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## SYMPHONY HOLDINGS LIMITED

(新豐集團有限公司)\*

(Incorporated in Bermuda with limited liability)

(Stock code: 01223)

### DISCLOSEABLE TRANSACTION FORMATION OF A JOINT VENTURE COMPANY

On 30 January 2009, Team China, a wholly-owned subsidiary of the Company, entered into a Joint Venture Agreement with Toyota Tsusho for the establishment of a Joint Venture Company, JFT Holdings relating to the distribution and retailing of well-known brands which are mainly originated from Japan, Europe and the United States of America in the Greater China.

Since the Company's total contribution to the Joint Venture Company is HK\$42,000,000.00 and the applicable percentage ratio exceeds 5% but is less than 25%, the formation of the Joint Venture Company constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

#### THE JOINT VENTURE AGREEMENT

On 30 January 2009, Team China, a wholly-owned subsidiary of the Company, entered into a Joint Venture Agreement with Toyota Tsusho pursuant to which the parties agreed to establish a Joint Venture Company relating to the distribution and retailing of apparel and accessories under certain brands which are originated from Japan, Europe and the United States of America in the Greater China. The principal terms of the Joint Venture Agreement are set out below:

- Date** : 30 January 2009
- Parties** : 1. Team China;  
2. Toyota Tsusho;  
3. Joint Venture Company; and  
4. Company
- Formation of the Joint Venture Company** : Team China, a subsidiary of the Company, and Toyota Tsusho, a member of the Toyota Motor Corporation, will set up the Joint Venture Company.

**Shareholdings in the Joint Venture Company**

The Joint Venture Company has an authorised share capital of HK\$10,000.00 divided into 10,000 ordinary shares of HK\$1.00 each, of which 10,000 shares have been issued and were, as of the date of the Joint Venture Agreement, wholly and beneficially held by Team China. Team China will transfer 50% of its issued shares at par value within 10 Business Days from the date of the Joint Venture Agreement so that the shareholding of Team China and Toyota Tsusho shall be 50% and 50% respectively.

**Name of the Joint Venture Company**

: JTF Holdings

**Total Investment Amount**

: The total investment amount of the Joint Venture Company shall be HK\$84,000,000.00, which will be contributed by each of Team China and Toyota Tsusho based on their respective shareholding in the Joint Venture Company. 50% of such funds shall be injected by each of Team China and Toyota Tsusho pro rata to their shareholdings within 1 month from the date of the Joint Venture Agreement and the remaining 50% of the funds will be injected into the Joint Venture Company on request by the board of directors of the Joint Venture Company made within 4 months from the date of the Joint Venture Agreement.

The total investment amount was determined pursuant to arm's length negotiations between Team China and Toyota Tsusho based on their perception of the funding requirements of the Joint Venture Company.

**Scope of Business of the Joint Venture Company**

: Distribution and retailing of apparel and accessories under certain brands which are originated from Japan, Europe and the United States of America in the Greater China.

**Further Funding**

: Each of Team China and Toyota Tsusho agreed that further funding by means of advances and credit from banks and/or financial institutions and/or similar sources and /or shareholder's loans in an amount not exceeding HK\$76,000,000.00 may be sought after the expiry of four months from the date of the Joint Venture Agreement and within 2 years from the date of the Joint Venture Agreement. Any further additional funding shall be determined by the shareholders of the Joint Venture Company from time to time.

**Board Composition**

: The board of directors of the Joint Venture Company will consist of 4 directors, of which 2 directors will be nominated by Team China, the other 2 directors will be nominated by Toyota Tsusho.

## **FINANCIAL EFFECTS OF THE TRANSACTION**

Based on the expected total investment amount in the Joint Venture Company of HK\$84,000,000.00, each of Team China and Toyota Tsusho is expected to contribute HK\$42,000,000.00. The funding required by Team China for the contribution will be sourced by the Company from its internal cash reserves. The funding requirement for making the contribution is not expected to have any material impact on the Company.

The Joint Venture Company may obtain further funding in an amount not exceeding HK\$76,000,000.00 by means of external borrowings and/or shareholders' loans after the expiry of 4 months from the date of the Joint Venture Agreement and within two years from the date of the Joint Venture Agreement, and that in the case of external borrowings each of Team China and Toyota Tsusho shall provide a guarantee to the provider of the facility based on their proportionate shareholding in the Joint Venture Company.

As the Joint Venture Company will be owned by Team China and Toyota Tsusho as to 50% and 50% respectively, the Joint Venture Company will be treated as a jointly controlled entity of the Company and will be so treated in the consolidated financial statements of the Company.

## **REASONS AND BENEFIT FOR THE JOINT VENTURE**

With the Company's seasoned experience in brand development in the Greater China and Toyota Tsusho's distinguished reputation and extensive network, there is much synergy in the joint venture. It is anticipated that JFT Holdings will leverage on the strength of its shareholders and offer holistic and creative design and product development for brand labels. The Company considers that the economic downturn which is mainly attributable to market uncertainties surrounding the global economy, offers positive investment opportunities for expansion as operating costs are lowered and the Greater China presents a wealth of opportunities for the Company's retailing and branding operations. The joint venture will provide a solid platform for the Company to fortify its retail and branding operations initially in the Greater China and subsequently in the rest of Asia.

The Directors believe that the terms of the transaction are fair and reasonable and in the interests of the Shareholders as a whole.

## **INFORMATION OF THE COMPANY**

The Company is an investment holding company. The principal activities of the Company are footwear manufacturing and trading, property investment and investment holding in Hong Kong and PRC.

The Company is a seasoned market player in brand development in the Greater China. It has under its brand development portfolio a number of famous and heritage brands. Managing more than 300 points-of-sale all over PRC, the Company owns an extensive network and brand marketing know-how.

## **INFORMATION OF TOYOTA TSUSHO**

Toyota Tsusho is a member of the Toyota Motor Corporation, the world-known automobile conglomerate. It is the sole trading company of the Toyota Group that engages in retail and brand development and operates under a wide range of popular Japanese life-style products. Toyota Tsusho is a company incorporated in Japan which shares are listed on Tokyo Stock Exchange Group, Inc (Stock Code: 8015) and Nagoya Stock Exchange, Inc (Stock Code: 8015).

The principal business activities of Toyota Tsusho are the retailing and brand development and operate under a wide range of popular Japanese life-style products.

## GENERAL

Based on the calculation reckoned on the 100% of the investment of Team China, the formation of the Joint Venture Company constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires :-

<b>“Board”</b>	board of Directors of the Company
<b>“Business Day(s)”</b>	a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for business
<b>“Company”</b>	Symphony Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Exchange (Stock Code : 01223)
<b>“Director(s)”</b>	executive director(s), non-executive director and independent non-executive director(s) of the Company
<b>“Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Greater China”</b>	PRC, Hong Kong and Macao
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the PRC
<b>“JFT Holdings”</b>	JFT Holdings Limited, a company incorporated in Hong Kong with limited liability
<b>“Joint Venture Agreement”</b>	the joint venture agreement dated 30 January 2009 between Team China and Toyota Tsusho, relating to the distribution and retailing of well-known brands which are mainly originated from Japan, Europe and the United States of America in the Greater China.
<b>“Joint Venture Company”</b>	JFT Holdings
<b>“Listing Rules”</b>	Rules Governing the Listing of Securities on the Exchange
<b>“Macao”</b>	Macao Special Administrative Region of the PRC
<b>“PRC”</b>	The People’s Republic of China
<b>“Shareholder(s)”</b>	shareholder(s) of the Company

**“Team China”**

Team China International Limited, a company incorporated in Hong Kong with limited liability

**“Toyota Tsusho”**

Toyota Tsusho Corporation, a company incorporated in Japan which shares are listed on Tokyo Stock Exchange Group, Inc (Stock Code: 8015) and Nagoya Stock Exchange, Inc (Stock Code: 8015) and is a member of the Toyota Motor Corporation, the world-known automobile conglomerate. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Toyota Tsusho and the ultimate beneficial owners of Toyota Tsusho are third parties independent of the Company and connected persons of the Company.

By Order of the Board  
**CHAN, Ting Chuen**  
*Director*

Hong Kong, 30 January 2009

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

Executive Directors: Mr. Sze Sun Sun Tony, Mr. Chang Tsung Yuan, Mr. Ku Edward Y., Mr. Chan Lu Min, Dr. Ho Ting Seng, Mr. Chan Ting Chuen

Non-executive Directors: Mr. Li I Nan

Independent Non-executive Directors: Mr. Cheng Kar Shing, Mr. Feng Lei Ming, Mr. Ho Shing Chak

*\* For identification purposes only*