萬 裕 國 際 集 團 有 限 公 司 *

MAN YUE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0894)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

RESULTS HIGHLIGHTS

- Revenue of HK$1,285,979,000, representing a year-on-year decline of 6.8%
- Gross profit of HK$246,492,000, representing a gross margin of 19.2%
- EBITDA of HK$211,825,000, compared with HK$224,151,000 of prior year
- Operating profit of HK$115,278,000, compared with HK$115,836,000 of prior year
- Net profit of HK$90,197,000, representing a net margin of 7.0%
- Net gearing ratio of 38.7% and continuing to improve
- Proposed final dividend of HK 0.5 cents per share
- Net assets value of HK$2.01 per share, compared with HK$1.76 of prior year

FINAL RESULTS

On behalf of the Board of Directors (the "Board"), I am pleased to present the financial results of Man Yue International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2008 together with the comparative figures for the prior year. These financial results have been reviewed by the audit committee of the Company (the "Audit Committee").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000 (Restated)
Revenue	2 & 3	**1,285,979**	1,380,334
Cost of sales		**(1,039,487)**	(1,090,746)
Gross profit		**246,492**	289,588
Other income and gains	4	**89,220**	12,723
Selling and distribution costs		**(47,400)**	(49,043)
Administrative expenses		**(171,078)**	(133,260)
Other operating expenses		**(1,956)**	(4,172)
		115,278	115,836
Changes in fair value of investment properties		**(6,100)**	29,202
Finance costs	5	**(27,362)**	(23,148)
Finance income	6	**12,897**	2,694
Net finance costs		**(14,465)**	(20,454)
Share of results of jointly-controlled entities		**10,482**	18,349
Share of result of an associate		**1,928**	—
		12,410	18,349
Profit before tax	7	**107,123**	142,933
Tax	8	**(16,926)**	(7,168)
Profit for the year		**90,197**	135,765
Attributable to:			
Equity holders of the Company		**90,197**	135,765
Dividends	9	**16,733**	40,659
Earnings per share attributable to equity holders of the Company	10		
Basic		**HK18.87 cents**	HK28.88 cents
Diluted		**N/A**	HK28.65 cents

CONDENSED CONSOLIDATED BALANCE SHEET

31 December 2008

	Notes	2008 HK$'000	2007 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**677,912**	574,619
Investment properties		**29,500**	71,000
Prepaid land premiums		**95,517**	91,797
Other intangible asset		**—**	4
Investments in jointly-controlled entities		**42,716**	26,230
Investment in an associate		**35,851**	—
Deposits on purchases of property, plant and equipment		**29,953**	41,914
Prepayments		**1,650**	8,543
Deferred tax assets		**4,634**	3,167
Total non-current assets		**917,733**	817,274
CURRENT ASSETS			
Inventories		**305,898**	264,797
Trade receivables	11	**278,556**	303,808
Prepayments, deposits and other receivables		**84,227**	40,566
Loans to a jointly-controlled entity		**55,848**	44,302
Due from jointly-controlled entities		**15,624**	3,854
Available-for-sale investments		**2,570**	8,476
Short term investments		**38**	119
Derivative financial instruments		**1,984**	5,145
Tax recoverable		**8,546**	1,415
Cash and cash equivalents	12	**406,466**	390,683
Total current assets		**1,159,757**	1,063,165
CURRENT LIABILITIES			
Trade payables	13	**182,987**	243,791
Other payables and accrued liabilities		**78,879**	70,902
Derivative financial instruments		**1,308**	2,001
Tax payable		**4,618**	4,304
Bank loans		**474,976**	194,487
Finance lease payables		**21**	254
Dividend payable		**5,078**	16
Total current liabilities		**747,867**	515,755
NET CURRENT ASSETS		**411,890**	547,410
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,329,623**	1,364,684

	Notes	2008 HK$'000	2007 HK$'000 (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,329,623**	1,364,684
NON-CURRENT LIABILITIES			
Bank loans		**300,286**	459,814
Finance lease payables		—	21
Provision for long service payments		**1,578**	1,578
Deferred tax liabilities		**6,072**	2,581
Deferred income		**61,437**	60,019
Total non-current liabilities		**369,373**	524,013
Net assets		**960,250**	840,671
EQUITY			
Share capital		**47,809**	47,764
Reserves		**903,928**	766,612
Proposed final dividend		**2,390**	26,295
Equity attributable to equity holders of the Company		**954,127**	840,671
Minority interests		**6,123**	—
Total equity		**960,250**	840,671

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

These 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"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain buildings, derivative financial instruments and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except where otherwise indicated.

Impact of New and Revised Hong Kong Financial Reporting Standards

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

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures — Reclassification of Financial Assets*
HK(IFRIC) — Int 11	*HKFRS 2 — Group and Treasury Share Transactions*
HK(IFRIC) — Int 12	*Service Concession Arrangements*
HK(IFRIC) — Int 14	*HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

2. SEGMENT INFORMATION

No business segment information is presented as over 90% of the Group's revenue relates to the manufacture and trading of electronic components and electrical products.

Geographical segments

The following table presents revenue and certain assets and expenditure information of the Group by geographical segments for the year ended 31 December 2008 and 2007.

	Hong Kong		Mainland China		Taiwan		Southeast Asia		Europe	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated)
Segment revenue:										
Sales to external customers	**136,285**	151,653	**342,745**	360,411	**491,741**	521,548	**170,595**	227,289	**46,863**	35,114
Other segment information:										
Segment assets	**284,060**	286,288	**1,483,410**	1,377,398	**79,854**	84,065	**18,066**	30,100	**11,849**	6,077
Interests in jointly-controlled entities	**—**	—	**114,188**	74,386	**—**	—	**—**	—	**—**	—
Investment in an associate	**—**	—	**—**	—	**35,851**	—	**—**	—	**—**	—
Unallocated assets										
Capital expenditure	**—**	2,010	**161,195**	175,045	**37,792**	—	**—**	—	**—**	—

	Korea		United States of America		Other countries		Consolidated	
	2008	2007	**2008**	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**31,667**	53,594	**32,657**	20,968	33,426	9,757	1,285,979	1,380,334
Other segment information:								
Segment assets	**2,416**	3,413	**2,896**	3,675	29,112	1,860	1,911,663	1,792,876
Interests in jointly-controlled entities	**—**	—	**—**	—	—	—	114,188	74,386
Investment in an associate	**—**	—	**—**	—	—	—	35,851	—
Unallocated assets							15,788	11,762
							2,077,490	1,879,024
Capital expenditure	**—**	—	**—**	—	—	—	198,987	177,055

3. REVENUE

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

An analysis of revenue is as follows:

	For the year ended 31 December	
	2008	2007
	HK$'000	*HK$'000*
Manufacturing and trading of electronic components	**1,272,989**	1,339,386
Trading of raw materials	**12,546**	29,375
Sales of equity investments	**—**	11,122
Dividend income from available-for-sale investments	**444**	451
	1,285,979	1,380,334

4. OTHER INCOME AND GAINS

	For the year ended 31 December	
	2008	2007
	HK$'000	*HK$'000*
Other income		
Insurance compensation	**77,881**	—
Reinvestment tax credit	**—**	4,564
Others	**3,587**	3,083
	81,468	7,647
Gains		
Gain on disposal of an investment property	**7,752**	—
Fair value gain on derivative instruments — transactions not qualifying as hedges	**—**	5,076
	7,752	5,076
	89,220	12,723

5. FINANCE COSTS

	For the year ended 31 December	
	2008	2007
	HK$'000	*HK$'000*
Interest expenses on bank loans, overdrafts and other loans wholly repayable within five years	**27,352**	23,116
Interest on finance leases	**10**	32
	27,362	23,148

6. FINANCE INCOME

	For the year ended 31 December	
	2008	2007
	HK$'000	*HK$'000*
Interest income from term deposits and bank balances	**12,897**	2,694

7. PROFIT BEFORE TAX

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

	For the year ended 31 December	
	2008	2007
	HK$'000	*HK$'000*
Depreciation for property, plant and equipment	**75,724**	56,983
Recognition of prepaid land premiums	**1,613**	994
Amortisation of other intangible asset	**3**	93
(Gain)/loss on disposal of property, plant and equipment	**(145)**	400
Fair value loss/(gain) on derivative instruments — transactions not qualifying as hedges, net	**2,468**	(3,144)
Fair value loss/(gain) on short term investments	**81**	(29)

8. TAX

	For the year ended 31 December	
	2008	2007
	HK$'000	*HK$'000*
Charge for the year:		
Current:		
Hong Kong	**2,415**	279
Mainland China	**12,573**	9,167
Overseas	**(6)**	6
Overprovision in prior years	**(25)**	(529)
	14,957	8,923
Deferred	**1,969**	(1,755)
Total tax charge for the year	**16,926**	7,168

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on assessable profits arising outside Hong Kong have been calculated at the applicable tax rates prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

In accordance with the relevant tax rules and regulations in Mainland China, certain subsidiaries in Mainland China enjoy tax reductions. Accordingly the subsidiaries in Mainland China are subject to income taxes at applicable rates ranging from 12.5% to 25%.

The tax affairs of certain subsidiaries of the Group for prior years are currently under review by the Hong Kong Inland Revenue Department ("IRD"). In connection with the review of the IRD, notices of assessments were issued to the concerned subsidiaries for the years from 1998 to 2001 and objections were lodged with the IRD. Tax reserve certificates of approximately HK$8.5 million were purchased by the Group as at the year end date.

Whilst management considers that the subsidiaries have grounds to support their tax position for prior years, the outcome of the review remains undetermined at the date of this announcement. The directors of the Company, after consultation with the Company's tax advisers, consider that it is premature to estimate the amount of potential liabilities, if any, that may arise from the review and accordingly no additional tax provision has been made in the financial statements as at 31 December 2008.

9. DIVIDENDS

	For the year ended 31 December	
	2008	2007
	HK$'000	*HK$'000*
2007		
Additional final dividend	—	58
2008		
Interim — HK3.0 cents (2007: HK3.0 cents) per ordinary share	**14,343**	14,306
Proposed final — HK0.5 cents (2007: HK5.5 cents) per ordinary share	**2,390**	26,295
	16,733	40,659

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

10. 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$90,197,000 (2007: HK$135,765,000), and the weighted average of 478,035,000 (2007: 470,050,000) ordinary shares in issue during the year.

A diluted earnings per share for the year ended 31 December 2008 has not been disclosed as the warrants outstanding during the year had an anti-dilutive effect on the basic earnings per share for the year.

In 2007, the calculation of diluted earnings per share was based on the profit for the year attributable to equity holders of the Company of HK$135,765,000. The weighted average number of ordinary shares used in the calculation is 470,050,000 ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average of 2,567,000 and 1,286,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all warrants and share options during the prior year.

11. TRADE RECEIVABLES

Trade receivables generally have credit terms ranging from 90 to 150 days. An aged analysis of trade receivables at the balance sheet date, based on the payment due date and net of provisions, is as follows:

	31 December	31 December
	2008	2007
	HK$'000	*HK$'000*
Current and within payment term	**210,447**	260,560
1 to 3 months past due	**57,029**	30,864
4 to 6 months past due	**1,610**	2,626
7 to 12 months past due	**8,840**	7,382
Over 1 year past due	**630**	2,376
	278,556	303,808

12. CASH AND CASH EQUIVALENTS

	31 December 2008 HK$'000	31 December 2007 HK$'000
Cash and bank balances	**216,633**	92,007
Time deposits	**189,833**	298,676
	406,466	390,683

13. TRADE PAYABLES

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

	31 December 2008 HK$'000	31 December 2007 HK$'000
Accounts payable:		
Less than 3 months	**47,681**	134,265
4 to 6 months	**91,466**	37,772
7 to 12 months	**8,612**	1,199
Over 1 year	**4,161**	650
	151,920	173,886
Bills payable	**31,067**	69,905
	182,987	243,791

14. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, on 13 February 2009, the Group disposed of the remaining investment properties for a total cash consideration of HK$30,000,000. Of the total consideration, HK$3,000,000 has been received by the Group and the remaining balance of HK$27,000,000 will be received upon completion which is scheduled to take place in May 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The financial year ended 31 December 2008 has been an extraordinary one for many global enterprises, including major players in the Aluminium Electrolytic Capacitors ("E-Caps") industry. In 2008, many E-Caps makers enjoyed a good revenue growth in the first three quarters but were confronted with a volatile or recessionary fourth quarter as a result of the widespread global economic turmoil that took place in late 2008.

Inevitably, the Group has also been affected by this widespread global economic turmoil. Despite positive revenue growth were experienced for three consecutive quarters in 2008, an abnormal decline in customer orders in the fourth quarter had off-set the healthy gains in the first three quarters. For the first time in the past six financial years, the Group recorded a negative revenue growth.

Financial Results

Revenue for the year mildly declined by 6.8% to HK$1,285,979,000. Considering the impacts of the global economic turmoil in late 2008, this slight decline in revenue can be regarded as a satisfactory performance.

Gross margin declined to 19.2% as compared with 21.0% in prior year. This drop was mainly caused by under-utilisation of production capacities in the fourth quarter of 2008.

Earnings before interest, tax, depreciation and amortization ("EBITDA") stood at HK$211,825,000 for the year as compared with HK$224,151,000 for prior year.

Operating profit before changes in fair value of investment properties for the year stood at HK$115,278,000 which compared with HK$115,836,000 in the prior year.

The results for 2008 were affected by several non-recurring or one-off elements in the income statements, including an one-off receipt of insurance compensation; significant provisions for impairment in the fair value of investment properties, accounts receivables and inventory; significant increase in administrative expenses as higher provisions were made for social welfare contributions due to the introduction of a new labour contract law in Mainland China; and additional taxation charges due to the introduction of the new 2008 enterprise income tax regulations in Mainland China. If we take out the impacts of all these non-recurring or one-off elements in the income statements of 2008 and 2007, we can see that the normal operating results for both years would be basically in line.

Market Overview

Towards the end of 2008, many E-Caps manufacturers have been confronted with an unprecedented world-wide economic turmoil. Abrupt shrinkage in global consumer demands caused many electronic companies to take reactive responses which include: suspending or cancelling of purchase orders, shifting of purchase orders to other vendors that offer good quality and competitive prices, trying to use up component inventories on-hand to reduce working capital requirements.

The above phenomenon has caused several changes in the market dynamics in this global E-Caps market. Smaller and less competitive E-Caps manufacturers are facing financial difficulties because of reduced customers' orders and inability to generate adequate cash flows to fund their operating costs. At the other end of the spectrum, the large size and high-end Japanese E-Caps manufacturers are also facing other challenges. Currency fluctuations, especially the appreciation of Japanese yen and devaluation of United States dollars, had eroded into their operating margins. These Japanese E-Caps makers are therefore reluctant to reduce selling price to meet customers' requirements. Consequently, their key or loyal customers may have to seek alternate suppliers in the market.

Man Yue is the only non-Japanese company within the top five E-Caps manufacturers in the world. The Group is also well-known for its high quality products at relatively competitive prices. Owing to its unique position, the Group is enjoying the shift in the market shares from higher price but similar quality (Japanese) E-Caps suppliers to the Group. At the same time, there was another shift in the market share from less competitive, less viable smaller E-Caps manufacturers to the stronger and more competitive suppliers. Owing to these two-directional shifts in market share, the Group is expecting to increase its market share in this challenging environment.

Business Review

Electronic components

Revenue from the sale of E-Caps and Conductive Polymer Aluminum Solid Capacitors ("Polymer Caps") recorded a mild negative revenue growth of 5% to HK$1,272,989,000. This indicated that the demands for the Group's E-Caps products remained strong even at recessionary times. This also demonstrated once again that the Group's products are resilient to market down turns. When the economy got worse, more customers or potential customers are seeking supply from the Group to substitute for similar quality but higher price Japanese E-Caps.

Among various geographical regions, we saw revenue growth in the areas such as Europe and the USA. This has been caused by increase in sales of the Group's innovative products such as Polymer Caps, V-Chips, long-life ballast (for energy saving lamps), high voltage screw type and high performance low ESR series. Most of these new products were applied in the growing market segments such as netbook computers, game consoles, energy saving lamps, environmental products, industrial products and digital hand-held consumer electronic products.

Aluminum foil

During the year, the aluminum foils produced by Qingyuan and Urumqi factories continued to provide a stable supply of high quality aluminum foils for the Group's internal consumption. In most parts of 2008, the self-sufficiency ratio has been maintained at approximately 40%. During the fourth quarter of 2008, the self-sufficiency rate soared to over 50% as the Group reduced the purchase of aluminum foils from overseas vendors.

Research and Development

The Group has been well recognized as one of the leaders in technological development in the E-Caps industry. Apart from the launch of several series of Polymer Caps since 2006, the brand new Electric Double-Layered Capacitors ("EDLCs") were launched in 2008. This new breed of capacitors acts as energy storage devices for applications in various types of energy savings and environmental protection products. Further down the product development roadmap, researches are taking place in the development of another brand new type of specialty polymer capacitors. This product segment is currently only offered by a few global E-Caps vendors and the product has immense market potential. The Group is expecting to launch this new product in 2010. In addition, the Group is also seriously engaging into the research of a brand new energy storage devise that supports the scientific research and development of the next generation of electrical transportation equipment.

The Group is also proud to announce that certain subsidiaries in Mainland China had already been granted the "Advance and High Technology Enterprises Certificate" in 2008. Apart from the tax benefits that this certificate will bring, it also demonstrates the strength of the Group's R&D capability.

Awards won in 2008

The Group is proud to report that its management team has won several accreditations during 2008, which include:

(1) "Top Ten Well-known Brand Capacitors 2008" (in China);

(2) "2008 Awards for Industries: Environmental Performance Certificate of Merit";

(3) "Hong Kong's 100 most Influential Brands for 2008"; and

(4) the Group's Managing Director, Mr. Eugene Chan, has been accredited the "Young Industrialist Awards of Hong Kong 2008".

Liquidity and Financial Resources

At 31 December 2008, the Group's gross borrowings in respect of bank loans and finance leases amounted to HK$775,283,000 (31 December 2007: HK$654,576,000). Of this amount, HK$474,997,000 was included in current liabilities. This amount can be further divided into current portion of long term bank loans of HK$245,264,000; trade finance credits of HK$103,859,000; and revolving credits of HK$125,874,000. Included in non-current liabilities were bank loan facilities that is repayable between one to two years of HK$163,143,000 and repayable between two to five years of HK$137,143,000.

After deducting cash and cash equivalents of HK$406,466,000 (31 December 2007: HK$390,683,000), the Group's net borrowing position at 31 December 2008 was HK$368,817,000 (31 December 2007: HK$263,893,000). The increase in net borrowing was mainly due to the increase in trade finance credits as a result of raw materials purchased in the third and fourth quarters of 2008. Shareholders' equity at 31 December 2008 was HK$954,127,000 (31 December 2007: HK$840,671,000). Accordingly, the Group's net borrowing to shareholders' equity ratio was 38.7% (31 December 2007: 31.4%). Subsequent to the year end date, as at 31 March 2009, the net borrowing to shareholders' equity ratio improved to 37.9%.

During the year, the Group generated net cash inflow from operating activities of HK$30,268,000. This figure represented profit before tax of HK$107,123,000, plus adjustments for non-cash items such as depreciation and amortization of HK$77,340,000, minus net increase in working capital of HK$120,932,000 and other adjustments of HK$33,263,000.

The cash outflow from investing activities for the year was HK$248,538,000 which included: purchases of property, plant and equipment of HK$105,629,000; acquisition of shares in an associate and a subsidiary of HK$56,641,000; placing of bank deposits with maturity periods over three months of HK$77,499,000 and other items of HK$8,769,000. During the year, the Group also disposed of an investment property in Hong Kong which generated a cash inflow from investing activities of HK$43,152,000. The net cash outflow from investing activities of HK$205,386,000 was financed by cash inflow from operations and bank loan facilities.

The Group's financial statements are denominated in Hong Kong dollars. The Group conducts its business transactions mainly in Hong Kong dollars, Renminbi, United States dollars and Japanese yens. As Hong Kong dollar remains pegged to United States dollar, there is no material exchange risk in this respect. The Group receives Renminbi from its customers and at the same time incurs Renminbi expenditures. The receipts, however, cannot fully offset the payments in Renminbi and therefore the sharp appreciation of Renminbi during the year caused an additional financial burden to the Group. The Group is now increasing its revenue within Mainland China and hopefully the additional receipts in Renminbi will eventually hedge against its Renminbi expenditures. The Group monitors its foreign exchange exposure in Japanese yens and Renminbi mainly by entering into cash flow hedging forward contracts.

Most of the Group's long-term bank loan facilities are denominated in Hong Kong Dollars and carry interests at floating rates. Credit risk was hedged mainly through credit insurance policies.

Outlook

Despite the fact that negative sentiment is still prevailing in the global E-Caps market, the Group is cautiously confident of achieving a relatively stable performance in 2009. The Group believes that the drastic corrective actions taken by certain customers in late 2008 might have been exaggerated. Based on statistics and information available to the Group, it is believed that E-Caps inventories in the entire supply chain have become very lean. Our customers are placing rush orders since February 2009 and urging the Group to deliver its products to them at a very short time-frame. In addition, the Group has obtained positive indications from its key customers that the Group should expect a significant increase in orders in the second half of 2009. These customers reckon that the global consumer demands are recovering faster than they have originally expected.

The Group believes that first half of 2009 may continue to be challenging as most electronic brands will delay the launching of new models or products until the second half year. However, the Group is expecting higher revenue growth in the second half year to cater for the rise in forecast demands from customers in that period.

In 2009, one of the key management focuses is to tighten or strengthen the Group's cash and liquidity positions. This includes selection of customers with lower credit risks, tightening of credit control and speeding up of collection from customers. Inventory level will be lowered to release more cash for operational needs. Major capital expenditures will be put on hold until there are clear signs of economic recovery. New cost rationalization schemes will also be implemented to enhance cost competitiveness of the Group's products. With the above strategies in place, the Group is targeting to improve its net gearing ratio.

The PRC government's new policy to stimulate domestic demands, such as channeling of home electrical appliances or computers to the country-side, the granting of the new 3G telecommunication platforms etc. will help to boost the domestic sales of the Group. The new regulations in Europe enforcing the use of energy saving lamps for environment protection reasons also help the Group in selling its ballast type of E-Caps for energy saving lamps. In summary, the Group expects that government policies in different parts of the world would be favourable to the Group's business in the coming years.

New product innovation has been a key emphasis of the Group. The Group's R&D team is joining hands with the Research Institutes of the Shenzhen Tsinghua University in developing new generations of energy storage capacitors that may be applied in the electrical transportation equipments of the next generation. We are also speeding up the development of new products that suit tomorrow's requirements.

In conclusion, the Group has experienced several global economic crisis in the past decade. The financial strength of the Group has improved after passing these crisis. With your continuing support, the Group has confidence and capability in delivering satisfactory results in the years to come.

EMPLOYMENT AND REMUNERATION POLICY

At 31 December 2008, the Group employed 76 employees in Hong Kong (31 December 2007: 88) and employed a total work force of approximately 3,240 (31 December 2007: 4,901) being its staff in Mainland China and overseas offices.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Group has adopted the Code Provisions as set out in the Code on Corporate Governance Practices ("CGP") 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"). During the year 2008, none of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not in compliance with the CGP except for the following deviations:

(i) Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The Company did not have a separate role of Chairman and Chief Executive Officer until 10 October 2008. Prior to that date, Mr. Chan Ho Sing (former Chairman, who deceased on 7 October 2008) took the role of Chairman and Chief Executive Officer of the Group. Effective on 10 October 2008, Ms. Kee Chor Lin was appointed as Chairman of the Group and Mr. Chan Yu Ching, Eugene was also appointed as Managing Director of the Group. The Company is now in compliance with Code Provision A.2.1.

(ii) All the Independent Non-Executive Directors ("INEDs") are not appointed for specific terms but are subject to retirement by rotation 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 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 have confirmed that they have fully complied with the Model Code throughout the year.

AUDIT COMMITTEE

The Audit Committee has reviewed with management 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.

PROPOSED FINAL DIVIDEND

The Board has resolved to declare a final dividend for the year ended 31 December 2008 of HK0.5 cents (2007: HK5.5 cents) in cash per ordinary share, totalling HK$2,390,000, payable on 3 July 2009 to shareholders whose names appear on the register of members of the Company on Tuesday, 2 June 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 26 May 2009 to Tuesday, 2 June 2009, both days inclusive, during which period no transfer of shares and no share of the Company will be issued upon exercise of any subscription right attaching to the outstanding warrants issued by the Company will be effected. In order to qualify for the final dividend, all transfer, accompanied by the relevant share certificates and all duly completed subscription forms accompanied by the relevant warrant certificate and the appropriate subscription monies, must be lodged for registration with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4.00 p.m. on Monday, 25 May 2009.

PUBLICATION OF FURTHER INFORMATION

This announcement will be published on the Stock Exchange's website and the Company's website. An annual report for the year ended 31 December 2008 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company by the end of April 2009.

APPRECIATION

I would like to take this opportunity to express my sincere thanks to the shareholders and bankers for their continuing support to the Group. I would also extend my appreciations to my fellow directors, senior management team and staff for their dedication and commitment to managing various business segments of the Group.

MEMBERS OF THE BOARD

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. Tso Yan Wing, Alan as Executive Directors, and Dr. Li Sau Hung, Eddy, Mr. Lo Kwok Kwei, David and Mr. Mar, Selwyn as INEDs.

On behalf of the Board
Man Yue International Holdings Limited

Kee Chor Lin
Chairman

Hong Kong, 21 April 2009

* *For identification purpose only*