

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

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

**If you have sold** all your securities of Symphony Holdings Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



SYMPHONY  
**SYMPHONY HOLDINGS LIMITED**

**(新豐集團有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**DISCLOSEABLE TRANSACTION**

---

# CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the board</b>	
Introduction .....	3
The Agreement .....	4
Interests being acquired .....	4
Consideration .....	4
Conditions .....	5
Funding .....	5
Reasons for entering into the Agreement .....	5
Miscellaneous .....	5
Further information .....	5
<b>Appendix – General information</b> .....	6

---

## DEFINITIONS

---

*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Agreement”	the agreement entered into between Jing Mei and ZJB dated 15th November 2002
“associates”	the meaning ascribed to it in the Listing Rules
“Balance”	RMB48,300,000, being the Purchase Price minus the Payment
“Company”	Symphony Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Dangerous Goods Warehouse”	a one-storey dangerous goods warehouse of gross floor area of approximately 160 square metres to be erected on the Land
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Jing Mei”	中山精美鞋業有限公司 (Zhong Shan Jing Mei Footwear Co., Limited), a wholly-owned subsidiary of the Company incorporated in the PRC
“Land”	four lots of land at the Torch High-Tech Industrial Development Zone of Zhongshan City, Guangdong Province, PRC of a total site area of approximately 108,171 square metres
“Land Documents”	all land grant contracts (or transfer agreements), original certificates and other documents in relation to the Land, including but not limited to the original land use right certificates
“Latest Practicable Date”	9th December 2002, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Leases”	a lease dated 28th October 1999, a supplemental lease dated 3rd December 1999 and a second supplemental lease dated 15th December 2000 entered into between Jing Mei and ZJB for Jing Mei’s use of the Land and the Properties
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange

---

## DEFINITIONS

---

“Payment”	RMB59,700,000, being monies paid by Jing Mei to ZJB as rental pre-payment pursuant to the terms of the Leases
“PRC”	People’s Republic of China
“Properties”	a factory for the manufacturing of outdoor footwear, staff dormitories and other ancillary buildings and structures erected on the Land with a total gross floor area of approximately 81,242 square metres
“Properties Documents”	building ownership certificates, construction and planning approvals and permits, inspection certificates and all other relevant receipts and documents in respect of the Properties
“Purchase Price”	RMB108,000,000 (approximately HK\$102,369,668) being an estimated market value agreed by reference to the Valuation Reports
“SDI Ordinance”	Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Reports”	the valuation reports prepared by various independent valuers instructed by Jing Mei and ZJB respectively (the valuers instructed by Jing Mei for the Land and the Properties were Zhong Shan Kelian Assets Appraisal Office Co. Ltd. and Zhongshan Jieguo Construction Engineering Company respectively)
“ZJB”	中山市張家邊企業集團有限公司 (Zhang Jia Bian Enterprise Group Co., Limited), a limited liability company established in the PRC, which (including its ultimate beneficial owner) is an independent third party not connected with the Company, any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules
“HK\$”	Hong Kong dollars
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

*For the purpose of this circular, the exchange rate adopted for HK\$ to RMB is HK\$1 to RMB1.055.*

---

## LETTER FROM THE BOARD

---



SYMPHONY

# SYMPHONY HOLDINGS LIMITED

(新豐集團有限公司)\*

(Incorporated in Bermuda with limited liability)

*Directors:*

**Executive Directors**

Mr. Li Kwok Lung, Alfred Ronald (*Chairman*)

Mr. Sze Sun Sun, Tony (*Deputy Chairman*)

Mr. Chan Ting Chuen (*Managing Director*)

Mr. Edward Yu Sun Ku

Mr. Chan Lu Min

Mr. Fung Cheong Yee, Alfred

**Non-executive Directors**

Mr. Li I Nan

Mr. Chow Ching Kit

Mr. Lam Lap Wai

**Independent Non-executive Directors**

Mr. Cheng Kar Shing

Dr. Chow King Sing, Gerald

*Registered office:*

Cedar House

41 Cedar Avenue

Hamilton HM 12

Bermuda

*Principal place of business:*

306-310, 3rd Floor

Island Place Tower

510 King's Road

North Point

Hong Kong

11th December 2002

*To the Shareholders of the Company*

Dear Sir or Madam,

### DISCLOSEABLE TRANSACTION

#### INTRODUCTION

The Directors announced on 21st November 2002 that Jing Mei, a wholly-owned subsidiary of the Company, entered into the Agreement on 15th November 2002 pursuant to which Jing Mei agreed to acquire interests in the Land, the Properties and the Dangerous Goods Warehouse.

\* For identification purposes only

---

## LETTER FROM THE BOARD

---

### THE AGREEMENT

#### Parties:

- (A) : Jing Mei;
- (B) : ZJB

### INTERESTS BEING ACQUIRED

The interests being acquired are:

1. the Land; and
2. the Properties.

In addition, ZJB has agreed to erect a Dangerous Goods Warehouse.

### CONSIDERATION

The aggregate consideration for the purchase of the interests in the Land and the Properties is RMB108,000,000 (approximately HK\$102,369,668), which sum was agreed after arm's length negotiations and was determined with reference to the Valuation Reports.

Jing Mei had entered into the Leases with ZJB and had to-date paid the Payment to ZJB as rental pre-payments under the terms and conditions of the Leases. Under the terms of the second supplemental lease, Jing Mei has an option to purchase the Land and the Properties and should Jing Mei exercise such option, all rental pre-payments previously paid under the Leases shall be applied towards the Purchase Price.

Jing Mei has now decided that it is in its best interest to purchase the Land and the Properties. Jing Mei and ZJB have therefore agreed that the Payment will be treated as a deposit for the purchase.

After deduction of the Payment, the Balance shall be paid as follows:

1. RMB18,300,000 shall be paid in cash within 10 working days of ZJB delivering all of the original Land Documents;
2. Within 10 working days of ZJB delivering all of the original Properties Documents, one of the following two payment methods shall be adopted:
  - a. RMB30,000,000 by thirty monthly installments of RMB1,000,000 each in cash; or
  - b. One lump sum cash payment of RMB27,969,100, being the balance of RMB30,000,000 minus interest of RMB2,030,900.

---

## LETTER FROM THE BOARD

---

RMB200,000 will be withheld from the payment set out in 2a or 2b above, as the case may be, as security which shall be paid to ZJB within 10 working days of satisfactory completion of, and delivery of all requisite documents and certificates in relation to, the Dangerous Goods Warehouse.

### CONDITIONS

By virtue of the Agreement, the Land Documents and the Properties Documents shall be delivered to Jing Mei within 60 working days and 90 working days respectively after the date of the Agreement. ZJB will be liable to Jing Mei for a daily interest of 0.02% of the amount outstanding from Jing Mei to ZJB if the Land Documents and Properties Documents are delivered between 60 and 180 working days and 90 and 180 working days respectively from the date of the Agreement. If ZJB fails to deliver the Land Documents and Properties Documents to Jing Mei within 180 working days from the date of the Agreement, Jing Mei may terminate the Agreement. In this event, ZJB shall, after deducting the market rate for the rent of the Land and the Properties, return to Jing Mei all monies paid pursuant to the Agreement together with interest.

### FUNDING

Jing Mei has sufficient internal cash reserves to pay for the Balance. It is expected that the Agreement will have no adverse impact on the cash flow and gearing ratio of the Group.

### REASONS FOR ENTERING INTO THE AGREEMENT

The Group is principally engaged in the manufacturing of footwear, and properties and investment holding. The Directors believe that the entering into of the Agreement is in the interest of the Company and its shareholders as a whole as it will further enhance the stability of the Group's manufacturing base in the PRC as well as saving on rental payment in the long term.

### MISCELLANEOUS

If there is any inconsistency or conflict between the English and the Chinese versions of this circular, the English version shall prevail.

### FURTHER INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

By Order of the Board  
**SYMPHONY HOLDINGS LIMITED**  
**Li Kwok Lung, Alfred Ronald**  
*Chairman*

**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

**DISCLOSURE OF INTERESTS****(a) Interests of the Directors**

As at the Latest Practicable Date, the interests of the Directors in the securities of the Company and its associated corporation (within the meaning of the SDI Ordinance) which have been notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including the interests which they were deemed or taken to have under section 31 of, or Part I of the Schedule to, the SDI Ordinance) or which are required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, are as follows:

<b>Name of Director</b>	<i>Notes</i>	<b>Nature of interests</b>	<b>Number of ordinary shares of the Company</b>	<b>% of ordinary shares of the issued share capital</b>
Chan Ting Chuen	<i>1</i>	Corporate	127,205,282	61.11%
Sze Sun Sun, Tony	<i>1</i>	Corporate	127,205,282	61.11%
Li Kwok Lung, Alfred Ronald		Personal	4,400,000	2.11%
Chow King Sing, Gerald		Personal	64,000	0.03%

*Notes:*

- Well Success Investment Limited (“Well Success”) owns 127,205,282 ordinary shares of the Company. First Dynamic International Limited (“First Dynamic”) holds more than one-third of the issued share capital of Well Success. Royal Pacific Limited (“Royal Pacific”) and Alexon International Limited (“Alexon International”) each holds more than one-third of the issued share capital of First Dynamic.

Chan Ting Chuen is interested in the entire issued share capital of Royal Pacific. Chan Ting Chuen is deemed to be interested in 127,205,282 ordinary shares of the Company by virtue of his interests in Royal Pacific.

Sze Sun Sun, Tony is interested in the entire issued share capital of Alexon International and is deemed to be interested in 127,205,282 ordinary shares of the Company by virtue of his interests in Alexon International.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest in the securities of the Company and its associated corporations (within the meaning of the SDI Ordinance) which have been notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests in which they were taken or deemed to have under section 31 of, or Part I of the Schedule to, the SDI Ordinance); or which are required to be

entered in the register kept by the Company pursuant to section 29 of the SDI Ordinance; or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

**(b) Interests of the substantial shareholders**

As at the Latest Practicable Date, according to the register of substantial shareholders kept by the Company pursuant to section 16(1) of the SDI Ordinance and so far as is known to the Directors and chief executive of the Company, the following persons are interested or taken or deemed to be interested in 10% or more of the nominal value of the issued share capital of the Company:

Name	Notes	Number of ordinary shares of the Company held		
		Direct interests	Deemed interests	% of holding
Alexon International	1	–	127,205,282	61.11%
Royal Pacific	1	–	127,205,282	61.11%
First Dynamic	1	–	127,205,282	61.11%
Pou Chen Corporation	2	–	127,205,282	61.11%
Wealthplus Holdings Limited	2	–	127,205,282	61.11%
Yue Yuen Industrial (Holdings) Limited	2	–	127,205,282	61.11%
Pou Hing Industrial Company Limited	2	–	127,205,282	61.11%
Yue Yuen Industrial Limited	2	–	127,205,282	61.11%
Pou Yuen Industrial (Holdings) Limited	2	–	127,205,282	61.11%
Frensham Investments Limited	2	–	127,205,282	61.11%
Well Success		127,205,282	–	61.11%

*Notes:*

1. First Dynamic holds more than one-third of the issued share capital of Well Success. Royal Pacific and Alexon International each hold more than one-third of the issued share capital of First Dynamic.

Accordingly, Royal Pacific and Alexon International are deemed to be interested in the 127,205,282 ordinary shares in the Company held by Well Success.

These interests have also been disclosed as corporate interests of Chan Ting Chuen and Sze Sun Sun, Tony in the directors' interests above.

2. Frensham Investments Limited ("Frensham") is a wholly-owned subsidiary of Pou Yuen Industrial (Holdings) Limited ("Pou Yuen (Holdings)") which in turn is a wholly-owned subsidiary of Yue Yuen Industrial Limited ("Yue Yuen Industrial"). Yue Yuen Industrial is a wholly-owned subsidiary of Pou Hing Industrial Company Limited ("Pou Hing Company") which in turn is a wholly-owned subsidiary of Yue Yuen Industrial (Holdings) Limited ("Yue Yuen"). Wealthplus Holdings Limited ("Wealthplus"), a wholly-owned subsidiary of Pou Chen Corporation ("Pou Chen"), holds over 35% interests in Yue Yuen.

Accordingly, Frensham, Pou Yuen (Holdings), Yue Yuen Industrial, Pou Hing Company, Yue Yuen, Wealthplus and Pou Chen are deemed to be interested in the 127,205,282 ordinary shares of the Company held by Well Success.

Save as disclosed herein, the Directors and the chief executive of the Company are not aware of any person, who is directly or indirectly interested in 10% or more of the nominal value of the issued share capital of the Company as at the Latest Practicable Date.

**LITIGATION**

There is no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

**MISCELLANEOUS**

The company secretary is Ms. Charlotte Kong, a qualified solicitor of Hong Kong.

The branch share registrars of the Company is Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong.