萬 裕 國 際 集 團 有 限 公 司 *

MAN YUE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 894)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

RESULTS HIGHLIGHTS

- Revenue grew by 11.4% to HK$1,380,334,000, achieving another height for the sixth consecutive year
- EBITDA grew by 9.9% to HK$224,151,000, with EBITDA margin of 16.2%
- Net profit rose by 11.6% to HK$135,765,000, representing a net martin of 9.8%
- Basic EPS rose by 1.4% to HK28.88 cents per share
- Total dividend (proposed) for the year of HK8.5 cents per share
- Ranks as the fifth largest E-Caps manufacturer in the world since 2006
- New aluminum foil factory in XinJiang started operation to increase aluminum foil production and improve profit margin
- Strong R&D to sustain growth momentum

On behalf of the Board of Directors (the "Board"), I am pleased to present to the shareholders the results of Man Yue International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2007 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2007

	Notes	**2007** *HK$'000*	2006 *HK$'000*
REVENUE	3	**1,380,334**	1,239,119
Cost of sales		**(1,090,746)**	(925,296)
Gross profit		**289,588**	313,823
Other income and gains		**15,417**	20,685
Selling and distribution costs		**(49,043)**	(60,274)
Administrative expenses		**(133,260)**	(116,908)
Other operating expenses		**(4,172)**	(2,359)
Changes in fair value of investment properties		**29,202**	—
Finance costs	5	**(23,148)**	(20,935)
Share of profits of jointly-controlled entities		**18,349**	1,491
PROFIT BEFORE TAX	6	**142,933**	135,523
Tax	7	**(7,168)**	(13,866)
PROFIT FOR THE YEAR		**135,765**	121,657
Attributable to:			
Equity holders of the Company		**135,765**	121,657
DIVIDENDS	8	**40,659**	25,615
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		**HK28.88 cents**	HK28.48 cents
Diluted		**HK28.65 cents**	HK27.76 cents

CONSOLIDATED BALANCE SHEET

31 December 2007

	Notes	**2007**	2006
		HK$'000	*HK$'000*
			(Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**574,619**	499,068
Investment properties		**71,000**	—
Prepaid land premiums		**91,797**	59,158
Other intangible asset		**4**	94
Investments in jointly-controlled entities		**26,230**	3,679
Deposits on purchases of property, plant and equipment		**41,914**	6,588
Prepayments		**8,543**	—
Deferred tax assets		**3,167**	1,912
Total non-current assets		**817,274**	570,499
CURRENT ASSETS			
Inventories		**264,797**	206,470
Trade receivables	10	**303,808**	287,120
Prepayments, deposits and other receivables		**40,566**	32,567
Loans to a jointly-controlled entity		**44,302**	28,800
Due from jointly-controlled entities		**3,854**	2,744
Available-for-sale investments		**8,476**	17,126
Short term investments		**119**	90
Derivative financial instruments		**5,145**	112
Cash and cash equivalents		**390,683**	90,636
Total current assets		**1,061,750**	665,665
CURRENT LIABILITIES			
Trade payables	11	**243,791**	173,036
Other payables and accrued liabilities		**70,902**	61,979
Due to jointly-controlled entities		**—**	1,770
Derivative financial instruments		**2,001**	898
Tax payable		**2,889**	4,750
Bank loans		**194,487**	144,464
Finance lease payables		**254**	389
Dividend payable		**16**	8
Total current liabilities		**514,340**	387,294
NET CURRENT ASSETS		**547,410**	278,371
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,364,684**	848,870

	Notes	**2007**	2006
		HK$'000	*HK$'000*
			(Restated)
NON-CURRENT LIABILITIES			
Bank loans		**459,814**	225,664
Finance lease payables		**21**	333
Accrual for long service payments		**1,578**	1,789
Deferred tax liabilities		**2,581**	2,902
Deferred income		**60,019**	11,879
Total non-current liabilities		**524,013**	242,567
Net assets		**840,671**	606,303
EQUITY			
Share capital		**47,764**	44,723
Reserves		**766,612**	545,040
Proposed final dividend		**26,295**	16,540
Total equity		**840,671**	606,303

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain buildings, derivative financial instruments and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except where otherwise indicated.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	*Financial Instruments: Disclosures*
HKAS 1 Amendment	*Capital Disclosures*
HK(IFRIC)-Int 8	*Scope of HKFRS 2*
HK(IFRIC)-Int 9	*Reassessment of Embedded Derivatives*
HK(IFRIC)-Int 10	*Interim Financial Reporting and Impairment*

The principal changes in accounting policies are as follows:

(a) HKFRS 7 *Financial Instruments: Disclosures*

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been disclosed in the financial statements where appropriate.

(b) Amendment to HKAS 1 *Presentation of Financial Statements — Capital Disclosures*

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

(c) HK(IFRIC)-Int 8 *Scope of HKFRS 2*

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees in accordance with the Company's share option schemes, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives*

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group's existing policy of accounting for derivatives complies with the requirements of the interpretation, the interpretation has had no material impact on the financial position or results of operations of the Group.

(e) HK(IFRIC)-Int 10 *Interim Financial Reporting and Impairment*

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available for sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

3. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for trade returns and discounts; income from the sale of equity investments and dividend income.

An analysis of revenue is as follows:

	2007	2006
	HK$'000	*HK$'000*
Manufacture and trading of electronic components	**1,339,386**	1,182,429
Trading of raw materials	**29,375**	56,690
Sales of equity investments	**11,122**	—
Dividend income from available-for-sale listed investments	**451**	—
	1,380,334	1,239,119

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment. No business segment information is presented as over 90% of the Group's revenue and assets relate to the manufacture and trading of electronic components.

Geographical segments

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. The following table presents revenue and certain asset and capital expenditure information for the Group's geographical segments.

	Hong Kong		Mainland China		Taiwan		Southeast Asia		Korea		Other countries		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated)
Segment revenue:														
Sales to external customers	**151,653**	219,992	**360,411**	274,745	**521,548**	398,649	**227,289**	221,141	**53,594**	103,921	**65,839**	20,671	**1,380,334**	1,239,119
Other segment information:														
Segment assets	**286,288**	197,274	**1,377,398**	851,099	**84,065**	56,313	**30,100**	52,601	**3,413**	15,747	**11,612**	8,797	**1,792,876**	1,181,831
Interests in jointly-controlled entities	**—**	—	**74,386**	35,223	**—**	—	**—**	—	**—**	—	**—**	—	**74,386**	35,223
Unallocated assets													**11,762**	19,110
													1,879,024	1,236,164
Capital expenditure	**2,010**	47,396	**175,045**	138,707	**—**	—	**—**	—	**—**	—	**—**	—	**177,055**	186,103

5. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest expenses on bank loans, overdrafts and other loans wholly repayable within five years	**23,116**	20,822
Interest on finance leases	**32**	113
	23,148	20,935

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting) the following:

	2007	2006
	HK$'000	*HK$'000*
Employee benefits expense (including directors' remuneration):		
Wages and salaries	**140,620**	119,684
Costs in granting of share options	**1,962**	6,174
Pension scheme contributions	**2,780**	2,141
Reversal of unutilised amounts for long service payments	**(211)**	(1,287)
	145,151	126,712
Cost of inventories sold	**885,058**	768,405
Minimum lease payments under operating leases for land and buildings	**23,556**	13,432
Depreciation of property, plant and equipment	**56,983**	46,446
Recognition of prepaid land premiums	**994**	894
Amortisation of other intangible asset	**93**	183
Auditors' remuneration	**1,800**	1,380
Deficit on revaluation of buildings	**3,697**	—
Foreign exchange differences, net	**13,798**	10,583
Loss on disposal of property, plant and equipment	**400**	234
Write-down of inventories to net realisable value	**—**	539
(Reversal of impairment)/impairment of trade receivables, net	**(550)**	323
Fair value (gain)/loss on short term investments	**(29)**	26
Fair value gain on derivative instruments — transactions not qualifying as hedges, net	**(3,144)**	—
Bank interest income	**(2,694)**	(1,102)
Deferred income recognised as income	**(207)**	(247)
Dividend income from available-for-sale listed investments	**(451)**	(1,008)
Gain on disposal of an investment in a jointly-controlled entity	**—**	(4,800)
Realised gain on disposal of available-for-sale investments, net	**(11,123)**	(788)
Reinvestment tax credit	**(4,564)**	(7,077)

7. TAX

	2007	2006
	HK$'000	*HK$'000*
Charge for the year:		
Current:		
Hong Kong	**279**	4,027
Mainland China	**9,167**	7,191
Overseas	**6**	6
Overprovision in prior years	**(529)**	—
	8,923	11,224
Deferred	**(1,755)**	2,642
Total tax charge for the year	**7,168**	13,866

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The tax affairs of certain subsidiaries of the Group for prior years are currently under review by the Hong Kong Inland Revenue Department ("IRD"). In connection with the review of the IRD, notices of assessments were issued to the subsidiaries of the Group for the years from 1998 to 2001 and objections were lodged with the IRD. Tax reserve certificates of HK$8.48 million were purchased as at the date of this announcement.

Whilst management considers that the subsidiaries have grounds to support their tax position for prior years, the outcome of the review remains undetermined at the date of this report. The directors of the Company, after consultation with the Company's tax advisers, consider that it is premature to estimate the amount of potential liabilities, if any, that may arise from the review and accordingly no additional tax provision has been made in the financial statements as at 31 December 2007.

8. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
2006		
Additional 2006 final dividend	**58**	276
2007		
Interim — HK3.0 cents (2006: HK2.0 cents) per ordinary share	**14,306**	8,799
Proposed final — HK5.5 cents (2006: HK3.5 cents) per ordinary share	**26,295**	16,540
	40,659	25,615

Subsequent to the approval of the 2006 financial statements and prior to the book close period of the 2006 final dividends, an additional 1,650,000 (2006: 13,800,000) ordinary shares were issued by the Company as a result of share options being exercised by the employees. Accordingly, an additional 2006 final dividend amounted to HK$58,000 (2006: HK$276,000) was paid in 2007.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK$135,765,000 (2006: HK$121,657,000), and the weighted average of 470,050,000 (2006: 427,121,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK$135,765,000 (2006: HK$121,657,000). The weighted average number of ordinary shares used in the calculation is the 470,050,000 (2006: 427,121,000) ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average of 2,567,000 (2006: 6,529,000) and 1,286,000 (2006: 4,600,000) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all warrants and share options, respectively, during the year.

10. TRADE RECEIVABLES

An aged analysis of trade receivables, based on the payment due date and net of provisions, at the balance sheet date is as follows:

	2007		2006	
	HK$'000	%	*HK$'000*	%
Neither past due nor impaired	**260,560**	**86**	230,741	80
1–3 months past due	**30,864**	**10**	42,917	15
4–6 months past due	**2,626**	**1**	11,144	4
7–12 months past due	**7,382**	**2**	2,009	1
Over 1 year past due	**2,376**	**1**	309	—
	303,808	**100**	287,120	100

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 90 days, extending up to 150 days for major customers.

11. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	2007		2006	
	HK$'000	%	*HK$'000*	%
Accounts payable:				
Less than 3 months	**134,265**	**77**	97,596	76
4–6 months	**37,772**	**22**	27,948	22
7–12 months	**1,199**	**1**	674	1
Over 1 year	**650**	**—**	999	1
	173,886	**100**	127,217	100
Bills payable	**69,905**		45,819	
	243,791		173,036	

The credit terms granted by suppliers are generally 60 days.

12. BONUS WARRANTS ISSUED BY THE COMPANY

On 18 April 2007, the Company proposed a conditional bonus warrant issue to the shareholders of the Company on the register of members on 23 May 2007. The bonus warrant issue was made in the proportion of one warrant for every ten ordinary shares of the Company, resulting in 47,421,130 warrants being issued. Each warrant entitles the holder thereof to subscribe for one ordinary share of HK$0.10 at a subscription price of HK$2.25 per share, subject to amendment, from 6 June 2007 to 5 June 2009 (both days inclusive). The warrants were issued to the shareholders of the Company on 6 June 2007.

During the year, 2,773,866 warrants were exercised for 2,773,866 shares of HK$0.10 each at a price of HK$2.25 per share, with a total cash consideration, before expenses, of HK$6,241,000.

FINANCIAL REVIEW

The financial year ended 31 December 2007 was an exciting and challenging period for the Group. Over the past 12 months the Group's revenue grew to HK$1,380,334,000, representing an increase of 11.4% from 2006. Gross margin, however, suffered a temporary decline to 21% mainly because of an one-off financial impact caused by the relocation of our Dongguan factory as well as the rapid increase in cost of raw materials, labour, and manufacturing overhead expenditures. Appreciation of the Renminbi against the Hong Kong Dollar also impacted on the Group's results as most of our sales revenue is generated in US Dollars or Hong Kong Dollars whereas a significant proportion of costs are incurred in Renminbi.

In early 2007, we successfully relocated our largest manufacturing facility in Dongguan to a new state-of-the-art centralised production facility, while remaining in the same district in the town of Changan. Immediately after the move, over 200 customers visited our new factory to recertify our status as their "approved vendor". This recertification procedure is a common practice in the aluminum electrolytic capacitors ("E-Caps") industry and is conducted whenever a change in production location occurs. Owing to the abovementioned reason, production capacity in Dongguan was unavoidably interrupted — spanning a period from March to June. Gross margin suffered a temporary decline mainly because of: (1) expenses incurred from the factory's relocation; (2) scrapping of fixed asset items such as leasehold improvements, furniture and fixtures found at the old factory; (3) scrapping of raw materials caused by the tuning of machinery after the move; and (4) loss of production capacity from the months of April to June due to tuning of machinery and subsequent delay in handling sales orders pending completion of recertification procedures. Moreover, in the second half of the year, there was a rapid rise in cost of raw materials, labour and manufacturing overhead expenditures.

During the year, the Group's commercial properties located in Sheungwan were re-designated as investment properties. The Group intends to sell these properties and use the proceeds from disposal to improve its gearing ratio and fund some of its continuing expansion plans. The Company will comply with the applicable disclosure requirements under the Listing Rules when the intended disposal is materialised. In addition, the construction of an investment property of a jointly controlled entity in China was completed and put into commercial use in 2007. Accordingly, the temporary decline in gross margin was compensated by the appreciation of these investment properties. Profit attributable to equity holders of the Company amounted to HK$135,765,000, representing an increase of 11.6% from the same period of last year. Net margin stood at 9.84% against 9.82% in 2006.

MARKET AND BUSINESS OVERVIEW

According to reports published by Paumanok Publications, Inc. of the United States, the global E-Cap market size was estimated to be approximately US$4,150,000,000 in 2006. Our Group occupied approximately 4% of this market. Paumanok also confirmed that since 2006 the Group was the fifth largest E-Cap manufacturer in the world, ranking just behind four major Japanese-based E-Cap manufacturers, namely, Nippon Chemi-con, Nichicon, Rubycon and Panasonic. Helping to achieve this prominent status has been the Group's Samxon and X-Con branded products which were able to increase sales in recent years. Apart from receiving new orders from existing global customers, the Group successfully attracted several new customers as well. During the year, the Group obtained direct vendor approval from several US-based global technology leaders and European-based companies in the energy savings and environmental protection products segments. The Group's Electronic Manufacturing Services ("EMS") business also gained new customers that are based in Japan, Europe, Taiwan and the US.

Following the successful launch of the Polymer Caps in 2006, the Group planned to expand the production capacity for its new and high-technology products in 2007. Thanks to close cooperative ties with the Research Institute of Tsinghua University in Shenzhen, the Group has achieved several other breakthroughs. In 2007, the development of another technological advancement known as the Electric Double-layered Capacitors ("EDLC") was completed. EDLCs are mainly used as energy savings and storage devices and will, in certain instances, replace the function of batteries in particular products. Up to the present moment, only a few global E-Cap makers have the capability of producing EDLCs. This product will be in high demand as rapid development continues on energy savings and environmental protection products. The Group will be officially launching its own EDLC product series in 2008. Besides EDLCs, we are developing another important new type of polymer capacitor which is mainly used in high-technology products such as computer motherboard, mobile phones and other advance electronic products. Currently, only a selected number of large E-Cap makers possess the know-how for making such capacitors. The Group is confident that the development of this product will be completed by the end of 2008 or early 2009.

The relocation of the Group's Dongguan factory since April 2007 has gradually accelerated the Group's monthly production capacity to approximately 890 million pieces per month. This will greatly increase the Group's production volume for 2008. However, the supply of high quality aluminum foils, the most critical raw material component for E-Caps, continued to be tight in 2007. To ease the supply of aluminum foils in the coming years, the Group's second aluminum foil production plant was opened in Urumqi, XinJiang in December 2007. In conjunction with the Group's Qingyuan production plant, the facilities will deliver up to 50% of formed aluminum foil for internal consumption. At present, the Group is probably the only E-Cap manufacture in China that owns complete aluminum foil processing capabilities. Moreover, the standard of quality is comparable to top Japanese aluminum foil products.

Environmental protection continued to be a major focus of the Group as well. Accordingly, all of our manufacturing plants comply fully with relevant environmental protection regulations. Likewise, all products meet the European Community's RoHS requirements along with equally high standards applied in different world markets. The Group is probably the only E-Cap manufacturer in China that owns sophisticated RoHS compliance equipment and observant to relevant procedures. The RoHS laboratories found within the Group are fully equipped with XRF and ICP equipments, and are comparable to those used by certification institutes. Not only do we possess the equipment and work procedures to ensure the compliance, we also educate our vendors and business partners to establish similar or higher standards.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2007, the Group's gross borrowings in respect of bank loans and finance leases amounted to HK$654,576,000 (2006: HK$370,850,000), of which HK$194,741,000 was repayable within one year, HK$216,692,000 was repayable within one and two years and HK$243,143,000 was repayable between three and five years. After deducting cash and cash equivalents of HK$390,683,000 (2006: HK$90,636,000), the Group's net borrowing amounted to HK$263,893,000 (2006: HK$280,214,000). Shareholders' equity as at 31 December 2007 stood at HK$840,671,000 (2006: HK$606,303,000). Accordingly, the Group's net borrowing to shareholders' equity ratio was 31.4% (2006: 46.2%).

Net cash inflow from operating activities during the year amounted to HK$149,378,000, compared with HK$128,611,000 for 2006. This figure represents profit before tax of HK$142,933,000, adding back adjustments for non-cash items such as depreciation and amortisation of HK$22,078,000 and deducting net increase in working capital of HK$1,608,000 and other adjustments of 14,025,000. The net increase in working capital is mainly caused by the Group's strategy to temporarily increase its raw material buffer stocks so that production orders in 2008 will not be interrupted due to tight supply of raw materials. The Group's net cash outflow for investing activities for the year was HK$182,113,000, in comparison with HK$191,050,000 for 2006. Such investing activities were mainly represented by the acquisition of property, plant, equipment, leasehold land and buildings during the year. The investing activities were partly financed by the net cash inflow from operations and partly by long-term bank loan facilities.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") amounted to HK$224,151,000 for the year as compared with HK$203,981,000 in 2006. The Group is expected to generate adequate cash from its operations to repay its liabilities as and when they fall due.

The Group's financial statements are denominated in Hong Kong Dollars. The Group conducts its business transactions mainly in Hong Kong Dollars, Renminbi, United States Dollars and Japanese Yen. As the Hong Kong Dollar remains pegged to the United States Dollar, there is no material exchange risk in this respect. The Group receives Renminbi from its customers and at the same time incurs Renminbi expenditures. As the receipts received in Renminbi cannot fully offset expenses in Renminbi, the Group is therefore subject to certain foreign exchange risks caused by the currency's appreciation. As of 2007, the Group has been increasing its sales in Mainland China so as to increase the value of revenue denominated in Renminbi. The Group monitors its foreign exchange exposure in Japanese Yen by entering into cash flow hedging forward contracts. Most of the Group's long-term bank loan facilities are denominated in Hong Kong Dollars and carry interests at floating rates. In order to mitigate the risks associated with fluctuation in interest rates, the Group entered into interest rate swap contracts. Credit risk was hedged mainly through credit insurance policies.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2007, the Group had capital commitments, which were contracted but not provided for, in respect of construction in progress of HK$10,725,000 (2006: HK$20,670,000) and plant and machinery of HK$17,923,000 (2006: HK$13,838,000). As at 31 December 2007, the Company had issued guarantees amounting to HK$1,040,792,000 (2006: HK$953,545,000) in respect of banking facilities and finance lease contracts granted to its subsidiaries.

EMPLOYMENT AND REMUNERATION POLICY

At 31 December 2007, the Group employed 88 employees in Hong Kong (31 December 2006: 93) and employed a total work force of approximately 4,901 (31 December 2006: 5,769) inclusive of its staff in China and overseas offices. Total headcount decreased during the year as a result of Group's strategy to maximise the degree of machine automation in the production process. All the employment contracts comply with the relevant labour law or regulations in the areas where we operate. Salaries, bonuses and benefits were determined with reference to market terms and the performance, qualifications and experience of individual employees.

OUTLOOK

Despite expectations of a slowdown in the American economy, we nevertheless expect to achieve reasonably positive performance in 2008. In particular, we anticipate more rapid sales and profit growth due to expanded production capacity from our new Dongguan plant, which will be more fully reflected in the upcoming fiscal year. Moreover, increased production volume of new and high-technology products such as Polymer Caps, which offers higher selling price and margin, will drive up our top and bottom lines. As well, more sales orders are expected from existing and new customers in the new year. The overall sales rise is based on historical trends which indicate the Group usually receives more orders during periods of economic slow down due to heightened cost consciousness of our customers. Also, we expect to enhance revenue from our EMS business by capturing new customers from Japan, USA, Europe and Taiwan. This will be achieved, owing in part to rising production costs, which has prompted certain E-Cap manufacturers to look at outsourcing their production to our Group. A further source of optimism can be drawn from the fact that since the last quarter of 2007, the Group has been negotiating for higher product prices. The product price increase will take effect in early 2008. In addition, the Group is targeting to raise its sales in Mainland China for enhancing Renminbi revenue. With the appreciation of the Renminbi, we expect a rise in Renminbi sales will translate into greater Hong Kong Dollar earnings (our reporting currency).

In respect of production, capacity has already been expanding since the new Dongguan production facility commenced operation. Machines have been added to accelerate production and raise the level of automation. More production lines for new and high-technology products such as Polymer Caps were also added to speed up manufacturing of these products. By the end of 2008, the Group will achieve a potential production capacity of over 1 billion pieces per month.

With the opening of the Urumqi aluminum foil factory and ongoing expansion of the Qingguan aluminum foil plant, we are expecting to satisfy 50% of our own need for this material in 2008. Accordingly, this upstream vertical integration will allow the Group to continue enhancing its profit margin.

The operating environment in the manufacturing sector will continue to be challenging in 2008. With the rapid increase in raw material and labour costs, manufacturing overhead, and appreciation of the Renminbi against the Hong Kong and US currencies, our gross margin will face added challenges. However, the Group has already executed long-term strategies to tackle such difficulties. Firstly, the Group has vigorously increased the selling price of its products. We have also expanded production of new and high-technology products such as Polymer Caps which offer higher selling price and margin. Moreover, the production of high quality aluminum foils will increase thereby improving our cost efficiency. Further, the Group will continue to launch innovative products that allow us to capitalise on premium selling prices and greater margin. Regarding the appreciation of the Renminbi against the Hong Kong Dollar and US Dollar, we will expand Renminbi sales so as to better hedge its appreciation against the Hong Kong currency. In addition, we will start to look for new business opportunities in related industries so as to bolster sales growth and raise profits in the coming years.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 14 May 2008 to Tuesday, 20 May 2008 both days inclusive, during which period no transfer of shares will be effected and no share will be issued upon exercise of any subscription right attaching to the outstanding warrants issued or share options granted by the Company. In order to qualify for the final dividend or to ascertain the right to attend the Company's annual general meeting, all transfer, accompanied by the relevant share certificates and all duly completed subscription monies, must be lodged for registration with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4.00 p.m. on Tuesday, 13 May 2008.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Board of Directors is committed to maintaining high standards of corporate governance. The principles of corporate governance adopted by the Group emphasise on an effective Board for leadership and control, sound business ethics and integrity in all business activities, and transparency and accountability to shareholders.

The Group has adopted the Code Provisions as set out in the Code on Corporate Governance Practices in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the following deviations:

(i) Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer as Mr. Chan Ho Sing currently holds both positions. The Board believes that vesting the roles of Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership in the development and execution of long-term business strategies.

(ii) Two Executive Directors namely Mr. Chan Yu Ching, Eugene and Mr. Tso Yan Wing, Alan and all the Independent Non-executive Directors ("INEDs") of the Company are not appointed for specific terms but are subject to retirement by rotation under Bye-law 87 of the Company's Bye-laws.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the code of conduct regarding directors' securities transactions as set out in the Appendix 10 to the Listing Rules ("Model Code"). Upon specific enquiry by the Company, all Directors have fully confirmed that they fully complied with the Model Code throughout the year.

AUDIT COMMITTEE

The Audit Committee, comprising three INEDs, has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the annual results for the year.

PUBLICATION OF FURTHER INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

All the financial and other related information of the Company required by paragraphs 45(1) to 45(8) of Appendix 16 to the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course. The annual report containing the financial statements will be published and despatched to the shareholders on or before 30 April 2008.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all members of the staff for their loyalty and dedication and the continuous support from our customers, suppliers, banks and shareholders.

MEMBERS OF THE BOARD

As at the date of this announcement, the Board of the Company comprises Mr. Chan Ho Sing, Mr. Ko Pak On, Mr. Chan Yu Ching, Eugene and Mr. Tso Yan Wing, Alan as Executive Directors, and Mr. Mar, Selwyn, Dr. Li Sau Hung, Eddy and Mr. Lo Kwok Kwei, David as INEDs.

By order of the Board
Man Yue International Holdings Limited
Chan Ho Sing
Chairman

Hong Kong, 18 April 2008

* *For identification purpose only*