
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.

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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 SHARES,
RE-ELECTION OF DIRECTORS,
PROPOSAL OF BONUS WARRANT ISSUE AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Man Yue International Holdings Limited to be held at Salon III, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Wednesday, 23 May 2007 at 2:30 p.m. is set out on pages 34 to 37 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's Branch 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).

* *For identification purpose only*

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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:–

“Annual General Meeting”	an annual general meeting of the Company to be held at Salon III, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Wednesday, 23 May 2007 at 2:30 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 34 to 37 of this circular or any adjournment thereof;
“Associates”	has the same meaning as ascribed under the Listing Rules;
“Board”	the board of Directors;
“Bonus Warrant Issue”	bonus issue of Warrants by the Company to all Shareholders whose names appear on the register of members of the Company on the Record Date, on the basis of one Warrant for every ten existing Shares held on the Record Date;
“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 as at the date of the passing of the relevant resolution;
“CCASS”	Central Clearing and Settlement System established and operated by HKSCC;
“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;

DEFINITION

“Director(s)”	director(s) of the Company;
“Existing General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 26 May 2006 by way of ordinary resolution;
“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;
“Group”	the Company and its Subsidiaries;
“HK\$”	Hong Kong dollars;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“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”	26 April 2007, 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;
“Ordinary Resolution”	the ordinary resolution to be proposed and passed at the Annual General Meeting as set out in the notice of the Annual General Meeting;
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company at the close of business on the Record Date is/are outside Hong Kong;
“Record Date”	the record date for the purpose of ascertaining the entitlements of Shareholders to the Bonus Warrant Issue;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;

DEFINITION

“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;
“Share Options”	the share options to subscribe for Share(s) granted under the Share Option Scheme;
“Share Option Scheme”	the share option scheme of the Company adopted on 26 May 2006;
“Shareholder(s)”	holder(s) of Share(s);
“Share Buy Back Rules”	the relevant rules set out in the Listing Rules regulating such share repurchases;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Rights”	the subscription right(s) attaching to the Warrant(s);
“Subsidiary”	a subsidiary for the time being of the Company (within the meaning of Section 2 of the Companies Ordinance), whether incorporated in Hong Kong or elsewhere;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers, as amended from time to time; and
“Warrant(s)”	warrant(s) to be issued by the Company, in unit(s) of HK\$2.25 of subscription rights, to subscribe for new Shares at the initial subscription price of HK\$2.25 per new Share, subject to adjustment, at any time from Wednesday, 6 June 2007 up to and including Friday, 5 June 2009 (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

30 April 2007

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE NEW SHARES AND
TO REPURCHASE ITS OWN SHARES,
RE-ELECTION OF DIRECTORS,
PROPOSAL OF BONUS WARRANT ISSUE 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 Shares (iii) the re-election of the retiring Directors; and (iv) the proposal of Bonus Warrant Issue.

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

* For identification purpose only

LETTER FROM THE BOARD

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 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 (or, if their number is not a multiple of three, then 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.

A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) 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 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

LETTER FROM THE BOARD

(unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to Bye-law 86(2) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

In accordance with Bye-law 86(2) of the Bye-laws, the Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a causal vacancy on the Board or, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by members in general meeting. 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.

In accordance with Bye-law 87 of the Bye-laws, Mr. Chan Ho Sing and Mr. Mar, Selwyn shall retire at the Annual General Meeting and being eligible, will offer themselves for re-election. All these retiring Directors are eligible for re-election.

Bye-law 88 of the Bye-laws provides that no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (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 signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that the period for lodgment of such Notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

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 Registrar in Hong Kong, Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong on or before 16 May 2007.

Brief biographical details of the retiring Directors (subject to amendment if there is change of retiring director) are set out in Appendix B of 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.

LETTER FROM THE BOARD

5. BONUS WARRANT ISSUE

Introduction

It was announced on 18 April 2007 that the Directors proposed, subject to the satisfaction of the condition as stated in the paragraph headed “Condition to the Bonus Warrant Issue” below, to make the Bonus Warrant Issue to its Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one (1) Warrant for every ten (10) Shares held. The purpose of this section of this Circular is to provide you with further information on the Bonus Warrant Issue.

Subscription Price and Subscription Period

The Warrants will be issued in registered form and each Warrant will entitle the holder thereof to subscribe in cash for one Share at an initial subscription price of HK\$2.25, subject to adjustment, at any time during the period which is expected to commence on Wednesday, 6 June 2007 and end on Friday, 5 June, 2009 (both days inclusive).

The subscription price represents:

- (i) a discount of approximately 9.27 per cent. to the closing price of HK\$2.48 per Share as quoted on the Stock Exchange on 18 April 2007;
- (ii) a discount of approximately 4.58 per cent. to the average closing price of HK\$2.358 per Share as quoted on the Stock Exchange for the 5 consecutive trading days ended 18 April 2007;
- (iii) a discount of approximately 4.98% per cent. to the average closing price of HK\$2.368 per Share as quoted on the Stock Exchange for the 10 consecutive trading days ended 18 April 2007;
- (iv) a discount of approximately 8.16 per cent. to the closing price of HK\$2.45 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (v) a discount of approximately 8.83 per cent. to the average closing price of HK\$2.468 per Share as quoted on the Stock Exchange for the 5 consecutive trading days ended the Latest Practicable Date; and
- (vi) a discount of approximately 7.45 per cent. to the average closing price of HK\$2.431 per Share as quoted on the Stock Exchange for the 10 consecutive trading days ended the Latest Practicable Date.

Shares to be issued upon exercise of the Warrants

On the basis of 472,661,302 Shares in issue as at the Latest Practicable Date, and assuming no further Shares will be issued or repurchased by the Company on or before the Record Date, 47,266,130 Warrants would be issued pursuant to the Bonus Warrant

LETTER FROM THE BOARD

Issue. Full exercise of the subscription rights attaching to the 47,266,130 Warrants at the initial subscription price of HK\$2.25 per Share would result in the issue of a total of 47,266,130 new Shares, representing approximately 10 per cent. of the issued ordinary share capital of the Company as at the Latest Practicable Date, approximately 9.09 per cent. of the issued ordinary share capital of the Company as at the Latest Practicable Date as enlarged by the issue of such new Shares and approximately 11.0 per cent. of the issued ordinary share capital of the Company as at the date of granting of the Existing General Mandate, and the receipt by the Company of subscription moneys totalling approximately HK\$106.35 million before expenses of approximately HK\$300,000, such expenses to be borne by the Company.

Assuming full exercise of the 5,350,000 Share Options outstanding as at the Latest Practicable Date and the allotment and issue of Shares pursuant to such exercise with effect from any date falling prior to the Record Date, a further 535,000 Warrants would be issued pursuant to the Bonus Warrant Issue. On the basis of an issued ordinary share capital of 478,011,302 Shares following the exercise of the outstanding Share Options in the manner aforesaid, full exercise of the subscription rights attaching to the 47,801,130 Warrants at the initial subscription price of HK\$2.25 per Share would result in the issue of a total of 47,801,130 new Shares, representing approximately 10 per cent. of such issued ordinary share capital of the Company and approximately 9.09 per cent. of the issued ordinary share capital of the Company as enlarged by the exercise of subscription rights attaching to the 47,801,130 Warrants, and the receipt by the Company of subscription moneys totalling HK\$107.55 million, before expenses of approximately HK\$350,000.

Upon the placing of 23,630,000 new Shares by the Company in March 2007, approximately 27.5 per cent. of the Existing General Mandate has already been utilized. Assuming full exercise of the subscription rights attaching to the 47,801,130 Warrants, an aggregate of approximately 83.2 per cent. of the Existing General Mandate will have been utilized.

Save for the above outstanding 5,350,000 Share Options, the Company does not have any other outstanding convertible securities, warrants, derivatives, conversion rights or subscription rights as at the Latest Practicable Date.

Fractional Entitlements

Fractional entitlements to the Warrants (if any) will not be issued to the Shareholders but will be aggregated and sold for the benefit of the Company. The net proceeds of sale will be retained for the benefit of the Company.

Overseas Shareholders

As at the Latest Practicable Date, the Company has one Overseas Shareholder in Bahamas. The Directors have obtained a legal opinion issued by a law firm qualified to practise the laws of Bahamas pursuant to Rule 13.36(2)(a) of the Listing Rules. In the legal opinion, the Bahamas law firm has confirmed that there are not any legal restrictions or requirements imposed by the relevant regulatory body or stock exchange

LETTER FROM THE BOARD

of Bahamas on the issue of the Warrants to that Overseas Shareholder. In light of the aforesaid, the Company will issue the relevant number of the Warrants to that Overseas Shareholder.

Condition to the Bonus Warrant Issue

The Bonus Warrant Issue will be conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Warrants and any Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

Reasons for the Bonus Warrant Issue

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture and trading of electronic components, the trading of electrical products, raw materials and production machinery.

The Directors believe that the Bonus Warrant Issue will provide Shareholders with an opportunity to participate in the growth of the Company. The Bonus Warrant Issue will also strengthen the equity base of the Company and increase the Company's working capital if and when the subscription rights attaching to the Warrants are exercised.

The Company intends to apply any subscription moneys received as and when Subscription Rights are exercised towards the general working capital of the Group or for such other purposes as the Directors deem necessary, taking into consideration the requirements of the Company prevailing at the relevant time.

Equity Fund Raising Activities of the Company in the Past Twelve-month Period

On 8 March 2007, Mr. Chan Ho Sing ("Mr. Chan"), the chairman and an executive director of the Company and UOB Kay Hian (Hong Kong) Limited (the "Placing Agent") entered into a placing letter pursuant to which Mr. Chan agreed to sell and the Placing Agent agreed to procure Credit Suisse (Hong Kong) Limited to purchase a total of 23,630,000 Shares beneficially owned by Mr. Chan at a price of HK\$2.03 (the "Placing") per Share (the "Placing Price"). Pursuant to a top-up subscription agreement dated 16 March 2007 entered into between the Company and Mr. Chan, Mr. Chan also agreed to subscribe for 23,630,000 new Shares at the Placing Price (the "Subscription"). Completion of the Placing and the Subscription has taken place simultaneously on 20 March 2007.

The Placing Price represented a discount of approximately 9.78 per cent. to the closing price of HK\$2.25 per Share as quoted on the Stock Exchange on 8 March 2007, and a discount of approximately 8.14 per cent. to the average closing price of HK\$2.21 per Share as quoted on the Stock Exchange for the five trading days ended on and including 8 March 2007. The Company intended to use the proceeds of the top-up

LETTER FROM THE BOARD

placing as general working capital for the Company's business expansion when identified. As at the date of this Circular, HK\$46.4 million has been used for general working capital.

Details of the top-up placing are disclosed in the announcement of the Company dated 9 March 2007.

Save for the aforesaid, the Company did not raise any other funds by issue of equity securities during the 12 months immediately preceding the date of this Circular.

Listing and Dealings

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and the new Shares falling to be issued upon exercise of the Subscription Rights.

The new Shares falling to be issued upon exercise of the Subscription Rights will rank pari passu in all respect with the then existing issued Shares.

All necessary arrangements have been made to enable the Warrants to be admitted into CCASS. The Shares and the Warrants are not/will not be listed or traded on any other stock exchange other than the Stock Exchange and no such listing, or permission to deal in such Shares/Warrants, is being or proposed to be sought.

Subject to the granting of listing of, and permission to deal in, the Warrants and the Shares falling to be issued pursuant to the exercise of Subscription Rights on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Warrants on the Stock Exchange (which is expected to be on Wednesday, 6 June 2007) or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Warrants and the Shares falling to be issued upon exercise of the Subscription Rights will be subject to the payment of stamp duty in Hong Kong.

Certificates for the Warrants and Board Lots

Subject to the satisfaction of the condition to the Bonus Warrant Issue, it is expected that certificates for the Warrants will be posted on or before Monday, 4 June 2007 at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company.

LETTER FROM THE BOARD

Dealings in the Warrants are expected to commence on the Stock Exchange on Wednesday, 6 June 2007. The Warrants are expected to be traded on the Stock Exchange in board lots of 20,000 Warrants carrying rights to subscribe for 20,000 Shares at HK\$45,000 at the initial subscription price of HK\$2.25 per Share (subject to adjustment).

Adjustments in Relation to the Exercise Price of Share Options

Pursuant to the Share Option Scheme, the Company had as at the Latest Practicable Date granted outstanding Share Options to subscribe for up to an aggregate of 5,350,000 Shares, at exercise price of HK\$1.6 per Share. The issue of the Warrants will not result in any adjustment to the exercise price of the Share Options or the number of Shares to be issued under the Share Options.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 17 May 2007 to Wednesday, 23 May 2007 (both days inclusive) in order to establish entitlements of Shareholders to the Bonus Warrant Issue. The last day for dealing in Shares cum entitlements to the Bonus Warrant Issue will be Monday, 14 May 2007. In order to qualify for the Bonus Warrant Issue, all outstanding transfers of Shares should be lodged with the branch share registrar of the Company in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 16 May 2007.

General Information about the Bonus Warrant Issue

As the Warrants will be issued by the Directors under the authority of the Existing General Mandate, Shareholders' approval to the Bonus Warrant Issue is not required. The maximum number of Shares which can be allotted and issued by the Company under the Existing General Mandate is 85,811,631. The Company has utilized part of the Existing General Mandate by issuing 23,630,000 Shares to Mr. Chan under the top-up placing transaction as disclosed in the announcement of the Company dated 9 March, 2007 since the date it was granted.

The Bonus Warrant Issue complies with the relevant provisions of Chapter 15 of the Listing Rules.

The Company will comply with Rules 8.08(2) and (3) of the Listing Rules with respect to the Bonus Warrant Issue.

LETTER FROM THE BOARD

Expected Timetable

The expected timetable for implementing the Bonus Warrant Issue is set forth below:

Last day of dealings in Shares cum entitlements to the Warrants	Monday, 14 May 2007
First day of dealings in Shares ex-entitlements to the Warrants	Tuesday, 15 May 2007
Latest time for lodging forms of transfer to ensure entitlement to the Warrants	4:00 p.m. on Wednesday, 16 May 2007
Register of members closes	Thursday, 17 May 2007 to Wednesday, 23 May 2007
Record Date	Wednesday, 23 May 2007
Register of members reopens	Friday, 25 May 2007
Warrant certificates posted	Monday, 4 June 2007
Dealings in the Warrants expected to commence	Wednesday, 6 June 2007

6. ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting is set out on pages 34 to 37 of this circular. Resolutions in respect of the General Mandates to issue shares, Buyback Mandate to repurchase shares and re-election of Directors will be proposed at the Annual General Meeting.

The procedure by which shareholders of the Company may demand a poll at a general meeting of the company is set out in Appendix C of 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.

LETTER FROM THE BOARD

7. RECOMMENDATION

The Directors consider that the granting and extension of the General Mandate and the granting of the Buyback Mandate 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.

8. 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 the Shareholders may demand a poll at a general meeting pursuant to the Bye-laws) and Appendix D (Proposal of the Bonus Warrant Issue) to this circular.

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

APPENDIX A EXPLANATORY STATEMENT ON THE BUYBACK MANDATE

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 prior to the Annual General Meeting, and based on 472,661,302 fully-paid Shares in issue as at the Latest Practicable Date, could accordingly result in up to 47,266,130 Shares 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 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 shares, 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 2006 as contained in the Annual Report 2006) 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

APPENDIX A EXPLANATORY STATEMENT ON THE BUYBACK MANDATE

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 Shares 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 Shares 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. and Credit Suisse (Hong Kong) Limited are the substantial shareholders of the Company holding 209,689,667 shares and 23,630,000 shares of the Company, representing approximately 44.36 per cent. and 5 per cent. of the issued share capital of the Company respectively.

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 44.36 per cent. to approximately 49.29 per cent. and such increase will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

Credit Suisse (Hong Kong) Limited is a company incorporated in Hong Kong. If the Company exercises in full the Buyback Mandate, the shareholding of Credit Suisse (Hong Kong) Limited in the issued share capital of the Company will increase from

APPENDIX A EXPLANATORY STATEMENT ON THE BUYBACK MANDATE

approximately 5 per cent. to approximately 5.55 per cent. and such increase will not 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 have been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

Month	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2006		
April	2.475	1.750
May	1.980	1.500
June	1.680	1.430
July	1.790	1.480
August	1.660	1.460
September	1.830	1.460
October	2.000	1.740
November	2.040	1.810
December	1.960	1.780
2007		
January	2.330	1.770
February	2.520	2.200
March	2.700	2.120
April (up to the Latest Practicable Date)	2.600	2.260

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) **Chan Ho Sing**, aged 57, Chairman and Executive Director

Position held in the Company's group

Mr. Chan is the founder and chairman of the Group. He is primarily responsible for steering the Group forward and providing overall leadership in the development of the Group's strategies and policies. He also acts as a member of the Company's Remuneration Committee.

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

Mr. Chan is a well known industrialist in Hong Kong and has over thirty years of experience in the electronic component's field. He is also a director of the China-Hong Kong Economic and Trade Association Ltd.

Length or proposed length of services with the Company

Mr. Chan Ho Sing had entered into a service contract with the Company for a fixed term of two years commencing on 1 January 2006 and the contract will expire on 31 December 2007.

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

Mr. Chan is the father of Mr. Chan Yu Ching, Eugene, Assistant Executive Director of the Group.

Interest in share of the Company within the meaning of Part XV of the Securities and Futures Ordinance

As at the Latest Practicable Date, Mr. Chan is interested in the share capital and underlying shares of the Company or its associated corporations were as follows:

Name of director	Notes	Number of shares and underlying shares held, capacity and nature of interest				Approximate percentage of the Company's issued share capital
		Capacity	Nature of interest	Interest in shares	Interest in underlying shares (options)	
Chan Ho Sing	(a)	Founder of discretionary trust	Family	209,689,667	–	44.36
Chan Ho Sing	(b)	Interest of Spouse	Family	5,500,000	400,000	1.25
Chan Ho Sing		Beneficial owner	Personal	23,955,667	–	5.07

Notes:

- (a) These shares are owned by Man Yue Holdings Inc., a company incorporated in the Bahamas, the entire issued share capital of which is ultimately beneficially owned by the family trust of Chan Ho Sing.
- (b) This interest through spouse represents shares and share options held by Kee Chor Lin, the spouse of Chan Ho Sing.

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

Under the service contract of Mr. Chan, he shall be entitled to an annual salary and allowances of HK\$4,160,000, a year end bonus and a discretionary management bonus as determined by the remuneration committee of the Company provided that the total amount of the management bonuses, if any, to be allocated among all the executive directors of the Company shall not be greater than 5 per cent. of the audited consolidated profit attributable to shareholders (after taxation and minority interests but before extraordinary items and before such management bonus) of the Group as reflected in its audited consolidated accounts for the relevant financial year. For the year ended 31 December 2006, Mr. Chan received and is receivable to a total remuneration of HK\$9,172,000. Mr. Chan'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 of the Company

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

- (2) **Mar, Selwyn**, aged 71, an Independent Non-Executive Director.

Position held in the Company's group

Mr. Mar has been an Independent Non-Executive Director of the Company since September 2004. He is also chairman of 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

Mr. Mar graduated from the London School of Economics, University of London. He is a fellow member of the Institute of Chartered Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He has been active in commercial and industrial undertakings over the past twenty-nine years. At present, he is a partner of Nexia Charles Mar Fan & Co., and Independent Non-Executive Director of two Hong Kong listed companies, China Everbright International Limited and Onfem Holdings Limited. He also acts as Chairman of the Audit Committee of Onfem Holdings Limited. In respect of public services, he was the President of the Hong Kong Institute of Certified Public Accountants (formerly known as the "Hong Kong Society of Accountants") in 1991, a member of the Appeals Panel of the Securities and Futures Commission, and a member of Board of Governors of the Chinese International School. He is an Honorary Fellow of the Lingnan University.

Length or proposed length of services with the Company

There is no service contract with specified terms between Mr. Mar and the Company. Mr. Mar 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

Mr. Mar is not related to 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 Securities and Futures Ordinance

As at 31 December 2006, Mr. Mar is not interested in any shares of the Company.

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

For the year ended 31 December 2006, Mr. Mar received a director's fee of HK\$240,000. Mr. Mar's emoluments are to be recommended 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 of the Company

Save as disclosed herein, there are no matters relating to Mr. Mar's re-election that need to be brought to the attention of the Shareholders of the Company. There is no information which is disclosable nor is/was Mr. Mar involved in any of the matters required to be disclosed to any of the requirements 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 any 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 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.

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the Chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against the resolution.

The Warrants will be issued subject to and with the benefit of the Instrument and they will be issued in registered form and will form one class with and rank pari passu in all respects with each other.

The principal terms and conditions of the Warrants will be set out in the Warrant certificates and will include provisions to the effect set out below. Holders of Warrants will be entitled to the benefit of, be bound by, and be deemed to have notice of all such terms and conditions and of the provisions of the Instrument, copies of which will be available from the principal place of business for the time being of the Company in Hong Kong.

1. SUBSCRIPTION RIGHTS

- (a) The registered holder for the time being of a Warrant will have the right (the “Subscription Rights”) for each unit of Warrant to subscribe in cash the whole or part (in units of HK\$2.25) of the amount in respect of which the Warrant is issued for fully paid New Shares at an initial subscription price of HK\$2.25 per New Share (subject to the adjustments referred to below) (the “Subscription Price”). The Subscription Rights attaching to the Warrants may be exercised during the Subscription Period. The business day falling during the Subscription Period on which any of the Subscription Rights are duly exercised is referred to in this summary as a “Subscription Date”. Any Subscription Rights which have not been exercised during the Subscription Period will lapse and the relevant Warrant certificates will cease to be valid for any purpose. References in this summary to “Shares” are to the existing Shares of the Company and all other (if any) Shares from time to time and for the time being ranking pari passu therewith.
- (b) Each Warrant certificate will contain a subscription form. In order to exercise his Subscription Rights, a holder of Warrants must complete and sign the subscription form (which shall, once signed and completed, be irrevocable) and deliver the Warrant certificate (and, if the subscription form used is not the form endorsed on the Warrant certificate, the separate subscription form) to Tengis Limited in Hong Kong or such other person, firm or company situated either in Hong Kong or in Bermuda as may be approved from time to time by the Directors to act as the registrar in relation to the Warrants and transfer of the Warrants (the “Registrar”) together with a remittance for the relevant subscription monies (or in case of partial exercise, the relevant portion of the subscription monies) for the New Shares in respect of which the Subscription Rights are being exercised. In each case compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable.
- (c) No fraction of a New Share will be allotted but any balance representing fractions of the subscription monies paid on the exercise of the Subscription Rights will be retained by the Company for its own benefit, provided always that if the Subscription Rights comprised in one or more Warrant certificates are exercised on the same Subscription Date by the same holder of Warrants

then, for the purpose of determining whether any (and if so what) fraction of a Share arises, the Subscription Rights represented by such Warrant certificates will be aggregated.

- (d) The Company undertakes in the Instrument that any New Shares will be issued and allotted not later than 28 days (or, if applicable, such other period as prescribed by the Stock Exchange) after the relevant Subscription Date and all New Shares so allotted shall, taking account of any adjustment which may have been made pursuant to paragraph 2 of this Appendix, rank *pari passu* in all respects with the then existing Shares in issue on the relevant Subscription Date and shall accordingly entitle the holders to participate in all dividends or other distributions paid or made on the New Shares on or after the relevant Subscription Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the relevant Subscription Date and notice of the amount and record date for which shall have been given to the Stock Exchange prior to the relevant Subscription Date.
- (e) As soon as practicable after the relevant issue and allotment of New Shares (and, in any event, not later than 28 days (or, if applicable, such other period as prescribed by the Stock Exchange) after the relevant Subscription Date) there will be issued free of charge to the holder(s) of Warrants:
 - (i) a certificate (or certificates) for the relevant New Shares in the name(s) of such holder(s) of Warrants;
 - (ii) (if applicable) a balancing Warrant certificate in registered form in the name(s) of such holder(s) of Warrants in respect of any Subscription Rights remaining unexercised; and
 - (iii) (if applicable) a Deficiency Certificate (as defined in the Instrument).

The certificate(s) for the New Shares, the balancing Warrant certificate (if any), and the Deficiency Certificates (if any) will be sent by post at the risk of such holder(s) of Warrants to the address of such holder(s) of Warrants or (in the case of a joint holding to that one of them whose name stands first in the register of holders of Warrants). If the Company agrees, such certificates may by prior arrangement be retained by the Registrar to await collection by the relevant holder(s) of Warrants.

2. ADJUSTMENTS OF SUBSCRIPTION PRICE

The Instrument contains detailed provisions relating to the adjustment of the Subscription Price. The following is a summary of, and is subject to, the adjustment provisions of the Instrument:

- (a) The Subscription Price will (except as mentioned in sub-paragraphs (b) and (c) below) be adjusted as provided in the Instrument in each of the following cases:
 - (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
 - (ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
 - (iii) a capital distribution (as defined in the Instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of Shares (in their capacity as such);
 - (iv) a grant by the Company to holders of the Shares (in their capacity as such) of rights to acquire for cash, assets of the Company or any of its Subsidiaries (as defined in the Instrument);
 - (v) an offer being made by the Company to holders of its Shares of new Shares for subscription by way of rights or grant of options or warrants to subscribe for Shares at a price which is less than 90 per cent. of the market price (calculated in accordance with the provisions of the Instrument) provided that no such adjustment is to be made if the Company also makes a like offer or grant (as the case may be) at the same time to each holder of Warrant(s) (subject to such exclusions or other arrangements as the Directors 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) as if he had exercised the Subscription Rights represented by his Warrant certificate in full on the day immediately preceding the record date for such offer or grant;
 - (vi) an issue wholly for cash being made by the Company or any of its Subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration (as defined in the Instrument) per new Share is less than 90 per cent. of the market price (calculated in accordance with the provisions of the Instrument), or the conversion, exchange or

subscription rights of any such securities being altered so that the total Effective Consideration per new Shares is less than 90 per cent. of the market price;

- (vii) an issue being made wholly for cash of Shares (other than pursuant to a Share Option Scheme (as defined in the Instrument)) at a price less than 90 per cent. of the market price (calculated in accordance with the provisions of the Instrument); and
 - (viii) the repurchase by the Company of Shares or securities convertible into Shares or any rights to acquire the Shares (excluding any such repurchases made on the Stock Exchange or any recognised stock exchange, being a stock exchange recognised for this purpose by the Securities and Futures Commission and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.
- (b) Except as mentioned in sub-paragraph (c) below, no such adjustment as is referred to in sub-paragraphs (ii) to (vii) of paragraph (a) above will be made in respect of:
- (i) an issue of fully paid Shares upon the exercise of any conversion, exchange or subscription rights attached to securities wholly or partly convertible into or exchangeable for Shares or upon the exercise of any rights (including the Subscription Rights) to acquire Shares;
 - (ii) an issue by the Company of Shares or by the Company or any Subsidiary (as defined in the Instrument) of securities wholly or partly convertible into, or exchangeable for, or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (iii) an issue of fully-paid Shares by way of capitalisation of all or part of the Subscription Right Reserve (as defined in the Instrument) to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument provided that implementation of such terms and conditions is not prohibited by or inconsistent with any laws, rules or regulations to which the Company and the Warrants are subject from time to time (or other profits or reserves or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into, or exchangeable for, or carrying rights to acquire, Shares);
 - (iv) an issue of Shares pursuant to a scrip dividend scheme in lieu of a cash dividend where an amount of not less than the nominal amount of the Shares so issued is capitalised and the market value (calculated in

accordance with the provisions of the Instrument) of such Shares is not more than 110 per cent. of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash; and

- (v) an issue by the Company of Shares or by the Company or any Subsidiary (as defined in the Instrument) of securities wholly or partly convertible into or exchangeable for or carrying rights of subscription for Shares pursuant to a Share Option Scheme (as defined in the Instrument).
- (c) Notwithstanding the provisions referred to in sub-paragraphs (a) and (b) above, in any circumstances where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with effect from a different time from that provided for under the said provisions, the Company may appoint either an approved merchant bank or the Auditors (as defined in the Instrument) to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such an approved merchant bank or the Auditors (as the case may be) shall consider this to be the case, the adjustment shall be modified or nullified, or an adjustment made instead of no adjustment in such manner (including, without limitation, making an adjustment calculated on a different basis and/or the adjustment shall take effect from such other date and/or time) as shall be certified by such approved merchant bank or the Auditors (as the case may be) to be in its opinion appropriate.
- (d) Any adjustment to the Subscription Price shall be made to the nearest one cent so that any amount under HK\$0.005 shall be rounded down and any amount of HK\$0.005 or more shall be rounded up and in no event shall any adjustment be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one cent and any adjustment which would otherwise then be required shall not be carried forward. In no event shall an adjustment be made (otherwise than upon the consolidation of Shares into shares of a larger nominal amount each or upon a repurchase of Shares) which would increase the Subscription Price or which would result in the Subscription Price falling below the par value of the Shares.
- (e) Every adjustment to the Subscription Price shall be certified by the Auditors or an approved merchant bank and notice of each such adjustment (giving the relevant particulars) shall be given to the holders of Warrants. In giving any certificate or making any adjustment under the Instrument, the Auditors or the approved merchant bank shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest errors, their decision shall

be conclusive and binding on the Company and the holders of Warrants and all persons claiming through or under them respectively. Any such certificate of the Auditors and/or approved merchant bank will be available for inspection at the principal place of business for the time being of the Company in Hong Kong, where copies may be obtained.

3. REGISTERED WARRANTS

The Warrants are issued in registered form. The Company shall be entitled to treat the registered holder of any Warrant as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or required by law, be bound to recognise any equitable or other claim to or interest in such Warrant on the part of any other person, whether or not it shall have express or other notice thereof.

4. TRANSFER, TRANSMISSION AND REGISTER

The Warrants shall be in registered form and be transferable, in whole amounts or integral multiples of HK\$2.25, by instrument of transfer in any usual or common form or such other form which may be approved by the Directors, or where the transferor or the transferee is HKSCC Nominees Limited or its successor thereof (or such other company as may be approved by the Directors for this purpose), by an instrument of transfer executed on behalf of HKSCC Nominees Limited or its successor by machine imprinted signature or under hand(s) by authorised person(s). For this purpose, the Company shall maintain a register of the holders of Warrants in Hong Kong (or in such other place as the Directors consider appropriate, having regard to applicable rules governing the listing of Warrants). The provisions of the Bye-laws in relation to the registration, transfer and transmission of Shares and the register of members shall, save as provided in this paragraph 4, *mutatis mutandis*, apply to the transfer, transmission and registration of the Warrants and the register of Warrantholders. Transfers of Warrants must be executed by both the transferor and the transferee.

Since the Warrants will be admitted to CCASS, so far as applicable laws or regulations of relevant regulatory authorities, terms of the Instrument and circumstances permit, the Company may determine the last trading day of the Warrants to be a date falling at least three dealing days before 5 June 2009 (Friday).

Persons who hold the Warrants and have not registered the Warrants in their own names and wish to exercise the Warrants may incur additional costs and expenses in connection with any expedited reregistration of the Warrants prior to the transfer or exercise of the Warrants, particularly during the period commencing on the date falling 10 business days prior to and including the last day of the Subscription Period.

5. CLOSURE OF REGISTER OF HOLDERS OF WARRANTS

The registration of transfers may be suspended and the register of holders of Warrants may be closed for such period as the Directors may from time to time direct, provided that the same may not be closed for a period, or for periods together, of more than 60 days in any one year. Any transfer or exercise of the Subscription Rights attached to the Warrants made while the register of holders of Warrants is so closed shall, as between the Company and the person claiming under the relevant transfer of Warrants or, as the case may be, as between the Company and the holder of Warrant(s) who has so exercised the Subscription Rights attached to his Warrants (but not otherwise), be considered being made immediately after the reopening of the register of holders of Warrants.

6. PURCHASE AND CANCELLATION

The Company or any of the Subsidiaries (as defined in the Instrument) may at any time repurchase Warrants:

- (i) in the open market or by tender (available to all holders of Warrants alike) at any price; or
- (ii) by private treaty at a price per Warrant, exclusive of expenses, not exceeding 110 per cent. of the closing price on the Stock Exchange per Warrant for one or more board lots of Warrants prior to the date of repurchase of the Warrants on the Stock Exchange

but not otherwise. All Warrants repurchased as aforesaid shall be cancelled forthwith and may not be re-issued or re-sold.

7. MEETINGS OF HOLDERS OF WARRANTS AND MODIFICATION OF RIGHTS

- (a) The Instrument contains provisions for convening meetings of holders of Warrants to consider any matter affecting the interests of holders of Warrants, including the modification by Special Resolution (as defined in the Instrument) of the provisions of the Instrument and/or of the conditions endorsed on the Warrant certificates subject to the approval of the Stock Exchange (if required). A Special Resolution duly passed at any such meeting shall be binding on the holders of Warrants, whether present or not.
- (b) All or any of the rights for the time being attached to the Warrants (including any of the provisions of the Instrument) may from time to time, subject to sub-paragraph (a) above (whether or not the Company is being wound up), be altered or abrogated (including, but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of the conditions endorsed

on the Warrant certificates and/or the Instrument) with the prior sanction of a Special Resolution and may be effected only by deed poll executed by the Company and expressed to be supplemental to the Instrument.

- (c) Where the holder of Warrants is a recognised clearing house (within the meaning of the SFO or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative (or representatives) or proxy (or proxies) at any meeting of the holders of Warrants provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of Warrants in respect of which each such person is so authorised. The person so authorised will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise if it were an individual holder of Warrants.
- (d) At any such meeting two or more persons holding Warrants and/or being proxies and being or representing in the aggregate the holders of not less than ten per cent. in value of the Subscription Rights for the time being outstanding and exercisable shall (except for the purpose of passing a special resolution) form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business. The quorum at any such meeting for the passing of a special resolution shall be two or more persons holding Warrants and/or being proxies and being or representing in the aggregate holders of not less than one-third in value of the Subscription Rights for the time being outstanding and exercisable.

8. REPLACEMENT OF WARRANT CERTIFICATES

If a Warrant certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the principal office of the Registrar (unless the Directors otherwise determine) on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such fee not exceeding HK\$2.50 (or such other amount as may from time to time be permitted under the rules prescribed by the Stock Exchange) as the Company may determine. Mutilated or defaced Warrant certificates must be surrendered before replacements will be issued.

In the case of lost Warrant certificates, Sections 71A (2), (3), (4), (6), (7) and (8) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) shall apply as if “shares” referred to therein included Warrants.

9. PROTECTION OF SUBSCRIPTION RIGHTS

The Instrument contains undertakings by and restrictions on the Company designed to protect the Subscription Rights.

10. CALL

If, at any time during the Subscription Period, Warrants which have not been exercised carry rights to subscribe less than 10 per cent. of the amount of the exercise moneys attached to the aggregate of all the Warrants issued under the Instrument, the Company may, on giving not less than three calendar months' notice to the holders of Warrants, require the holders of Warrants either to exercise their Subscription Rights represented thereby or to allow the Warrants held by them to lapse. On expiry of such notice, all unexercised Warrants will be automatically cancelled without any compensation to the holders of Warrants.

11. ISSUE OF FURTHER WARRANTS

The Company shall be at liberty to issue further warrants to subscribe for New Shares in such manner and on such terms as it may in its absolute discretion deem fit, provided that it is in accordance with the Listing Rules.

12. UNDERTAKINGS BY THE COMPANY

In addition to the undertakings given by it in relation to the grant and exercise of the Subscription Rights and the protection thereof, the Company has undertaken in the Instrument that:

- (a) it will send to each holder of Warrants (or, in the case of joint holders of Warrants, to the holder of Warrants whose name stands first in the register of the holders of Warrants in respect of the Warrant(s) held by such joint holders of Warrants), at the same time as the same are sent to the holders of Shares, its audited accounts and all other notices, reports and communications despatched by it to the holders of Shares generally;
- (b) it will pay all stamp and capital duties, registration fees or similar charges (whether in Bermuda or Hong Kong or elsewhere), if any, payable in respect of the execution of the Instrument, the creation and initial issue of the Warrants in registered form, the exercise of the Subscription Rights and the issue of New Shares upon the exercise of the Subscription Rights;
- (c) it will keep available for issue sufficient Shares to satisfy in full all rights for the time being outstanding of subscription for and conversion into New Shares; and
- (d) it will use its best endeavours to procure that:
 - (i) at all times during the Subscription Period, the Warrants may be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Warrants on the Stock Exchange is withdrawn following an offer for all or any of the Warrants (whether by way of proposal to holders of Warrants or by way of a scheme of arrangement or otherwise)); and

- (ii) all New Shares may, upon allotment or as soon as reasonably practicable thereafter, be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Shares on the Stock Exchange is withdrawn following an offer for all or any of the Shares (whether by way of a scheme of arrangement or otherwise) where a like offer is extended to holders of the Warrants or to holders of any Shares issued on exercise of the Warrants during the period of the offer (whether by way of proposal to holders of Warrants or by way of a scheme of arrangement or otherwise).

13. NOTICES

The Instrument contains provisions relating to notices to be given to the holders of Warrants.

14. OVERSEAS HOLDERS OF WARRANTS

The Instrument contains provisions giving certain discretion to the Directors in the case of any holder of Warrant(s) who has a registered address in any territory (other than Hong Kong) where, in the opinion of the Directors, the issue of New Shares upon the exercise of any of the Subscription Rights represented by any Warrants held by such holder of Warrant(s) may be unlawful or impracticable.

15. WINDING UP OF THE COMPANY

If an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company, then:

- (a) if such winding-up be for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the holders of Warrants, or some person designated by them for such purpose by a Special Resolution (as defined in the Instrument), shall be a party or in conjunction with which a proposal is made to the holders of Warrants and is approved by a Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all holders of Warrants; and
- (b) in the event a notice is given by the Company to its Shareholders 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 as soon as practicable give notice thereof to each holder of Warrants (or in the case of joint holders of Warrants, the holder of Warrants whose name stands first in the register of the holders of Warrants in respect of the Warrant(s) held by such joint holders of Warrants) and thereupon, every holder of Warrants shall be entitled by irrevocable surrender of his Warrant certificate(s) to the Registrar (such surrender to occur not less than two business days prior to the date of the proposed general meeting) with the Subscription Form(s) duly signed and completed, together with payment of the exercise moneys or the relative portion thereof, to exercise the

Subscription Rights represented by such Warrants and the Company shall, as soon as practicable and in any event not later than the day immediately preceding the date of the proposed general meeting, to allot the Shares which fall to be issued pursuant to the exercise of the Subscription Rights represented by such Warrants to the holder of Warrants. The Company shall give notice to the holders of Warrants of the passing of such resolution within seven days after the passing thereof.

Subject to the foregoing, if the Company is wound up, all Subscription Rights which have not been exercised at the date of the passing of such resolution shall lapse and the Warrant certificates shall cease to be valid for any purpose.

16. GOVERNING LAW

The Instrument and the Warrants are governed by and will be construed in accordance with the laws of Hong Kong.

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 III, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Wednesday, 23 May 2007 at 2:30 p.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 December 2006;
2. To declare a final dividend of HK3.5 cents per share for the year ended 31 December 2006;
3. To re-elect Mr. Chan Ho Sing as Executive Director and Chairman;
4. To re-elect Mr. Mar, Selwyn as Independent Non-Executive Director;
5. To authorise the board of directors to fix the remuneration of the directors of the Company;
6. To re-appoint Messrs. Ernst & Young as auditors and authorise the board of directors to fix their remuneration; and
7. As special business to consider, and if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

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;

* For identification purpose only

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 options granted under the share option scheme(s) 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 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 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 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 7(A) and 7(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 7(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

NOTICE OF ANNUAL GENERAL MEETING

the directors of the Company pursuant to the said resolution numbered 7(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.”

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

Hong Kong, 30 April 2007

Principal Place:

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, Mr. Ko Pak On and the Independent Non-Executive Directors 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 Thursday, 17 May 2007 to Wednesday, 23 May 2007, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to receive final dividend or to attend the meeting, all transfers accompanied by the relevant share certificates 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 Wednesday, 16 May 2007.
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).

* *For identification purpose only*