
IMPORTANT

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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)

Directors:

Chan Ho Sing (*Chairman*)

Ko Pak On

Li Sau Hung, Eddy**

Lo Kwok Kwei David**

Registered Office:

Clarendon House

Church Street

Hamilton HM11

Bermuda

** *Independent Non-executive Director*

Head Office and

Principal Place of Business:

16th Floor

Yiko Industrial Building

10 Ka Yip Street

Chai Wan

Hong Kong

22nd April, 2003

To the shareholders,

Dear Sir or Madam,

GENERAL MANDATES FOR THE ISSUE OF NEW SHARES AND THE REPURCHASE BY THE COMPANY OF ITS OWN SHARES

GENERAL MANDATE TO ISSUE NEW SHARES

Approval is being sought from the shareholders of Man Yue International Holdings Limited (the "Company") at its Annual General Meeting to be held on 27th May, 2003 (the "Annual General Meeting") to grant a general mandate to issue new shares (the "General Mandate") in order to ensure flexibility and discretion to the directors of the Company (the "Directors") in the event that it becomes desirable for the Company to issue shares of HK\$0.10 each ("Shares") up to an aggregate of 20 per cent of its existing 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Directors wish to state that they have no immediate plan to issue any new shares of the Company.

By a separate resolution it will be proposed that any shares repurchased by the Company following the granting of the Buyback Mandate (as defined below) will be added to the total number of shares which may be issued under the General Mandate.

* *for identification purpose only*

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 of the Company or the revocation or variation of the General Mandate by ordinary resolution of the shareholders of the Company in general meeting prior to the next annual general meeting.

BUYBACK MANDATE

The Listing Rules permit companies with a primary listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) to repurchase their own securities, subject to certain restrictions, on the Stock Exchange. At the Annual General Meeting of the Company to be held on 27th May, 2003, a resolution will be proposed to grant 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”). The Buyback 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 of the Company or the revocation or variation of the Buyback Mandate by ordinary resolution of the shareholders of the Company in general meeting prior to the next annual general meeting. The Company is required by the relevant rules set out in the Listing Rules regulating such share repurchases (the “Share Buy Back Rules”) to send to 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 below.

(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, on the basis of assuming that no share will be issued and repurchased prior to the Annual General Meeting, 373,440,000 fully-paid Shares in the capital of the Company in issue as at 22nd April, 2003 (the latest practicable date prior to the printing of this document), could accordingly result in up to 37,344,000 Shares being repurchased by the Company during the course of the period from the passing of the resolution granting the Buyback Mandate until the conclusion of the next annual general meeting or when 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 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 memorandum of association and bye-laws and the 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 contained in the Annual Report 2002) 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, have a material adverse effect on the working capital of the Company or its gearing level which in the opinion of the Directors is from time to time appropriate for the Company.

(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 of the Company, to sell any Shares to the Company or its subsidiaries.

No connected person (as defined in the Listing Rules) 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 of the Company.

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 Hong Kong Code on Takeovers and Mergers (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.

As at 22nd April, 2003 (being the latest practicable date prior to the printing of this document), Man Yue Holdings Inc. was the holder of 179,734,000 Shares of the Company representing approximately 48.1 per cent of the issued share capital of the Company. 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 48.1 per cent to approximately 53.5 per cent. The Directors are aware of the implications under the Takeovers Code which may arise as a result of the repurchase pursuant to the Buyback Mandate. However, the Company has no intention to repurchase Shares to such an extent which will trigger 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 no intention to exercise repurchases to such extent that public float is reduced to below 25 per cent.

The Company has not repurchased any securities of the Company on the Stock Exchange in the six months prior to the date of this document.

(vi) Share prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the twelve months preceding 22nd April 2003 (being the latest practicable date prior to the printing of this document) were as follows:

2002 month	Highest HK\$	Lowest HK\$
April	0.178	0.165
May	0.216	0.158
June	0.180	0.148
July	0.160	0.160
August	0.096	0.082
September	0.120	0.100
October	0.100	0.100
November	0.100	0.126
December	0.132	0.122
2003 month		
January	0.150	0.110
February	0.180	0.114
March	0.210	0.205

RECOMMENDATION

The Directors of the Company consider that the General Mandate and the Buyback Mandate are in the best interests of the Company and its shareholders and accordingly recommend that all shareholders should vote in favour of the relevant ordinary resolutions to be proposed at the Annual General Meeting.

Yours faithfully
Chan Ho Sing
Chairman