

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your Stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Man Yue International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or the bank, stockbroker or other registered dealer or other agent whom the sale or transfer was affected for transmission to the purchaser or transferee.

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.



萬 裕 國 際 集 團 有 限 公 司 *

MAN YUE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(stock code: 894)

**GENERAL MANDATES TO ISSUE NEW SHARES AND
TO REPURCHASE ITS OWN SECURITIES,
RE-ELECTION OF DIRECTORS,
TERMINATION OF EXISTING SHARE OPTION SCHEME AND
ADOPTION OF NEW SHARE OPTION SCHEME,
AMENDMENTS TO THE BYE-LAWS AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Man Yue International Holdings Limited to be held at Salon IV, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Friday, 26 May 2006 at 3:00 p.m. is set out on pages 30 to 36 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Branch Share Registrar in Hong Kong, Tengis Limited, 26th Floor Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting if you so wish. The form of proxy for use at the annual general meeting or any adjourned meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk).

28 April 2006

CONTENTS

RESPONSIBILITY STATEMENT	1
DEFINITION	2
LETTER FROM THE BOARD	
1. INTRODUCTION	6
2. GENERAL MANDATE TO ISSUE NEW SHARES	7
3. BUYBACK MANDATE	7
4. RE-ELECTION OF RETIRING DIRECTORS	7
5. TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME	8
6. AMENDMENTS TO THE BYE-LAWS	11
7. ANNUAL GENERAL MEETING	12
8. RECOMMENDATION	12
9. GENERAL INFORMATION	12
APPENDIX A EXPLANATORY STATEMENT ON THE BUYBACK MANDATE	13
APPENDIX B DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED AT ANNUAL GENERAL MEETING	16
APPENDIX C PROCEDURES BY WHICH SHAREHOLDERS MAY DEMAND A POLL AT GENERAL MEETING PURSUANT TO THE BYE-LAWS	19
APPENDIX D THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME	20
NOTICE OF ANNUAL GENERAL MEETING	30

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 enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

DEFINITION

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

“Adoption Date”	being 26 May 2006 , the date on which the New Share Option Scheme proposed to be approved and adopted by the ordinary resolution at the Annual General Meeting;
“Annual General Meeting”	an annual general meeting of the Company to be held at Salon IV, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Friday, 26 May 2006 at 3:00 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 30 to 36 of this circular or any adjournment thereof;
“Associates”	has the same meaning as ascribed under the Listing Rules;
“Board”	the board of Directors;
“Bye-laws”	the Bye-laws of the Company;
“Business Day”	a day (excluding Saturday) on which the Stock Exchange is open for business of dealing in securities;
“Buyback Mandate”	general mandate to, inter alia, repurchase up to 10 per cent. of the issued and fully-paid share capital of the Company and 10 per cent. of the outstanding Warrants of the Company in issue as at the date of the passing of the relevant resolution;
“CG Code”	Code on Corporate Governance Practices;
“Company”	Man Yue International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time;
“connected persons”	has the same meaning as ascribed under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Eligible Employee(s)”	any employee (whether full time or part time and including any executive director but excluding any non-executive director) of the Company, any Subsidiary or any Invested Entity;

DEFINITION

“Existing Eligible Person(s)”	persons who are eligible to accept the offer of the grant of an Option in accordance with the Existing Share Option Scheme;
“Existing Share Option Scheme”	the existing share option scheme of the Company which was adopted by the Company on 13 February 1997;
“General Mandate”	general mandate to the directors of the Company to allot, issue and deal with new Shares up to an aggregate of 20 per cent. of its issued share capital as at the date of the passing of the relevant resolution;
“Grantee(s)”	any Eligible Person who accepts the Offer in accordance with the terms of the New Share Option Scheme or his/her Personal Representative(s);
“Group”	the Company and its Subsidiaries;
“HK\$”	Hong Kong dollars;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Invested Entity”	any entity in which the Group holds any equity interest;
“Latest Practicable Date”	21 April 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Eligible Person(s)”	any person belonging to any of the following classes of persons: (a) any Eligible Employee; (b) any non-executive director (including independent non-executive director) of the Company, any Subsidiary or any Invested Entity; (c) any supplier of goods or services to the Company, any Subsidiary or any Invested Entity; (d) any customer of the Company, any Subsidiary or any Invested Entity;

DEFINITION

- (e) any shareholder of any member of the Company, any Subsidiary or any Invested Entity or any holder of any securities issued by any member of the Company, any Subsidiary or any Invested Entity;
- (f) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Company, any Subsidiary or any Invested Entity;
- (g) any business collaborator, business consultant, joint venture partner or business alliance that co-operates with any member of the Company, any Subsidiary or any Invested Entity in any area of business operation or development; or
- (h) any associate of the directors or the substantial shareholders of the Company, any Subsidiary or any Invested Entity who has, in the opinion of the Board, made contribution to the business growth of the Company, any Subsidiary or any Invested Entity;

“New Share Option Scheme”	the share option scheme proposed to be adopted by the Company at the Annual General Meeting, a summary of its principal terms is set out in Appendix D;
“Offer”	an offer for the grant of an Option made to New Eligible Persons;
“Offer Date”	the date on which an offer is made to a New Eligible Person;
“Offer Letter”	a letter setting out the terms of the Offer given by the Company to a New Eligible Person;
“Option(s)”	option(s) granted to the Existing Eligible Person(s) under the Existing Share Option Scheme or to the New Eligible Person(s) under the New Share Option Scheme, as the context requires;
“Ordinary Resolution”	the ordinary resolution to be proposed and, if thought fit, passed at the Annual General Meeting for the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme as set out in the notice of the Annual General Meeting;
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent no already exercised);

DEFINITION

“Securities Buy Back Rules”	the relevant rules set out in the Listing Rules regulating such securities repurchases;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Special Resolution”	the special resolution to be proposed and passed at the Annual General Meeting for the amendments to the Bye-laws of the Company as set out in the notice of the Annual General Meeting;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Share upon the exercise of an Option;
“Subsidiary”	a subsidiary for the time being of the Company (within the meaning of Section 2 of the Companies Ordinance or Section 86 of the Companies Act 1981 of Bermuda), whether incorporated in Hong Kong, Bermuda or elsewhere;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers, as amended from time to time; and
“Warrant(s)”	warrant(s) issued by the Company, in unit(s) of HK\$0.48 of subscription rights, to subscribe for Shares at the initial subscription price of HK\$0.48 per Share, subject to adjustment, at any time from Thursday, 4 November, 2004 up to and including Friday, 3 November, 2006 (both dates inclusive).

LETTER FROM THE BOARD



萬 裕 國 際 集 團 有 限 公 司 *

MAN YUE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(stock code: 894)

Executive Directors:

Mr. Chan Ho Sing (*Chairman*)

Mr. Ko Pak On

Independent Non-Executive Directors:

Dr. Li Sau Hung, Eddy

Mr. Lo Kwok Kwei, David

Mr. Mar, Selwyn

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and

Principal Place of Business:

16th Floor

Yiko Industrial Building

10 Ka Yip Street

Chai Wan

Hong Kong

28 April 2006

*To the Shareholders, and for information only
to the Warrantheolders and the Optionholders*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE NEW SHARES AND
TO REPURCHASE ITS OWN SECURITIES,
RE-ELECTION OF DIRECTORS,
TERMINATION OF EXISTING SHARE OPTION SCHEME AND
ADOPTION OF NEW SHARE OPTION SCHEME,
AMENDMENTS TO THE BYE-LAWS AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information in relation to the resolutions to be proposed at the Annual General Meeting relating to (i) the General Mandate to issue new shares; (ii) the Buyback Mandate to repurchase its own securities; (iii) the re-election of the retiring Directors; (iv) the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme and (v) the amendments to the Bye-laws.

* *For identification purpose only*

LETTER FROM THE BOARD

2. GENERAL MANDATE TO ISSUE NEW SHARES

Approval will be sought from the Shareholders at the Annual General Meeting to grant a general mandate to the Directors to allot, issue and deal with new Shares up to an aggregate of 20 per cent. of its issued share capital as at the date of the passing of the relevant resolution. The obtaining of such a mandate is in accordance with the Listing Rules. The Directors wish to state that they have no immediate plan to allot, issue or deal with any new Shares.

By a separate resolution, it will be proposed that any Share repurchased by the Company following the granting of the Buyback Mandate will be added to the total number of Shares which may be issued under the General Mandate.

The General Mandate will continue in force until the earliest of the conclusion of the next annual general meeting of the Company, the expiration of the period within which the next annual general meeting is required to be held by law or the Bye-laws, or the revocation or variation of the General Mandate by ordinary resolution of the Shareholders in general meeting prior to the next annual general meeting.

3. BUYBACK MANDATE

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities, subject to certain restrictions, on the Stock Exchange. At the Annual General Meeting, a resolution will be proposed to grant to the Directors a general mandate to, inter alia, repurchase up to 10 per cent. of the issued and fully-paid share capital and of the outstanding warrants in issue of the Company as at the date of the passing of the relevant resolution. The Buyback Mandate will continue in force until the earliest of the conclusion of the next annual general meeting, the expiration of the period within which the next annual general meeting is required to be held by law or the Bye-laws, or the revocation or variation of the Buyback Mandate by ordinary resolution of the Shareholders in general meeting prior to the next annual general meeting. The Company is required by the Share Buy Back Rules to send to its shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Buyback Mandate. Such information is provided in Appendix A to this circular.

4. RE-ELECTION OF RETIRING DIRECTORS

The Board currently consists of five Directors namely Mr. Chan Ho Sing, Mr. Ko Pak On, Dr. Li Sau Hung, Eddy, Mr. Lo Kwok Kwei, David and Mr. Mar, Selwyn.

In accordance with Bye-law 87 of the Bye-laws, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation, provided that the chairman of the Board and/or the managing Director shall not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. The Directors to retire in every year shall be any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in

LETTER FROM THE BOARD

office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

In accordance with Bye-law 86(2) of the Bye-laws, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a causal vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining number of the Directors who are to retire by rotation at such meeting. The retiring Directors shall be eligible for re-election.

In accordance with Bye-law 87 of the Bye-laws, Mr. Ko Pak On and Dr. Li Sau Hung, Eddy shall retire at the Annual General Meeting and being eligible, will offer themselves for re-election.

Bye-law 88 of the Bye-laws provides that no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless not less than seven (7) days before the date appointed for the meeting there shall have been lodged at the head office of the Company or the office of the Branch Share Registrar of the Company a notice in writing signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice in writing signed by the person to be proposed of his willingness to be elected.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director at the Annual General Meeting, notice of his intention to propose such person for election as a Director and the notice executed by the nominee of his willingness to be elected must be validly served at the principal place of business of the Company at 16th Floor, Yiko Industrial Building, 10 Ka Yip Street, Chai Wan, Hong Kong or the Company's Branch Share Registrar, Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong on or before 19 May 2006.

A brief biographical details of the retiring Directors are set out in Appendix B to this circular. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the Annual General Meeting is received after the printing of this circular, the Company will issue a supplementary circular to inform Shareholders of the details of the additional candidate proposed.

5. TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME

The Board considers that it is in the interest of the Company to terminate the Existing Share Option Scheme and to adopt the New Share Option Scheme. The termination of the Existing Share Option Scheme will reduce the administration cost of the Company, and the administrative work of the Directors so as to increase the management efficiency. This circular provides you with the information in respect of the Ordinary Resolution to be proposed at the Annual General Meeting for the approval of the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme.

LETTER FROM THE BOARD

(a) The New Share Option Scheme and the Existing Share Option Scheme

At the Annual General Meeting, an Ordinary Resolution will be proposed for the Company to approve the adoption of the New Share Option Scheme pursuant to which the New Eligible Persons may be granted Options to subscribe for Shares upon and subject to the terms and conditions of the rules of the New Share Option Scheme.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the Annual General Meeting is set out in Appendix D to this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the principal place of business of the Company at 16th Floor, Yiko Industrial Building, 10 Ka Yip Street, Chai Wan, Hong Kong during normal business hours from the date hereof up to and including the date of the Annual General Meeting.

On 13 February 1997, the Company adopted the Existing Share Option Scheme for the Existing Eligible Persons to subscribe for Shares pursuant to the exercise of the Options granted under the Existing Share Option Scheme. As at the Latest Practicable Date, the issued share capital of the Company is 415,241,826 Shares and there are options to subscribe for 12,800,000 Shares that are outstanding and exercisable.

There is no other share option scheme of the Company besides the Existing Share Option Scheme.

The New Share Option Scheme is conditional upon:

- (i) the passing of the Ordinary Resolution at the Annual General Meeting approving the adoption of the New Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any Shares to be issued by the Company pursuant to the exercise of Options to be granted in accordance with the terms and conditions of the New Share Option Scheme.

The Existing Share Option Scheme will be terminated on the New Share Option Scheme coming into effect upon the fulfillment of the conditions set out above.

Upon termination of the Existing Share Option Scheme, the outstanding options as set out above shall continue to be valid and exercisable in accordance therewith.

Assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the date of the adoption of the New Share Option Scheme, the number of Shares that may be issued pursuant to the New Share Option Scheme and any other share option schemes will be 41,524,182 Shares representing 10 per cent. of the Company's issued capital as at the date of passing of the Ordinary Resolution.

LETTER FROM THE BOARD

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date prior to the approval of the New Share Option Scheme given that the variables which are crucial for the calculation of the value of such Options cannot be determined. The variables which are critical for the determination of the value of such Options include, the subscription price for the Shares upon the exercise of the subscription rights attaching to the Options, whether or not Options will be granted under the New Share Option Scheme and the timing of the granting of such Options, the period during which the subscription rights may be exercised, the discretion of the Board to impose any performance target that has to be achieved before the subscription rights attaching to the Options can be exercised and any other conditions that the Board imposed on the Options and whether or not such Options if granted will be exercised by the Option holders. The subscription price payable for the Shares depends on the price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Board is to grant Options under the New Share Option Scheme. It is also difficult to ascertain with accuracy the subscription price of the Shares given the volatility the Share price may be subject to during the ten year life span of the New Share Option Scheme. In the premises, the Directors are of the view that the value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical basis and speculative assumptions. Accordingly, the Directors believed that any calculation of the value of the Options will not be meaningful and may be misleading to Shareholders in the circumstances.

(b) Application for listing

Application will be made to the Listing Committee of the Stock Exchange for granting the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options to be granted under the New Share Option Scheme not exceeding 10 per cent. of the total number of Shares in issue as at the date of approval of the New Share Option Scheme.

(c) Reasons for adopting the New Share Option Scheme

The purpose of the New Share Option Scheme is to recognize and motivate the contribution of the New Eligible Persons to the Company and/or any of its Subsidiaries and/or any Invested Entity.

The New Share Option Scheme permits the Company to grant Options to a wider category of New Eligible Person, and not just the Existing Eligible Persons as under the Existing Share Option Scheme. Under the rules of the New Share Option Scheme, the Board has discretion to set a minimum period for which an Option has to be held before the exercise of the subscription rights attaching thereto. This discretion allows the Board to provide incentive to a New Eligible Person to remain as a New Eligible Person during the minimum period and thereby enable the Group or the relevant Invested Entity to continue to benefit from the services of such New Eligible Person during such period. This discretion, coupled with the power of the Board to impose any performance target as it considers appropriate before any Option can be exercised, enable the Group to provide incentives to the New Eligible Person to use their best endeavours in assisting the growth and

LETTER FROM THE BOARD

development of the Group. Although the New Share Option Scheme does not provide for the granting of Options with right to subscribe for Shares at a discount to the trading price of the Shares on the Stock Exchange, the Directors are of the view that the flexibility given to the Board in granting Options to New Eligible Person, other than the Existing Eligible Persons and to impose minimum period for which the Options have to be held and performance targets that have to be achieved before the Options can be exercised, will place the Group in a better position to attract human resources that are valuable to the growth and development of the Group as a whole, than the Existing Share Option Scheme.

As the Board is currently unable to determine the specific requirement on the minimum period for which an Option has to be held and the performance target for which a New Eligible Person has to be achieved, the Board will state in the Offer Letter to the New Eligible Person when the minimum period and performance target are required.

Pursuant to Rule 17.02(1)(a) of the Listing Rules, an announcement on the outcome of the Annual General Meeting for the adoption of the New Share Option Scheme will be published by the Company in the newspapers on the business day following the date of the Annual General Meeting.

6. AMENDMENTS TO THE BYE-LAWS

On 1 January 2005, the Listing Rules were amended by, among others, replacing the Code of Best Practice in Appendix 14 with a new CG Code. To bring the constitution of the Company in alignment with certain provisions of the CG Code, the Directors propose to seek approval from the Shareholders at the Annual General Meeting passing a Special Resolution to amend the Bye-laws. These amendments, for the purpose of complying with the CG Code of the Listing Rules, are summarized below:-

- (i) Bye-law 87(1) is amended to clearly provide that at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.
- (ii) Bye-law 87(2) is amended to provide a retiring Director shall continue to act as a Director throughout the meeting which he retires.

The proposed amendments to the Bye-laws are stated in the proposed special resolution no. 9(E) in the notice convening the Annual General Meeting as set out on pages 30 to 36 of this circular. A copy of the Bye-laws will be available for inspection at the Company's principal place of business in Hong Kong at 16th Floor, Yiko Industrial Building, 10 Ka Yip Street, Chai Wan, Hong Kong during normal business hours from the date hereof up to and including the date of the Annual General Meeting.

LETTER FROM THE BOARD

7. ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting is set out on pages 30 to 36 of this circular. Resolutions in respect of the General Mandate to issue shares, Buyback Mandate to repurchase securities, re-election of retiring Directors, termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme and amendments to the Bye-laws will be proposed at the Annual General Meeting.

The procedures by which Shareholders may demand a poll at a general meeting of the Company is set out in Appendix C to this circular.

A form of proxy for the Annual General Meeting is enclosed with this circular and published on the website of the Stock Exchange (www.hkex.com.hk). If you are not able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting thereof should you so desire.

8. RECOMMENDATION

The Directors consider that (i) the granting of the Buyback Mandate and granting and extension of the General Mandate; (ii) the re-election of retiring Directors; (iii) the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme; and (iv) the proposed amendments to the Bye-laws are all in the best interests of the Company, the Group and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting.

9. GENERAL INFORMATION

Your attention is drawn to the additional information set out in Appendix A (Explanatory Statement on the Buyback Mandate), Appendix B (Details of Directors proposed to be re-elected at the Annual General Meeting), Appendix C (Procedures by which Shareholders may demand a poll at general meeting pursuant to the Bye-laws) and Appendix D (The Principal Terms of the New Share Option Scheme) to this circular.

Yours faithfully,
For and on behalf of
Man Yue International Holdings Limited
Chan Ho Sing
Chairman

The following is the explanatory statement required to be sent to Shareholders under the Listing Rules to enable them to make an informed decision on whether to vote for or against the ordinary resolution in relation to the Buyback Mandate to be proposed at the Annual General Meeting.

(i) Listing Rules

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their fully paid-up securities on the Stock Exchange subject to certain restrictions.

(ii) Exercise of the Buyback Mandate

Exercise in full of the Buyback Mandate, assuming that no further Share will be issued and repurchased and no Warrants will be exercised prior to the Annual General Meeting, and based on 415,241,826 fully-paid Shares in issue and 21,554,507 units of Warrant to subscribe for Shares as at the Latest Practicable Date, could accordingly result in up to 41,524,182 Shares and 2,155,450 units of Warrants being repurchased by the Company during the period from the passing of the resolution granting the Buyback Mandate until the conclusion of the next annual general meeting of the Company or when such Buyback Mandate is revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, or the expiration of the period within which the next annual general meeting is required by law or the Bye-laws to be held, whichever occurs first.

(iii) Reasons for Repurchase

The Directors believe that it is in the best interests of the Company and its shareholders to have a general authority from the Shareholders to enable the Directors on behalf of the Company to repurchase the fully-paid Shares and Warrants in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

(iv) Funding of Repurchase

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its Bye-laws, the Listing Rules and the applicable laws of Bermuda. It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company. In the event that any repurchase will or will be likely to have an adverse impact on the working capital of the Company, the Company will not proceed with such repurchase.

There may be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts of the Company for the financial year ended 31 December 2005 as contained in the Annual Report 2005) in the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Buyback Mandate to such extent as would, in the circumstances and in the opinion of the Directors, have a material adverse effect on the working capital of the Company or its gearing level.

(v) General

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their respective Associates, has any present intention, if the Buyback Mandate is approved by the Shareholders, to sell any securities of the Company to the Company or its subsidiaries.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he or she has a present intention to sell securities of the Company to the Company, or has undertaken not to do so, if the Buyback Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the power of the Company to make repurchases pursuant to the proposed Buyback Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

If, as a result of a share repurchase, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code currently in force and issued by the Securities and Futures Commission of Hong Kong. As a result, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company and becomes obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all shares not already owned by such shareholder or group of shareholders.

As at the Latest Practicable Date, Man Yue Holdings Inc. is the only substantial shareholder of the Company holding 193,826,000 Shares, representing approximately 46.68 per cent. of the issued share capital of the Company, and Warrants to subscribe for 15,863,666 Shares. Man Yue Holdings Inc. is a company incorporated in the Bahamas, the entire issued capital of which is ultimately beneficially owned by the family trust of Mr. Chan Ho Sing (the Chairman of the Company).

If the Company exercises in full the Buyback Mandate, the shareholding of Man Yue Holdings Inc. in the issued share capital of the Company will increase from approximately 46.68 per cent. to approximately 51.86 per cent. and such increase will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

If as a result of the exercise of the power to repurchase Shares pursuant to the Buyback Mandate, the number of listed Shares which are in the hands of the public falls below the prescribed minimum of 25 per cent. as required by the Stock Exchange, the Company will not exercise the power to repurchase Shares.

The Company has not repurchased any securities of the Company (on the Stock Exchange or otherwise) in the six months prior to the Latest Practicable Date.

(vi) Share prices

The highest and lowest prices at which the Shares and Warrants have been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	Price per Share		Price per Warrant	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
Month				
2005				
April	0.760	0.560	0.300	0.250
May	0.630	0.540	–	–
June	0.890	0.570	0.430	0.250
July	1.220	0.820	0.700	0.350
August	1.600	1.210	1.090	0.720
September	2.075	1.470	1.510	0.980
October	2.525	1.840	1.920	1.310
November	2.725	1.560	2.175	1.120
December	2.425	1.940	1.900	1.400
2006				
January	2.350	1.960	1.740	1.520
February	2.250	1.840	1.460	1.460
March	2.575	1.930	2.000	1.720
April (up to the Latest Practicable Date)	2.475	1.980	1.850	1.700

Stated below are the details of the following directors who will retire and be eligible for re-election at the Annual General Meeting according to the Bye-laws:

- (1) **Ko Pak On**, aged 59, an Executive Director

Position held in the Company's group

Mr. Ko has been an Executive Director of the Company since December 2002.

Previous experience including other directorships held in listed public companies in the last three years and other major appointments and qualifications

Mr. Ko has over thirty years of experience in the electronics industry and he joined the Group in 1984 and has been appointed as a director of several major operating subsidiaries of the Group. He is mainly responsible for the manufacturing operations in the People's Republic of China.

Length or proposed length of services with the Company

Mr. Ko has entered into a service contract with the Company for an initial term of three years commencing on 1 January 2004 and the contract will expire on 31 December 2006.

Relationships with any directors, senior management or substantial or controlling shareholders of the Company

Mr. Ko has no relationship with any director or senior management or substantial or controlling shareholders of the Company.

Interest in share of the Company within the meaning of Part XV of the SFO

As at 31 December 2005, Mr. Ko is interested in 700,000 Shares representing approximately 0.169% of the issued share capital, and options and warrants to subscribe for 1,500,000 Shares and 66,666 Shares respectively (representing an aggregate of approximately 0.378% of the issued share capital if all the options and warrants are exercised in full).

Director's emoluments specified in his service contract and the basis of determining the director's emoluments

For the year ended 31 December 2005, Mr. Ko received salaries, allowances and benefit in kind, performance related bonuses and pension scheme contributions of HK\$774,000, HK\$333,000 and HK\$12,000 respectively. Mr. Ko's emoluments are to be determined by the Remuneration Committee of the Company with reference to the prevailing market conditions and the results of the Company.

Matters that need to be brought to the attention of the Shareholders

Save as disclosed herein, there are no matters relating to Mr. Ko's re-election that need to be brought to the attention of the Shareholders. There is no information which is disclosable nor is/was Mr. Ko involved in any of the matters required to be disclosed under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

(2) **Li Sau Hung, Eddy**, aged 51, an Independent Non-executive Director

Positions held with other members of the Company's group

Dr. Li has been an Independent Non-executive Director of the Company since October 1996. He is also a member of the Audit Committee and Remuneration Committee of the Company.

Previous experience including other directorships held in listed public companies in the last three years and other major appointments and qualifications

Dr. Li has over twenty years of experience in the manufacturing industry. He is a member of the Chinese People's Political Consultative Committee and the president of Hong Kong Economic & Trade Association Ltd. He holds a Master degree in Business Administration and a Ph.D. degree in Economics. Dr. Li was awarded The Ten Outstanding Young Persons in 1991 and the Young Industrialists of Hong Kong in 1993.

Length or proposed length of services with the Company

There is no service contract with specified terms between Dr. Li and the Company. Dr. Li intends to serve for the Company on a long term basis, subject to the periodic retirement by rotation in accordance with the Company's Bye-laws.

Relationships with any directors, senior management or substantial or controlling shareholders of the Company

Dr. Li has no relationship with any director or senior management or substantial or controlling shareholders of the Company.

Interest in share of the Company within the meaning of Part XV of the SFO

Within the meaning of Part XV of the SFO, Dr. Li is not interested in any ordinary share, options or warrants issued by the Company and its associated corporations.

Director's emoluments specified in his service contract and the basis of determining the director's emoluments

For the year ended 31 December 2005, Dr. Li received a total remuneration of HK\$240,000. Dr. Li's emoluments are to be determined by Remuneration Committee of the Company with reference to his experience and responsibilities to the Company.

Matters that need to be brought to the attention of the Shareholders

Save as disclosed herein, there are no matters relating to Dr. Li's re-election that need to be brought to the attention of the Shareholders. There is no information which is disclosable nor is/was Dr. Li involved in any of the matters required to be disclosed under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Pursuant to Bye-law 66 of the Bye-laws, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the Chairman of the meeting; or
- (b) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

This Appendix summaries the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as effecting the interpretation of the rules of the New Share Option Scheme.

(a) Purpose of the scheme

The purpose of the New Share Option Scheme is to recognize and motivate the contribution of the New Eligible Persons to the Company and/or any of its Subsidiaries and/or any Invested Entity.

(b) Who may join

The Board may, at its absolute discretion, at any time on any Business Day within a period of 10 years commencing on the Adoption Date invite any person belonging to any of the following classes of New Eligible Persons, to take up Options to subscribe for Shares:

- (i) any Eligible Employee;
- (ii) any non-executive director (including any independent non-executive director) of the Company, any Subsidiary or any Invested Entity;
- (iii) any supplier of goods or services to any member of the Company, any Subsidiary or any Invested Entity;
- (iv) any customer of the Company, any Subsidiary or any Invested Entity;
- (v) any shareholder of any member of the Company, any Subsidiary or any Invested Entity or any holder of any securities issued by any member of the Company, any Subsidiary or any Invested Entity;
- (vi) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Company, any Subsidiary or any Invested Entity;
- (vii) any business collaborator, business consultant, joint venture partner or business alliance that co-operates with any member of the Company, any Subsidiary or any Invested Entity in any area of business operation or development; or
- (viii) any associate of the directors or the substantial shareholders of the Company, any Subsidiary or any Invested Entity who has, in the opinion of the Board, made contribution to the business growth of the Company, and Subsidiary or any Invested Entity;

and, for the purposes of the New Share Option Scheme, the Options may be granted to any company wholly owned by one or more New Eligible Person(s). For the avoidance of doubt, the grant of any option by the Company for the subscription of Shares or other securities of the Company or its Subsidiaries to any New Eligible Person shall not, by itself, unless the Board otherwise determines, be construed as a grant of Option.

The basis of eligibility of any of the New Eligible Persons to an Offer shall be determined by the Board at its sole and absolute discretion from time to time.

(c) Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other scheme shall not, in aggregate, exceed thirty (30) per cent. of the total number of the issued Shares from time to time (the “30% Limit”) provided that:–

- (i) the total number of Shares available for issue under Options which may be granted under the New Share Option Scheme and any other scheme must not, in aggregate, exceed 10 per cent. of the issued share capital of the Company as at the Adoption Date unless approval of the shareholders of the Company has been obtained pursuant to sub-paragraphs (ii) and (iii) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the 10 per cent. limit;
- (ii) the Board may, after issuing a circular to its shareholders containing such relevant information required under note (1) to Rule 17.03(3) of the Listing Rules, seek approval by the shareholders of the Company in general meeting to refresh the 10 per cent. limit. However, the total number of Shares available for issue under options which may be granted under the New Share Option Scheme and any other scheme in these circumstances must not exceed 10 per cent. of the issued share capital of the Company as at the date of approval of the limit. Options previously granted under the New Share Option Scheme and any other scheme (including those outstanding, cancelled, lapsed in accordance with the terms of the New Share Option Scheme or any other scheme or exercised options) will not be counted for the purpose of calculating the limit as refreshed; and
- (iii) the Board may, after issuing a circular to its shareholders containing such relevant information required under note (1) to Rule 17.03(3) of the Listing Rules, seek separate approval by the shareholders of the Company in general meeting to grant Options beyond the 10 per cent. limit provided that the Options in excess of the 10 per cent. limit are granted only to those persons specified by the Board before such approval is sought.

Despite the provisions set out in sub-paragraphs (c)(i) to (iii) above, the Company shall not grant any Option under the New Share Option Scheme and any other scheme if this will result in the 30% Limit being exceeded.

(d) Maximum entitlement of each New Eligible Person

No Option may be granted to any one New Eligible Person in any 12-month period which, if exercised in full, would result in the total number of Shares already issued to him/her under all the Options previously granted to him/her which have been exercised and, issuable to him/her under all the Options previously granted to him/her which are for the time being subsisting and unexercised, exceeding one per cent. of the share capital of the Company in issue on the last date of such 12-month period unless approval by the shareholders of the Company in a general meeting with such New Eligible Person and his/her Associates abstaining from voting has been obtained after the issue of a circular to its shareholders in accordance with the Listing Rules.

The number and terms (including the Subscription Price) of the Options to be granted to such New Eligible Persons must be fixed before the shareholders' meeting, and the date of board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the Subscription Price.

(e) Grant of Options to connected persons

- (i) Each grant of Option to a director, chief executive or substantial shareholder (each as defined in the Listing Rules) for the time being of the Company or his/her Associate must be approved by the independent non-executive directors for the time being of the Company (excluding any independent non-executive director who is the relevant grantee of the Options).
- (ii) Where Options are proposed to be granted to a substantial shareholder or an independent non-executive director for the time being of the Company or any of their respective Associates, and the proposed grant of Options would result in the Shares issued and to be issued upon exercise of all Options already granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (a) representing in aggregate over 0.1 per cent. of the Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000;

such further grant of Options must be approved by the Shareholders. The Company must send a circular containing such information as required by the Listing Rules to the Shareholders. All connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll. Any change in the terms of the Options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective Associates must be approved by the Shareholders in general meeting.

(f) Time of acceptance and exercise of an Option

An offer of grant of an Option may be accepted by a New Eligible Person within the time period specified in the Offer Letter. A consideration of HK\$1 is payable on acceptance of the offer of grant of an Option.

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each Grantee, which period may commence on the day on which the offer for the grant of Options is made but shall end in any event not later than 10 years from the relevant Offer Date subject to the provisions for early termination thereof.

Unless the Directors otherwise determined and stated in the offer of the grant of Options to a New Eligible Person, there is no minimum period for which an Option granted under the New Share Option Scheme must be held before it can be exercised. Directors have the discretion to impose such minimum period on case by case basis.

(g) Performance targets

Unless the Directors otherwise determined and stated in the offer of the grant of Options to a New Eligible Person, a New Eligible Person is not required to achieve any performance targets before any options granted under the New Share Option Scheme can be exercised. Directors have the discretion to impose the performance targets restriction on case by case basis.

(h) Subscription price for Shares

The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to paragraph (q), be a price determined by the Board and notified to each Grantee but may not be less than the highest of:–

- (i) the nominal value of a Share;
- (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 Business Days immediately preceding the Offer Date; and
- (iii) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the Offer Date, which must be a Business Day,

Provided that in the event of fractional prices, the Subscription Price shall be rounded upwards to the nearest whole cent.

(i) Ranking of Shares

The Shares to be allotted upon the exercise of an Option will not carry any voting right until the name of the Grantee has been entered into the share register of the Company in accordance with the Bye-laws. Subject to the aforesaid, the Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank pari passu in all respects with the existing fully paid Shares in issue on the relevant allotment date and accordingly will entitle the holders thereof to participate in voting, transfer and other rights including those arising on liquidation of the Company, all dividends or other distributions paid or made on or after the relevant allotment date other than any dividend or other distribution if the record date therefor shall be before the relevant allotment date.

(j) Restrictions on the time of grant of Options

No grant of Option shall be made by the Board after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been disclosed pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:–

- (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and
- (ii) the deadline for the Company to publish announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of a results announcement.

(k) Period of the New Share Option Scheme

The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date.

(l) Rights on death

If the Grantee ceases to be a New Eligible Person by reason of death before exercising the Option in full (provided that none of the events which would be a ground for termination of his or her employment arises prior to his or her death), the Personal Representative of this Grantee shall be entitled within a period of 12 months from the date of death to exercise the Option (to the extent not already lapsed or exercised).

(m) Rights on ceasing employment

In the event of the Grantee ceasing to be an Eligible Employee by reason of his/her resignation or retirement from employment or the expiry of his/her employment contract or termination of his/her employment on the grounds other than that specified in paragraphs (l) or (u)(v) before exercising the Option in full, the Option of such Grantee shall lapse on the date of such cessation and not be exercisable.

(n) Rights on a general offer

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner, is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use its best endeavours to procure that an appropriate offer is extended to all the Grantees (on comparable terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders of the Company). If such offer becomes or is declared unconditional, the Grantee shall be entitled to exercise his or her Option (to the extent not already lapsed or exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in exercise of his or her Option at any time within 30 days after the date on which such general (or partial) offer becomes or is declared unconditional.

(o) Rights on winding up

In the event that a notice is given by the Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same day as it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee (or his/her Personal Representative(s)) shall be entitled to exercise all or any of his/her Options (to the extent not already lapsed or exercised) at any time no later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Grantee credited as fully paid. With effect from the date of the proposed general meeting, the rights of all Grantees to exercise their respective Options shall forthwith be suspended.

(p) Rights on compromise or arrangement between the Company and its creditors

If, pursuant to the Companies Act 1981 of Bermuda, a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) on the same day as it despatches to each member or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee (or his/her Personal Representative(s)) shall be entitled to exercise all or any of his/her Options in whole or in part (to the extent not already lapsed or exercised) at any time no later than two (2) Business Days prior to the date of the meeting directed to be convened by the court for the purposes of considering such compromise or arrangement by notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the Grantee credited as fully paid. With effect from the date of such meeting, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of Options under this paragraph (p) shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of Grantees to exercise their respective Options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the New Share Option Scheme) (provided that the relevant option period shall accordingly be extended by the length of the period of the suspension) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of the Company or any of its officers.

(q) Adjustments of the Subscription Price or other terms

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable arising from capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company, such corresponding adjustments (if any) shall be made (except an issue of securities of the Company as consideration in a transaction which shall not be regarded as circumstances requiring alteration or adjustment) in:-

- (i) the number or nominal amount of Shares, the subject matter of the Option (insofar as it is unexercised); and/or
- (ii) the Subscription Price

and in each such event, the Company shall (except in the case of an alteration in the capital structure of the Company by way of a capitalisation of profits or reserves) cause an independent financial adviser of the Company or the auditors of the Company to certify in writing either generally or as regards any particular Grantee to be in their opinion fair and reasonable, provided that:

- (1) any such adjustments shall be made on the basis that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
- (2) any such adjustments shall be made in compliance with Chapter 17 and “Supplementary Guidance on Main Board Listing Rule 17.03(13) and the Note immediately after the Rule” attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers and other relevant guidances provided by the Stock Exchange relating to share option schemes and any announcement will be made to the Shareholders;
- (3) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (4) no such adjustments shall be made the effect of which would be to increase or reduce the proportion of the issued share capital of the Company for which any Grantee would have been entitled to subscribe had he/she exercised all the Options held by him/her immediately prior to such adjustments (as interpreted in accordance with the “Supplementary Guidance on Main Board Listing Rule 17.03(13) and the Note immediately after the Rule” attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes); and
- (5) the issue of securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustments,

and provided further that no such alteration shall be made to the advantage of the Grantee or the prospective Grantee without specific prior Shareholders’ approval.

(r) Cancellation of Options

Any cancellation of Options granted but not exercised must be approved by Shareholders in general meeting, with the relevant Grantees and their Associates abstaining from voting.

Where the Company cancels Options and issues new ones to the same Grantee, the issue of such new Options may only be made under the New Share Option Scheme with available unissued options (excluding the cancelled Options) within the limit approved by Shareholders as mentioned in note (1) to Rule 17.03(3) of the Listing Rules.

(s) Termination of the New Share Option Scheme

The Company may by resolution in general meeting at any time terminate the New Share Option Scheme and in such event no further Options shall be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

(t) Rights are personal to the Grantee

An Option is personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee.

(u) Lapse of Option

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:–

- (i) the expiry of the option period referred to in paragraph (f);
- (ii) the expiry of the periods or dates referred to in paragraphs (l), (m), (n) and (o);
- (iii) subject to the compromise or arrangement as referred to in paragraph (p) becoming effective, the date on which such compromise or arrangement becomes effective;
- (iv) (without prejudice to the rights of a Grantee under paragraph (o)) the date of the commencement of the winding-up of the Company;
- (v) the date on which the Grantee ceases to be an Eligible Employee by reason of the termination of his/her employment on any one or more of the grounds that he/she has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty; and
- (vi) the date on which the Board shall exercise the Company's right to cancel the option after the Grantee has committed a breach of the provision of restriction on transfer and assignment of an Option referred to in paragraph (t) is committed.

(v) Others

- (i) The terms and conditions of the New Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the Options except with the prior approval of the Shareholders in general meeting.

- (ii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (iii) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (iv) Any change to the authority of the Board or the scheme administrators in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.

NOTICE OF ANNUAL GENERAL MEETING



萬 裕 國 際 集 團 有 限 公 司 *

MAN YUE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(stock code: 894)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Man Yue International Holdings Limited (the “Company”) will be held at Salon IV, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Friday, 26 May 2006 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company and the reports of the directors and auditors for the year ended 31 December 2005;
2. To declare a final dividend of HK2 cents per share for the year ended 31 December 2005;
3. To re-elect Mr. Ko Pak On as Executive Director;
4. To re-elect Dr. Li Sau Hung, Eddy as Independent Non-executive Director;
5. To authorise the board of directors to fix the remuneration of the directors of the Company;
6. To fix the maximum number of Directors at 10;
7. To authorise the board of directors to appoint additional directors up to the maximum number fixed by the shareholders of the Company;
8. To re-appoint Messrs. Ernst & Young as auditors and authorise the board of directors to fix their remuneration; and
9. As special business to consider, and if thought fit, pass the following resolutions of which resolution numbers 9(A), 9(B), 9(C) and 9(D) will be proposed as ordinary resolutions and resolution number 9(E) will be proposed as a special resolution:

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 Listing Rules”), 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;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the approval in paragraph (A)(i) above shall be in addition to any other authorization given to the directors of the Company and shall authorize 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 the subscription rights under the Existing Share Option Scheme or the New Share Option Scheme (both as defined in Resolution 9(D) below) or the warrants of the Company or (c) any scrip dividend scheme or similar arrangements, shall not exceed 20 per cent. 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.”

NOTICE OF ANNUAL GENERAL MEETING

(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 and warrants 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 Listing Rules 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 and warrants 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 per cent. of the aggregate nominal amount of the share capital of the Company in issue and 10 per cent. of the outstanding warrants of the Company 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.”

NOTICE OF ANNUAL GENERAL MEETING

(C) **“THAT:**

Conditional upon the passing of resolutions numbered 9(A) and 9(B) 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 9(B) 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 9(A) provided that such added amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution.”

(D) **“THAT:**

- (a) subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new shares of the Company to be issued pursuant to the exercise of any options to be granted under the share option scheme of the Company (the “New Share Option Scheme”), a copy of which marked “A” is produced to the meeting and for the purpose of identification signed by the Chairman thereof, not exceeding 10% of the total number of Shares of the Company in issue as at the date of approval of the New Share Option Scheme, the New Share Option Scheme be and is hereby approved and adopted and the Directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme; and
- (b) the existing share option scheme for the employees and executive Directors of the Company and its subsidiaries which was adopted by the Company by a written resolution of the shareholders of the Company passed on 13 February 1997 (the “Existing Share Option Scheme”) be terminated on the New Share Option Scheme coming into effect upon the fulfillment of the conditions set out in paragraph (a) above”.

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTION

(E) **“THAT:**

the Bye-laws of the Company be amended in the following manner:

Bye-law 66

The existing Bye-law 66 be deleted in its entirety and substituted by the following:

“66. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting on a show of hands every Member present in person (or being a corporation, is present by a representative duly authorised under Section 78 of the Act), or by proxy shall have one vote and on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in these Bye-laws, where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. A resolution put to the vote of a general meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or

NOTICE OF ANNUAL GENERAL MEETING

- (e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.

Bye-law 68

The existing Bye-law 68 be deleted in its entirety and substituted by the following:

“68. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”

Bye-law 87

The existing Bye-law 87 be amended by:-

- (i) deleting the existing Bye-law 87(1) in its entirety and substituting therefor the following:

“87. (1) Notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.”

- (ii) inserting the words “and shall continue to act as a Director throughout the meeting at which he retires” after the word “re-election” in the first sentence of Bye-law 87(2).”

By order of the Board
Man Yue International Holdings Limited
Tso Yan Wing, Alan
Company Secretary

Hong Kong, 28 April 2006

NOTICE OF ANNUAL GENERAL MEETING

Principal Place of Business:

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

As at the date of this notice, the Executive Directors of the Company are Mr. Chan Ho Sing and Mr. Ko Pak On and the Independent Non-executive Directors of the Company are Dr. Li Sau Hung, Eddy, Mr. Lo Kwok Kwei, David and Mr. Mar, Selwyn.

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 26th Floor, Tesbury Centre, 28 Queen's Road East, 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 Monday, 22 May 2006 to Friday, 26 May 2006, both days inclusive, during which period no transfer of shares will be effected and no share of the Company will be issued upon exercise of any subscription rights attaching to the outstanding warrants issued by the Company. In order to ascertain the right to receive final dividend or to attend the meeting, all transfers accompanied by the relevant share certificates and all duly completed subscription forms accompanied by the relevant warrant certificates and the appropriate subscription monies must be lodged for registration with the Company's branch share registrar in Hong Kong, Tengis Limited at the above address not later than 4:00 p.m. on Friday, 19 May 2006.
4. A form of proxy for use in connection with the Annual General Meeting is enclosed and such form of proxy is also published on the website of the Stock Exchange (www.hkex.com.hk).
5. The Bye-laws of the Company is written in English, the Chinese version of the Resolution as set out in item 9(E) above on amendments to Bye-laws is a translation for reference only. Should there be any discrepancies, the English version shall prevail.