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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: 0894)

CONNECTED TRANSACTION

Financial Adviser to Man Yue International Holdings Limited



ASIAN CAPITAL

(CORPORATE FINANCE) LIMITED

卓亞(企業融資)有限公司

On 30 December 2004, Johnstone International and the JV Partner entered into a Sale and Purchase Agreement pursuant to which Johnstone International agreed to purchase and the JV Partner agreed to sell 18.33% interest in Wuxi Heli for a consideration of RMB8,959,700 (approximately HK\$8,452,547). The Acquisition has been completed on 31 December 2004.

At the time of the transaction, Wuxi Heli was an 81.67%-owned subsidiary of the Company and the JV Partner was a substantial shareholder of Wuxi Heli, which was a connected person as defined under the Listing Rules. Accordingly, the Acquisition constituted a connected transaction of the Company under the Listing Rules.

The connected transaction falls within 14A.32 of the Listing Rules and the Company is exempt from independent shareholder's approval requirement. Details of the transaction will be included in the next published annual report and accounts of the Company pursuant to Rule 14A.45 of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the connected transaction is fair and reasonable and in the best interests of the Company and its shareholders as a whole.

THE SALE AND PURCHASE AGREEMENT

Date of the Sale: 30 December 2004
and Purchase
Agreement

The Purchaser: Johnstone International

The Vendor: The JV Partner

Pursuant to the Sale and Purchase Agreement, Johnstone International, a wholly-owned subsidiary of the Company has agreed to acquire from the JV Partner its 18.33% interest in Wuxi Heli. Upon completion of the Acquisition which has taken place on 31 December 2004, Wuxi Heli has become a wholly-owned subsidiary of the Company.

The Consideration paid by Johnstone International pursuant to the Sale and Purchase Agreement was RMB8,959,700 (approximately HK\$8,452,547). The JV Partner is a state-owned enterprise and accordingly its 18.33% interest in Wuxi Heli was a state-owned asset. Johnstone International understood from the JV Partner that an auction process was necessary pursuant to the PRC regulations. Following the listing of the intended sale of this parcel of shares by 無錫市華東產權交易中心, an auction platform set up by the state-owned assets administration commission of the Jiang Su province, there were no other bidding offers for the auction period from 6 December 2004 to 30 December 2004 and Johnstone International, pursuant to its right of first refusal, acquired the 18.33% interest in Wuxi Heli at the reference price of RMB8,959,700 provided by 無錫市華東產權交易中心. The reference price was made by the JV Partner based on the net assets value of Wuxi Heli of approximately RMB48,880,100 as at 31 March 2004, based on the valuation report prepared by its auditor. The Consideration has been funded by internal resources of the Group in cash.

CONNECTED TRANSACTION

The Group is principally engaged in the manufacture and trading of electronic components, the trading of electrical products, raw materials and production machinery. Wuxi Heli, an indirect 81.67%-owned subsidiary of the Company, is principally engaged in the manufacture and sale of electronic components. The JV Partner is principally engaged in the manufacture of electronic components.

Wuxi Heli was set up by Johnstone International and the JV Partner established under the laws of the PRC. The Company was interested in 40% of Wuxi Heli upon its formation in 1992.

Subsequently over the years, the Company has increased its shareholding in Wuxi Heli for a number of times to 81.67%.

At the time of the transaction, Wuxi Heli was an 81.67%-owned subsidiary of the Company and the JV Partner was a substantial shareholder of Wuxi Heli and hence a connected person as defined under the Listing Rules. Accordingly, the Acquisition constituted a connected transaction of the Company under the Listing Rules. Save for the connected transaction as disclosed in this announcement, the JV Partner does not have any other relationship with the Company and its connected persons which constitutes a connected transaction under the Listing Rules.

The net profits of Wuxi Heli before taxation for the years ended 31 December 2002 and 2003 were approximately HK\$4.9 million and HK\$1.0 million respectively. The net profit for Wuxi Heli after taxation for the year ended 31 December 2002 was approximately HK\$3.2 million and the net loss for Wuxi Heli after taxation for the year ended 31 December 2003 was approximately HK\$0.6 million.

The connected transaction falls within 14A.32 of the Listing Rules and the Company is exempt from independent shareholder's approval requirement. Details of the transaction will be included in the next published annual report and accounts of the Company pursuant to Rule 14A.45 of the Listing Rules.

REASONS FOR THE CONNECTED TRANSACTION

Upon completion of the Acquisition, Wuxi Heli has become a wholly-owned subsidiary of the Company. The Acquisition enables the Group to fully own Wuxi Heli which in turn facilitates its deployment and allocation of its manufacturing facilities and trading resources within the Group.

The Directors consider that the terms of the transaction were determined on an arm's length basis and on normal commercial terms between the parties involved. The Directors (including the independent non-executive Directors) are of the view that as far as the shareholders of the Company are concerned, the connected transaction is fair and reasonable and in the best interests of the Company and its shareholders as a whole.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings as set out below:

“Acquisition” An increase in equity interest in Wuxi Heli from 81.67% to 100% pursuant to a Sale and Purchase Agreement dated 30 December 2004

	entered into between Johnstone International and the JV Partner
“Company”	Man Yue International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	RMB8,959,700 (approximately HK\$8,452,547), being the amount paid by Johnstone International to the JV Partner for the Acquisition
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong SAR
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Johnstone International”	Johnstone International Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
“JV Partner”	和平機械電子集團公司(無錫), the PRC joint venture partner who owns 18.33% equity interests in Wuxi Heli
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC (where applicable, was converted into HK\$ for the sole purpose of reference at a rate of RMB1.06 per HK\$1.00)
“Sale and Purchase Agreement”	The agreement dated 30 December 2004 entered into between Johnstone International and the JV Partner pursuant to which Johnstone International has agreed to purchase and the JV Partner has agreed to sell 18.33% equity interests in Wuxi Heli
“Share(s)”	ordinary share(s) of par value HK\$1.00 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Wuxi Heli”

Wuxi Heli Electronic Co., Ltd. (無錫和利電子有限公司), a sino-foreign equity joint venture company established under the laws of the PRC

On behalf of the Board
Man Yue International Holdings Limited
Chan Ho Sing
Chairman

Hong Kong, 7 January 2005

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

** For identification purpose only*

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