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If you are in any doubt as to any aspect 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 all your shares in Symphony Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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Symphony Holdings Limited

(新豐集團有限公司) *

(Incorporated in Bermuda with limited liability)

Directors:

Mr. Chu Hon Pong (*Chairman and Managing Director*)

Mr. Chang Tsung Yuan (*Deputy Chairman*)

Mr. Wong Mo Wah, Gordon

Mr. Sy Edward D.

Mr. Chan Ting Chuen[#]

Mr. Sze Sun Sun, Tony[#]

Mr. Li Kwok Lung, Alfred Ronald[#]

Ms. Chou Wan Ling, Charlotte[#]

Mr. Tsao Kwang Yung, Peter[†]

Mr. Cheng Kar Shing[†]

Mr. Goh Gen Cheung[†]

Dr. Chow King Sing, Gerald[†]

Registered Office:

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Hamilton HM12

Bermuda

Principal Place of Business:

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Island Place Tower

510 King's Road

North Point

Hong Kong

30 April 2002

[#] *Non-executive Directors*

[†] *Independent Non-executive Directors*

To the shareholders of the Company

Dear Sir/Madam,

**EXPLANATORY STATEMENT
IN RELATION TO THE GENERAL MANDATE
TO REPURCHASE SHARES
(AS HEREINAFTER DEFINED)**

INTRODUCTION

This is an explanatory statement given to all the shareholders of Symphony Holdings Limited (the "Company") relating to an ordinary resolution to grant the directors of the Company (the "Directors") a general mandate to repurchase the Company's fully paid-up shares representing up to a maximum of 10% of the existing issued share capital of the Company on the date of the

* *For identification purposes only*

ordinary resolution (the “Repurchase Mandate”) to be proposed at the forthcoming annual general meeting to be held at The China Club, 13th Floor, The Old Bank of China Building, Bank Street, Hong Kong on 28 June 2002 at 9:30 a.m. (the “Annual General Meeting”).

At a special general meeting held on 22 October 2001, a general mandate was given to the Directors to exercise the powers of the Company to repurchase shares of the Company. Such mandate will lapse at the conclusion of the Annual General Meeting. An ordinary resolution will therefore be proposed at the Annual General Meeting granting the Directors the Repurchase Mandate.

This explanatory statement contains information required under Rule 10.06(1)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). Its purpose is to provide shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution approving the Repurchase Mandate at the Annual General Meeting.

SHARE REPURCHASE RULES

The Listing Rules contain provisions to regulate the repurchase by companies with primary listings on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) of their own securities on the Stock Exchange (“the Share Repurchase Rules”).

Under the Share Repurchase Rules, any share repurchase by a company with a primary listing on the Stock Exchange has to comply with the following provisions:

(a) Shareholders’ Approval

All on-market share repurchases by a company must be approved in advance by an ordinary resolution, either by way of a general mandate or by a specific approval in relation to specific transactions.

(b) Source of Funds

Repurchases must be funded out of funds which are legally available for the purpose in accordance with the Memorandum of Association and Bye-laws of the Company and the laws of Bermuda.

REASONS FOR SHARE REPURCHASE

Although the Directors have no present intention to repurchase any shares, they believe that the flexibility afforded by the Repurchase Mandate would be beneficial to the Company and its shareholders. Trading conditions on the Stock Exchange have sometimes been volatile in recent years. At any time in the future when shares are trading at a discount to their underlying value, the ability of the Company to repurchase shares will be beneficial to those shareholders who retain their investment in the Company since their percentage interest in the assets of the Company would increase in proportion to the number of shares repurchased by the Company, thereby resulting in an increase in net assets and/or earning per share of the Company. Such repurchases will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

SHARE CAPITAL

As at 25 April 2002, being the latest practicable date prior to the printing of this circular, the issued share capital of the Company comprised of 208,169,996 shares of HK\$1.00 each (“Shares”).

Subject to the passing of the ordinary resolution approving the Repurchase Mandate, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 20,816,999 Shares on the basis that no further Shares will be issued prior to the date of the Annual General Meeting.

FUNDING OF REPURCHASES

The Directors propose that repurchases of Shares under the Repurchase Mandate would be financed from the Company's internal resources. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association and Bye-laws of the Company and the laws of Bermuda.

The Company is empowered by its Memorandum of Association and Bye-laws to repurchase its Shares. Bermuda law provides that the amount of capital paid in connection with a share repurchase may only be paid out of either the capital paid-up on the relevant shares, or the funds of the Company that would otherwise be available for dividend or distribution or the proceeds of a fresh issue of shares made for such purpose. The amount of premium payable on repurchase may only be paid out of funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company.

Further, the Companies Act 1981 of Bermuda (as amended) provides that a company may not repurchase its own shares if on the date on which the repurchase is to be effected, there are reasonable grounds for believing that the company is, or after the repurchase would be, unable to pay its liabilities as they become due.

No material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the Annual Report for the year ended 31 December 2001) is anticipated in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are purchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

MARKET PRICES

The highest and lowest prices at which Shares of the Company have been traded on the Stock Exchange during each of the previous 12 months were as follows:

	Shares	
	Highest price HK\$	Lowest price HK\$
2001		
April	2.200A	1.850A
May	3.125A	1.775A
June	2.650A	2.225A
July	2.575A	2.100A
August	3.100A	2.450A
September	3.475A	2.875A
October	3.400	1.630
November	1.680	1.050
December	1.560	1.140
2002		
January	1.650	1.380
February	1.810	1.360
March	1.850	1.740
April (up to the latest practicable date prior to the printing of this circular)	1.800	1.680

A – Adjusted to reflect the effect of Capital Reduction, Capital Return and Share Consolidation of the Company effective on 23 October 2001 (details of which were set out in a circular of the Company dated 28 September 2001).

SHARES PURCHASES MADE BY THE COMPANY

No purchase of Shares has been made by the Company during the last six months (whether on the Stock Exchange or otherwise).

DISCLOSURE OF INTERESTS

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make purchases under the Repurchase Mandate in accordance with the Listing Rules and the laws of Bermuda.

If as a result of a share repurchase by the Company, a substantial shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of The Hong Kong Code on Takeovers and Mergers ("the Code"). Accordingly, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code. The Directors are not aware of any shareholder, or a group of shareholders acting in concert, who may become obliged to make a mandatory offer in accordance with Rule 26 of the Code in the event that the Directors exercise the power to repurchase Shares pursuant to the Repurchase Mandate.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates presently intends to sell Shares to the Company under the Repurchase Mandate in the event that the Repurchase Mandate is approved by the shareholders.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares, or that they have undertaken not to sell any Shares held by them to the Company in the event that the Repurchase Mandate is approved by its shareholders.

RECOMMENDATION

The Directors believe that the general mandate to repurchase shares is in the interests of the Company and its shareholders and accordingly recommend you to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of
Symphony Holdings Limited
Chu Hon Pong
Chairman and Managing Director