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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 TRANSACTION  
EXCEEDED THE 2021 ANNUAL CAP**

Reference is made to (1) the announcement of Symphony Holdings Limited (the “**Company**”) dated 31 December 2018 in relation to, among others, the provision of margin financing services by China Rise Securities Asset Management Company Limited (“**China Rise**”), an indirect wholly-owned subsidiary of the Company, to Mr. Cheng Tun Nei (“**Mr. Cheng**”), an executive director and a substantial shareholder of the Company, together with Goldsilk Capital Limited (“**GCL**”), a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Cheng and (2) the announcement of the Company dated 29 December 2021 in relation to, among others, the entering into of a new margin financing agreement (the “**New Margin Financing Agreement**”), which became effective on 1 January 2022, between Mr. Cheng (together with GCL) and China Rise.

**EXCEEDED OF 2021 ANNUAL CAP**

In early January 2022, during a regular review of certain continuing connected transactions of the Company, it came to the attention of the Company that the aggregate amount of outstanding balance of the margin loan granted to Mr. Cheng (together with GCL) for the year ended 31 December 2021 reached approximately HK\$13.7 million (the “**2021 Actual Amount**”), which exceeded the original annual cap of HK\$10 million for the year ended 31 December 2021 (the “**2021 Annual Cap**”). The 2021 Actual Amount exceeded the 2021 Annual Cap primarily due to an inadvertent oversight of our staff of the execution and the effective date of the New Margin Financing Agreement and therefore a mistaken increase of the maximum outstanding balance of margin loans made available to Mr. Cheng (together with GCL) in late December 2021. Pursuant to Rule 14A.54(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Company must re-comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules.

## **REVISION OF ANNUAL CAP**

As disclosed in the announcement of the Company dated 29 December 2021, taking into account of, among others, the increase in demand for margin loan financing from Mr. Cheng (together with GCL), the New Margin Financing Agreement had been entered into on 29 December 2021 to grant Mr. Cheng (together with GCL) the margin loan amount of up to HK\$17 million for a fixed term of three years commencing from 1 January 2022 to 31 December 2024. The Company confirms that the maximum outstanding balance of the margin loan for Mr. Cheng (together with GCL) from 1 January 2022 to the date of this announcement is still within the annual cap for the current financial year as disclosed in the announcement of the Company dated 29 December 2021.

## **MEASURES ADOPTED BY THE COMPANY**

In order to avoid any recurrence of similar events in the future and to improve the Company's compliance with the applicable Listing Rules requirements going forward, the Company has taken the following steps to further strengthen its internal monitoring procedures:

- A. conducting more frequent reviews on the outstanding margin loan amount of any connected persons;
- B. arranging regular trainings for our employees, including the business operation, finance and compliance departments, to strengthen their knowledge of the Listing Rules and enhance their awareness of the importance of compliance with the Listing Rules;
- C. the Company's internal auditor will monitor the effectiveness and adequacy of the internal monitoring procedures, and will make recommendations and report to the audit committee of the Company on a regular basis; and
- D. the senior management members and the finance manager of the Group will enhance supervision over the actual transaction amounts incurred under the continuing connected transactions of the Group on a more regular basis. For example, if the actual transaction amount reaches 90% or more of the relevant annual cap at any time, the matter shall promptly be escalated to the board of directors of the Company (the **"Board"**), which will decide the appropriate measure to be taken, including but not limited to revising the relevant annual cap and seeking approval from the independent shareholders of the Company in accordance with the requirements of the Listing Rules, if necessary.

The Board has taken this incident seriously and remains committed to satisfactorily addressing, resolving and ratifying it. The Board considers that the exceeding of the 2021 Annual Cap was an isolated event and the Company will take steps to strengthen its internal control and compliance procedures to prevent recurrence of a similar event in the future. The Board believes that the exceeding of the 2021 Annual Cap does not bring about any material impact on the business and operations of the Company, nor does it have a material financial impact on the Company.

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

Hong Kong, 14 January 2022

As at the date of this announcement, the directors of the Company 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*