

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") takes no responsibility for the contents of this announcement, 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 announcement.



MAN YUE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(the "Company")

(Stock Code: 0894)

**DISCLOSURE UNDER RULE 13.18 OF
THE RULES GOVERNING THE LISTING OF SECURITIES ON
THE STOCK EXCHANGE OF HONG KONG LIMITED**

This announcement is made pursuant to Rule 13.18 of the Listing Rules.

The Company (as borrower), Man Yue Electronics Company Limited and Johnstone International Limited (as guarantors) accepted the offer contained in a 36-month term loan facility letter in the amount of HK\$30,000,000 on 27th October, 2003.

The Company (as borrower), Man Yue Electronics Company Limited and Johnstone International Limited (as guarantors) entered into an unsecured 3-year transferable term loan and revolving facilities agreement in the aggregate amount of HK\$150,000,000 on 29th October, 2003.

There is a minimum shareholding requirement on major shareholder under the Facility Letter and Facility Agreement.

Under paragraph 3.7.1 of the then Practice Note 19 of the Listing Rules, the Company should have disclosed the two transactions at the relevant times when the Company entered into the First Facility and the Second Facility, but did not do so. The requirement under paragraph 3.7.1 of the then Practice Note 19 of the Listing Rules, which is now contained in Rule 13.18 of the Listing Rules, was overlooked. The failure to release the announcements at the relevant times constitutes a breach of paragraph 3.7.1 of Practice Note 19 of the Listing Rules. The Stock Exchange reserves the right to take appropriate action against the Company and/or its directors in respect of such breach.

This announcement is made pursuant to the prevailing Rule 13.18, paragraph 3.7.1 of the then Practice Note 19 ("PN 19"), of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

On 27th October, 2003, the Company (as borrower) accepted the offer of a 36-month term interest-bearing loan facility under a facility letter dated 23rd October 2003 (the "Facility Letter") with a local bank for an amount of HK\$30,000,000 (the "First Facility") for financing the capital expenditure requirements in relation to the expansion of production capacity in China and to finance the general working capital requirement of the Company.

On 29th October, 2003, the Company (as borrower) entered into an unsecured interest-bearing 3-year transferable term loan and revolving facilities agreement (the "Facility Agreement") with a syndicate of banks different from the local bank aforesaid in the aggregate amount of HK\$150,000,000 (the "Second Facility") for financing the capital expenditure requirements and the working capital requirements of the Company and its subsidiaries (the "Group"). The Second Facility consists of a term loan for an aggregate amount of HK\$112,500,000 and a revolving loan for an aggregate amount of HK\$37,500,000.

The First Facility and the Second Facility are unconditionally and irrevocably guaranteed by Man Yue Electronics Company Limited and Johnstone International Limited (the "Guarantors"), both of which being wholly-owned subsidiaries of the Company, on a joint and several basis.

Under the provisions of the Facility Letter, the Company and the Guarantors undertake that (i) Mr. Chan Ho Sing ("Mr. Chan") and his family members shall maintain as the single largest beneficial shareholder in the Company; and (ii) Mr. Chan shall remain the Chairman of the Company and be actively involved in the management and business of the Group. If such undertaking is in default, the bank offering the First Facility reserves the right at its sole and absolute discretion to reduce, cancel and/or demand repayment of the First Facility or any part or parts thereof.

Under the provisions of the Facility Agreement, it would be an event of default, inter alia, if any of the following events occurs: (a) Mr. Chan and/or his family members, related trusts and companies controlled by him, cease(s) to be the largest beneficial owner of more than 40 per cent. (in aggregate) of the unencumbered issued share capital of the Company; or (b) Mr. Chan ceases to be the Chairman of the Company or to be actively involved in the day-to-day management and business of the Company.

As at the date of this announcement, Mr. Chan and his family members, as a whole, remain the single largest beneficial shareholder of the Company holding 179,734,000 shares of the Company, representing approximately 48% of the issued share capital of the Company.

Under paragraph 3.7.1 of PN 19, the Company should have disclosed the two transactions at the relevant times when the Company entered into the First Facility and the Second Facility, but did not do so. The requirement under paragraph 3.7.1 of PN 19, which is now contained in Rule 13.18 of the Listing Rules, was overlooked. The failure to release the announcements at the relevant times constitutes a breach of paragraph 3.7.1 of Practice Note 19 of the Listing Rules. The Stock Exchange reserves the right to take appropriate action against the Company and/or its directors in respect of such breach.

Other than Rule 13.18 of the Listing Rules as disclosed in this announcement, the directors of the Company confirm that there are no other matters that require disclosure under Rules 13.13 to 13.19 of the Listing Rules. Disclosure under Rule 13.18 of the Listing Rules will be included in subsequent interim and annual reports of the Company so long as the obligation continues to exist.

As at the date of this announcement, the board of directors of the Company comprises Mr. Chan Ho Sing, Mr. Ko Pak On as executive directors, and Dr. Li Sau Hung, Eddy and Mr. Lo Kwok Kwei, David as independent non-executive directors.

By order of the Board
Man Yue International Holdings Limited
Chan Ho Sing
Chairman

Hong Kong, 7th April, 2004

* *For identification purpose only*

Please also refer to the published version of this announcement in The Standard.