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**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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015**

### **RESULTS HIGHLIGHTS**

- Revenue dropped to HK\$445,604,000 from HK\$597,732,000 for the Corresponding Period
- Gross profit margin was 15.3%, compared with 22.8% for the Corresponding Period
- EBITDA of HK\$24,505,000, representing an EBITDA margin of 5.5%, compared with 16.5% for the Corresponding Period
- Loss for the Period was HK\$46,800,000, compared with profit of HK\$32,838,000 for the Corresponding Period
- Net debt to equity ratio slightly increased to 29.8%, compared with 28.4% as at 31 December 2014
- Net assets per share of HK\$3.16, compared with HK\$3.27 per share as at 31 December 2014

### **INTERIM RESULTS**

On behalf of the Board of Directors (the “Board”) of Man Yue Technology Holdings Limited (the “Company”), I am pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2015 (the “Period”) together with the comparative figures for the corresponding period in last year (the “Corresponding Period”).

# UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	Notes		
<b>Revenue</b>	<b>3 &amp; 4</b>	<b>445,604</b>	597,732
Cost of sales		<u>(377,443)</u>	<u>(461,234)</u>
Gross profit		<b>68,161</b>	136,498
Other income		<b>3,055</b>	4,957
Other gains, net		<b>3,900</b>	10,427
Selling and distribution costs		<b>(25,886)</b>	(31,224)
Administrative expense		<u><b>(71,265)</b></u>	<u>(71,619)</u>
Operating (loss)/profit	<b>5</b>	<b>(22,035)</b>	49,039
Change in fair values of derivative financial instruments	<b>6</b>	<b>(3,027)</b>	(3,175)
Finance costs	<b>7</b>	<b>(16,533)</b>	(14,392)
Finance income	<b>7</b>	<b>4,392</b>	3,857
Share of results of joint ventures		<b>(1,895)</b>	1,189
Share of results of an associate		<u><b>(1,450)</b></u>	<u>(124)</u>
(Loss)/profit before tax		<b>(40,548)</b>	36,394
Tax	<b>8</b>	<u><b>(6,252)</b></u>	<u>(3,556)</u>
(Loss)/profit for the period		<u><b>(46,800)</b></u>	<u>32,838</u>
(Loss)/profit attributable to:			
– Equity holders of the Company		<b>(46,784)</b>	32,665
– Non-controlling interests		<u><b>(16)</b></u>	<u>173</u>
		<u><b>(46,800)</b></u>	<u>32,838</u>
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company	<b>9</b>		
– Basic		<b>(9.76) HK cents</b>	6.82 HK cents
– Diluted		<u><b>(9.76) HK cents</b></u>	<u>6.82 HK cents</u>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Dividends</b>	<b>10</b>	<u><b>–</b></u>	<u>7,189</u>

# **UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>For the six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
(Loss)/profit for the period	<u>(46,800)</u>	<u>32,838</u>
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit or loss		
– Change in fair value of available-for-sale investments	49	78
– Currency translation differences	<u>(3,445)</u>	<u>(9,928)</u>
Other comprehensive loss for the period, net of tax	<u>(3,396)</u>	<u>(9,850)</u>
Total comprehensive (loss)/income for the period	<u><b>(50,196)</b></u>	<u><b>22,988</b></u>
Total comprehensive (loss)/income attributable to:		
– Equity holders of the Company	(50,196)	22,860
– Non-controlling interests	<u>–</u>	<u>128</u>
	<u><b>(50,196)</b></u>	<u><b>22,988</b></u>

# UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	As at	
	30 June	31 December
	2015	2014
	(Unaudited)	(Audited)
Notes	HK\$'000	HK\$'000
<b>Non-current assets</b>		
Property, plant and equipment	770,526	793,139
Prepaid land premium	77,039	77,851
Investment properties	140,188	138,872
Intangible assets	1,501	1,890
Investments in joint ventures	103,157	105,006
Investment in an associate	72,087	76,671
Prepayments on purchases of property, plant and equipment	80,549	87,910
Available-for-sale investments	12,229	13,881
Other prepayments	2,036	2,196
Deferred tax assets	13,488	15,862
Total non-current assets	1,272,800	1,313,278
<b>Current assets</b>		
Inventories	468,344	449,594
Trade receivables	330,279	311,233
Prepayments, deposits and other receivables	75,189	79,321
Loans to a joint venture	101,139	102,760
Due from joint ventures	40,535	38,305
Due from an associate	7,622	38,431
Financial assets at fair value through profit or loss	124	59
Tax recoverable	2,651	2,939
Time deposits over three months	–	12,676
Cash and cash equivalents	495,052	400,839
Total current assets	1,520,935	1,436,157

		As at 30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
	Notes		
<b>Current liabilities</b>			
Trade and bills payables	12	172,264	168,207
Other payables and accrued liabilities		66,410	64,866
Due to joint ventures		19,123	20,339
Derivative financial instruments		5,037	5,631
Tax payable		7,630	4,831
Bank loans	13	925,026	505,646
Dividends payable		4,834	41
		<u>1,200,324</u>	<u>769,561</u>
<b>Total current liabilities</b>		<u>1,200,324</u>	<u>769,561</u>
<b>Net current assets</b>		<u>320,611</u>	<u>666,596</u>
<b>Total assets less current liabilities</b>		<u>1,593,411</u>	<u>1,979,874</u>
<b>Non-current liabilities</b>			
Bank loans	13	20,000	352,219
Derivative financial instruments		12,051	11,207
Provision for long service payments		1,040	1,040
Deferred tax liabilities		33,900	33,573
Deferred income		12,528	12,690
		<u>79,519</u>	<u>410,729</u>
<b>Total non-current liabilities</b>		<u>79,519</u>	<u>410,729</u>
<b>Net assets</b>		<u>1,513,892</u>	<u>1,569,145</u>
<b>Equity</b>			
Share capital		47,924	47,924
Reserves		1,460,677	1,511,138
Proposed dividend	10	–	4,792
		<u>1,508,601</u>	<u>1,563,854</u>
<b>Equity attributable to equity holders of the Company</b>		<u>1,508,601</u>	<u>1,563,854</u>
Non-controlling interests		<u>5,291</u>	<u>5,291</u>
<b>Total equity</b>		<u>1,513,892</u>	<u>1,569,145</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## 2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in the annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no new or amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

The following new or amended standards have been issued but are not yet effective for the financial year beginning 1 January 2015 and have not been early adopted:

- HKAS 16 and HKAS 38 Amendment – Classification of Acceptable Methods of Depreciation and Amortisation<sup>1</sup>
- HKAS 16 and HKAS 41 Amendment – Agriculture: Bearer Plants<sup>1</sup>
- HKAS 27 Amendment – Equity Method in Separate Financial Statements<sup>1</sup>
- HKFRS 9 – Financial Instruments<sup>3</sup>
- HKFRS 10 and HKAS 28 Amendments – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>1</sup>
- HKFRS 11 Amendment – Accounting for Acquisitions of Interests in Joint Operations<sup>2</sup>
- HKFRS 14 – Regulatory Deferral Accounts<sup>1</sup>
- HKFRS 15 – Revenue from Contracts with Customers<sup>2</sup>
- Annual Improvements Project – Annual Improvements 2012-2014 Cycle<sup>1</sup>

<sup>1</sup> Changes effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Changes effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Changes effective date to be determined

The Group has already commenced an assessment of the related impact of adopting the above new standard and amendments to standards to the Group. The Group is not yet in a position to state whether there would be substantial changes to the Group’s accounting policies and presentation of the financial statements.

### 3 SEGMENT INFORMATION

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

As 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:

	<b>For the six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	<b>445,604</b>	597,732
Gross profit	<b>68,161</b>	136,498
Gross profit margin (%)	<b>15.3%</b>	22.8%
EBITDA <sup>(i)</sup>	<b>24,505</b>	98,715
EBITDA margin (%)	<b>5.5%</b>	16.5%
Operating expenses <sup>(ii)</sup>	<b>97,151</b>	102,843
Operating expenses/Revenue (%)	<b>21.8%</b>	17.2%
(Loss)/profit for the period	<b>(46,800)</b>	32,838
Net (loss)/profit margin (%)	<b>(10.5%)</b>	5.5%
	<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Total assets	<b>2,793,735</b>	2,749,435
Equity attributable to equity holders of the Company	<b>1,508,601</b>	1,563,854
Inventories	<b>468,344</b>	449,594
Inventory turnover days	<b>201</b>	176
Trade receivables	<b>330,279</b>	311,233
Trade receivables turnover days	<b>116</b>	96
Trade and bills payables	<b>172,264</b>	168,207
Trade and bills payables turnover days	<b>74</b>	66
Total interest-bearing debt	<b>945,026</b>	857,865
Cash and cash equivalents	<b>495,052</b>	400,839
Time deposits over three months	<b>–</b>	12,676
Net debt	<b>449,974</b>	444,350
Net debt to equity ratio (%)	<b>29.8%</b>	28.4%

#### Notes

- i: EBITDA represents the earnings before interest expenses, tax, depreciation and amortisation.
- ii: Operating expenses represent the expenditure that the Group incurs as a result of performing its normal business operations, including selling and distribution costs and administrative expenses.

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

	<b>For the six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>		
Hong Kong	56,702	59,400
Mainland China	221,451	292,571
Taiwan	83,097	117,881
Southeast Asia	20,092	30,215
Korea	2,687	6,141
United States	16,973	32,585
Europe	27,609	29,342
Other countries	16,993	29,597
	<b>445,604</b>	<b>597,732</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets (exclude deferred tax assets and financial instruments)</b>		
Hong Kong	137,264	138,687
Mainland China	1,037,527	1,067,961
Other countries	72,292	76,887
	<b>1,247,083</b>	<b>1,283,535</b>

#### 4 REVENUE

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 is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Manufacturing and trading of electronic components	438,414	567,379
Trading of raw materials	7,190	30,353
	<b>445,604</b>	<b>597,732</b>



## 5 OPERATING (LOSS)/PROFIT

An analysis of the amounts presented as operating items in the financial information is given below:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Operating items</b>		
Depreciation of property, plant and equipment	47,292	47,232
Amortisation of prepaid land premium	839	369
Amortisation of intangible assets	389	328
	<u>48,520</u>	<u>47,929</u>

## 6 CHANGE IN FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Fair value losses on interest rate swap	(3,027)	(3,175)
	<u>(3,027)</u>	<u>(3,175)</u>

At 30 June 2015, 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 expenses for the periods covered by these contracts.

## 7 FINANCE COSTS AND FINANCE INCOME

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expenses on bank loans repayable within five years	(13,989)	(12,633)
Others	(2,544)	(1,759)
	<u>(16,533)</u>	<u>(14,392)</u>
Interest income from loan to a joint venture	2,142	2,138
Interest income from term deposits and bank balances	2,250	1,719
	<u>4,392</u>	<u>3,857</u>

## 8 TAX

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	1,758	1,744
Mainland China	1,803	2,808
	<hr/>	<hr/>
	3,561	4,552
Deferred tax	2,691	(996)
	<hr/>	<hr/>
Total tax charge for the period	<b>6,252</b>	<b>3,556</b>
	<hr/>	<hr/>

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period. 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.

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 (LOSS)/EARNINGS PER SHARE

The calculation of basic loss/earnings per share is based on the loss for the Period attributable to equity holders of the Company of HK\$46,784,000 (profit for the Corresponding Period: HK\$32,665,000), and the weighted average number of 479,240,000 (for the Corresponding Period: 479,167,000) ordinary shares in issue during the Period.

Diluted loss/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 loss per share for the Period was the same as the basic loss per share as the Company's share options outstanding during the Period were anti-dilutive potential ordinary shares.

The calculation of diluted earnings per share for the Corresponding Period was based on the profit attributable to equity holders of the Company of HK\$32,665,000. The weighted average number of ordinary shares used in the calculation was 479,167,000 ordinary shares in issue during the period, as used in the basic earnings per share calculation, and 59,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

## 10 DIVIDENDS

The final dividend for the year ended 31 December 2014 amounted to HK\$4,792,000 was paid on Thursday, 9 July 2015.

The Board of Directors did not recommend any interim dividend for the Period (for the Corresponding Period: 1.5 HK cents).

## 11 TRADE RECEIVABLES

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Trade receivables	340,107	319,450
Provisions for impairment of trade receivables	<u>(9,828)</u>	<u>(8,217)</u>
	<b><u>330,279</u></b>	<b><u>311,233</u></b>

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. Credit risk was hedged mainly through credit insurance policies.

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:

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Current and within payment terms	222,811	227,811
1 – 3 months past due	65,675	52,618
4 – 6 months past due	7,865	19,226
7 – 12 months past due	27,479	7,975
Over 1 year past due	<u>6,449</u>	<u>3,603</u>
	<b><u>330,279</u></b>	<b><u>311,233</u></b>

## 12 TRADE AND BILLS PAYABLES

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

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Trade payables:		
1 – 3 months	106,819	92,822
4 – 6 months	25,678	45,809
7 – 12 months	1,407	5,693
Over 1 year	<u>11,847</u>	<u>8,698</u>
	145,751	153,022
Bills payables	<u>26,513</u>	<u>15,185</u>
	<b><u>172,264</u></b>	<b><u>168,207</u></b>

## 13 BANK LOANS

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Bank loans, unsecured, repayable:		
Within one year, with reference to the repayment schedule	<b>487,302</b>	505,646
Within one year, related to borrowings with breached covenants	<b>437,724</b>	-
In the second year	<b>20,000</b>	269,572
In the third to fifth years, inclusive	<u>-</u>	<u>82,647</u>
	<b>945,026</b>	857,865
Portion classified as current liabilities	<u><b>(925,026)</b></u>	<u>(505,646)</u>
Non-current portion	<u><b>20,000</b></u>	<u>352,219</u>

As at 30 June 2015, the Group breached the covenant requirement of certain banking facilities. HK\$945 million of such banking facilities has been utilised as at 30 June 2015, of which HK\$438 million has been reclassified from non-current liabilities to current liabilities as a result of the breach. Accordingly, the bank borrowings of HK\$925 million were classified as current liabilities as they were either repayable on demand or repayable within one year. Subsequent to the period end, the Group has obtained one-off waivers from strict compliance with the covenant requirements in relation to all the outstanding bank borrowings.

Movement in bank loans is analysed as follows:

	<b>For the six months ended 30 June 2015 (Unaudited) HK\$'000</b>	2014 (Unaudited) HK\$'000
Opening balance, 1 January	<b>857,865</b>	873,798
New borrowings	<b>355,435</b>	341,334
Repayments of borrowings	<b>(268,178)</b>	(349,889)
Exchange realignment	<u><b>(96)</b></u>	<u>(1,842)</u>
Closing balance, 30 June	<u><b>945,026</b></u>	<u>863,401</u>

## **FINANCIAL RESULTS**

The revenue of the Group for the Period dropped to HK\$445,604,000, representing a decrease of 25.5% compared with that in the Corresponding Period. This is mainly attributable to the intense pricing pressure imposed by the competitors as a result of the depreciation of Japanese Yen and the significant decline in the global demand for electronic components during the Period.

Gross profit for the Period amounted to HK\$68,161,000, representing a gross profit margin of 15.3%, compared with 22.8% for the Corresponding Period. This is mainly due to the significant increase in manufacturing costs in Mainland China, in addition to the decrease in selling price during the Period.

During the Period, the Group recognised a loss arising from changes in fair values of derivative financial instruments of HK\$3,027,000. 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 decrease in fair values of these financial instruments in the consolidated income statement at the end of the Period. This item did not affect the cash flows of the Group.

The Group's EBITDA amounted to HK\$24,505,000, representing an EBITDA margin of 5.5%, compared with 16.5% for the Corresponding Period.

Loss for the Period was HK\$46,800,000, compared with profit of HK\$32,838,000 for the Corresponding Period. The Board did not recommend any interim dividend for the Period (30 June 2014: 1.5 HK cents per share).

## **BUSINESS REVIEW**

### **Market overview**

The demand for aluminum electrolytic capacitors ("E-Caps") and polymer aluminum solid capacitors ("Polymer Caps") dropped drastically in the first half of 2015 as a result of the general slowdown of the global economy especially in Mainland China. The overall consumption in the electronic sector remained weak in the past few quarters. The large-size Japanese E-caps manufacturers benefited from the Japanese Yen depreciation in the past years, which eroded the gross profit margins and profitability of our Group particularly in the first half of 2015. The Group continues to be one of the major global suppliers of these safety electronic components in the market. Our flagship brands – SAMXON® and X-CON® still maintain a very strong market position in the niche market segment. The competitive advantages of our high-quality products and stable supply of key raw materials enable the

Group to maintain its global market share in the electronic component segment. We expect a recovery of sales momentum in the consumer electronic and industrial sectors in the next few quarters.

The government of the People's Republic of China (the "PRC") continues to show its commitment to develop new energy industries and related applications. We are one of the very few suppliers in the world to supply such high technology components including electric double-layer capacitors ("EDLC"), EDLC modules and Powerfilm Capacitors at the moment. The Group expects the global demand for these energy-saving and energy-storage products will experience phenomenal growth in terms of volume and spectrum of applications in the next few years. We are now keen on developing these niche markets via production capacity expansion and effective penetration of existing sales networks.

### **Operation review**

In the past few years, the Group has successfully transformed from a single-product platform into a key global supplier of several critical electronic components including E-Caps, Polymer Caps, EDLC, Powerfilm, Multi-layer Polymer Capacitors ("MLPC"), aluminum foils and chemicals. The energy storage system ("ESS") product series provides a total solution for industrial power management and energy-storage applications such as wind and solar power system, new energy transportation vehicles, escalators power backup devices, national grid resources utilisation etc. It enhances our niche market position for low-carbon emission and new energy-related applications. To align this strategic move, we had already expanded the production space and capacities for ESS products last year. In addition to the successful research and development of the second generation of super-capacitors recently, the Group is in a position well prepared for capturing the market potential of ESS products in the near future.

During the Period, the Group continued the adjustment of its sales strategy by focusing on niche customers and eliminating low-margin products. We have been continuing to penetrate into first-tier PRC domestic market and key global electronic manufacturing segment in the past few years. With strong commitment to improve the overall competitiveness of our high-quality products, to enhance the efficiency of production processes and to strengthen the control over the manufacturing costs and overheads in Mainland China, we expect the contribution from our traditional product segment and ESS family series will increase gradually in the years to come.

The Group made an announcement on 16 September 2014 that the Group acquired the land use rights of a piece of land located in Qingyuan High-tech Industrial Development Zone of Guangdong Province, the PRC. The Group intends to use the land for the future development of our new ESS businesses, including but not limited to the research and development and the manufacture of the EDLC, EDLC modules, MLPC and Powerfilm Capacitors and other new energy-saving related products. The Group expects that the construction works will start in the first half of 2016.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group's total outstanding bank borrowings amounted to HK\$945,026,000 (31 December 2014: HK\$857,865,000), which comprised mainly bank loans and trade finance facilities. Despite the classification of HK\$437,724,000 as current loan portion due to the breach of the covenant requirement of certain banking facilities, the Group has obtained one-off waivers from strict compliance with the covenant requirements in relation to all the outstanding bank borrowings, and the maturity profile of the bank borrowings in accordance with repayment terms stipulated in the loan agreements falling due within one year and in the second to the fifth year amounted to HK\$487,302,000 and HK\$457,724,000 respectively (31 December 2014: HK\$505,646,000 and HK\$352,219,000, respectively).

After deducting cash and cash equivalents of HK\$495,052,000 (31 December 2014: HK\$400,839,000) and no time deposits over three months (31 December 2014: HK\$12,676,000), the Group's net borrowings amounted to HK\$449,974,000 (31 December 2014: HK\$444,350,000). Shareholders' equity as at 30 June 2015 was HK\$1,508,601,000 (31 December 2014: HK\$1,563,854,000). Accordingly, the Group's net gearing ratio was 29.8% (31 December 2014: 28.4%).

During the Period, the Group's net cash inflow from operating activities amounted to HK\$10,847,000. It represented loss before tax of HK\$40,548,000, after adjustments for non-cash items, including adding back depreciation and amortisation of HK\$48,520,000, adding share of results of joint ventures and an associate of HK\$3,345,000, deducting net changes in working capital of HK\$372,000 and deducting other adjustments of HK\$98,000. The Group's net cash outflow from investing activities for the Period amounted to HK\$2,692,000, which included purchases and prepayments for property, plant and equipment of HK\$17,066,000 and adding back other adjustments of HK\$14,374,000.

The Group's financial statements are presented in Hong Kong dollar. The Group carried out its business transactions mainly in Hong Kong dollar, Renminbi, United States dollar 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 fluctuation of the 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 dollar 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.

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 30 June 2015, the Group employed 71 staff in Hong Kong (31 December 2014: 75) and employed a total work force of 3,171 (31 December 2014: 2,846) 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.

## **OUTLOOK AND PROSPECTS**

The PRC government continues the strategic move to boost the development of key emerging new energy-related industries. The Group's existing product platform covers most of these product segments including new energy, new materials, energy saving, environmental protection and new energy vehicles. With solid ongoing national policies in place, the Group believes that it can capture such market opportunities through leveraging its existing well-established, unique and diversified product platform and adequate production capabilities in the next couple of years.

As one of the key global suppliers of electronic components, the Group will continue to align its strategic direction of strengthening its niche position as a main supplier across all electronic product segments. Our strength in advanced and innovative product research and development will continue to re-build the sales growth momentum in the next few years. Moreover, our bolstering research and development capabilities and collaboration with key leading universities provide a mature platform for the Group to develop quickly in the fast-growing renewable energy industries. Also, we will continue to widen the spectrum of applications for the existing products and develop innovative material science technology. The overall profitability will be improved gradually with the additional contribution from the continuous cost control and adjustment of sales strategies.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

The Company had not redeemed any of its shares and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the Period.

## **OTHER CHANGES IN DIRECTORS' INFORMATION**

Since the publication date of the 2014 annual report of the Company, there was a change in Directors' information which is reported as follows:



Mr. Mar, Selwyn was appointed as an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of China Kingstone Mining Holdings Limited, a company listed on the main board of the Stock Exchange, with effect from 14 July 2015.

Save as disclosed above, as at 30 June 2015, there had not been any other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

## **CORPORATE GOVERNANCE PRACTICES**

The Group has complied with the applicable code provisions in the Corporate Governance Code (the "Corporate Governance Code") as contained in Appendix 14 to the Listing Rules throughout the Period with the exception of the following deviations:

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 subject to the requirement of 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 as contained in the Corporate Governance Code during the Period.

## **COMPLIANCE WITH THE MODEL CODE**

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") 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 Period.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") comprises three members, namely Mr. Mar Selwyn, Dr. Li Sau Hung, Eddy and Mr. Lo Kwok Kwei, David and all of them are INEDs. None of them is employed by or otherwise affiliated with the former or existing auditors of the Company. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and the internal control of the Group in the interim financial report for the Period.

## **REMUNERATION COMMITTEE**

The Company established a remuneration committee (the “Remuneration Committee”) for the purpose of (i) determining the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; (ii) making recommendations to the Board of the remuneration of non-executive Directors; and (iii) establishing a transparent procedure for developing policy on such remuneration. The Remuneration Committee comprises two INEDs and one executive Director, namely Mr. Lo Kwok Kwei, David, Dr. Li Sau Hung, Eddy and Ms. Kee Chor Lin respectively. The Board would consult the chairman of the Remuneration Committee and provide sufficient resources to the Remuneration Committee to enable it to discharge its duties.

## **NOMINATION COMMITTEE**

The Company established a nomination committee (the “Nomination Committee”) for the purpose of (i) assisting the Board to run effectively and to go through a formal, fair and transparent process of reviewing the structure, size, composition of the Board and the balance and effectiveness of the Board in the light of the Board Diversity Policy, identifying the skills needed and appointing those who can provide them to the Board; (ii) leading the process for the appointment of the Directors; and (iii) identifying and nominating suitable candidates for appointment to the Board. The Nomination Committee comprises three INEDs and two executive Directors, namely Dr. Li Sau Hung Eddy, Mr. Lo Kwok Kwei, David, Mr. Mar Selwyn, Ms. Kee Chor Lin and Mr. Chan Yu Ching, Eugene respectively and the Nomination Committee is provided with sufficient resources enabling it to discharge its duties.

## **INTERNAL CONTROL**

The Board undertakes to periodically review the internal control and risk management systems of the Group to ensure their effectiveness and efficiency and is responsible for maintaining an effective internal control system of the Group.

In addition, an internal audit department was established to provide assurance to the Board and management on the effectiveness of internal controls. The internal audit manager reports directly to the Audit Committee.

## **INTERIM DIVIDEND**

The Board did not recommend any interim dividend for the Period (2014: 1.5 HK cents).

## **REVIEW OF INTERIM RESULTS**

The Audit Committee has reviewed this interim results announcement for the Period and the Company's external auditor, PricewaterhouseCoopers, has conducted a review of the interim financial information of the Group for the Period in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## **PUBLICATION OF FURTHER INFORMATION**

This announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.manyue.com>).

The interim report of the Company for the Period containing all the information, as required by the Listing Rules, will be dispatched to the shareholders and published on the websites of the Stock Exchange and the Company on or before Wednesday, 30 September 2015.

## **APPRECIATION**

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

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

Hong Kong, 12 August 2015

*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 Independent Non-executive Directors.*