MAN YUE TECHNOLOGY HOLDINGS LIMITED
萬裕科技集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 00894)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

RESULTS HIGHLIGHTS

- Revenue grew by 13.8% to HK$1,540,154,000 (2010: HK$1,353,258,000)
- Gross profit rose by 15.8% to HK$361,540,000 (2010: HK$312,076,000), representing a gross margin of 23.5% (2010: 23.1%)
- EBITDA increased by 13.5% to HK$235,051,000 (2010: HK$207,157,000), representing an EBITDA margin of 15.3% (2010: 15.3%)
- Operating profit climbed by 12.1% to HK$129,762,000 (2010: HK$115,747,000)
- Profit for the year grew by 9.1% to HK$103,801,000 (2010: HK$95,122,000), representing a net margin of 6.7% (2010: 7.0%)
- Net debts to equity ratio was 29.2% (2010: 15.9%)
- Proposed final dividend of 3.0 HK cents per share, bringing an annual proposed dividend of 6.0 HK cents per share
- Net asset value grew by 14.6% to HK$2.83 per share (2010: HK$2.47 per share)

FINAL RESULTS

On behalf of the board of directors (the "Board") of Man Yue Technology Holdings Limited (the "Company"), I am pleased to present the audited financial results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2011 (the "Year") together with the comparative figures for the prior year. These audited financial results for the Year have been reviewed by the audit committee of the Company (the "Audit Committee").

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
Revenue	*2 & 3*	**1,540,154**	1,353,258
Cost of sales		**(1,178,614)**	(1,041,182)
Gross profit		**361,540**	312,076
Other income	*3*	**6,576**	4,323
Other losses, net	*3*	**(11,967)**	(7,244)
Selling and distribution costs		**(57,750)**	(51,970)
Administrative expenses		**(166,662)**	(140,504)
Other operating expenses		**(1,975)**	(934)
Operating profit	*4*	**129,762**	115,747
Changes in fair values of derivative financial instruments	*5*	**(17,226)**	(10,804)
Finance costs	*6*	**(18,180)**	(10,160)
Finance income	*7*	**5,939**	3,534
Share of results of jointly-controlled entities		**21,950**	6,895
Share of results of an associate		**2,429**	3,821
Profit before tax		**124,674**	109,033
Tax	*8*	**(20,873)**	(13,911)
Profit for the year		**103,801**	95,122
Profit attributable to:			
Equity holders of the Company		**103,965**	95,542
Non-controlling interests		**(164)**	(420)
		103,801	95,122
Earnings per share for profit attributable to equity holders of the Company	*9*		
Basic		**21.72 HK cents**	19.97 HK cents
Diluted		**21.71 HK cents**	19.94 HK cents
		HK$'000	*HK$'000*
Dividends	*10*		
Interim		**14,373**	4,784
Proposed final		**14,373**	14,352
		28,746	19,136

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**103,801**	95,122
Other comprehensive income:		
Assets revaluation surplus, net of tax	**17,462**	9,367
Change in fair value of available-for-sale investment	**92**	–
Currency translation differences	**78,491**	48,952
Other comprehensive income for the year, net of tax	**96,045**	58,319
Total comprehensive income for the year	**199,846**	153,441
Total comprehensive income attributable to:		
Equity holders of the Company	**199,817**	153,723
Non-controlling interests	**29**	(282)
	199,846	153,441

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**757,924**	644,003
Prepaid land premium		**97,395**	88,859
Intangible assets		**4,501**	3,388
Investments in jointly-controlled entities		**89,345**	62,113
Investment in an associate		**47,618**	44,619
Prepayments on purchases of property, plant and equipment		**86,561**	57,808
Available-for-sale investments		**25,953**	22,341
Other prepayments		**1,613**	413
Deferred tax assets		**3,654**	4,665
Total non-current assets		**1,114,564**	928,209
Current assets			
Inventories		**457,411**	356,389
Trade receivables	*11*	**431,447**	367,725
Prepayments, deposits and other receivables		**80,074**	34,318
Loans to a jointly-controlled entity		**92,980**	82,491
Due from jointly-controlled entities		**36,787**	20,269
Financial assets at fair value through profit or loss		**50**	110
Derivative financial instruments		**728**	933
Tax receivables		**2,655**	388
Cash and cash equivalents		**680,273**	472,592
Total current assets		**1,782,405**	1,335,215
Current liabilities			
Trade and bills payables	*12*	**233,894**	251,029
Other payables and accrued liabilities		**92,058**	85,106
Due to jointly-controlled entities		**21,336**	–
Derivative financial instruments		**6,397**	412
Tax payable		**14,356**	10,486
Bank loans		**488,549**	405,171
Dividend payables		**28**	22
Total current liabilities		**856,618**	752,226
Net current assets		**925,787**	582,989
Total assets less current liabilities		**2,040,351**	1,511,198

	Notes	As at 31 December 2011 HK$'000	2010 HK$'000
Total assets less current liabilities		**2,040,351**	1,511,198
Non-current liabilities			
Bank loans		**585,535**	254,415
Derivative financial instruments		**22,881**	10,804
Provision for long service payments		**1,895**	1,408
Deferred tax liabilities		**13,138**	2,939
Deferred income		**62,581**	60,977
Total non-current liabilities		**686,030**	330,543
Net assets		**1,354,321**	1,180,655
EQUITY			
Share capital		**47,909**	47,839
Reserves		**1,288,049**	1,114,503
Proposed final dividend	*10*	**14,373**	14,352
Equity attributable to equity holders of the Company		**1,350,331**	1,176,694
Non-controlling interests		**3,990**	3,961
Total equity		**1,354,321**	1,180,655

NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). They have been prepared under the historical cost convention, except for certain land and buildings, derivative financial instruments, financial assets at fair value through profit or loss and available-for-sale investments, which have been measured at fair value.

(a) The following new, revised or amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2011 but are not currently relevant to the Group:

- HKAS 24 (Revised) – Related Party Disclosures
- HKAS 32 (Amendment) – Classification of Rights Issues
- HKFRS 1 (Amendment) – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
- HK(IFRIC)-Int 14 (Amendment) – Prepayments of a Minimum Funding Requirement
- HK(IFRIC)-Int 19 – Extinguishing Financial Liabilities with Equity Instruments
- Third improvements to Hong Kong Financial Reporting Standards (2010) issued in May 2010

(b) The following new, revised or amended standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

- HKAS 1 (Amendment) – Presentation of Financial Statements [3]
- HKAS 12 (Amendment) – Deferred Tax: Recovery of Underlying Assets [2]
- HKAS 19 (Amendment) – Employee Benefits [4]
- HKAS 27 (revised 2011) – Separate Financial Statements [4]
- HKAS 28 (revised 2011) – Associates and Joint Ventures [4]
- HKFRS 1 (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [1]
- HKFRS 7 (Amendment) – Disclosures – Transfers of Financial Assets [1]
- HKFRS 9 – Financial Instruments [5]
- HKFRS 10 – Consolidated Financial Statements [4]
- HKFRS 11 – Joint Arrangements [4]
- HKFRS 12 – Disclosure of Interests in Other Entities [4]
- HKFRS 13 – Fair Value Measurement [4]

[1] Changes effective for annual periods beginning on or after 1 July 2011
[2] Changes effective for annual periods beginning on or after 1 January 2012
[3] Changes effective for annual periods beginning on or after 1 July 2012
[4] Changes effective for annual periods beginning on or after 1 January 2013
[5] Changes effective for annual periods beginning on or after 1 January 2015

2. SEGMENT INFORMATION

The Group's executive team, comprising all the executive directors and headed by the managing director of the Company, is considered as the Chief Operating Decision Maker ("CODM"). The CODM reviews the performance of the Group on a regular basis.

As over 90% of the Group's business operations relate to the manufacturing, selling and distribution of electronic components, the CODM makes decisions about resources allocation and performance assessment based on the entity-wide financial information. Accordingly, there is only one single reportable segment for the Group. Set out below is a summary list of key performance indicators reviewed by CODM on a regular basis:

	2011	2010
	HK$'000	*HK$'000*
Revenue	**1,540,154**	1,353,258
Gross profit	**361,540**	312,076
Gross profit margin *(%)*	**23.5%**	23.1%
EBITDA *(note (i))*	**235,051**	207,157
EBITDA margin *(%)*	**15.3%**	15.3%
Operating expenses *(note (ii))*	**226,387**	193,408
Operating expenses/Revenue *(%)*	**14.7%**	14.3%
Profit for the year	**103,801**	95,122
Net profit margin *(%)*	**6.7%**	7.0%
Total assets	**2,896,969**	2,263,424
Equity attributable to equity holders of the Company	**1,350,331**	1,176,694
Inventories	**457,411**	356,389
Inventories turnover days	**126**	101
Trade receivables	**431,447**	367,725
Trade receivables turnover days	**95**	90
Trade and bills payables	**233,894**	251,029
Trade and bills payables turnover days	**75**	71
Total interest-bearing debts	**1,074,084**	659,586
Cash and cash equivalents	**680,273**	472,592
Net debts	**393,811**	186,994
Net debts to equity ratio *(%)*	**29.2%**	15.9%

note (i): EBITDA represents the earnings before interest expense, tax, depreciation and amortisation.

note (ii): Operating expenses represent the expenditure that the Group incurs as a result of performing its normal business operations, including the selling and distribution costs, administrative expenses and other operating expenses.

The following table presents the revenue and non-current assets of the Group by geographical areas:

Revenue

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**219,815**	153,365
Mainland China	**655,748**	537,005
Taiwan	**189,598**	177,848
Southeast Asia	**201,328**	212,770
Korea	**68,237**	35,925
United States	**65,186**	89,823
Europe	**70,119**	46,704
Other countries	**70,123**	99,818
Total	**1,540,154**	1,353,258

Non-current assets (exclude deferred tax assets and financial instruments)

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**47,825**	29,906
Mainland China	**989,039**	826,657
Other countries	**48,093**	44,640
Total	**1,084,957**	901,203

Revenue of approximately HK$81,681,000 (2010: HK$119,336,000) is derived from a single external customer.

3. REVENUE, OTHER INCOME AND OTHER LOSSES, NET

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for trade returns and discounts.

An analysis of revenue, other income and other losses, net is as follows:

Revenue

	2011	2010
	HK$'000	*HK$'000*
Manufacture and trading of electronic components	**1,528,604**	1,332,482
Trading of raw materials	**11,550**	20,776
	1,540,154	1,353,258

Other income

	2011 *HK$'000*	2010 *HK$'000*
Scrap sales	**2,093**	176
Subsidies from PRC government	**2,057**	863
Refund of value-added taxes	**–**	2,088
Others	**2,426**	1,196
	6,576	4,323

Other losses, net

	2011 *HK$'000*	2010 *HK$'000*
Fair value (loss)/gain on derivative financial instruments	**(1,060)**	16
Impairment loss on available-for-sale investment	**(4,066)**	–
Foreign exchange differences, net	**(6,841)**	(7,260)
	(11,967)	(7,244)

4. OPERATING PROFIT

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

	2011 *HK$'000*	2010 *HK$'000*
Depreciation of property, plant and equipment	**89,660**	85,745
Amortisation of prepaid land premium	**2,002**	1,874
Amortisation of intangible assets	**535**	345
Loss on disposal of property, plant and equipment	**662**	2,523
Fair value loss/(gain) on financial assets at fair value through profit or loss	**60**	(27)

5. CHANGES IN FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2011 *HK$'000*	2010 *HK$'000*
Fair value losses on interest rate swap	**17,226**	10,804

At 31 December 2011, the Group held certain interest rate swap contracts entered in 2009 and 2010 for a contracted period of ten years each. These contracts were entered to stabilise the Group's overall interest expense for the periods covered by these contracts. The Group had recognised losses in the fair values of derivative financial instruments in the consolidated income statement during the Year.

6. FINANCE COSTS

	2011 *HK$'000*	2010 *HK$'000*
Interest expense on bank loans repayable within five years	**18,180**	10,160

7. FINANCE INCOME

	2011 *HK$'000*	2010 *HK$'000*
Interest income from loan to a jointly-controlled entity	**3,681**	2,995
Interest income from term deposits and bank balances	**2,258**	539
	5,939	3,534

8. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) 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.

	2011 *HK$'000*	2010 *HK$'000*
Charge for the year:		
Current:		
Hong Kong	**11,738**	8,800
Mainland China	**11,125**	7,379
Overprovision in prior years	**(3,965)**	–
	18,898	16,179
Deferred	**1,975**	(2,268)
Total tax charge for the year	**20,873**	13,911

In accordance with the relevant tax rules and regulations in Mainland China, certain of the Company's subsidiaries in Mainland China enjoy tax exemptions. Certain subsidiaries in Mainland China are subject to income taxes at applicable rates ranging from 24% to 25%.

9. EARNINGS PER SHARE

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$103,965,000 (2010: HK$95,542,000), and the weighted average of 478,764,000 (2010: 478,390,000) ordinary shares in issue during the Year.

The calculation of diluted earnings per share is based on the profit for the Year attributable to equity holders of the Company of HK$103,965,000 (2010: HK$95,542,000). The weighted average number of ordinary shares used in the calculation is 478,764,000 (2010: 478,390,000) ordinary shares in issue during the Year, as used in the basic earnings per share calculation, and the weighted average of 198,000 (2010: 708,000) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options, respectively, during the Year.

10. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Interim – 3.0 HK cents (2010: 1.0 HK cent) per ordinary share	**14,373**	4,784
Proposed final – 3.0 HK cents (2010: 3.0 HK cents) per ordinary share	**14,373**	14,352
	28,746	19,136

11. TRADE RECEIVABLES

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

	2011	2010
	HK$'000	*HK$'000*
Current and within payment terms	**334,195**	297,226
1 – 3 months past due	**78,024**	63,518
4 – 6 months past due	**17,194**	5,789
7 – 12 months past due	**1,824**	1,176
Over 1 year past due	**210**	16
	431,447	367,725

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. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

12. TRADE AND BILLS PAYABLES

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

	2011	2010
	HK$'000	*HK$'000*
Trade payables:		
Less than 3 months	**124,319**	175,954
4 – 6 months	**84,542**	15,882
7 – 12 months	**10,121**	4,636
Over 1 year	**2,718**	14,698
	221,700	211,170
Bills payables	**12,194**	39,859
	233,894	251,029

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE OF COMPANY NAME

The name of the Company was changed from “Man Yue International Holdings Limited” to “Man Yue Technology Holdings Limited” and a new Chinese name “萬裕科技集團有限公司” was adopted. This change of name was approved by the shareholders of the Company at the special general meeting held on 11 January 2011 and was also approved by the Registrar of Companies in Bermuda on 14 January 2011.

RESULTS OVERVIEW

The Group has achieved a record high revenue for the Year, despite a tough operating environment for the electronics sector.

As one of the key global suppliers of major electronic components including Aluminum Electrolytic Capacitors (“E-Caps”) and Conductive Polymer Aluminum Solid Capacitors (“Polymer Caps”), we have achieved a remarkable revenue growth momentum for Polymer Caps in 2011. Together with the increasing demand for our new E-Caps and Electric Double Layer Capacitors (“EDLC”) products and our ongoing efforts to expand the PRC domestic market, we anticipate a sustainable revenue growth for the Group during the next couple of years. In addition, the Group continues to enhance and integrate its key raw material supply chain during the Year. Our newly-built aluminum foil manufacturing plant in Ya An, Sichuan of Mainland China, has commenced production in January 2012. We believe this new facility should help to reduce the burden of manufacturing cost appreciation of our products and further enhance our gross profit margins.

Given the strong internal research and development (“R&D”) capabilities and our R&D collaboration with some of the leading universities in the PRC, the Group will broaden its commitment to creating more innovative electronic components and related applications in energy management, energy conservation and energy storage. It is the Group’s mission to deliver high quality and advanced technology components for the electronic industry that optimise energy use and contribute to promoting environmental protection.

FINANCIAL REVIEW

The Group’s revenue for the Year rose to a record high of HK$1,540,154,000 (2010: HK$1,353,258,000), representing an increase of 13.8% over that of the previous year. The growth in revenue was mainly attributable to rapid sales growth of the Group’s new products and a general trend of rising selling prices during the Year.

Gross profit for the Year amounted to HK$361,540,000 (2010: HK$312,076,000), climbing 15.8% over last year. Gross profit margin improved further to 23.5% (2010: 23.1%) as a result of the general trend of rising selling prices, shifting of the product mix to high margin products and tighter control over production costs.

During the Year, the Group recognised a loss arising from changes in fair value of derivative financial instruments of HK$17,226,000. The derivative financial instruments concerned referred to certain long term interest rate swap contracts entered into by the Group in 2009 and 2010 with the intention to hedge against the Group's future borrowing costs. The Group had to account for the drop in fair value of these financial instruments in the consolidated income statement for the Year as a result of temporary market fluctuations prior to the year end. This item does not affect the cash flow of the Group.

After excluding the above-mentioned loss arising from the changes in fair values of derivative financial instruments, the Group's earnings before interest expense, tax, depreciation and amortisation amounted to HK$252,277,000 (2010: HK$217,961,000), representing an increase of 15.7% over that of the previous year.

Profit for the Year increased to HK$103,801,000, representing an improvement of 9.1% from 2010. The basic earnings per share for the Year was 21.72 HK cents, representing an increase of 8.8% from 19.97 HK cents in 2010.

The Board has proposed a final dividend of 3.0 HK cents per share. The total dividend for the Year amounted to 6.0 HK cents per share, including the interim dividend of 3.0 HK cents per share already declared and paid.

BUSINESS REVIEW

Market overview

The global market demand of E-Caps declined slightly during the Year. However, the Group had continued to record revenue growth despite the shrinking of the market size. As the earthquake in Japan and the flood in Thailand significantly disrupted the supply chain of critical components required for the production of key electronic products in 2011, spurring manufacturers to expand and diversify their supplier base. As one of the key global suppliers of E-Caps in the market, the Group has benefited from such supply chain stabilisation exercises. The contributions from these new customers should become more prominent in the coming years by leveraging on our extensive sales networks and professional sales force.

Market demand for Polymer Caps experienced a phenomenal growth in volume and spectrum of applications during the Year, despite the sluggish macroeconomic environment. As one of the non-Japanese global suppliers of Polymer Caps, we have secured new customers for our Polymer Caps flagship brand "X-CON®". The Group has responded to this faster-than-expected strong market demand by boosting its production capacity and enhancing the product variety with innovative technology. It intends to continue expanding this product segment in the coming years.

Operation review

The Group has successfully transformed into a major global supplier of several critical electronic components over the past few years. To expedite this strategic development, the Group is devoting more resources to the R&D of new components applied for creating advanced technology, as well as in energy saving and energy storage applications. Bolstering R&D provides new business momentum for the Group to tap into the world's fast-growing renewable energy sector. During the Year, the Group has also re-branded to more accurately align with its scope of business and future development direction.

E-Caps have extensive applications across the wide spectrum of consumer electronics. Among various geographical regions, the Group has recorded encouraging revenue growth in Mainland China as a result of the increase in sales of Polymer Caps, V-Chips, long-life ballast (for energy saving lamps), pen-caps (for LED Television), high-voltage screw type and high performance low equivalent series resistance product series. Most of these products have been applied in the expanding market segments such as game consoles, energy saving lamps, environmentally friendly products and digital hand-held consumer electronic products.

The Group continues to improve the competitiveness of its production process and the overall production cycle aiming at reducing its manufacturing costs. Its gross profit margin improved to 23.5% during the Year. The Group has adjusted the product mix to focus on high-margin products while phasing out those customers and products with either small sales volumes or low margin. It has concentrated its resources on R&D, promotion of new innovative product series and automation of production process to enhance productivity and yield.

In addition, the Group continued to strengthen and integrate its key raw materials supply chain during the Year. The Group has been manufacturing aluminum foil, one of the key raw materials since 2006, in order to enhance the overall profit margin and secure a stable supply for internal production needs. A newly-built aluminum foil manufacturing plant in Ya An, Sichuan, China, has commenced production in January 2012. Furthermore, the chemicals production plant in Wuhan, Hubei, China, is expected to commence operations in the second quarter of 2012. The Group believes that this should further reduce manufacturing costs, thereby improving gross profit margins.

Moreover, to support its business expansion, construction of additional production capacities has been completed in Wuxi and Jiangxi, China. It should enable the Group to achieve more economies of scale, further driving down costs.

Over the past few years, the Group has been developing the Energy Storage System ("ESS") product family comprising EDLC, Lithium-ion Rechargeable Batteries and Screw-type E-Caps. The ESS family provides a total solution for industrial power management and energy applications such as wind and solar power systems, electric transportation equipment, power backup devices and consumer electronic products. The Group's ESS solutions strengthen its position within the expanding market for low-carbon applications and create enormous potential for business expansion in future years.

Research and Development

The Group's in-house R&D team and research institute of new energy products and materials are complemented by its long-term R&D collaboration with Tsinghua University and various research projects with other professional institutes leading to innovative products incorporating state-of-the-art technology. Recruiting cross-disciplinary research experts from various fields including energy storage, energy management, material science, chemical engineering and mechanical engineering strengthens R&D competitiveness. Its ongoing research and innovation in high-tech Polymer Caps, aluminum foil technology and ESS solutions should enable the Group to stay at the forefront of technology.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2011, the Group's total outstanding bank borrowings amounted to HK$1,074,084,000 (31 December 2010: HK$659,586,000), which comprised mainly bank loan and trade finance facilities. The maturity profile of the bank borrowings falling due within one year and in the second to the fifth year amounted to HK$488,549,000 and HK$585,535,000 respectively (31 December 2010: HK$405,171,000 and HK$254,415,000 respectively).

After deducting cash and cash equivalents of HK$680,273,000 (31 December 2010: HK$472,592,000), the Group's net borrowing amounted to HK$393,811,000 (31 December 2010: HK$186,994,000). Shareholders' equity as at 31 December 2011 was HK$1,350,331,000 (31 December 2010: HK$1,176,694,000). Accordingly, the Group's net gearing ratio was 29.2% (31 December 2010: 15.9%).

During the Year, the Group's net cash inflow from operating activities amounted to HK$3,275,000. It represented profit before tax of HK$124,674,000, adding back adjustments for non-cash items such as depreciation and amortisation of HK$92,197,000, share of results of jointly-controlled entities of HK$21,950,000 and deducting net changes in working capital of HK$194,828,000 and other adjustments of HK$3,182,000. The Group's net cash outflow from investing activities for the Year amounted to HK$192,533,000, which included purchases and prepayment for property, plant and equipment and prepaid land premium of HK$182,256,000, advances to jointly-controlled entities of HK$7,665,000 and other adjustments of HK$2,612,000.

The Group's financial statements were denominated in Hong Kong dollars. The Group carried out its business transactions mainly in Hong Kong dollars, Renminbi, United States dollars and Japanese yen. As the Hong Kong dollar remained pegged to United States dollar, there was no material exchange risk in this respect. To manage the appreciation of the Renminbi, the Group had successfully increased its revenue in Mainland China in order to hedge against Renminbi payments. The Group continued to monitor its foreign exchange exposure in Japanese yen and Renminbi mainly by entering into forward contracts. Most of the Group's long-term bank loan facilities were denominated in Hong Kong dollars and carried interest at floating rates. Interest rate exposure was hedged by entering into long-term interest rate swap contracts. Credit risk was hedged mainly through credit insurance policies.

OUTLOOK AND PROSPECTS

The Group believes that the first half of 2012 may continue to be challenging as most electronic brands will delay the launching of new models or products until the second half of 2012. Nevertheless, the Chinese Government's policy to continue stimulating domestic demand should boost the domestic sales of electronic and consumer products, which in turn benefit the Group's revenue growth. The management of the Group (the "Management") is expecting a revenue growth for E-Caps, Polymer Caps and the ESS product family in 2012, with the prospects for Polymer Caps particularly promising – these products should maintain strong growth momentum and help to improve the Group's overall margins.

The proposed separate listing of the shares of the holding company of the Polymer Caps business on the Taiwan Stock Exchange is in progress. The Management considers the proposed spin-off to be in the interest of the shareholders as a whole. The Group also believes that the proposed spin-off would better reflect the value of the Polymer Caps business on its own merits and increase its operational and financial transparency.

Although the ESS product family is still in its developing stage, by leveraging the Group's R&D core competitiveness and the increasing market demand for energy saving and energy storage devices, the Group expects collaboration with new customers should be materialised in 2012 and contribute additional profits. In 2012, the macroeconomic environment in the EURO zone countries is likely to remain weak and the Chinese Government may continue implementing a tighter monetary policy. In view of these economic challenges, one of the key management focuses is to strengthen the Group's cash and liquidity positions. This includes tightening credit control and speeding up collection of accounts receivable from customers, reducing inventory level and extending the credit periods granted by the Group's major suppliers. The Management expects to squeeze the working capital and release more cash for operational needs and future business expansion. Cost rationalisation programmes are to be implemented and reinforced to enhance cost competitiveness of the Group.

With the Group's three product family pillars are well in place, future growth will take place in multiple dimensions and directions. By capitalising on its strong R&D capabilities, the Group is confident that it can benefit from these multiple growth drivers to sustain its business growth, thereby generating optimal returns for its shareholders.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2011, the Group employed 83 staff in Hong Kong (31 December 2010: 79) and employed a total work force of approximately 3,278 (31 December 2010: 3,719) inclusive of all its staff in Mainland China and overseas offices. The Group's remuneration policy is built on the principle of equitable, motivating, performance-oriented and market-competitive remuneration packages to employees. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance-based bonuses.

PURCHASE, REDEMPTION OR SALES 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.

CORPORATE GOVERNANCE

The Group has adopted and met all the Code Provisions set out in the Code on Corporate Governance Practices (the "Code Provisions") as set out 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 that all Independent Non-executive Directors ("INEDs") of the Company are not appointed for specific terms but are subject to retirement by rotation at the annual general meeting of the Company under Bye-law 87 of the Company's Bye-laws.

Save as disclosed above, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company were in line with the Code Provisions during the Year.

COMPLIANCE WITH THE MODEL CODE

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules to govern securities transactions by the directors. After having made specific enquiry by the Company, all directors of the Company confirmed that they had fully complied with the Model Code throughout the Year.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group. The Audit Committee comprises three INEDs of the Company and none of whom is employed by or otherwise affiliated with former or existing auditors of the Company.

The figures in respect of the preliminary announcement of the Group's results for the Year have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC Hong Kong"), to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by PwC Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PwC Hong Kong on the preliminary announcement.

PROPOSED FINAL DIVIDEND

The Board recommended a final dividend for the Year of 3.0 HK cents in cash per share, totalling HK$14,373,000, payable to the shareholders whose names appear on the register of members of the Company on Wednesday, 16 May 2012.

The recommended final dividend for the Year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company for payment on or around Thursday, 12 July 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 7 May 2012 to Wednesday, 9 May 2012, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to attend the annual general meeting, all transfers accompanied by the relevant share certificates 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, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 4 May 2012.

The register of members of the Company will also be closed from Tuesday, 15 May 2012 to Wednesday, 16 May 2012, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to receive the final dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at the above address not later than 4:30 p.m. on Monday, 14 May 2012.

PUBLICATION OF FURTHER INFORMATION

The annual report of the Company for the Year containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company (http://www.manyue.com) on or before 30 April 2012.

APPRECIATION

I would like to take this opportunity to thank all the shareholders, business partners, bankers and customers for their continuing support to the Group. I would also like to thank my fellow directors, the management team and our staff for their dedication and commitment in contributing to the success of the Group.

On behalf of the Board
Man Yue Technology Holdings Limited
Kee Chor Lin
Chairman

Hong Kong, 14 March 2012

As at the date of this announcement, the Board comprises Ms. Kee Chor Lin, Mr. Chan Yu Ching, Eugene, Mr. Ko Pak On and Mr. Wong Ching Ming, Stanley as Executive Directors, and Dr. Li Sau Hung, Eddy, Mr. Lo Kwok Kwei, David and Mr. Mar, Selwyn as INEDs.