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 2013

RESULTS HIGHLIGHTS

- Revenue dropped by 5.0% to HK$1,322,182,000 (2012: HK$1,391,650,000)
- Gross profit margin was 22.0% (2012: 23.7%)
- EBITDA margin was 15.9% (2012: 16.3%)
- Operating profit declined by 37.6% to HK$72,941,000 (2012: HK$116,925,000)
- Profit for the year dropped by 22.8% to HK$60,831,000 (2012: HK$78,835,000), representing a net margin of 4.6% (2012: 5.7%)
- Net debt to equity ratio improved to 28.3% from 29.8% in 2012
- Net assets per share increased to HK$3.21, compared with HK$2.99 per share as at 31 December 2012
- Proposed final dividend of 1.5 HK cents per share, bringing an annual proposed dividend of 3.5 HK cents (2012: 4.5 HK cents) 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 2013 (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 2013 HK$'000	2012 HK$'000
Revenue	2 & 3	**1,322,182**	1,391,650
Cost of sales		**(1,031,038)**	(1,061,934)
Gross profit		**291,144**	329,716
Other income	3	**6,337**	7,648
Other losses, net	3	**(888)**	(420)
Selling and distribution costs		**(62,412)**	(59,307)
Administrative expenses		**(158,650)**	(159,444)
Other operating expenses		**(2,590)**	(1,268)
Operating profit	4	**72,941**	116,925
Changes in fair values of derivative financial instruments	5	**8,480**	(7,840)
Finance costs	6	**(28,068)**	(27,615)
Finance income	7	**8,541**	12,208
Share of results of joint ventures		**11,806**	5,573
Share of results of an associate		**6,569**	(318)
Profit before tax		**80,269**	98,933
Tax	8	**(19,438)**	(20,098)
Profit for the year		**60,831**	78,835
Profit attributable to:			
– Equity holders of the Company		**61,021**	79,875
– Non-controlling interests		**(190)**	(1,040)
		60,831	78,835
Earnings per share for profit attributable to equity holders of the Company	9		
– Basic		**12.74 HK cents**	16.67 HK cents
– Diluted		**12.74 HK cents**	16.67 HK cents
		HK$'000	*HK$'000*
Dividends	10		
– Interim		**9,582**	9,582
– Proposed final		**7,186**	11,977
		16,768	21,559

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Profit for the year	**60,831**	78,835
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss		
– Assets revaluation surplus, net of tax	**7,238**	22,730
Items that may be reclassified subsequently to profit or loss		
– Change in fair value of an available-for-sale investment	**335**	264
– Currency translation differences	**60,072**	(3,624)
Other comprehensive income for the year, net of tax	**67,645**	19,370
Total comprehensive income for the year	**128,476**	98,205
Total comprehensive income attributable to:		
– Equity holders of the Company	**128,483**	99,239
– Non-controlling interests	**(7)**	(1,034)
	128,476	98,205

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 December 2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**829,366**	834,345
Prepaid land premium		**31,753**	95,235
Investment properties	*11*	**83,004**	65,341
Intangible assets		**1,877**	4,864
Investments in joint ventures		**111,757**	94,910
Investment in an associate		**69,797**	40,070
Prepayments on purchases of property, plant and equipment		**64,689**	63,323
Available-for-sale investments		**12,258**	20,203
Other prepayments		**3,636**	6,896
Deferred tax assets		**10,281**	13,847
Total non-current assets		**1,218,418**	1,239,034
Current assets			
Inventories		**416,501**	409,134
Trade receivables	*12*	**396,305**	400,583
Prepayments, deposits and other receivables		**110,954**	101,634
Loans to a joint venture		**104,076**	99,545
Due from joint ventures		**47,562**	44,808
Due from an associate		**33,214**	–
Financial assets at fair value through profit or loss		**55**	56
Derivative financial instruments		**–**	167
Tax recoverable		**8,438**	1,577
Cash and cash equivalents		**433,363**	625,400
		1,550,468	1,682,904
Assets classified as held-for-sale		**9,384**	–
Total current assets		**1,559,852**	1,682,904
Current liabilities			
Trade and bills payables	*13*	**184,876**	187,799
Other payables and accrued liabilities		**77,237**	85,878
Due to joint ventures		**47,273**	45,735
Derivative financial instruments		**5,864**	5,772
Tax payable		**4,628**	8,527
Bank loans		**536,776**	514,717
Dividends payable		**38**	34
		856,692	848,462
Liabilities classified as held-for-sale		**6**	–
Total current liabilities		**856,698**	848,462
Net current assets		**703,154**	834,442
Total assets less current liabilities		**1,921,572**	2,073,476

		As at 31 December	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
Total assets less current liabilities		**1,921,572**	2,073,476
Non-current liabilities			
Bank loans		**337,022**	536,166
Derivative financial instruments		**10,931**	24,924
Provision for long service payments		**1,029**	1,448
Deferred tax liabilities		**20,779**	18,186
Deferred income		**13,069**	61,146
Total non-current liabilities		**382,830**	641,870
Net assets		**1,538,742**	1,431,606
Equity			
Share capital		**47,909**	47,909
Reserves		**1,476,236**	1,366,815
Proposed final dividend		**7,186**	11,977
Equity attributable to equity holders of the Company		**1,531,331**	1,426,701
Non-controlling interests		**7,411**	4,905
Total equity		**1,538,742**	1,431,606

NOTES

1 BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2013 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 land and buildings, investment properties, derivative financial instruments, financial assets and financial liabilities at fair value through profit or loss and available-for-sale investments, which have been measured at fair value.

Prior year comparative figure

Realised losses on fair value of derivative financial instruments in prior year amounting to HK$5,546,000 were reclassified from "Other losses, net" to "Changes in fair values of derivative financial instruments" in the consolidated income statement in order to reflect the nature and characteristic of the transactions.

(a) The following new or amended standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013:

- Amendment to HKAS 1, 'Financial Statements Presentation', regarding other comprehensive income. The main change resulting from this amendment is a requirement for entities to group items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The impact on the adoption of this amendment is shown in the consolidated statement of comprehensive income.

- HKFRS 10, 'Consolidated Financial Statements'. Under HKFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

  The adoption of HKFRS 10 had no impact to the Group's results and financial position.

- HKFRS 11, 'Joint Arrangements', focuses on the rights and obligations of the parties to the arrangement rather than its legal form. The Group has applied HKFRS 11 to all joint arrangements as of 1 January 2012. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

  HKAS 28 (2011), 'Investments in Associates and Joint Ventures', includes the requirements for joint ventures and associates to be equity accounted following the issue of HKFRS 11, which is consistent with the Group's existing policy.

- HKFRS 12, 'Disclosure of Interests in Other Entities'. The new standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group has included the required disclosure in the consolidated financial statements.

- HKFRS 13, 'Fair Value Measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The Group has included the disclosure for financial assets and non-financial assets in the consolidated financial statements.

  The following new or amended standards and interpretations are also mandatory for the first time for the financial year beginning 1 January 2013 but either have no significant impact to the Group's results and financial position or are not currently relevant to the Group:

HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Project	Annual Improvements 2009-2011 Cycle

(b) The following new or amended standards and interpretations have been issued but are not yet effective for the financial year beginning 1 January 2013 and have not been early adopted:

HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRS 9	Financial Instruments[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Consolidation for Investment Entities[1]
HK(IFRIC) – Int 21	Levies[1]

[1] *Changes effective for annual periods beginning on or after 1 January 2014*
[2] *Changes effective for annual periods beginning on or after 1 January 2015*

The Group anticipates that the application of the above new 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 substantial business operations of the Group 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:

	2013 ***HK$'000***	2012 *HK$'000*
Revenue	**1,322,182**	1,391,650
Gross profit	**291,144**	329,716
Gross profit margin *(%)*	**22.0%**	23.7%
EBITDA *(Note i)*	**210,216**	226,427
EBITDA margin *(%)*	**15.9%**	16.3%
Operating expenses *(Note ii)*	**223,652**	220,019
Operating expenses/Revenue *(%)*	**16.9%**	15.8%
Profit for the year	**60,831**	78,835
Net profit margin *(%)*	**4.6%**	5.7%
Total assets	**2,778,270**	2,921,938
Equity attributable to equity holders of the Company	**1,531,331**	1,426,701
Inventories	**416,501**	409,134
Inventory turnover days	**147**	141
Trade receivables	**396,305**	400,583
Trade receivables turnover days	**109**	105
Trade and bills payables	**184,876**	187,799
Trade and bills payables turnover days	**65**	65
Total interest-bearing debt	**873,798**	1,050,883
Cash and cash equivalents	**433,363**	625,400
Cash classified as assets held-for-sale	**6,783**	–
Net debt	**433,652**	425,483
Net debt to equity ratio *(%)*	**28.3%**	29.8%

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 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 location:

Revenue

	Year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**160,940**	181,124
Mainland China	**603,666**	627,418
Taiwan	**269,406**	175,094
Southeast Asia	**79,582**	141,626
Korea	**18,705**	65,036
United States	**70,502**	40,887
Europe	**58,252**	78,574
Other countries	**61,129**	81,891
Total	**1,322,182**	1,391,650

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

	As at 31 December	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**140,147**	115,907
Mainland China	**985,666**	1,048,597
Other countries	**70,066**	40,480
Total	**1,195,879**	1,204,984

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:

	2013 *HK$'000*	2012 *HK$'000*
Revenue		
Manufacture and trading of electronic components	**1,286,645**	1,391,185
Trading of raw materials	**35,537**	465
	1,322,182	1,391,650

	2013 *HK$'000*	2012 *HK$'000*
Other income		
Consultancy income from a joint venture	**–**	5,000
Scrap sales	**339**	268
Subsidies from the PRC government	**2,735**	1,118
Rental income generated from investment properties	**1,510**	240
Others	**1,753**	1,022
	6,337	7,648

	2013 *HK$'000*	2012 *HK$'000*
Other losses, net		
Fair value (loss)/gain on derivative financial instruments	**(605)**	314
Fair value gain on investment properties	**17,613**	3,929
Gain on disposal of prepaid land premium	**1,946**	–
Foreign exchange differences, net	**(11,272)**	1,326
Impairment loss on an available-for-sale investment	**(8,570)**	(5,989)
	(888)	(420)

4 OPERATING PROFIT

Expenses included in the consolidated income statement:

	2013 *HK$'000*	2012 *HK$'000*
Depreciation of property, plant and equipment	**98,803**	96,878
Amortisation of prepaid land premium	**2,096**	2,129
Amortisation of intangible assets	**980**	872
Gain on disposal of property, plant and equipment	**(238)**	(77)
Fair value loss/(gain) on financial assets at fair value through profit or loss	**1**	(6)

5 CHANGES IN FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2013 *HK$'000*	2012 *HK$'000*
Fair value gains/(losses) on interest rate swap	**8,480**	(7,840)

At 31 December 2013, 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 into to stabilise the Group's overall interest expense for the periods covered by these contracts.

6 FINANCE COSTS

	2013 *HK$'000*	2012 *HK$'000*
Interest expense on bank loans repayable within five years	**28,068**	27,615

7 FINANCE INCOME

	2013 *HK$'000*	2012 *HK$'000*
Interest income from loan to a joint venture	**4,243**	4,162
Interest income from term deposits and bank balances	**4,298**	8,046
	8,541	12,208

8 TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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.

	2013	2012
	HK$'000	*HK$'000*
Charge for the year:		
Current:		
Hong Kong	**9,061**	18,505
Mainland China	**4,772**	12,278
Under-provision in prior years	**1,420**	292
	15,253	31,075
Deferred	**4,185**	(10,977)
Total tax charge for the year	**19,438**	20,098

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 equity holders of the Company of HK$61,021,000 (2012: HK$79,875,000), and the weighted average of 479,090,000 (2012: 479,090,000) ordinary shares in issue during the Year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Diluted earnings per share for the year ended 31 December 2012 and 31 December 2013 respectively were the same as the basic earnings per share as the Company's share options outstanding during the years were anti-dilutive potential ordinary shares.

10 DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Interim – 2.0 HK cents (2012: 2.0 HK cents) per ordinary share	**9,582**	9,582
Proposed final – 1.5 HK cents (2012: 2.5 HK cents) per ordinary share	**7,186**	11,977
	16,768	21,559

11 INVESTMENT PROPERTIES

	2013	2012
	HK$'000	*HK$'000*
At fair value		
At 1 January	**65,341**	–
Acquisitions	**–**	54,245
Transfer from owner-occupied property	**–**	7,163
Gain from fair value adjustment	**17,613**	3,929
Exchange realignment	**50**	4
At 31 December	**83,004**	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:

	2013	2012
	HK$'000	*HK$'000*
Current and within payment terms	**335,425**	315,163
1 – 3 months past due	**45,544**	74,138
4 – 6 months past due	**13,837**	9,487
7 – 12 months past due	**1,376**	1,677
Over 1 year past due	**123**	118
	396,305	400,583

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 is 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:

	2013	2012
	HK$'000	*HK$'000*
Trade payables:		
1 – 3 months	**88,199**	102,682
4 – 6 months	**54,244**	62,404
7 – 12 months	**10,081**	12,226
Over 1 year	**11,044**	7,779
	163,568	185,091
Bills payables	**21,308**	2,708
	184,876	187,799

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

The financial year ended 31 December 2013 (the "Year") remained challenging for many electronic enterprises, including most of the global suppliers of electronic components. The mild drop in the sales revenue of the Group compared with that in last year was mainly due to the slowdown of the global economy, especially in Mainland China and the continuing adjustment of sales strategy by eliminating low-margin products and the associated customers during the Year.

Despite the significant increases in the raw materials and manufacturing costs in Mainland China during the Year, the gross profit margin dropped slightly to around 22.0% in 2013. However, the Group's earnings before interest expense, tax, depreciation and amortisation margin ("EBITDA margin") were maintained at 15.9%. The low gearing ratio of 28.3% as at 31 December 2013, reflected that adequate financial resources were available for the Group to expand its production capacities in the coming years.

As a major global supplier of key electronic components, the Group's growth momentum continued in 2013 as driven by the encouraging sales volume growth for Polymer Caps. Despite the operating environment during the Year, we are pleased with the increasing demands for our Electric Double Layer Capacitors ("EDLC"), EDLC modules and Powerfilm capacitors. We have the utmost confidence in the Group's ability to provide a more diversified high technology products portfolio and we can deliver better results in the years beyond.

The Group had garnered the Productivity and Quality Grand Award at the Hong Kong Awards for Industries, organised by the Hong Kong Productivity Council. The continuing focus on research and development ("R&D") in innovative technologies and enhanced production capacities had enabled the Group to maintain its leadership as a key global manufacturer in the capacitor industry. This prestigious industry award represents a recognition for our efforts in improving the quality of our products and services. It is critical for boosting the Group's overall profitability and business development.

FINANCIAL REVIEW

The revenue of the Group for the Year declined slightly to HK$1,322,182,000 (2012: HK$1,391,650,000), representing a decrease of 5.0%, as compared with that in last year. The decline was mainly due to the slowdown of the global economy, especially in Mainland China and the Group's continuing adjustment of its sales strategy during the Year.

Gross profit for the Year amounted to HK$291,144,000 (2012: HK$329,716,000), representing a drop of 11.7%, compared with that in last year. Gross profit margin stood at 22.0%, despite the significant increase of raw materials and manufacturing costs during the Year.

During the Year, the Group recognised a gain arising from changes in the fair values of derivative financial instruments of HK$8,480,000 (2012: loss of HK$7,840,000). 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 accounted for the increase in the fair values of these financial instruments in the consolidated income statement at the year end. This item did not affect the cash flows of the Group.

The Group also recognised a gain arising from the change in the fair values of investment properties of HK$17,613,000 (2012: HK$3,929,000). The properties are intended to be held for long-term investment purposes with a stable cash inflow from rental income.

The Group's EBITDA amounted to HK$210,216,000 (2012: HK$226,427,000), representing an EBITDA margin of 15.9% (2012: 16.3%).

Profit for the Year amounted to HK$60,831,000 (2012: HK$78,835,000), representing a net margin of 4.6% (2012: 5.7%). The Board has resolved to recommend a final dividend of 1.5 HK cents per share. The total dividend for the year amounted to 3.5 HK cents per share, including the interim dividend of 2.0 HK cents per share already declared and paid.

The Group acknowledged that the announcement made on 20 June 2013 was still valid, which was to the effect that the pre-listing tutoring submitted on 5 November 2012 in respect of the proposed application for the primary listing of the shares of the holding company of the Polymer Caps business on the Taiwan Stock Exchange was still in progress and subject to, among other things, further evaluation, assessment and approval by the Board, approval by the Stock Exchange pursuant to Practice Note 15 of the Listing Rules, approval by the Taiwan Stock Exchange and the Financial Supervisory Commission of the Republic of China, approval by the shareholders of the Company (if required), and subject to the then market conditions and the final decisions of the Board. The Board will make further announcement on the progress of this listing, as and when appropriate.

BUSINESS REVIEW

Market overview

The market dynamics of the global E-Caps market changed in 2013. Smaller and less competitive E-Caps manufacturers, especially those located in Mainland China, had been forced to scale down or even close their operations as a result of reduced customers' orders and the increasing operating costs during the Year. The Group continues to be one of the key global suppliers of E-Caps and our flagship brand – SAMXON® maintains a very strong market position in the industry. Despite the challenging operating environment during the Year, the Group has benefited from the shift of market share from those less viable and smaller-size E-Caps manufacturers. The competitive advantages of our high quality products at relatively competitive prices have enabled the Group to gain market share from the strategy of global supply chain diversification and the focus on product quality of our major customers. We observed a steady growth trend of demands from key global customers in the last quarter of 2013 as a result of stock clearance in the distribution channels during the first half of the Year.

Since the successful launch of the Polymer Caps in 2006, the Group has become one of the major global suppliers of this product with satisfactory growth in 2013 both in terms of sales volume and the spectrum of applications. The development of another technologically advancement product – Multi-layer Polymer Capacitors ("MLPC") was proven and its mass production was started during the Year. We are one of the very few manufacturers possessing the technical expertise with the capacity to produce MLPC in the world at the moment. We expect the market demand for this high-technology product to increase significantly in the near future with its applications expanding into consumer electronics including smart phones and tablets.

Operation review

For the past few years, the Group has successfully transformed into a key global suppliers of several critical electronic components including E-Caps, Polymer Caps, EDLC and EDLC modules, aluminum foils and chemicals. As one of the most innovative multiple components manufacturers in the world, the Group has been accelerating the development of industry-leading technology. This is clearly reflected in the highly positive market response after the initial launching of our new products: MLPC, EDLC and EDLC modules in recent years. We are reinforcing our commitment to R&D, devoting more resources to the research of new components applied in energy saving and energy storage applications in both the consumer and industrial sectors.

Given the encouraging sales momentum ahead, the Group will be well-prepared for the next phase in our growth including adjusting our sales strategy and reorganising sales structure. This will definitely help us to be even more responsive, more focused and more efficient in providing high-quality products and services to an increasingly diversified global market. We will leverage our R&D strength and the competitive advantages in our traditional E-Caps and Polymer Caps business, while also creating strong and profitable new businesses to capture the growth opportunities in the market.

Our main strategic investment in the development of the Energy Storage System ("ESS") market has started to make a contribution in 2013. We have already commenced the supply of ESS products to several large PRC industrial conglomerates with the ultimate objective to provide a total solution for power management and energy applications. We expect that the contribution from this product family will gradually increase in the years to come.

The manufacturing and labour costs continue to increase significantly in Mainland China. Apart from the product-mix adjustment and sales strategy realignment, the Group continues to enhance its production efficiency through automation and streamlining the production process while also tightening the control over manufacturing overheads. Moreover, the increasing internal supply of key raw materials, such as aluminum foils and certain chemicals, should also help to enhance manufacturing profits in the coming years.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the Group's total outstanding bank borrowings amounted to HK$873,798,000 (31 December 2012: HK$1,050,883,000), which comprised mainly bank loans 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$536,776,000 and HK$337,022,000 respectively (31 December 2012: HK$514,717,000 and HK$536,166,000 respectively).

After deducting cash and cash equivalents of HK$433,363,000 (31 December 2012: HK$625,400,000), and those included in assets classified as held-for-sale of HK$6,783,000, the Group's net borrowing amounted to HK$433,652,000 (31 December 2012: HK$425,483,000). Shareholders' equity as at 31 December 2013 was HK$1,531,331,000 (31 December 2012: HK$1,426,701,000). Accordingly, the Group's net gearing ratio was 28.3% (31 December 2012: 29.8%).

During the Year, the Group's net cash inflow from operating activities amounted to HK$71,469,000. This represented profit before tax of HK$80,269,000 after adjustments for non-cash items, including adding back depreciation and amortisation of HK$101,879,000, deducting the share of results of joint ventures and an associate of HK$18,375,000, deducting net changes in working capital of HK$37,547,000 and deducting other adjustments of HK$54,757,000. The Group's net cash outflow from investing activities for the Year amounted to HK$70,972,000, which included purchases and prepayments for property, plant and equipment of HK$60,818,000, additional investment in an associate of HK$24,930,000 and adding back other adjustments of HK$14,776,000.

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 the United States dollar, there was no material exchange risk in this respect. To manage the appreciation of Renminbi, the Group has 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 mainly 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

Looking ahead, we expect the overall global economy will recover steadily despite the continuing slowdown of growth in the domestic markets in Mainland China. Given the current conservative market sentiment, the Group anticipates a modest sales growth as a result of the diversification of its product platform for the past few years. The Group intends to better manage the products and customers mix and increase the profits contributions from the new products families including EDLCs, EDLC modules, powerfilm and MLPCs.

The operating environment in the manufacturing sector will continue to be challenging in the coming years. With the rapid increases in raw materials and labour costs, manufacturing overhead and the appreciation of the Renminbi, our profitability margin will be affected and all enterprises including our Group will be forced to phase out non-profitable products and customers, develop niche markets through high-quality products and aggressively implement cost controls over the whole organisation.

The Group's commitment to R&D for new electronic components and new energy-saving technology will definitely continue in during the next couple of years. We will increase the extent of manufacturing process automation while allocating more resources to strengthen our R&D capabilities. We believe that the ongoing focus on advanced technology and high-margin products will drive the overall profitability of the business in the long run.

The PRC government's committed policy of developing new energy, new materials, energy saving and environmental protection, information technology and new energy vehicles is well-aligned with the Group's long term strategy and will definitely help in capturing incremental sales from any new business opportunities. Our strength in advanced and innovative product development can leverage our diverse product platform, and extensive sales network and build up sales growth momentum over the next few years.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2013, the Group employed 78 staff in Hong Kong (31 December 2012: 83) and employed a total work force of 2,823 (31 December 2012: 2,979) inclusive of all its staff in Mainland China and overseas offices. The Group's remuneration policy is built on the principle of equitability with incentive-based, motivating, performance-oriented and market-competitive remuneration packages for its 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 complied with the applicable code provisions in the Corporate Governance Code and Corporate Governance Report 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 of the Company 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.

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 ("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 ended 31 December 2013 of 1.5 HK cents in cash per share, approximately HK$7,186,000 in total, payable to shareholders whose names appear on the register of members of the Company on Thursday, 15 May 2014.

The recommended final dividend for the Year, which will be payable on or around Thursday, 17 July 2014, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting for payment on or around Thursday, 8 May 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 7 May 2014 to Thursday, 8 May 2014, 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, Wanchi, Hong Kong (to be moved to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) not later than 4:30 p.m.on Monday, 5 May 2014.

The register of members of the Company will also be closed from Wednesday, 14 May 2014 to Thursday, 15 May 2014, 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, 13 May 2014.

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 (http://www.hkexnews.hk) and the Company (http://www.manyue.com) on or before Wednesday, 30 April 2014.

APPRECIATION

I would like to take this opportunity to thank all the shareholders, business partners, bankers and customers for their continuing support to 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.

By order of the Board
Man Yue Technology Holdings Limited
Kee Chor Lin
Chairman

Hong Kong, 14 March 2014

As at the date of this announcement, the executive directors of the Company are Ms. Kee Chor Lin, Mr. Chan Yu Ching, Eugene, Mr. Wong Ching Ming, Stanley and Mr. Yeung Yuk Lun and the independent non-executive directors of the Company are Dr. Li Sau Hung, Eddy, Mr. Lo Kwok Kwei, David and Mr. Mar, Selwyn.