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 2012

RESULTS HIGHLIGHTS

- Revenue dropped by 9.6% to HK$1,391,650,000 (2011: HK$1,540,154,000)
- Gross profit margin increased to 23.7% (2011: 23.5%)
- EBITDA margin improved to 16.3% (2011: 15.3%)
- Operating profit reduced by 14.2% to HK$111,379,000 (2011: HK$129,762,000)
- Profit for the Year dropped by 24.1% to HK$78,835,000 (2011: HK$103,801,000), representing a net margin of 5.7% (2011: 6.7%)
- Net debts to equity ratio was 29.8% (2011: 29.2%)
- Proposed final dividend of 2.5 HK cents per share, bringing an annual proposed dividend of 4.5 HK cents per share
- Net asset value grew by 5.7% to HK$2.99 per share (2011: HK$2.83 per share)

FINAL RESULTS

On behalf of the board of directors (the "Board"), I am pleased to present the audited financial results of Man Yue Technology Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 (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

	Notes	Year ended 31 December 2012 HK$'000	2011 HK$'000
Revenue	2 & 3	**1,391,650**	1,540,154
Cost of sales		**(1,061,934)**	(1,178,614)
Gross profit		**329,716**	361,540
Other income	3	**7,648**	6,576
Other losses, net	3	**(5,966)**	(11,967)
Selling and distribution costs		**(59,307)**	(57,750)
Administrative expenses		**(159,444)**	(166,662)
Other operating expenses		**(1,268)**	(1,975)
Operating profit	4	**111,379**	129,762
Changes in fair values of derivative financial instruments	5	**(2,294)**	(17,226)
Finance costs	6	**(27,615)**	(18,180)
Finance income	7	**12,208**	5,939
Share of results of jointly-controlled entities		**5,573**	21,950
Share of results of an associate		**(318)**	2,429
Profit before tax		**98,933**	124,674
Tax	8	**(20,098)**	(20,873)
Profit for the Year		**78,835**	103,801
Profit attributable to:			
Equity holders of the Company		**79,875**	103,965
Non-controlling interests		**(1,040)**	(164)
		78,835	103,801
		HK cents	*HK cents*
Earnings per share for profit attributable to equity holders of the Company	9		
Basic		**16.67**	21.72
Diluted		**16.67**	21.71
		HK$'000	*HK$'000*
Dividends	10		
Interim		**9,582**	14,373
Proposed final		**11,977**	14,373
		21,559	28,746

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Profit for the Year	**78,835**	103,801
Other comprehensive income:		
Assets revaluation surplus, net of tax	**22,730**	17,462
Change in fair value of available-for-sale investment	**264**	92
Currency translation differences	**(3,624)**	78,491
Other comprehensive income for the Year, net of tax	**19,370**	96,045
Total comprehensive income for the Year	**98,205**	199,846
Total comprehensive income attributable to:		
Equity holders of the Company	**99,239**	199,817
Non-controlling interests	**(1,034)**	29
	98,205	199,846

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**834,345**	757,924
Prepaid land premium		**95,235**	97,395
Investment properties	*11*	**65,341**	–
Intangible assets		**4,864**	4,501
Investments in jointly-controlled entities		**94,910**	89,345
Investment in an associate		**40,070**	47,618
Prepayments on purchases of property, plant and equipment		**63,323**	86,561
Available-for-sale investments		**20,203**	25,953
Other prepayments		**6,896**	1,613
Deferred tax assets		**13,847**	3,654
Total non-current assets		**1,239,034**	1,114,564
Current assets			
Inventories		**409,134**	457,411
Trade receivables	*12*	**400,583**	431,447
Prepayments, deposits and other receivables		**101,634**	80,074
Loans to a jointly-controlled entity		**99,545**	92,980
Due from jointly-controlled entities		**44,808**	36,787
Financial assets at fair value through profit or loss		**56**	50
Derivative financial instruments		**167**	728
Tax receivables		**1,577**	2,655
Cash and cash equivalents		**625,400**	680,273
Total current assets		**1,682,904**	1,782,405
Current liabilities			
Trade and bills payables	*13*	**187,799**	233,894
Other payables and accrued liabilities		**85,878**	92,058
Due to jointly-controlled entities		**45,735**	21,336
Derivative financial instruments		**5,772**	6,397
Tax payable		**8,527**	14,356
Bank loans		**514,717**	488,549
Dividend payables		**34**	28
Total current liabilities		**848,462**	856,618
Net current assets		**834,442**	925,787
Total assets less current liabilities		**2,073,476**	2,040,351

		As at 31 December	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
Total assets less current liabilities		**2,073,476**	2,040,351
Non-current liabilities			
Bank loans		**536,166**	585,535
Derivative financial instruments		**24,924**	22,881
Provision for long service payments		**1,448**	1,895
Deferred tax liabilities		**18,186**	13,138
Deferred income		**61,146**	62,581
Total non-current liabilities		**641,870**	686,030
Net assets		**1,431,606**	1,354,321
EQUITY			
Share capital		**47,909**	47,909
Reserves		**1,366,815**	1,288,049
Proposed final dividend		**11,977**	14,373
Equity attributable to equity holders of the Company		**1,426,701**	1,350,331
Non-controlling interests		**4,905**	3,990
Total equity		**1,431,606**	1,354,321

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, investment properties, 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 amended standards are mandatory for the first time for the financial year beginning 1 January 2012 but neither have significant impact to the Group's results and financial position nor currently relevant to the Group:

- HKAS 12 (Amendment) – Deferred Tax: Recovery of Underlying Assets
- HKFRS 1 (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- HKFRS 7 (Amendment) – Disclosures – Transfers of Financial Assets

(b) The following new, revised or amended standards and interpretations have been issued but are not yet effective for the financial year beginning 1 January 2012 and have not been early adopted:

- HKAS 1 (Amendment) – Presentation of Financial Statements[1]
- HKAS 19 (Amendment) – Employee Benefits[2]
- HKAS 27 (Revised 2011) – Separate Financial Statements[2]
- HKAS 28 (Revised 2011) – Associates and Joint Ventures[2]
- HKAS 32 (Amendment) – Financial Instruments: Presentation[3]
- HKFRS 1 (Amendment) – Government Loans[2]
- HKFRS 7 (Amendment) – Financial Instruments: Disclosures[2]
- HKFRS 9 – Financial Instruments[4]
- HKFRS 7 and HKFRS 9 (Amendments) – Mandatory Effective Date and Transition Disclosures[4]
- HKFRS 10 – Consolidated Financial Statements[2]
- HKFRS 11 – Joint Arrangements[2]
- HKFRS 12 – Disclosures of Interests in Other Entities[2]
- HKFRS 13 – Fair Value Measurement[2]
- HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments) – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transitional Guidance[2]
- HK(IFRIC)-Int 20 – Stripping Costs in the Production Phase of a Surface Mine[2]
- Annual Improvements 2011[2]

[1] *Changes effective for annual periods beginning on or after 1 July 2012*
[2] *Changes effective for annual periods beginning on or after 1 January 2013*
[3] *Changes effective for annual periods beginning on or after 1 January 2014*
[4] *Changes effective for annual periods beginning on or after 1 January 2015*

The Group anticipates that the application of the above new, revised or amended standards and interpretations have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

The Group's executive team, comprising all 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 the CODM on a regular basis:

	2012	2011
	HK$'000	*HK$'000*
Revenue	**1,391,650**	1,540,154
Gross profit	**329,716**	361,540
Gross profit margin *(%)*	**23.7%**	23.5%
EBITDA *(note (i))*	**226,427**	235,051
EBITDA margin *(%)*	**16.3%**	15.3%
Operating expenses *(note (ii))*	**220,019**	226,387
Operating expenses/Revenue *(%)*	**15.8%**	14.7%
Profit for the Year	**78,835**	103,801
Net profit margin *(%)*	**5.7%**	6.7%
Total assets	**2,921,938**	2,896,969
Equity attributable to equity holders of the Company	**1,426,701**	1,350,331
Inventories	**409,134**	457,411
Inventory turnover days	**141**	142
Trade receivables	**400,583**	431,447
Trade receivables turnover days	**105**	102
Trade and bills payables	**187,799**	233,894
Trade and bills payables turnover days	**65**	72
Total interest-bearing debts	**1,050,883**	1,074,084
Cash and cash equivalents	**625,400**	680,273
Net debts	**425,483**	393,811
Net debts to equity ratio *(%)*	**29.8%**	29.2%

note (i): EBITDA represents the earnings before interest expenses, 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 segment:

Revenue

	Year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**181,124**	219,815
Mainland China	**627,418**	655,748
Taiwan	**175,094**	189,598
Southeast Asia	**141,626**	201,328
Korea	**65,036**	68,237
United States	**40,887**	65,186
Europe	**78,574**	70,119
Other countries	**81,891**	70,123
	1,391,650	1,540,154

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

	As at 31 December	
	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**115,907**	47,825
Mainland China	**1,048,597**	989,039
Other countries	**40,480**	48,093
	1,204,984	1,084,957

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

	2012	2011
	HK$'000	*HK$'000*
Manufacture and trading of electronic components	**1,391,185**	1,528,604
Trading of raw materials	**465**	11,550
	1,391,650	1,540,154

Other income

	2012 *HK$'000*	2011 *HK$'000*
Consultancy income from a jointly-controlled entity	**5,000**	–
Scrap sales	**268**	2,093
Subsidies from PRC government	**1,118**	2,057
Rental income generated from investment property	**240**	–
Others	**1,022**	2,426
	7,648	6,576

Other losses, net

	2012 *HK$'000*	2011 *HK$'000*
Fair value gain/(loss) on derivative financial instruments	**314**	(1,060)
Fair value gain on investment properties	**3,929**	–
Foreign exchange differences, net	**(4,220)**	(6,841)
Impairment loss on available-for-sale investment	**(5,989)**	(4,066)
	(5,966)	(11,967)

4. OPERATING PROFIT

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

	2012 *HK$'000*	2011 *HK$'000*
Depreciation of property, plant and equipment	**96,878**	89,660
Amortisation of prepaid land premium	**2,129**	2,002
Amortisation of intangible assets	**872**	535
(Gain)/loss on disposal of property, plant and equipment	**(77)**	662
Fair value (gain)/loss on financial assets at fair value through profit or loss	**(6)**	60

5. CHANGES IN FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2012 *HK$'000*	2011 *HK$'000*
Fair value losses on interest rate swap	**2,294**	17,226

At 31 December 2012, the Group held certain interest rate swap contracts entered into 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

	2012	2011
	HK$'000	*HK$'000*
Interest expense on bank loans repayable within five years	**27,615**	18,180

7. FINANCE INCOME

	2012	2011
	HK$'000	*HK$'000*
Interest income from loan to a jointly-controlled entity	**4,162**	3,681
Interest income from term deposits and bank balances	**8,046**	2,258
	12,208	5,939

8. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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.

	2012	2011
	HK$'000	*HK$'000*
Charge for the Year:		
Current:		
Hong Kong	**18,505**	11,738
Mainland China	**12,278**	11,125
Under/(over)provision in prior years	**292**	(3,965)
	31,075	18,898
Deferred	**(10,977)**	1,975
Total tax charge for the Year	**20,098**	20,873

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 15% 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$79,875,000 (2011: HK$103,965,000), and the weighted average of 479,090,000 (2011: 478,764,000) 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$79,875,000 (2011: HK$103,965,000). The weighted average number of ordinary shares used in the calculation is 479,090,000 (2011: 478,764,000) ordinary shares in issue during the Year, as used in the basic earnings per share calculation, and no ordinary shares (2011: 198,000) assumed to have been issued at no consideration on the deemed exercise of all share options, respectively, during the Year.

10. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Interim – 2.0 HK cents (2011: 3.0 HK cent) per ordinary share	**9,582**	14,373
Proposed final – 2.5 HK cents (2011: 3.0 HK cents) per ordinary share	**11,977**	14,373
	21,559	28,746

11. INVESTMENT PROPERTIES

	2012	2011
	HK$'000	*HK$'000*
At fair value		
At 1 January	**–**	–
Acquisitions	**54,245**	–
Transfer from owner-occupied property	**7,163**	–
Gain from fair value adjustment	**3,929**	–
Exchange realignment	**4**	–
At 31 December	**65,341**	–

12. 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:

	2012	2011
	HK$'000	*HK$'000*
Current and within payment terms	**315,163**	334,195
1 – 3 months past due	**74,138**	78,024
4 – 6 months past due	**9,487**	17,194
7 – 12 months past due	**1,677**	1,824
Over 1 year past due	**118**	210
	400,583	431,447

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. Credit risk was hedged mainly through credit insurance policies.

13. 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:

	2012	2011
	HK$'000	*HK$'000*
Trade payables:		
Less than 3 months	**102,682**	124,319
4 – 6 months	**62,404**	84,542
7 – 12 months	**12,226**	10,121
Over 1 year	**7,779**	2,718
	185,091	221,700
Bills payables	**2,708**	12,194
	187,799	233,894

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

The financial year ended 31 December 2012 was challenging for many global electronic enterprises, including major players in the Aluminum Electrolytic Capacitors ("E-Caps") industry. The continuing impact of the global economic turmoil, especially in the United States and European markets, affects most of the electronic component suppliers in 2012.

Compared with our major competitors, the Group's sales revenue declined slightly in 2012. Revenue for the Year dropped by 9.6% to HK$1,391,650,000. However, the Group's gross profit margin, and earnings before interest expenses, tax, depreciation and amortisation margin ("EBITDA margin") continued to improve in the past year. With our conservative cash flow management, it provides better financial resources for the Group to continue its expansion in the coming years.

As one of the key global suppliers of major electronic components including E-Caps and Conductive Polymer Aluminum Solid Capacitors ("Polymer Caps"), the growth momentum for Polymer Caps continued in 2012 with encouraging profit growth, despite a tough operating environment during the Year. Together with the increasing demand for our Electric Double Layer Capacitors ("EDLC") and Aluminum Multilayer Polymer Capacitors ("MLPC") products, this enables the Group to enjoy multi-dimensional growth drivers in the next couple of years.

In addition, the Group continued to enhance and integrate its key raw material supply chain during the Year. Our aluminum foil manufacturing plant in Yaan, Sichuan and chemicals production plant in Wuhan, Hubei of Mainland China have started full-scale production in 2012. This definitely helps to enhance our product competitiveness and gross profit margin by slowing down the rising trend of manufacturing cost.

The Group has been well recognised as one of the leaders in technological development in the industry. We will continue to leverage our strong internal research and development capabilities and enhance the collaboration with some of the leading universities in Mainland China and Hong Kong. This aligns with our Group's continuing commitment to deliver high-quality components for the electronic industry and contribute to the environmental protection.

FINANCIAL REVIEW

The Group's revenue for the Year declined slightly by 9.6% to HK$1,391,650,000 (2011: HK$1,540,154,000). After considering the adverse impacts of the global economic turmoil during the Year, the Group's performance was relatively satisfactory.

Gross profit for the Year amounted to HK$329,716,000 (2011: HK$361,540,000). Gross profit margin improved further to 23.7% (2011: 23.5%) by adjustment of product mix, tighter control over manufacturing cost and also synergic benefit from the utilisation of the internal-supplied raw materials during the Year.

During the Year, the Group recognised a loss arising from changes in fair values of derivative financial instruments of HK$2,294,000 (2011: 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 values of these financial instruments in the consolidated income statement at the year end. This item did not affect the cash flow of the Group.

The finance costs increased to HK$27,615,000 from HK$18,180,000 in 2011 as certain amount of bank loans were drawn down by the Group in the second half of 2011.

The Group's earnings before interest expenses, tax, depreciation and amortisation amounted to HK$226,427,000 (2011: HK$235,051,000), representing an EBITDA margin improvement to 16.3% from 15.3% in 2011.

Profit for the Year amounted to HK$78,835,000 (2011: HK$103,801,000), representing a decline of 24.1% from 2011. The basic earnings per share for the Year was 16.67 HK cents, compared with 21.72 HK cents in 2011.

The Group made an announcement on 5 November 2012 that it had submitted an application to the Taiwan Stock Exchange for pre-listing tutoring ("Pre-Listing Tutoring") in respect of the proposed application for primary listing of the shares of the holding company of the Polymer Caps business on the Taiwan Stock Exchange. The Pre-Listing Tutoring is the initial procedure for the proposed listing application and is expected to take at least 6 months. The Board will make announcement on the progress, if appropriate.

The Board has proposed a final dividend of 2.5 HK cents per share. The total dividend for the Year amounted to 4.5 HK cents per share, including the interim dividend of 2.0 HK cents per share already declared and paid.

BUSINESS REVIEW

Market overview

The global economy continued to slow down during the Year, which caused several changes in the market dynamics in the global E-Caps market. The electronic component sector had been particularly affected due to the delay in the launching of new models by the key players and in turn reduced the demand for the electronic components used in the consumer electronic products. On the other end of the spectrum, the large-size Japanese E-caps manufacturers are also facing key challenges including currency fluctuations and rising manufacturing costs. This definitely eroded the operating margins and respective global market shares. The Group continues to be one of the key global suppliers of E-Caps in the market and most of the Group's SAMXON® branded E-Caps are selling well, particularly our high-margin screw-type products for industrial sector. The Group expects to benefit from the global trend of supply chain diversification by leveraging our extensive sales networks in the coming years.

The Group has been one of the key global suppliers of Polymer Caps since 2006. Market demand for Polymer Caps continued to experience a phenomenal growth in 2012 in terms of volume and also expansion of the spectrum of applications. In view of the stepped-up market demand, the Group continued to expand its production capacities and enhance the product variety and certain new series with wider product ranges. Our flagship brand X-CON® still maintains a prominent market-leader position in the Polymer Caps segment during the Year. The market potential for this particular segment is still growing in the coming years.

Operation review

Over the past few years, the Group's strategic transformation into a major global supplier of several critical electronic components including E-Caps, Polymer Caps, EDLC, aluminum foil, chemicals and Lithiumion Rechargeable Batteries is on the way ahead. The drop of the sales revenue of the Group during the Year was comparatively mild against most of the industry players. The Group's EBITDA margin and operating cash flow still showed improvements over the past year, despite the unsatisfactory global economies. We continue to devote more resources to the research and development ("R&D") of new components applied in energy saving and energy storage applications.

Our overall competitiveness is enhanced by introducing new product series of E-Caps including the V-Chips, long-life ballast, pen-caps, high-voltage screw type and high performance low equivalent series resistance products. In addition to the reducing production costs via the manufacturing process automation, the Group continues to adjust the product mix by phasing out those low-margin customers and products. All these strategic development enhances the gross profit margins in the past few years, despite the significant increasing trend of material and labour costs in Mainland China.

Moreover, the Group successfully strengthened and integrated its key raw materials supply chain during the Year. Our newly-built aluminum foil manufacturing plant in Yaan, Sichuan of Mainland China is under full-scale operation, which secures a stable supply for internal production needs in addition to the production facilities in Qingyuan of Mainland China. Furthermore, the chemicals production plant in Wuhan, Hubei of Mainland China also commenced production during the Year. The Group expects this should further reduce the manufacturing costs in the coming years and provides new business momentum from capturing incremental sales to external customers.

The Group continues to diversify its business platform by expanding the energy storage system ("ESS") product family, comprising EDLC, EDLC modules and screw-type E-Caps. The ESS product series aims to provide a total solution for industrial power management and energy applications in particular wind and solar power systems, electric transportation sector and consumer electronic products. Also, our newly-developed innovative MLPC product series starts commercial production in the first quarter of 2013. The Group is now the only supplier outside Japan to successfully launch these advanced products. The Group expects the return from these new innovative products will become more prominent in the coming years.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, the Group's total outstanding bank borrowings amounted to HK$1,050,883,000 (31 December 2011: HK$1,074,084,000), 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$514,717,000 and HK$536,166,000 respectively (31 December 2011: HK$488,549,000 and HK$585,535,000 respectively).

After deducting cash and cash equivalents of HK$625,400,000 (31 December 2011: HK$680,273,000), the Group's net borrowing amounted to HK$425,483,000 (31 December 2011: HK$393,811,000). Shareholders' equity as at 31 December 2012 was HK$1,426,701,000 (31 December 2011: HK$1,350,331,000). Accordingly, the Group's net gearing ratio was 29.8% (31 December 2011: 29.2%).

During the Year, the Group's net cash inflow from operating activities amounted to HK$177,042,000. It represented profit before tax of HK$98,933,000, after adjustments for non-cash items, including adding back depreciation and amortisation of HK$99,879,000, deducting share of results of jointly-controlled entities of HK$5,573,000 and adding net changes in working capital of HK$15,815,000 and deducting other adjustments of HK$32,012,000. The Group's net cash outflow from investing activities for the Year amounted to HK$185,937,000, which included purchases and prepayment for property, plant and equipment and investment property of HK$183,745,000, advances to jointly-controlled entities of HK$6,558,000 and adding back other adjustments of HK$4,366,000.

The Group's financial statements are presented 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 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. 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.

OUTLOOK AND PROSPECTS

In view of the discouraging sentiment prevailing in the global E-Caps market, the Group expects several key challenges ahead in the years to come, including the rising manufacturing and labour costs and shorter life cycle of consumer electronics segment, which in turn increases the difficulties in resources planning and the predictability of sales orders to be received. The growth momentum of the global economy especially the United States and European markets is still uncertain. Nevertheless, the Group continues to strengthen its R&D capabilities, enhance the product diversification, automate the manufacturing process and also devote much more resources in developing the high-margin and innovative products, including the ESS family and MLPC products.

The Chinese Government continues to adopt a strategic policy to boost the development of key emerging industries after the 18th Party Congress held in November 2012. Our Group's existing product platform covers most of these emerging industries including the energy saving and environment protection, information technology, new energy, new materials and new energy vehicles. The Group believes that it can capture these business opportunities by leveraging its diversified product family, R&D capabilities, extensive sales forces and network compared with its key competitors, which in turn enhances the overall profitability in the coming years.

As one of the key global suppliers of E-Caps and Polymer Caps, the Group will continue to align its strategic direction of strengthening its position as a main supplier of key electronic components across all electronic sectors. Our strength in advanced and innovative product development will continue to build up the sales growth momentum in the years to come. Moreover, our bolstering R&D capabilities and collaboration with key leading universities provides a mature platform for the Group to expand into the fast-growing renewable energy sector when the global economy picks up in the near future.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2012, the Group employed 83 staff in Hong Kong (31 December 2011: 83) and employed a total work force of approximately 2,979 (31 December 2011: 3,278) 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 PRACTICES

The Group has complied with the applicable code provisions in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) as contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Code Provisions"). The Company has early adopted the Code Provisions as its own code of corporate governance practices with the exception of the following deviation:

Under the Code Provision A.4.1, non-executive directors and independent non-executive directors ("INEDs") should be appointed for a specific term. Currently, the INEDs are not appointed for a specific term but are subject to retirement by rotation at the annual general meeting under bye-law 87 of the Company's bye-laws.

Dr. Li Sau Hung, Eddy was unable to attend the annual general meeting of the Company held on 9 May 2012 as provided for in Code Provision A.6.7 as he had another business engagement.

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

COMPLIANCE WITH THE MODEL CODE

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("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 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, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.

PROPOSED FINAL DIVIDEND

The Board recommended a final dividend for the Year of 2.5 HK cents in cash per share, approximately HK$11,977,000 in total, payable to shareholders whose names appear on the register of members of the Company on Thursday, 9 May 2013.

The recommended final dividend for the Year, which will be payable on or around Friday, 12 July 2013, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held on Thursday, 2 May 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 30 April 2013 to Thursday, 2 May 2013, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to attend the forthcoming 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 Monday, 29 April 2013.

The register of members of the Company will also be closed from Wednesday, 8 May 2013 to Thursday, 9 May 2013, 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 Tuesday, 7 May 2013.

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 Tuesday, 30 April 2013.

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, 12 March 2013

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