



MAN YUE INTERNATIONAL HOLDINGS LIMITED

萬裕國際集團有限公司*

(Incorporated in Bermuda with limited liability)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER, 2002**

On behalf of the Board of Directors of Man Yue International Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), I am pleased to present the audited results of the Group for the year ended 31 December 2002.

	Notes	Year ended 31 December	
		2002 HK\$'000	2001 HK\$'000
TURNOVER			
Continuing operations	2	477,727	330,511
Discontinued operations		—	—
		<u>477,727</u>	<u>330,511</u>
Cost of sales		(352,773)	(240,047)
Gross profit		<u>124,954</u>	<u>90,464</u>
Other revenue and gains		2,696	2,687
Selling and distribution costs		(25,451)	(14,707)
Administrative expenses		(62,836)	(61,037)
Other operating expenses		(5,779)	(4,732)
PROFIT FROM OPERATING ACTIVITIES	3	<u>33,584</u>	<u>12,675</u>
Finance costs	4	(5,529)	(8,117)
		<u>28,055</u>	<u>4,558</u>
Share of profits less losses of:			
Jointly controlled entities		(1,314)	1,248
Associates		—	38
PROFIT/(LOSS) BEFORE TAX		<u>26,741</u>	<u>16,211</u>
Continuing operations		26,741	16,211
Discontinued operations		—	(10,367)
		<u>26,741</u>	<u>5,844</u>
Tax – continuing operations	5	(5,275)	(508)
PROFIT BEFORE MINORITY INTERESTS		<u>21,466</u>	<u>5,336</u>
Minority interests		(638)	(121)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u><u>20,828</u></u>	<u><u>5,215</u></u>
EARNINGS PER SHARE – Basic	6	<u><u>HK5.58 cents</u></u>	<u><u>HK1.40 cents</u></u>

Notes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following recently-issued and revised Statements of Standard Accounting Practice (“SSAPs”) are effective for the first time for the current year’s financial statements:

- SSAP 1 (Revised): “Presentation of financial statements”
- SSAP 11 (Revised): “Foreign currency translation”
- SSAP 15 (Revised): “Cash flow statements”
- SSAP 33: “Discontinuing operations”
- SSAP 34: “Employee benefits”

2. SEGMENT INFORMATION

(a) Business segments

The following table presents revenue and profit/(loss) for the Group's business segments.

	Electronic components and electrical products		Trading of raw materials		Provision of portal services		Corporate and others		Eliminations		Consolidated	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Segment revenue:												
Sales to external customers	437,804	315,216	12,846	10,959	-	-	27,077	4,336	-	-	477,727	330,511
Other revenue	-	-	-	-	-	-	2,696	2,687	-	-	2,696	2,687
Total	<u>437,804</u>	<u>315,216</u>	<u>12,846</u>	<u>10,959</u>	<u>-</u>	<u>-</u>	<u>29,773</u>	<u>7,023</u>	<u>-</u>	<u>-</u>	<u>480,423</u>	<u>333,198</u>
Segment results	<u>29,905</u>	<u>22,230</u>	<u>704</u>	<u>479</u>	<u>-</u>	<u>(10,367)</u>	<u>2,975</u>	<u>333</u>	<u>-</u>	<u>-</u>	<u>33,584</u>	<u>12,675</u>
Finance costs											(5,529)	(8,117)
											<u>28,055</u>	<u>4,558</u>
Shares of profits less losses of:												
Jointly controlled entities	(1,314)	1,248	-	-	-	-	-	-	-	-	(1,314)	1,248
Associates	-	-	-	-	-	38	-	-	-	-	-	38
Profit before tax											26,741	5,844
Tax											(5,275)	(508)
Profit before minority interests											21,466	5,336
Minority interests											(638)	(121)
Net profit from ordinary activities attributable to shareholders											<u>20,828</u>	<u>5,215</u>

(b) Geographical segments

The following table presents revenue for the Group's geographical segments.

	Hong Kong		Elsewhere in the PRC		Southeast Asia		Taiwan		Other countries		Consolidated	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Segment revenue:												
Sales to external customers	<u>138,156</u>	<u>156,291</u>	<u>147,673</u>	<u>59,247</u>	<u>78,989</u>	<u>71,536</u>	<u>82,310</u>	<u>12,096</u>	<u>30,599</u>	<u>31,341</u>	<u>477,727</u>	<u>330,511</u>

3. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Amortisation of intangible assets*	223	525
Amortisation of goodwill**	80	-
Depreciation	<u>21,142</u>	<u>16,733</u>

* The amortisation of intangible assets for the year is included in "Cost of sales" on the face of the profit and loss account.

** The amortisation of goodwill for the year is included in "Other operating expenses" on the face of the profit and loss account.

4. FINANCE COSTS

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Interest expenses on bank loans and overdrafts wholly repayable within five years	4,616	6,941
Interest on finance leases	<u>913</u>	<u>1,176</u>
	<u>5,529</u>	<u>8,117</u>

5. TAX

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Hong Kong:		
Overprovision in the prior year	(108)	(575)
Mainland of China:		
Provided for the year	4,112	1,083
Underprovision in the prior year	<u>1,271</u>	<u>-</u>
	<u>5,275</u>	<u>508</u>

Tax losses have not been included as deferred tax asset in the balance sheet as it is subject to agreement with the relevant tax authority.

The revaluation of the Group's land and buildings does not constitute a timing difference and, consequently, the amount of potential deferred tax thereon has not been quantified.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$20,828,000 (2001: HK\$5,215,000), and the weighted average of 373,440,000 (2001: 373,440,000) ordinary shares in issue during the year.

No diluted earnings per share for the years ended 31 December 2002 and 2001 have been shown as the Company's share options did not have a dilutive effect during these years.

DIVIDENDS

The Board of Directors does not recommend the payment of any dividend for the year (2001: Nil).

COMMENTARY ON ANNUAL RESULTS

Review of 2002 Results

The Group achieved a substantial improvement on the financial and operating results for the year ended 31 December 2002 despite the sluggish global economic environment experienced during the year subsequent to the September 11 event in the United States. This was due to the continual development in certain market segments like computers and power supplies which have created continuous drive for the demand of the Group's products.

The Group achieved a turnover of HK\$477,727,000 (2001: HK\$330,511,000) and a net profit attributable to shareholders of HK\$20,828,000 (2001: HK\$5,215,000). Earnings per share for the year ended 31 December 2002 were HK5.58 cents (2001: HK1.40 cents).

Review of Operations

With the decision to refocus on its core business of manufacturing and trading of aluminium electrolytic capacitors, the Group has successfully increased its market share in various industrial sectors, shifted its product mix to higher-valued items and strengthened diversification into overseas and PRC markets from Hong Kong market.

During the year ended 31 December 2002, the Group further increased its shareholding in a subsidiary in Wuxi to 80.3% from 71.1% as at 31 December 2001. The Group also commenced its wholly-owned production operations in Xiamen in the second half of 2002. The management believes that these will enhance the Group's presence in the manufacturing and sale of electronic components in the PRC.

In terms of the geographical distribution, sales in countries other than Hong Kong and PRC increased from 34.8% to 40.2%, amounting to HK\$191,898,000 (2001: HK\$114,973,000) mainly contributed by the growth in Taiwanese market. Sales to Hong Kong customers decreased from 47.3% to 28.9%, amounting to HK\$138,156,000 (2001: HK\$156,291,000) whilst sales to the PRC market increased from 17.9% to 30.9%, amounting to HK\$147,673,000 (2001: HK\$59,247,000).

Liquidity and Financial Resources

At 31 December 2002, the shareholders' equity was HK\$221,639,000, representing an increase of 10.3% compared to the shareholders' equity of HK\$200,947,000 at 31 December 2001. The gearing ratio expressed as a percentage of total bank borrowings to total shareholders' equity improved to 39.7% as compared to 56.2% at 31 December 2001.

The Group conducts its business transactions mainly in Hong Kong dollars, Renminbi, United States dollars and Japanese yens. As Hong Kong dollar is pegged to United States dollar and there has not been major fluctuation in the exchange rate between Renminbi and Hong Kong dollar, the Group does not foresee any high exchange risk in this respect. The Group will utilize foreign exchange forward contracts for hedging if management is of the view that exchange rate fluctuation of Japanese yen is foreseen as material.

The Group's daily operations were mainly financed by internal resources and banking facilities such as trust receipt loans, overdraft and factoring. Credit risk was hedged through export credit insurance coverage.

Save as disclosed in the notes to the audited financial statements, the Group has no material contingent liabilities.

Employment and Remuneration Policy

At 31 December 2002, the Group had 67 members of staff in Hong Kong (2001: 69) and employed a total work force of approximately 2,171 (2001: 1,728) inclusive of its operations in China and overseas representative offices. Total headcount increased mainly due to commencement of a new production facility and the expansion of a major manufacturing base to meet increasing order flows.

Salaries, bonuses and benefits were determined with reference to market terms and the performance, qualification and experience of individual employees.

Prospects and Strategy

The Group will continue to adopt its strategy in intensifying its OEM business to renowned brands and developing its own "Samxon" products as a quality and high-technological brand. While strengthening its presence in the PRC, the Group will continue to expand its share in overseas markets. With keen competition in the market, the Group will strive to maintain its profit margin by manufacturing and selling high end products. Investment in equipment to manufacture more high end products and acquisition of suitable land for future manufacturing development of the Group will be considered.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2002.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 22nd May 2003 to Tuesday, 27th May 2003, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to attend the meeting, all transfer, accompanied by the relevant share certificates, must be lodged for registration with the Company's branch share registrars in Hong Kong, Tengis Limited at the G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 22nd May 2003.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

All the financial and other related information of the Company required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

APPRECIATION

I would like to take this opportunity to thank all members of the Board and our staff for their hard work, support and dedication to the Group during the past year.

By Order of the Board
Chan Ho Sing
Chairman

Hong Kong, 16th April 2003

** For identification purpose only.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Man Yue International Holdings Limited (“the Company”) will be held at 16th Floor, Yiko Industrial Building, 10 Ka Yip Street, Chai Wan, Hong Kong on Tuesday, 27th May 2003 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited accounts and the reports of the directors and auditors for the year ended 31st December 2002;
2. To re-elect Mr. Li Sau Hung, Eddy as independent non-executive Director;
3. To fix independent non-executive directors’ remuneration;
4. To fix the maximum number of directors at 10;
5. To authorise the board of directors to appoint additional directors up to the maximum fixed by the shareholders of the Company;
6. To re-appoint Messrs Ernst & Young as auditors and authorise the board of directors to fix their remuneration;
7. As special business to consider, and if thought fit, pass the following resolutions as Ordinary Resolutions:

“A. THAT:

- (i) subject to paragraph A(iii) below and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to issue, allot and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph A(i) above shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph A(i) above, otherwise than pursuant to (a) a Rights Issue (as defined below), (b) the exercise of options granted under the Share Option Scheme (as defined below) or (c) any scrip dividend scheme or similar arrangements, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution and the authority pursuant to paragraph A(i) above shall be limited accordingly; and
- (iv) for the purposes of this resolution:

“Relevant Period” means the period from the time of passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Company’s bye-laws to be held; and
- (c) the time at which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares in the capital of the Company open for a period fixed by the directors of the Company to holders of shares in the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares, subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of any recognised regulatory body or any stock exchange in any territory applicable to the Company.

“Share Option Scheme” means the employee share option scheme adopted by the Company on 13th February, 1997 pursuant to which the Company may grant to employees of the Company and its subsidiaries options to subscribe for shares in the capital of the Company.

B. THAT:

- (i) subject to paragraph B(iii) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase its own issued shares on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose on the terms and subject to the conditions set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or any applicable laws and requirements of any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph B(i) above shall be in addition to any other authorisation given to the directors of the Company;
- (iii) the aggregate nominal amount of the shares repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph B(i) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution and the authority pursuant to paragraph B(i) above shall be limited accordingly; and
- (iv) for the purpose of this resolution:

“Relevant Period” means the period from the time of passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Company’s bye-laws to be held; and
- (c) the time at which the authority set out in this resolution is revoked or varied by the shareholders

of the Company by way of ordinary resolution in general meeting.

C. **THAT:**

Conditional upon the passing of resolutions numbered 7A and 7B set out above, the aggregate nominal amount of the number of shares which are repurchased by the Company under the authority granted to the directors of the Company in the said resolution numbered 7B shall be added to the aggregate nominal amount of the issued share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the said resolution numbered 7A provided that such added amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution.”

By Order of the Board
Ho Wing Kuen
Secretary

Hong Kong, 16th April 2003

Principal Office:

16th Floor
Yiko Industrial Building
10 Ka Yip Street
Chai Wan
Hong Kong

Notes:

1. Every member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited at the Company's branch share registrar in Hong Kong, Tengis Limited at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof).
3. The Register of Members of the Company will be closed from Thursday, 22nd May 2003 to Tuesday, 27th May 2003, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to attend the meeting all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrars in Hong Kong, Tengis Limited at the above address not later than 4:00 p.m. on Thursday, 22nd May 2003.

Please also refer to the published version of this announcement in The Standard dated on 17-4-2003.