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 2011

RESULTS HIGHLIGHTS

- Revenue of HK$763,733,000, representing an increase of 20.6% from HK$633,211,000 for the Corresponding Period
- Gross profit of HK$180,347,000, representing a rise of 19.4% from HK$151,017,000 for the Corresponding Period
- EBITDA of HK$135,504,000, representing an increase of 21.7% from HK$111,335,000 for the Corresponding Period
- Profit for the Current Period of HK$73,947,000, representing an increase of 40.2% from HK$52,741,000 of the Corresponding Period
- Net debt to equity ratio stood at 25.6% which compared with 17.6% at 30 June 2010 and 15.9% at 31 December 2010
- Interim dividend of HK3.0 cents per share, representing an increase of 200% from the Corresponding Period
- Net asset value per share of HK$2.66, representing an increase of 7.7% from HK$2.47 at 31 December 2010

INTERIM RESULTS

On behalf of the Board of Directors (the "Board"), I am pleased to present the unaudited interim results of Man Yue Technology Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the six months ended 30 June 2011 (the "Current Period") together with the comparative figures for the corresponding period in last year (the "Corresponding Period").

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30 June 2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Revenue	*3 & 4*	**763,733**	633,211
Cost of sales		**(583,386)**	(482,194)
Gross profit		**180,347**	151,017
Other income		**3,992**	3,090
Other gains, net		**1,409**	494
Selling and distribution costs		**(27,704)**	(23,339)
Administrative expenses		**(83,091)**	(60,538)
Operating profit	*5*	**74,953**	70,724
Change in fair value of derivative financial instruments	*6*	**(5,944)**	(10,974)
Finance costs	*7*	**(7,136)**	(5,522)
Finance income	*7*	**2,945**	2,031
Share of results of jointly-controlled entities		**15,335**	2,483
Share of results of an associate		**2,905**	2,601
Profit before tax		**83,058**	61,343
Tax	*8*	**(9,111)**	(8,602)
Profit for the period		**73,947**	52,741
Profit attributable to:			
– Equity holders of the Company		**74,065**	52,970
– Non-controlling interests		**(118)**	(229)
		73,947	52,741
Earnings per share for profit attributable to the equity holders of the Company	*9*		
– Basic		**HK15.48 cents**	HK11.07 cents
– Diluted		**HK15.46 cents**	HK11.06 cents
Dividends	*10*	**14,373**	4,784

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**73,947**	52,741
Other comprehensive income:		
Change in fair value of available-for-sale investment	**(2,143)**	–
Currency translation differences	**35,382**	11,790
Other comprehensive income for the period, net of tax	**33,239**	11,790
Total comprehensive income for the period	**107,186**	64,531
Total comprehensive income attributable to:		
– Equity holders of the Company	**107,213**	64,722
– Non-controlling interests	**(27)**	(191)
	107,186	64,531

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**660,317**	644,003
Prepaid land premium		**89,940**	88,859
Intangible assets		**3,286**	3,388
Investments in jointly-controlled entities		**79,402**	62,113
Investment in an associate		**49,488**	44,619
Prepayments on purchases of property, plant and equipment		**79,181**	57,808
Available-for-sale investment		**20,715**	22,341
Other prepayments		**290**	413
Deferred tax assets		**6,448**	4,665
Total non-current assets		**989,067**	928,209
Current assets			
Inventories		**422,228**	356,389
Trade receivables	*11*	**476,159**	367,725
Prepayments, deposits and other receivables		**43,729**	34,318
Loans to a jointly-controlled entity		**87,630**	82,491
Due from jointly-controlled entities		**19,640**	20,269
Financial assets at fair value through profit or loss		**77**	110
Derivative financial instruments		**1,266**	933
Tax receivables		–	388
Cash and cash equivalents		**462,386**	472,592
Total current assets		**1,513,115**	1,335,215
Current liabilities			
Trade and bills payables	*12*	**250,263**	251,029
Other payables and accrued liabilities		**76,516**	85,106
Derivative financial instruments		**2,240**	412
Tax payable		**14,595**	10,486
Bank loans		**433,567**	405,171
Dividend payables		**14,374**	22
Total current liabilities		**791,555**	752,226
Net current assets		**721,560**	582,989
Total assets less current liabilities		**1,710,627**	1,511,198

	Notes	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Total assets less current liabilities		**1,710,627**	1,511,198
Non-current liabilities			
Bank loans		**354,200**	254,415
Derivative financial instruments		**14,508**	10,804
Provision for long service payments		**1,410**	1,408
Deferred tax liabilities		**3,107**	2,939
Deferred income		**61,700**	60,977
Total non-current liabilities		**434,925**	330,543
Net assets		**1,275,702**	1,180,655
Equity			
Share capital		**47,909**	47,839
Reserves		**1,209,486**	1,114,503
Proposed dividend	*10*	**14,373**	14,352
Equity attributable to equity holders of the Company		**1,271,768**	1,176,694
Non-controlling interests		**3,934**	3,961
Total equity		**1,275,702**	1,180,655

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

Exceptional items are disclosed and described separately in the financial information where it is necessary to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

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

(a) Amended standard adopted by the Group

The following amended standard is mandatory for the first time for the financial year beginning 1 January 2011:

- Amendment to HKAS 34 'Interim Financial Reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

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

- HKAS 24 (Revised) – Related Party Disclosures
- HKAS 32 (Amendment) – Classification of Rights Issues
- HK(IFRIC) – Int 14 (Amendment) – Prepayments of a Minimum Funding Requirement
- HK(IFRIC) – Int 19 – Extinguishing Financial Liabilities with Equity Instruments
- Third improvements to Hong Kong Financial Reporting Standards (2010) issued in May 2010 (except for amendment to HKAS 34 'Interim Financial Reporting' as disclosed in note 2(a))

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

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

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

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

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue	**763,733**	633,211
Gross profit	**180,347**	151,017
Gross profit margin *(%)*	**23.6%**	23.8%
EBITDA [(i)]	**135,504**	111,335
EBITDA margin *(%)*	**17.7%**	17.6%
Operating expenses [(ii)]	**110,795**	83,877
Operating expenses/Revenue *(%)*	**14.5%**	13.2%
Profit for the period	**73,947**	52,741
Net profit margin *(%)*	**9.7%**	8.3%

	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Total assets	**2,502,182**	2,263,424
Equity attributable to equity holders of the Company	**1,271,768**	1,176,694
Inventories	**422,228**	356,389
Inventories turnover days	**132**	125
Trade receivables	**476,159**	367,725
Trade receivables turnover days	**114**	99
Trade and bills payables	**250,263**	251,029
Trade and bills payables turnover days	**78**	88
Total interest-bearing debts	**787,767**	659,586
Cash and cash equivalents	**462,386**	472,592
Net debts	**325,381**	186,994
Net debts to equity ratio *(%)*	**25.6%**	15.9%

Note i: EBITDA represents the earnings before interest expense, tax, depreciation and amortisation.

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

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

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Mainland China	**333,071**	248,521
Taiwan	**140,946**	86,701
Southeast Asia	**85,790**	113,417
Hong Kong	**69,577**	79,504
Europe	**58,307**	15,537
Korea	**38,191**	17,212
United States	**31,637**	30,854
Other countries	**6,214**	41,465
	763,733	633,211

	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Non-current assets (exclude deferred tax assets and financial instruments)		
Mainland China	**881,730**	826,657
Hong Kong	**30,381**	29,906
Other countries	**49,793**	44,640
	961,904	901,203

For the six months ended 30 June 2011, revenue of approximately HK$47,562,000 (for the six months ended 30 June 2010: HK$71,042,000) is derived from a single external customer.

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:

	For the six months ended 30 June 2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Manufacturing and trading of electronic components	**754,454**	622,972
Trading of raw materials	**9,279**	10,239
	763,733	633,211

5 OPERATING PROFIT

The following items of unusual nature, size or incidence have been charged/(credited) to the operating profit during the period:

	For the six months ended 30 June 2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Operating items		
Depreciation of property, plant and equipment	**44,158**	43,369
Amortisation of prepaid land premium	**973**	930
Amortisation of intangible assets	**179**	171
Fair value gain on derivative financial instruments		
– Forward exchange contracts	**(735)**	(2,021)
Fair value loss on financial assets at fair value through profit or loss	**33**	11
Gain on disposal of property, plant and equipment	**(80)**	–

6 CHANGE IN FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Fair value loss on interest rate swap	**5,944**	10,974

At 30 June 2011, the Group held certain interest rate swap contracts for a contracted period of ten years each. These contracts were entered to stabilise the Group's overall interest expense for the periods covered by these contracts. The Group had recognised a loss in the fair value of derivative financial instruments in the condensed consolidated income statement during the period.

7 FINANCE COSTS AND FINANCE INCOME

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest expense on bank loans repayable within five years	**(7,136)**	(5,522)
Interest income from loan to a jointly-controlled entity	**1,776**	1,430
Interest income from term deposits and bank balances	**1,169**	601
	2,945	2,031

8 TAX

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**5,907**	2,274
Mainland China	**4,838**	6,035
Overseas	**–**	6
	10,745	8,315
Deferred tax	**(1,634)**	287
	9,111	8,602

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the 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 reductions. Certain subsidiaries in Mainland China are subject to income taxes at applicable rates ranging from 24% to 25%.

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to equity holders of the Company of HK$74,065,000 (2010: HK$52,970,000), and the weighted average of 478,432,075 (2010: 478,389,534) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the period is based on the profit attributable to equity holders of the Company of HK$74,065,000 (2010: HK$52,970,000). The weighted average number of ordinary shares used in the calculation is 478,432,075 (2010: 478,389,534) ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average of 506,207 (2010: 684,107) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

10 DIVIDENDS

Final dividend for the year ended 31 December 2010 amounted to HK$14,352,000 was paid on Monday, 4 July 2011.

The Board recommends the payment of an interim dividend for the six months ended 30 June 2011 of HK3.0 cents (30 June 2010: HK1.0 cent) per share, totalling HK$14,373,000 which will be payable on Friday, 7 October 2011 to shareholders whose names appear on the register of members of the Company on Friday, 23 September 2011. The register of members of the Company will be closed from Wednesday, 21 September 2011 to Friday, 23 September 2011 (both dates inclusive).

11 TRADE RECEIVABLES

	As at 30 June 2011 (Unaudited) ***HK$'000***	As at 31 December 2010 (Audited) *HK$'000*
Trade receivables	**485,533**	372,998
Provision for impairment of trade receivables	**(9,374)**	(5,273)
	476,159	367,725

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 90 days and extending up to 150 days for major customers.

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

	As at 30 June 2011 (Unaudited) ***HK$'000***	As at 31 December 2010 (Audited) *HK$'000*
Current and within payment terms	**416,512**	297,226
1 – 3 months past due	**49,325**	63,518
4 – 6 months past due	**7,876**	5,789
7 – 12 months past due	**2,161**	1,176
Over 1 year past due	**285**	16
	476,159	367,725

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:

	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Trade payables:		
Less than 3 months	**166,944**	175,954
4 – 6 months	**37,154**	15,882
7 – 12 months	**5,166**	4,636
Over 1 year	**3,054**	14,698
	212,318	211,170
Bills payables	**37,945**	39,859
	250,263	251,029

FINANCIAL RESULTS

The Group's revenue for the six months ended 30 June 2011 (the "Current Period") stood at HK$763,733,000, respresenting an increase of 20.6% from HK$633,211,000 for the corresponding period in last year (the "Corresponding Period"). This increase was primarily attributable to the rapid sales growth of our new products.

Gross profit for the Current Period amounted to HK$180,347,000, representing a rise of 19.4% from HK$151,017,000 of the Corresponding Period. Gross profit over revenue ("Gross Profit Margin") during the Current Period stood at 23.6% compared to 23.8% of the Corresponding Period.

In line with the growth in revenue, operating profit rose to HK$74,953,000, representing an increase of 6.0% from HK$70,724,000 of the Corresponding Period. Although operating expense increased due to the surge in raw materials and labour costs, the Group managed to maintain its operating profit to revenue at 9.8% compared to 11.2% of the Corresponding Period.

During the Current Period, the Group recognised a loss arising from changes in fair value of derivative financial instruments of HK$5,944,000. The derivative financial instruments concerned refer to certain long term interest rate swap contracts entered by the Group in 2010 and 2011 with the intention to hedge against the Group's future interest rate exposures for the periods covered by these contracts (each of which contract has a 10-year term). As a result of the temporary market volatility which happened immediately prior to 30 June 2011, fair value of these contracts dropped significantly. Accordingly, the Group had to account for this drop in fair value in the income statement for the Current Period as required by Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement". This item does not affect the cash flow of the Group.

Earnings before interest expense, tax, depreciation and amortisation ("EBITDA") rose to HK$135,504,000, representing an increase of 21.7% from HK$111,335,000 for the Corresponding Period. Affected by the increase in operating expenses and the inclusion of the negative impact on the changes in fair value of the derivative financial instruments, EBITDA over revenue ("EBITDA Margin") stood at 17.7% compared to 17.6% of the Corresponding Period. Had we excluded the negative impact on the changes in fair value of the derivative financial instruments, the EBITDA Margin would have been 18.5%.

Profit for the Current Period increased to HK$73,947,000, representing an increase of 40.2% from HK$52,741,000 of the Corresponding Period.

Basic earnings per share amounted to HK15.48 cents, representing an increase of 39.8% from HK11.07 cents of the Corresponding Period.

The Board has resolved to declare an interim dividend of HK3.0 cents per share (30 June 2010: HK1.0 cent per share), totalling HK$14,373,000 (30 June 2010: HK$4,784,000).

BUSINESS REVIEW

Market overview

During the Current Period, the pace of global economic recovery slowed compared to the robustness last year. Troubled by the bearish American and European economies, overall consumption is still weak, especially in the electronic sector. The earthquake in Japan, disrupted supply in various high-tech raw materials and production of critical components with facilities in the disaster area, posing additional difficulties to the recovery of the industrial sector. The electronics industry has been particularly hampered because the components storage limits the output of finished end-products, which in turn reduces the demand for the other components used in these end-products. This constriction had become even more pronounced in May and June 2011, as the stocks of the affected materials in the supply chain depleted, and manufacturers of some electronic products were forced to suspend production.

Amidst a challenging global market environment, the global aluminum electrolytic capacitors ("E-Caps") market recorded mild growth. The Group's continuous double-digit growth in the E-Caps sector has outpaced the market growth rate and hence has increased our market share. The unstable supply of E-Caps caused by the tragic quake, prompted more electronic-products manufacturers to expand their supply base. As the Group is one of the top five global manufacturers of the E-Caps and is the largest aside from Japanese suppliers, we have been working diligently with existing and new customers to stabilise their supply. We expect that the contributions from these customers will become prominent in coming years.

As more and more applications require the use of radial conductive polymer aluminum solid capacitor ("Polymer Caps"), the size of the market of Polymer Caps expanded significantly despite the sluggish economic environment. The combined effect of the limited number of suppliers, high technology entry barriers and a fast expanding demand has tightened the supply of Polymer Caps. As the Group is the only non-Japanese supplier of Polymer Caps among the top five, we have made inroads into various new applications and with new customers, presenting new opportunities for the Group.

Operations review

The Group has successfully transformed itself into a major global supplier of several critical electronic components. To expedite this strategic transformation, the Group is devoting more resources to the research and development ("R&D") of new innovative components for applications in the high technology, energy saving and energy storage sectors. The strengthened R&D provides new business momentum for the Group to tap opportunities in the world's new energy economy. During the Current Period, the Group has also re-branded to more accurately describe its scope of business of the Group and future development direction.

The Group also faced a lot of operating challenges common to other manufactures in Mainland China such as the appreciating Renminbi, and increased costs and expenses. The Group strived to improve the competitiveness of its production system during the Current Period. Our Gross Profit Margin remained at 23.6% while net profit margin improved significantly. We have:

- Focused more on advanced high-value added products;
- Phased out low-margin business and low-margin products;

- Concentrated resources on the research, development and promotion of new innovative products which suit tomorrow's emerging high-volume need;

- Actively introduced fully-automated production systems to enhance productivity and yield; and

- Commenced the construction of three new production plants, two for devices (in Wuxi and Jiangxi) and one for raw materials (Sichuan) in 2011.

E-Caps have broad applications in consumer electronics. We focus on energy saving and energy efficiency in applications, such as pen caps for LED Television, long life ballast products for LED lamps and high efficiency power supply appliances. We believe this focus is well-matched with the ongoing the new energy revolution. Our increasing efforts in R&D have created innovative products, while sustaining sustained growth in profit margin growth over the years. To support our expansion plan, new production facilities are under construction in Wuxi and Jiangxi, complementing our existing production base. The additional capacity should enable the Group to expand and leverage on the entire scale, driving down the cost.

There was a noticeably strong demand for our X-CON® branded Polymer Caps. Information technology leaders have added more Polymer Caps to more applications, enhancing the overall performance and efficiency. The global supply of premium Polymer Caps is still very tight. Our reinforced production capacity enabled a higher production volume of Polymer Caps to meet the stepped up demand. As a result, we seized a greater market share across a wider range of high-end applications including advanced power supplies, game consoles, rapid charge-discharge energy devices, smart phone chargers and LED lighting systems.

The Group has developed the energy storage system ("ESS") product family comprising Electric Double Layer Capacitors ("EDLC"), Lithium-ion Rechargeable Batteries and our Screw-type E-Caps. Our ESS model provides all three essential energy components, creating a total solution for industrial and energy applications in:

- New wind and solar power systems;

- Electric transportation equipment including electric bikes, electric buses, and electric trains;

- Power backup devices including uninterruptible power supplies, intelligent meters, cash registers; and

- Consumer electronic products such as electric drills, power tools, etc.

EDLC's are designed with lower efficiency resistance than Lithium-ion Rechargeable Batteries and can store electricity efficiently. EDLC's salient feature is minimal characteristic degradation and prolongs the life of Lithium-ion Rechargeable Batteries by performing rapid charging and discharging. Our ESS model more firmly positions the Group in the low carbon economy and we believe further growth potentials will be realised here.

Aluminum foil is one of the key materials used for manufacturing the Group's products. The Group has been manufacturing aluminum foil since 2006 in order to enhance the overall profit margin and secure the supply for internal production needs. A new aluminum foil plant under construction in Sichuan, targeting to commence operation early next year, should help the Group to expand capacity and margins.

Research and Development

Our R&D team is our core competitiveness. Beside our in-house R&D team and our research center, the Group is also equipped with university research team in product development. The long-term collaboration with Tsinghua University and the new cooperation with Hong Kong Polytechnic University, as well as various projects with other research institutes have provided cost-effective research results. Cross-disciplinary research encompassing energy storage, materials science, chemical engineering, mechanical engineering and machanical development, enable us to more quickly develop and efficiently ramp up to production of our new products. At present, our efforts are focusing on power efficient E-Caps, high-tech Polymer Caps, aluminum foil technology, and product developments in the ESS family.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, the Group's outstanding bank borrowings amounted to HK$787,767,000 (31 December 2010: HK$659,586,000). The borrowings comprised bank loan facilities of HK$678,251,000 and trade finance facilities of HK$109,516,000.

As at 30 June 2011, the maturity profile of the Group's bank borrowings falling due within one year and in the second to the fifth year amounted to HK$433,567,000 and HK$354,200,000 respectively (31 December 2010: HK$405,171,000 and HK$254,415,000 respectively).

After deducting cash and cash equivalents of HK$462,386,000 (31 December 2010: HK$472,592,000), the Group's net borrowing amounted to HK$325,381,000 (31 December 2010: HK$186,994,000). Shareholders' equity at 30 June 2011 was HK$1,271,768,000 (31 December 2010: HK$1,176,694,000). Accordingly, the Group's net borrowing to shareholder's equity ratio as at 30 June 2011 was 25.6% (31 December 2010: 15.9%). We expect that this net gearing ratio will continue to stay at the present level.

The increase of trade receivables and inventories outpacing increase of trade payables resulted in net cash outflow of HK$72,030,000 from operating activities during the Current Period. This figure represents profit before tax of HK$83,058,000, adding back adjustments for non-cash items such as net change in fair value of the derivative financial instruments of HK$5,944,000, depreciation and amortisation of HK$45,310,000 and deducting net changes in working capital and other adjustments of HK$206,342,000. The Group's net cash outflow for investing activities for the Current Period included purchases of non-current assets of HK$71,443,000, increase in investments in jointly controlled entities of HK$3,893,000.

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

EMPLOYMENT AND REMUNERATION POLICY

At 30 June 2011, the Group employed 79 employees in Hong Kong (31 December 2010: 79) and employed a total work force of approximately 4,804 (31 December 2010: 3,719) inclusive of all its staff in China and overseas offices. The Group's remuneration policy is built on the principle of equitable, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance-based bonuses.

OUTLOOK AND PROSPECTS

The three principal product lines of the Group, E-Caps, Polymer Caps, and the ESS product family, are developing well. The E-Caps business continues to grow at a double-digit rate even as market growth slowed during the Current Period, providing the Group with stable margins amidst challenging business conditions. Polymer Caps, having doubled in sales over the past couple of years, should maintain momentum and help improve the Group's overall margins. The spin-off proposal as announced by the Company on 8 July 2011, if materialises, may provide good returns for the Group and our shareholders. The ESS product family is now in its developing stage, and we are seeking satisfactory cooperation with new customers in new energy applications. We believe our ESS arm will provide notable contributions to the Group starting next year. Our R&D team continues to work on new product development and we believe our product lines will expand further with more features in the near future. The addition of three new plants would expand capacity and smoothly cope with the upcoming demand.

Over the years, the Group's gross and net margins have weathered through various challenges though we are confronting rising raw material and product cost now. We expect our performance to continue delivering better returns for our shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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 Current Period.

OTHER CHANGES IN DIRECTORS' INFORMATION

There have been some changes in Directors' information since the date of the 2010 annual report of the Company as follows:

1. Mr. Wong Ching Ming, Stanley was appointed as an executive director of the Company with effect from 1 January 2011.

2. Mr. Tso Yan Wing, Alan resigned as an executive director of the Company with effect from 30 June 2011.

3. Dr. Li Sau Hung, Eddy was appointed as an independent non-executive director and a member of each of the audit committee, the nomination committee and the remuneration committee of Get Nice Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), with effect from 28 April 2011.

Save as disclosed above, as at 30 June 2011, 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

The Group adopted the Code on Corporate Governance Practices as contained in Appendix 14 to the Listing Rules (the "Code Provisions") as its own code of corporate governance practices 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 during the Current Period.

COMPLIANCE WITH THE MODEL CODE

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

AUDIT COMMITTEE

The audit committee comprises three members and all of them are the INEDs of the Company. 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 Current Period.

REMUNERATION COMMITTEE

The Company has established a remuneration committee on 22 March 2006 for the purpose of making recommendations to the Board on the Company's policy and structure for the remuneration of all directors and senior management of the Group. The remuneration committee comprises two INEDs of the Company and one executive director.

REVIEW OF INTERIM RESULTS

The audit committee has reviewed the Group's interim results announcement for the Current Period and the Company's external auditor, PricewaterhouseCoopers, has conducted a review of the interim financial information of the Group for the Current 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 21 September 2011 to Friday, 23 September 2011, 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 options issued by the Company will be effected. In order to qualify for the interim dividend, all transfer, 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, Hong Kong not later than 4:00 p.m. on Tuesday, 20 September 2011.

PUBLICATION OF FURTHER INFORMATION

This announcement is published on the websites of the Stock Exchange and the Company.

The interim report of the Company for the Current Period containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders and published on the websites of the Stock Exchange and the Company (www.manyue.com) on or before Friday, 30 September 2011.

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, 23 August 2011

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