

# Capacity to set trends pays off

Perz Wong

In this rapid-changing business world, information is king. Whoever gets the latest market intelligence and responds to it promptly and strategically, wins.

Man Yue International Holdings Limited, a leading aluminum electrolytic capacitor maker in Hong Kong, has achieved success based on this important principle. By tactically forming solid business partnerships with the world's top electrical product suppliers, Man Yue has remained at the forefront of up-to-date market information.

The data is particularly significant, coming as it does from insiders and users. Man Yue capitalised on this to take the lead in new products that satisfy the needs of current and future clients.

"Today, the global production of capacitors is 70-80 billion pieces per year and Man Yue accounts for about 8 per cent," says Michael Chan, Man Yue's chairman. "In terms of value, we represent about 2 per cent. Our sales revenue reached HK\$624 million (US\$80 million) in 2003."

The turnover is forecast to surge further by the end of this year. Man Yue has achieved a record high in interim turnover for the third consecutive year since its listing in 1997. The turnover of the first half of 2004 increased by about 50 per cent to HK\$379.6 million from HK\$253.5 million for the same period in 2003.

The encouraging growth has not only reaped profits for the company, but has gained recognition within the industry. Man Yue won the Export Marketing Award at this year's Hong Kong Awards for Industry.

"This is not our first award," says Mr Chan. "We were the winner of the Certificate of Merit in Export Marketing in 1997.

"I am very pleased to win a bigger prize this year because it is a recognition of our endeavours over the years. But the pressure is on me and our staff again as we must accomplish even greater results in the future."

The chairman points out that both OEM and ODM projects are equally important in Man Yue.

"About 40 per cent of our business comes from OEM orders from the world's famous branded capacitor suppliers. The remainder is from producing and marketing our own aluminum electrolytic capacitors under the brand name Samxon."

Production of capacitors is extremely competitive and only the best survive. An average capacitor is sold at under 10 cents each, leaving a razor thin profit margin. To show a profit, a company has to produce in large volumes. It has to have a group of satisfied clients who reorder regularly. This is only possible through consistent quality of product and outstanding service.



**Confident:** Michael Chan vows to do even better in future contests.

"We purposely seek mainly the top 10 electronic product brands to buy our capacitors because they place the biggest orders on a consistent basis," says Mr Chan. "They help boost Man Yue's global market share and popularity.

"For example, the world's top three mobile phone vendors use Man Yue's capacitors in their battery chargers. Samxon accounts for about 20 per cent of the capacitors used in mobile phone chargers.

"Also, the world's top five computer motherboard producers



**Signature product:** Samxon capacitors are used by the world's top labels.

also select our brand. About 9 per cent of the capacitors used in motherboard are produced by Samxon."

With intelligent data being received on a continuous basis, Man Yue is able to apply a "selective strategy" in production to introduce avant-garde products to meet new trends and demands in the markets. This gives them a jump over competitors which react to market demands rather than proactively pursuing them.

Man Yue has joined hand with China's renowned Qinghua

University to set up a R&D centre in chemical technology and material science. The company also exchanges its know-how with Japanese manufacturers which are leaders in the world of capacitors.

"I think our business partners choose Man Yue because we are capable of making innovative and value-added products by means of our self-sufficient technology. We can develop new capacitors with higher density, lower Equivalent Series Resistance (ESR), and thus higher average selling prices (ASP) to cater to various users."