

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.

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)

Directors:

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

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

Mr. Chan Ting Chuen (*Managing Director*)

Mr. Ku Edward Y.

Mr. Chan Lu Min

Mr. Fung Cheong Yee, Alfred

Mr. Li I Nan #

Mr. Chow Ching Kit #

Mr. Lam Lap Wai #

Mr. Cheng Kar Shing †

Dr. Chow King Sing, Gerald †

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of Business:

306-310, 3rd Floor

Island Place Tower

510 King's Road

North Point

Hong Kong

10 April 2003

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, Central, Hong Kong on 5 May 2003 at 10:00 a.m. (the “Annual General Meeting”).

On 28 June 2002, 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 (the “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 4 April 2003, 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 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 before the shares are repurchased.

Further, the Companies Act 1981 of Bermuda 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 2002) 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:

	Highest price HK\$	Shares Lowest price HK\$
2002		
April	1.800	1.680
May	1.950	1.740
June	1.830	1.750
July	1.790	1.540
August	1.770	1.580
September	1.800	1.730
October	1.860	1.600
November	2.050	1.780
December	1.940	1.810
2003		
January	1.990	1.850
February	1.990	1.880
March	2.350	1.730
April (up to the latest practicable date prior to the printing of this circular)	2.600	2.300

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 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.

As at 4 April 2003, being the latest practicable date prior to the printing of this circular, the single largest substantial shareholder of the Company holds approximately 61% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the relevant ordinary resolution to be proposed at the Annual General Meeting, the total interests of that substantial shareholder in the issued Shares would be increased to approximately 68% of the total issued share capital of the Company (on the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting). The Directors are not aware of any consequences which will arise under the Code as a result of any repurchases to be made under 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

Li Kwok Lung, Alfred Ronald
Chairman