

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of these offers, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in Symphony Holdings Limited, you should at once hand this document and the accompanying form of acceptance and form of renunciation 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 transferee. This document should be read in conjunction with the accompanying form of acceptance and form of renunciation, the contents of which form part of the terms of the offers contained herein.

WELL SUCCESS INVESTMENT LIMITED

(incorporated in the British Virgin Islands with limited liability)

UNCONDITIONAL CASH OFFERS

BY

ANGLO CHINESE CORPORATE FINANCE, LIMITED

ON BEHALF OF WELL SUCCESS INVESTMENT LIMITED TO ACQUIRE

ALL THE ISSUED SHARES

(AND FOR CANCELLATION OF OPTIONS TO SUBSCRIBE FOR SHARES)

IN SYMPHONY HOLDINGS LIMITED,

OTHER THAN THOSE ALREADY OWNED BY

WELL SUCCESS INVESTMENT LIMITED

Financial adviser to Well Success Investment Limited

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

The procedures for acceptances of the offers are set out on pages 9 to 14 in appendix I to this document and in the accompanying form of acceptance and form of renunciation. Acceptances of the offers should be despatched as soon as possible, by hand or by post, to the share registrar, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong by not later than 4:00 p.m. on 9th April, 2002 or such later time and, or date as Well Success Investment Limited may announce.

12th March, 2002

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The definitions used throughout this document are contained in appendix II

EXPECTED TIMETABLE

Offers open 12th March, 2002

Latest date for posting the offeree document (*Note 1*) on or before 26th March, 2002

Closing date and the latest time for acceptance of the offers
unless the offer is extended (*Note 2*) 4:00 p.m. on 9th April, 2002

Notes:

1. Under the Takeovers Code, Symphony is required to post the offeree document to the shareholders and optionholders within 14 days of posting of the offer document (unless the Executive consents to a later date).
2. Under the Takeovers Code, where the offeree document is posted after the date of the offer document, the offers must remain open for acceptance for at least 28 days. Accordingly, the offers will remain open for acceptance until the closing date on 9th April, 2002. The offeror reserves the right to extend the offers until such date as it may determine. The offeror will issue a teletext announcement through the Stock Exchange by 7:00 p.m. on the closing date in relation to whether the offers have expired, or any extension of the offers, which announcement will state either the next closing date or that the offers will remain open until further notice. Such announcement will be republished in newspapers on the next business day thereafter. If the offeror decides to extend the offers, at least 14 days' notice in writing will be given, before the offers are closed, to those shareholders and optionholders who have not accepted the offers.
3. Remittances in respect of the consideration payable for the shares tendered and options renounced under the offers will be posted within 10 days of the date of receipt by the share registrar of all the relevant documents to render the relevant acceptances under the offers complete and valid.

LETTER FROM ANGLO CHINESE

ANGLO CHINESE CORPORATE FINANCE, LIMITED

40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

財務顧問有限公司
美高

12th March, 2002

To the shareholders and optionholders

Dear Sir or Madam,

Unconditional cash offers
by
Anglo Chinese Corporate Finance, Limited
on behalf of **Well Success Investment Limited** to acquire
all the issued shares
(and for cancellation of options to subscribe for shares)
in **Symphony Holdings Limited,**
other than those already owned by
Well Success Investment Limited

INTRODUCTION

On 18th February, 2002, it was announced that Anglo Chinese would make, on behalf of Well Success, the offers.

The offers are made following the acquisition by the offeror of 82,724,933 shares in Symphony, representing approximately 39.74% of its issued share capital for a consideration of between HK\$1.25 and HK\$1.75 per share, from the parties listed below on 15th February, 2002.

Vendor	Number of shares and percentage interests	Purchase price per share
		<i>HK\$</i>
First Place Limited	22,355,957 10.74%	1.25
Maida Holdings Limited	11,498,896 5.52%	1.25
Livesey Holdings Limited	19,752,480 9.49%	1.75
Chuang Hsiu Li	18,026,000 8.66%	1.75
Abalone Finance Limited	3,960,400 1.90%	1.75
Brochet Investment Limited	3,268,000 1.57%	1.75
Lee Lap	3,863,200 1.86%	1.75
	<u>82,724,933</u> <u>39.74%</u>	

LETTER FROM ANGLO CHINESE

First Place Limited is a company owned as to 42.8% by Mr. Tony Sze, as to 42.8% by Mr. David Chan and as to 14.4% by Mr. Alfred Li. Maida Holdings Limited is wholly owned by Mr. Tony Sze. Messrs. Tony Sze, David Chan and Alfred Li are non-executive directors of Symphony. The other vendors are independent third parties which are not connected or acting in concert with Well Success. None of these other vendors has representation on the board of Symphony.

Parties acting in concert with Well Success, being Madam Lau Yuk Wah, the wife of Mr. Tony Sze, and Mr. Sze Shing Chi, the brother of Mr. Tony Sze, and Mr. Alfred Li and Madam Lo Hiu Wah, the mother of Mr. Alfred Li, own a further 7,155,600 shares in Symphony, representing approximately 3.44% of its issued share capital.

Since announcing the offers, Well Success has acquired further shares at a price of HK\$1.75 or less per share which has resulted in it and parties acting in concert with it holding more than 50% of the issued share capital of Symphony. Accordingly, the share offer became unconditional in all respects. Since commencing the offers, Well Success has acquired 15,572,000 shares, representing 7.48% of the issued share capital of Symphony at prices at or below HK\$1.75 per share. These purchases are detailed in appendix II of this offer document.

As at the latest practicable date, the aggregate shareholding of the offeror and parties acting in concert with it was 105,452,533 shares, representing 50.66% of the issued share capital of Symphony.

The share offer is being made for 109,873,063 shares other than those already owned by the offeror, representing approximately 52.78% of the existing share capital of Symphony. The option offer is being made for all options to subscribe for shares outstanding under its employee share option scheme adopted by Symphony on 9th February, 1995. According to information supplied by Symphony, options were outstanding to subscribe for 1,540,000 shares in aggregate as at 26th February, 2002.

This letter, together with appendix I to this offer document and the accompanying form of acceptance and form of renunciation, sets out, amongst other things, the terms of the offers, information on the offeror and the intention of the offeror regarding the future of Symphony.

Under the Takeovers Code, the offeree document which is required to contain, amongst other things, a letter from the independent board committee of Symphony formed to advise you on the offers and a letter of advice from the independent financial adviser appointed to advise the independent board committee of Symphony in respect of the offers, must be sent to you as soon as practicable and, in any event, no later than 14 days from the date of this offer document.

THE SHARE OFFER

The share offer is made by Anglo Chinese on behalf of the offeror for all the shares other than those owned by it on the following basis:

For each share HK\$1.75 in cash.

The offer price of HK\$1.75 per share represents:

- the highest price paid by Well Success and parties acting in concert with it during the six months prior to 15th February, 2002, the date on which it triggered a mandatory takeover offer in accordance with the Takeovers Code;

LETTER FROM ANGLO CHINESE

- a 16.67% premium to the closing price of the shares, of HK\$1.50 per share as quoted by the Stock Exchange on 8th February, 2002, being the last trading day before the board of directors of Symphony was informed by Well Success that a bona fide offer was imminent;
- a premium of 20.68% to the average closing price of the shares of approximately HK\$1.45 per share as quoted on the Stock Exchange over the last 10 consecutive trading days ended on 8th February, 2002;
- a 2.78% discount over the closing price of the shares of HK\$1.80 per share as quoted on the Stock Exchange on the latest practicable date; and
- a discount of 10.71% to the published unaudited net tangible assets of HK\$1.96 per share as at 30th June, 2001, as adjusted for the return of capital as described below under the section headed “Information on Symphony”.

According to information provided by Symphony, as at the latest practicable date, Symphony had in issue 208,169,996 shares. Based on the offer price of HK\$1.75 per share, the entire issued share capital of Symphony is valued at approximately HK\$364.3 million. The share offer extends to any shares unconditionally allotted and issued while the share offer remains open for acceptance pursuant to any valid exercise of subscription rights under the options.

The offers are final and the prices offered for shares and the cancellation of options will not be revised.

TERMS OF THE SHARE OFFER

The share offer is unconditional in all respects. The shares will be acquired free from all liens, charges, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after 8th February, 2002, the date on which the board of directors of Symphony was informed the share offer was imminent.

Acceptances of the share offer will not be permitted to be withdrawn.

OFFER FOR THE SHARE OPTIONS

As at the latest practicable date, according to information provided by Symphony, there were in aggregate 1,540,000 options outstanding, held by three persons. Each share option entitles the optionholder to subscribe for one new share at an exercise price of HK\$1.00 per share during the period from 14th February, 2001 to 13th February, 2003.

Anglo Chinese, on behalf of Well Success, hereby offers to the optionholders to pay HK\$0.75 in cash for each option to subscribe for one share they renounce and surrender for cancellation. The option offer price stated above is the offer price for the shares less the amount payable upon exercise of the options to subscribe for each share.

By accepting the option offer, optionholders will renounce and agree to the cancellation of, and will receive HK\$0.75 in cash, for each option to subscribe for one share renounced and surrendered for cancellation. The optionholders will renounce all rights under those options which rights shall thereupon lapse and be fully discharged and of no further effect.

LETTER FROM ANGLO CHINESE

TERMS OF THE OPTION OFFER

The option offer is unconditional in all respects. The options will be renounced and cancelled on terms that they are free from all liens, charges, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights attaching to them, on or after 8th February, 2002, the date on which the board of directors of Symphony was informed the share offer was imminent.

Save for the options, according to information supplied by Symphony, it had no other outstanding convertible securities, warrants, options or derivatives in issue as at the latest practicable date.

The latest time for acceptance of the option offer is the closing date.

Under the terms of the options, all of the outstanding options are personal to the persons who hold them and can neither be transferred nor assigned. By accepting the option offer, the optionholders will irrevocably renounce and agree to the cancellation absolutely of all their respective rights and interests under the relevant outstanding options without compensation except the nominal payment of HK\$0.75 in cash for each option to subscribe for one share.

FINANCIAL RESOURCES OF THE OFFEROR

Anglo Chinese is satisfied that sufficient resources are available to Well Success for full acceptance of the offers. The offeror intends to finance the offers from existing unencumbered bank deposits.

INFORMATION ON THE OFFEROR

Well Success is a private investment holding company incorporated in the British Virgin Islands on 2nd January, 2002. It has not conducted any business since its incorporation except for the purchase of shares in Symphony. The issued share capital of Well Success is owned as to 50% by First Dynamic and as to 50% by Frensham, an indirect wholly owned subsidiary of Yue Yuen. First Dynamic is indirectly owned as to 40% by Mr. Tony Sze, 40% by Mr. David Chan and 20% by Mr. Alfred Li. Yue Yuen, the shares of which are listed on the Stock Exchange, together with its subsidiaries, is principally engaged in the manufacturing and marketing of footwear. The executive directors of Yue Yuen are Messrs. Tsai Chi Neng, David N.F. Tsai, Steve Li, Kung Sung Yen, Lu Chin Chu, Kuo Tai Yu, Edward Ku, and Chan Lu Min. The non-executive directors of Yue Yuen are Choi Kwok Keung, Shih Hung, John J.D. Sy. The directors of Well Success are Messrs. Alfred Li, David Chan, Edward Ku, Steve Li, Tsai Chi Neng and Tony Sze. Set out below are brief details on the directors of Well Success.

Mr. Alfred Li, aged 49, is chairman of SPS Group, a Hong Kong based financial services group and brokerage house which holds participation rights on the Stock Exchange, and on the Hong Kong Futures Exchange. Mr. Alfred Li is a non-executive director of Symphony and a director of First Dynamic.

Mr. David Chan, aged 55, graduated with a bachelor's degree in Civil Engineering from the University of Hong Kong and has more than 25 years' experience in the construction industry and property development. Mr. David Chan is a non-executive director of the Symphony and a director of First Dynamic. He is also a non-executive director of Wing Shan International Limited, a company whose shares are listed on the Stock Exchange.

LETTER FROM ANGLO CHINESE

Mr. Edward Ku, aged 59, is a director of Yue Yuen. Mr. Ku was the senior partner of the law firm, Ku & Fong, in Los Angeles and is licensed to practice law in California and Taiwan. He also served as an executive director and secretary of First Pacific Bank in Los Angeles. Mr. Ku holds a bachelor-in-law degree from National Taiwan University and received his J.D. degree from Washington University in St. Louis, United States.

Mr. Steve Li, aged 60, is a director of Yue Yuen. He has many years of experience in the footwear business, including sourcing and wholesale operations. He received a bachelor and a master of arts degree from National Chengchi University in Taiwan and the University of Southern California, respectively.

Mr. Tsai Chi Neng, aged 54, is the chairman of Yue Yuen. Mr. Tsai has more than 30 years' experience in the footwear business in Taiwan, Canada and the United States.

Mr. Tony Sze, aged 51, has over 25 years' experience in investment and property development in Hong Kong, mainland China and overseas markets. Mr. Tony Sze is a non-executive director of Symphony and a director of First Dynamic.

BACKGROUND AND REASONS FOR THE OFFERS

Following the acquisition of 82,724,933 shares representing approximately 39.74% of the issued shares of Symphony by the offeror, it is obliged under the Takeovers Code to make a mandatory conditional cash offer to acquire all the issued share capital of Symphony not already owned by the offeror or parties acting in concert with it.

As shareholders and optionholders are aware, over the past year there have been numerous changes in the composition of the board of directors of Symphony and the function of its members. This is reflective of the differences between various of its members and the shareholders they represent. More recently these differences have resulted in Symphony and certain of its subsidiaries commencing litigation against, amongst others, Messrs. David Chan and Tony Sze who are non-executive directors of Symphony and directors of Well Success. The offeror believes that these disputes are a distraction to management which will hamper the growth and development of the Symphony group. Well Success, through its acquisition of shares and the offer it is now making, intends to persuade the management to focus on the growth and development of the Symphony group and increase shareholder value. It also introduces a new, substantial shareholder of Yue Yuen whose record of success in developing its business in Greater China is anticipated to contribute substantially to the future performance of the Symphony group for the benefit of all its shareholders.

INTENTIONS OF WELL SUCCESS REGARDING SYMPHONY

Board membership

It is the intention of Well Success to take steps to appoint such number of new directors to the board of Symphony as to form, with Messrs. Tony Sze, David Chan and Alfred Li, a clear majority of the board. Executive directors who, in Well Success' opinion, are important to managing the operations of Symphony will be asked to remain. Certain other executive directors may be invited to resign from the board as and when permitted under the provisions of the Takeovers Code. Well Success intends to discuss with the existing non-executive directors of Symphony what role they wish to play following the offers.

LETTER FROM ANGLO CHINESE

Business

Upon completion of the offers, it is the intention of Well Success that the Symphony group will continue its existing business in manufacturing and trading of footwear and property and investment holding. Yue Yuen, a 50% shareholder of Well Success, does not intend that the Symphony group's facilities should be integrated with its own or to take a material role in its management. While there is no intention to make any material change to the existing businesses of the Symphony group, Well Success intends to review the financial position and operations of the Symphony group following the close of the offers. The possibility of extending the Symphony group's scope of operations through the establishment of a retail chain in the People's Republic of China will be explored. Well Success does not have any intention to inject any material assets into the Symphony group or to procure the disposal of any material assets of the Symphony group.

MAINTAINING THE LISTING STATUS OF SYMPHONY

In the event that the offeror receives valid acceptances in respect of not less than 90% of the value of the shares subject to the share offer, the offeror does not intend to exercise any right under the Bermuda Companies Act to acquire any shares which are subject to the share offer but in respect of which no valid acceptances have been tendered during the share offer, but reserves the right to do so. The offeror intends that Symphony should maintain its listing on the Stock Exchange.

INFORMATION OF SYMPHONY

The principal activity of Symphony is investment holding, and its subsidiaries are engaged principally in manufacturing and trading of footwear and property and investment holding.

The audited consolidated profit after tax and minority interests of Symphony for the years ended 31st December, 2000 and 31st December, 1999 were approximately HK\$36.4 million and HK\$48.3 million, respectively. The audited consolidated net tangible assets of Symphony as at 31st December, 2000 and 31st December, 1999 were approximately HK\$688.5 million and HK\$555.6 million, respectively. The unaudited consolidated profit after tax and minority interests of Symphony for the six months ended 30th June, 2001 was approximately HK\$33.2 million. The unaudited consolidated net tangible assets of Symphony as at 30th June, 2001 were approximately HK\$716.9 million.

On 11th September, 2001, the directors of Symphony announced that they intended to put forward a proposal to the shareholders involving a capital reduction, a capital return, a share consolidation on the basis of one consolidated share of HK\$1.00 for every twenty five shares of HK\$0.04 each, and a change of board lot size. Details of the reorganisation were set out in a circular dated 28th September, 2001. The capital return involved the return to the shareholders of approximately HK\$307.9 million. The reorganisation was approved by the shareholders and became effective on 23rd October, 2001.

Based on the unaudited consolidated net tangible assets of Symphony of approximately HK\$716.9 million as at 30th June, 2001, adjusted for the capital return, the unaudited consolidated net tangible assets of Symphony were reduced to approximately HK\$409.0 million after the reorganisation became effective. Based on the existing issued share capital of 208,169,996 shares, the offer price of HK\$1.75 per share represents a discount of approximately 10.71% to the unaudited adjusted net tangible asset value per share of approximately HK\$1.96 as at 30th June, 2001.

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REQUISITION SENT TO THE OFFEREE

On 8th March, 2002, the offeror served a requisition to Symphony to convene a special general meeting in accordance with the provisions of Section 74 of the Bermuda Companies Act for the purpose of considering and, if thought fit, approving resolutions:

- to set the maximum number of directors of Symphony at a number equal to the number of directors immediately before the passing of the relevant resolution plus the number of persons elected as directors and the appointment of additional directors proposed by the offeror;
- that the general mandate granted to the directors of Symphony to allot, issue and deal with shares and to make or grant offers, agreements and options over shares in the capital of Symphony be revoked.

Symphony is required to proceed to convene the special general meeting within 21 days from 8th March, 2002 in accordance with section 74(3) of the Bermuda Companies Act. In the event that Symphony fails to convene the meeting, the offeror has expressed its intention to exercise its right to convene the special general meeting in accordance with section 74(3) of the Bermuda Companies Act.

SETTLEMENT OF THE CONSIDERATION

Remittances in respect of the consideration payable for the shares tendered and options renounced under the offers will be posted within 10 days of the date of receipt by the share registrar of all the relevant documents to render the relevant acceptances under the offers complete and valid.

FURTHER TERMS OF THE OFFERS

Further terms of the offers, including procedures for acceptance and the acceptance period, are set out in appendix I to the offer document and the accompanying form of acceptance and form of renunciation.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices which form part of this offer document.

Yours faithfully,
for and on behalf of
Anglo Chinese Corporate Finance, Limited
Stephen Clark
Director

PROCEDURE FOR ACCEPTANCE

If the share or option certificate(s) and, or transfer receipt(s) and, or any other document(s) of title, in respect of your shares or options is, are in your name, and you wish to accept the relevant offer, you must send the form of acceptance (for the share offer) or form of renunciation (for the option offer) duly completed together with the relevant share or option certificate(s) and/or transfer receipt(s) and, or other document(s) of title, and, or any indemnity or indemnities required in respect thereof, to the share registrar, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong.

If the share certificate(s) and, or transfer receipt(s) and, or any other document(s) of title, in respect of your shares is or, are, in the name of a nominee company or some name other than your own, and you wish to accept the share offer, you must either:

- lodge your share certificate(s) and, or transfer receipt(s) and, or any other document(s) of title, with the nominee company, or other nominee, with instructions authorising it to accept the share offer, on your behalf and requesting it to deliver the form of acceptance duly completed together with the relevant share certificate(s) and, or, transfer receipt(s) and, or other document(s) of title to the share registrar; or
- arrange for the shares to be registered in your name by Symphony through the share registrar and send the form of acceptance duly completed together with the relevant share certificate(s) and, or transfer receipt(s) and, or, any other document(s) of title to the share registrar.

If you have lodged transfer(s) of shares for registration in your name and have not yet received your share certificate(s) and you wish to accept the share offer, you should nevertheless complete the form of acceptance and deliver it to the share registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an authority to the offeror or its agent(s) to collect from Symphony or the share registrar, on your behalf, the relevant share certificate(s) when issued and to deliver such certificate(s) to the share registrar and to authorise and instruct the share registrar to hold such certificate(s), subject to the terms of the share offer, as if it was, they were delivered to, the share registrar with the form of acceptance.

If the share or option certificate(s) and, or, transfer receipt(s) and, or, any other document(s) of title, is or, are not readily available and, or, is, are lost and you wish to accept the share offer or option offer, as the case may be, the form of acceptance (for the share offer) or form of renunciation (for the option offer) should nevertheless be completed and delivered to the share registrar and the relevant share or option certificate(s) and, or, transfer receipt(s) and, or, any other document(s) of title, or should be forwarded to the share registrar as soon as possible thereafter. If you have lost your share or option certificate(s) and, or, other document(s) of title, you should also write to the share registrar for a form of letter of indemnity which, when completed in accordance with the instructions given, should be returned to the share registrar.

Acceptance of the share offer or the option offer, as the case may be, may, at the discretion of the offeror, be treated as valid in whole or in part even if not entirely in order or accompanied by the relevant share or option certificate(s) and, or, transfer receipt(s) and, or, any other document(s) of title, and, or, any indemnity or indemnities required in respect thereof, but, in such cases, the consideration will not be despatched until the relevant share or option certificate(s) and, or, transfer receipt(s) and, or, any other document(s) of title, and, or, any indemnity or indemnities in respect

thereof, has or, have been, received by the share registrar. Acceptances will be subject to validation and (in the case of shares) stamping before the remittances in respect of the consideration payable for the shares tendered and options renounced under the offers will be posted to the persons entitled to it provided that the consideration shall be despatched within 10 days of receipt by the share registrar of all the relevant documents to render the relevant acceptances under the offers complete and valid.

No acknowledgement of receipt for any form(s) of acceptances, form of renunciation, share or option certificate(s), transfer receipt(s) and, or, any other document(s) of title, and, or, any indemnity or indemnities required in respect thereof, will be given.

ACCEPTANCE PERIOD

The offers are final and the prices offered for the shares and the cancellation of the options will not be revised. The offeror reserves the right to extend the offers after the despatch of this offer document until such day as it may determine.

If either or both of the offers is or are extended, the announcement of such extension will state the next closing date. If either or both of the offers is or are extended, the relevant offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification of the extension to the shareholders and optionholders and, unless previously extended, shall be closed on the subsequent closing date.

In order to be valid, forms of acceptance and forms of renunciation must be received by the share registrar in accordance with the instructions printed on the form of acceptance or form of renunciation, as the case may be, by 4:00 p.m. on the closing date, unless the relevant offer is extended before the closing date.

If the closing date of either or both of the offers is extended, any reference in the offer document and in the form of acceptance or form of renunciation, as the case may be, to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the relevant offer as so extended.

ANNOUNCEMENTS

By 6:00 p.m. on the closing date, or such later time as the Executive may in exceptional circumstances permit, the offeror shall inform the Executive and the Stock Exchange of its decision in relation to the extension or expiry of the offers. The offeror shall publish a teletext announcement through the Stock Exchange by 7:00 p.m. on the closing date stating whether either or both of the offers has been extended or expired. Such announcement will be republished in newspapers on the next business day thereafter and shall state the total number of shares or options:

- for which acceptances of the relevant offer have been received;
- held, controlled or directed by the offeror or persons acting in concert with it before the offer period; and
- acquired or agreed to be acquired during the offer period by the offeror or any persons acting in concert with it.

The announcement shall include the details of voting rights, rights over shares, derivatives and arrangements as required by rule 3.5(c), (d) and (f) of the Takeovers Code. The announcement shall also specify the percentages of the relevant classes of share capital, and the percentages of voting rights, represented by these numbers.

In computing the number of shares and options represented by acceptances, there may be included or excluded, for announcement purposes, acceptances which are not in all respects in order or are subject to verification.

As required under the Takeovers Code, all announcements in relation to either or both of the offers in respect of which the Executive has confirmed that it has no further comments, must be published as a paid announcement in at least one leading English language newspaper and one leading Chinese language newspaper, being in each case a newspaper which is published daily and circulating generally in Hong Kong.

RIGHT OF WITHDRAWAL

Acceptances of either or both of the offers shall be irrevocable and will not be permitted to be withdrawn.

OFFER SHARES

The shares acquired under the share offer will be acquired free from all liens, charges, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights attaching to them, including in respect of the shares the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after 8th February, 2002.

STAMP DUTY

Seller's ad valorem stamp duty arising in connection with acceptances of the share offer, amounting to HK\$1.00 for every HK\$1,000 or part thereof of the value of the consideration payable in respect of the relevant acceptance, will be payable by accepting shareholders and will be deducted from the consideration payable on acceptance of the share offer.

OVERSEAS HOLDERS

The making of the offers to overseas holders may be prohibited or affected by the laws of the relevant jurisdictions. Overseas shareholders and overseas optionholders should inform themselves about and observe any applicable legal requirement. It is the responsibility of each overseas shareholder or overseas optionholder who wishes to accept the relevant offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Any such overseas holder will be responsible for any such transfer or other taxes by whomsoever payable and the offeror, Anglo Chinese and any person acting on their behalf shall be entitled to be fully indemnified and held harmless by such overseas shareholders and overseas optionholders for any such transfer or other taxes as such person may be required to pay. Acceptances of the relevant offer by any such person will constitute a warranty by such person that such person is permitted under all applicable laws to receive and accept the relevant offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

FORMS OF ACCEPTANCE AND FORMS OF RENUNCIATION

Each shareholder or optionholder by whom, or on whose behalf, a form of acceptance or form of renunciation, as the case may be, is executed irrevocably undertakes, represents, warrants and agrees to and with the offeror and Anglo Chinese, so as to bind him, her or it, his, her or its personal representatives, heirs, successors and assigns, to the following effect:

- that the execution of the relevant form of acceptance or form of renunciation, as the case may be, whether or not any relevant boxes are completed shall constitute:
 - an acceptance of the relevant offer in respect of the number of shares or options, as the case may be, inserted or deemed to be inserted in such form on and subject to the terms set out or referred to in this document and in such form, shall be irrevocable;
 - an undertaking to execute any further documents, take any further actions and give any further assurances which may be required in connection with the foregoing including, without limitation, to secure the transfer to the offeror of the shares or cancellation of the options, as the case may be, of the shares or options in respect of which he or she has accepted or is deemed to have accepted the relevant offer, as the case may be and in respect of the shares the benefit of all dividends and distributions paid, made or declared on or after 8th February, 2002;
- the shares acquired under the share offer and the options renounced by such person or persons are free from all liens, charges, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights attaching to them, including in respect of the shares the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after 8th February, 2002;
- if such accepting shareholder or optionholder is an overseas holder of shares or options, that he or she has observed the laws of all relevant territories, obtained any and all requisite governmental or other consents, complied with all requisite formalities and paid any and all transfer or other taxes due from him, her or it in connection with such acceptance in any territory, that he, she or it has not taken or omitted to take any action which will or may result in the offeror, Anglo Chinese or any other person acting or being in breach of the legal or regulatory requirements of any territory in connection with the offers or his, her or its acceptance thereof and he, she or it is permitted under all applicable laws to receive and accept the relevant offer, as the case may be, and any revision thereof, and that such acceptance is valid and binding in accordance with all applicable laws;
- that such shareholder or optionholder will deliver or procure the delivery to the share registrar of his or her share or option certificate(s) and, or, transfer receipt(s) and, or, any other document(s) of title and, or, any indemnity or indemnities in respect thereof, in respect of all shares or options held by him or her in respect of which the relevant offer has been accepted or is deemed to have been accepted and not validly withdrawn, or an indemnity acceptable to the offeror in lieu thereof, as soon as possible;

- that the execution and delivery of the form of acceptance or form of renunciation, as the case may be, to the share registrar constitutes a separate and irrevocable authority and request to the offeror to procure the despatch by post of a cheque in respect of any cash payment in connection with the relevant offer, at the risk of such shareholder or optionholder, to the person or agent whose name and address is set out in the relevant form(s) of acceptance or options form(s) of renunciation or, if none is set out, to the first-named or the sole registered holder of the relevant shares or options at his, her or its registered address;
- that the terms and conditions of the relevant offer contained in this offer document shall be incorporated in and form part of the relevant forms of acceptance or forms of renunciation, as the case may be, which shall be read and construed accordingly;
- that in relation to the offers, he, she or it will do all such acts and things as shall be necessary or expedient to vest in the offeror, or its nominees or such other person as it may decide, the shares or to effect cancellation of the options to which such acceptance relates;
- that he, she or it submits, in relation to all matters arising out of the offers and the forms of acceptance or forms of renunciation, as the case may be, to the jurisdiction of the courts of Hong Kong;
- acceptance of the share offer by any nominee will be deemed to constitute a warranty by such nominee to the offeror that the number of shares indicated in the form of acceptance is the aggregate number of shares held by such nominee for such beneficial owners who are accepting the share offer;
- the offers and all acceptances thereof, the forms of acceptance and forms of renunciation and all contracts made pursuant to the offers, and all action taken or made or deemed to be taken or made pursuant to these terms will be governed by and construed in accordance with the laws of Hong Kong. Execution of the form of acceptance or form of renunciation, as the case may be, by or on behalf of the relevant shareholder or optionholder will constitute such holders' submission in relation to all matters arising out of the offers and the relevant forms of acceptance or form of renunciation, as the case may be, to the jurisdiction of the courts of Hong Kong and the holder's agreement that nothing shall limit the right of the offeror or Anglo Chinese to bring an action, suit or proceeding arising out of or in connection with the creation, validity, effect, interpretation or performance of the legal relations established in relation to the offers and the forms of acceptance or forms of renunciation in any other manner permitted by law or in any court of competent jurisdiction;
- in relation to any acceptance of the share offer in respect of a holding of shares which is in uncertificated form, the offeror reserves the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of the offers whether in order to comply with the facilities or requirements of CCASS or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the Takeovers Code or are otherwise made with the consent of the Executive;

- words and expressions defined in this document shall have the same meaning when used in the forms of acceptance and forms of renunciation. The terms, provisions, instructions and authorities contained in or deemed to be contained in the forms of acceptance and forms of renunciation constitute part of the terms of the relevant offer. The provisions of this appendix I shall be deemed to be incorporated into the forms of acceptance and forms of renunciation; and
- due execution of the forms of acceptance and forms of renunciation will constitute an authority to the offeror, Anglo Chinese, any director of the offeror or of Anglo Chinese or their respective agents to complete and execute on behalf of the shareholders or optionholders, as the case may be, who accept the offers, any document and, in relation to the offers, to do any other act that may be necessary or expedient for the purpose of vesting in the offeror, or such person or persons as the offeror shall direct, the shares which are the subject of such acceptance or effecting the cancellation of the options that are the subject thereof.

GENERAL

All communications, notices, forms of acceptance and forms of renunciation, certificates, transfer receipts and other documents of title or of any indemnity or of any other nature to be delivered by or sent to or from a shareholder or optionholder will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of the offeror, Anglo Chinese nor the share registrar accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.

The provisions set out in the form of acceptance form part of the terms of the share offer.

The provisions set out in the form of renunciation form part of the terms of the option offer.

Notwithstanding any other provision in this appendix I, the offeror and Anglo Chinese reserve the right to treat acceptances as valid if received by or on behalf of either of them at any place or places or in any manner determined by either of them otherwise than as set out in this document or in the form of acceptance or the form of renunciation.

The English text of this document and of the form of acceptance and form of renunciation shall prevail over the Chinese text.

The accidental omission to despatch this document and, or the form of acceptance and form of renunciation or any of them to any person to whom either of the offers is made will not invalidate either offer in any way.

RESPONSIBILITY STATEMENT

The issue of this document has been approved by the directors.

This document includes particulars given in compliance with the Securities Ordinance and the Takeovers Code for the purpose of giving information with regard to the offeror and the offers.

The directors jointly and severally accept full responsibility for the accuracy of the information in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, their opinions expressed in this document have been arrived at after due and careful consideration and there are no other facts not contained in this document the omission of which would make any of their statements in this document misleading.

The information on Symphony in this document has been extracted from the published interim and annual report of Symphony or provided by Symphony. The directors jointly and severally take full responsibility for the accurate extraction of information extracted.

DEFINITIONS

Unless the context requires otherwise, the following expressions have the following meanings in this document:

“Anglo Chinese”	Anglo Chinese Corporate Finance, Limited, an investment adviser and dealer registered under the Securities Ordinance and the financial adviser to the offeror
“announcement”	the press announcement dated 18th February, 2002 made by the offeror regarding the offers
“Bermuda Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“closing date”	4:00 p.m. on 9th April, 2002 or if the offers are extended, the closing date of the offers as extended in accordance with the Takeovers Code
“directors”	the directors of Well Success
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Dynamic”	First Dynamic International Limited, a company incorporated in the British Virgin Islands with limited liability, and owned as to 40% by Mr. Tony Sze, as to 40% by Mr. David Chan and as to 20% by Mr. Alfred Li
“form of acceptance”	the accompanying form of acceptance and transfer in respect of the share offer
“form of renunciation”	the accompanying form of acceptance and renunciation in respect of the option offer

“Frensham”	Frensham Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of Yue Yuen
“latest practicable date”	8th March, 2002, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained herein
“Mr. Alfred Li”	Mr. Li Kwok Lung, Alfred Ronald, a director of Well Success and a non-executive director of Symphony
“Mr. Edward Ku”	Mr. Ku Yu Sun, Edward, a director of Well Success and of Yue Yuen
“Mr. Steve Li”	Mr Li I Nan, Steve, a director of Well Success and of Yue Yuen
“Mr. David Chan”	Mr Chan Ting Chuen, the director of Well Success and a non-executive director of Symphony
“Mr. Tony Sze”	Mr Sze Sun Sun, Tony, the director of Well Success and a non-executive director of Symphony
“offers”	the share offer and the option offer
“offer document”	this document setting out the details of the offers, and the accompanying form of acceptance and form of renunciation
“offer period”	the period commencing on 18th February, 2002, being the date of the announcement of the offers and ending on the later of the date on which the offers close for acceptances and the date on which they lapse
“offeree document”	the response document in respect of the offers to be issued by Symphony to shareholders and optionholders in accordance with the Takeovers Code
“offeror” or “Well Success”	Well Success Investment Limited, a company incorporated in the British Virgin Islands with limited liability, and owned as to 50% by Frensham and 50% by First Dynamic
“option”	option to subscribe for shares granted under the company employee share option scheme adopted by Symphony on 9th February, 1995
“optionholders”	the holders of the outstanding options

“option offer”	the unconditional cash offer by Anglo Chinese, on behalf of the offeror to pay to optionholders HK\$0.75 in cash for option to subscribe for each share in consideration of their renouncing and agreeing to the cancellation of their options, on and subject to the terms set out in this document and the accompanying form of renunciation
“overseas shareholders”	shareholders whose addresses on the register of members of Symphony are outside Hong Kong
“overseas optionholders”	optionholders whose addresses are outside Hong Kong
“parties acting in concert”	the meaning ascribed thereto in the Takeovers Code
“SFC”	the Securities and Futures Commission of Hong Kong
“share offer”	the unconditional cash offer by Anglo Chinese, on behalf of the offeror, to acquire all the issued shares in Symphony, other than those held by the offeror, on and subject to the terms set out in this document and the accompanying form of acceptance
“share registrar”	the Hong Kong share registrar of Symphony, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong
“share(s)”	share(s) of HK\$1.00 each in the issued share capital of Symphony
“shareholder(s)”	holder(s) of share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	the meaning ascribed thereto in the Companies Ordinance
“Symphony”	Symphony Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Symphony group”	Symphony and its subsidiaries from time to time
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“United States”	the United States of America
“Yue Yuen”	Yue Yuen Industrial (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

MARKET PRICES

The highest and lowest closing prices of the shares on the Stock Exchange during the period between 15th August, 2001 being the date falling six months prior to 15th February, 2002, the date on which Well Success triggered a mandatory offer obligation and the latest practicable date were HK\$1.85 on 7th March, 2002 and HK\$0.068 on 18th October, 2001.

The table below sets out the closing prices of the shares on the Stock Exchange on the last business day of each of the six calendar months immediately preceding the announcement on which trading of the shares took place:

	Closing price (HK\$)
31st August, 2001	0.118
28th September, 2001	0.124 (<i>note</i>)
31st October, 2001	1.65
30th November, 2001	1.14
31st December, 2001	1.55
31st January, 2002	1.52

Note: On 23rd October, 2001, the shares were consolidated on the basis of one share of HK\$1.00 for every twenty five shares of HK\$0.04 each and a capital return of HK\$0.06 per share was made.

The closing price of the shares on the Stock Exchange on 8th February, 2002 being the last day on which the shares were traded before the suspension of trading at 10:00 a.m. on 11th February, 2002, at the request of Symphony, was HK\$1.50.

The closing price of the shares on the Stock Exchange on the latest practicable date was HK\$1.80.

DISCLOSURE OF INTERESTS AND DEALINGS IN THE SECURITIES OF SYMPHONY

As at the latest practicable date, the offeror and parties acting in concert with it owned the following shares:

Offeror and parties acting in concert with it	Number of shares held
Well Success	98,296,933 shares
Madam Lau Yuk Wah	80,000 shares
Mr. Sze Shing Chi	72,000 shares
Madam Lo Hiu Wah	6,603,600 shares
Mr. Alfred Li	400,000 shares

As at the latest practicable date, each of the following directors was interested in the shares as stated below:

Directors of the offeror	Number of shares held
Mr. Tony Sze (<i>note 1</i>)	98,376,933 shares
Mr. David Chan (<i>note 2</i>)	98,296,933 shares

Notes:

1. Mr. Tony Sze is interested in these shares through Alexon International Limited which holds 40% of First Dynamic and is wholly owned by Mr. Tony Sze and 80,000 shares held by Madam Lau Yuk Wah, the wife of Mr. Tony Sze.
2. Mr. David Chan is interested in these shares through Royal Pacific Limited which holds 40% of First Dynamic and is wholly owned by Mr. David Chan.

The following table shows the dealings in the shares by the offeror and parties acting in concert with it for the period commencing six months prior to the date on which Well Success triggered a mandatory takeover offer on 15th February, 2002:

Name	Date of purchase	Number of shares	Price HK\$
Well Success	15th February, 2002	33,854,853	1.25
	15th February, 2002	48,870,080	1.75
	19th February, 2002	292,000	1.74
	20th February, 2002	74,000	1.73
		550,000	1.74
	21st February, 2002	3,936,000	1.75
	5th March, 2002	4,400,000	1.75
		2,200,000	1.74
	6th March, 2002	4,120,000	1.75
Mr. Sze Shing Chi	11th December, 2001	72,000	1.20
Maida Holdings Limited	16th August, 2001	300,000	0.105
	20th August, 2001	1,450,000	0.103
		600,000	0.104
	27th August, 2001	1,200,000	0.105
		600,000	0.106
		1,200,000	0.111
	28th August, 2001	900,000	0.110
		400,000	0.109
		1,000,000	0.112
	29th August, 2001	700,000	0.111
		1,300,000	0.11
		2,000,000	0.11
	30th August, 2001	500,000	0.111
		500,000	0.113
		1,600,000	0.115
	31st August, 2001	1,700,000	0.114
		1,450,000	0.118
500,000		0.114	
4th September, 2001	100,000	0.117	
	850,000	0.117	
	1,250,000	0.118	

Notes:

1. Maida Holdings Limited is wholly owned by Mr. Tony Sze.
2. The shares were consolidated on the basis of one share of HK\$1.00 for every twenty five shares of HK\$0.04 each on 23rd October, 2001.

MISCELLANEOUS

- The registered address of Well Success is East Asia Chambers, P. O. Box 901, Road Town, Tortola, British Virgin Islands.
- It is not proposed that any benefit will be given to any director of Symphony or any of its subsidiaries as compensation for loss of office or otherwise in connection with the offers.
- No agreement or arrangement exists between the offeror and any director of Symphony or any other person which is conditional on the outcome of the offers or otherwise connected with the offers.
- No agreement, arrangement or understanding exists whereby any securities to be acquired in pursuance of the share offer will be transferred to any other persons.
- Save as disclosed in this document, none of the offeror or any parties acting in concert with the offeror has entered into any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code.

CONSENT

Anglo Chinese has given and has not withdrawn its written consent to the issue of this document with the inclusion of its letter and references to its name in the form and context in which it appears.

DOCUMENT AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Anglo Chinese at 40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours for so long as the offers remain open for acceptance.

- the memorandum and articles of association of Well Success; and
- the letter of consent from Anglo Chinese referred to in section headed “Consent”.