Ocean |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Trademark Agreement” | the agreement dated 27 March 2013 entered into between Always Gain and Dream Smart in relation to the transfer of the Transferred Trademarks from Always Gain to Dream Smart |
| “Transferred Trademarks” | the PONY trademarks that are registered in the PRC and Taiwan to be transferred pursuant to the Trademark Agreement |
| “US” | United States of America |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “US\$” | United States dollars, the lawful currency of the US |
| “%” | per cent. |

For illustration purposes in this announcement, the amounts in US\$ are translated into HK\$ at the rate of US\$1.00 = HK\$7.76. No representation is made that any amount in US\$ has been or could be converted at the above rate or at any other rates or at all.

By order of the Board
Symphony Holdings Limited
Chan Ting Chuen
Chairman

Hong Kong, 22 April 2013

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

Executive Directors: Mr. Chan Ting Chuen (Chairman)
 Mr. Sze Sun Sun Tony (Deputy Chairman & Managing Director)
 Mr. Chang Tsung Yuan (Deputy Chairman)
 Mr. Chan Lu Min
 Ms. Chen Fang Mei
 Dr. Ho Ting Seng

Non-executive Director: Mr. Li I Nan

Independent non-executive
Directors: Mr. Cheng Kar Shing
 Mr. Feng Lei Ming
 Mr. Ho Shing Chak
 Mr. Huang Shenglan