MAN YUE TECHNOLOGY HOLDINGS LIMITED
萬裕科技集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 00894)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

RESULTS HIGHLIGHTS

- Revenue dropped by 10.2% to HK$1,186,967,000 (2013: HK$1,322,182,000)
- Gross profit margin was 21.3% (2013: 22.0%)
- EBITDA margin was 14.8% (2013: 15.9%)
- Profit for the year dropped by 27.9% to HK$43,836,000 (2013: HK$60,831,000), representing a net margin of 3.7% (2013: 4.6%)
- Net debt to equity ratio maintained at 28.4% (2013: 28.3%)
- Net assets per share increased to HK$3.27, compared with HK$3.21 per share as at 31 December 2013
- Proposed final dividend of 1.0 HK cents per share, bringing an annual proposed dividend of 2.5 HK cents (2013: 3.5 HK cents) per share

FINAL RESULTS

On behalf of the Board of Directors (the "Board"), I am pleased to present the audited financial results of Man Yue Technology Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 (the "Year") together with the comparative figures for the prior year. These audited financial results for the Year have been reviewed by the audit committee of the Company.

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 December **2014** *HK$'000*	2013 *HK$'000*
Revenue	*2 & 3*	**1,186,967**	1,322,182
Cost of sales		**(933,605)**	(1,031,038)
Gross profit		**253,362**	291,144
Other income	*3*	**9,096**	6,337
Other gains/(losses), net	*3*	**27,893**	(888)
Selling and distribution costs		**(57,944)**	(62,412)
Administrative expenses		**(150,357)**	(158,650)
Other operating expenses		**(511)**	(2,590)
Operating profit	*4*	**81,539**	72,941
Changes in fair values of derivative financial instruments	*5*	**(5,963)**	8,480
Finance costs	*6*	**(30,290)**	(28,068)
Finance income	*7*	**8,757**	8,541
Share of results of joint ventures		**732**	11,806
Share of results of an associate		**1,221**	6,569
Profit before tax		**55,996**	80,269
Tax	*8*	**(12,160)**	(19,438)
Profit for the year		**43,836**	60,831
Profit attributable to:			
– Equity holders of the Company		**43,257**	61,021
– Non-controlling interests		**579**	(190)
		43,836	60,831
Earnings per share for profit attributable to equity holders of the Company	*9*		
– Basic		**9.03 HK cents**	12.74 HK cents
– Diluted		**9.03 HK cents**	12.74 HK cents
		HK$'000	*HK$'000*
Dividends	*10*		
– Interim		**7,189**	9,582
– Proposed final		**4,792**	7,186
		11,981	16,768

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Profit for the year	**43,836**	60,831
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss		
– Assets revaluation surplus, net of tax	**5,076**	7,238
Items that may be reclassified subsequently to profit or loss		
– Change in fair value of available-for-sale investments	**358**	335
– Currency translation differences	**(1,756)**	60,072
Other comprehensive income for the year, net of tax	**3,678**	67,645
Total comprehensive income for the year	**47,514**	128,476
Total comprehensive income attributable to:		
– Equity holders of the Company	**46,948**	128,483
– Non-controlling interests	**566**	(7)
	47,514	128,476

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**793,139**	829,366
Prepaid land premium		**77,851**	31,753
Investment properties	*11*	**138,872**	83,004
Intangible assets		**1,890**	1,877
Investments in joint ventures		**105,006**	111,757
Investment in an associate		**76,671**	69,797
Prepayments on purchases of property, plant and equipment		**87,910**	64,689
Available-for-sale investments		**13,881**	12,258
Other prepayments		**2,196**	3,636
Deferred tax assets		**15,862**	10,281
Total non-current assets		**1,313,278**	1,218,418
Current assets			
Inventories		**449,594**	416,501
Trade receivables	*12*	**311,233**	396,305
Prepayments, deposits and other receivables		**79,321**	110,954
Loans to a joint venture		**102,760**	104,076
Due from joint ventures		**38,305**	47,562
Due from an associate		**38,431**	33,214
Financial assets at fair value through profit or loss		**59**	55
Tax recoverable		**2,939**	8,438
Time deposits over three months		**12,676**	–
Cash and cash equivalents		**400,839**	433,363
		1,436,157	1,550,468
Assets classified as held-for-sale		**–**	9,384
Total current assets		**1,436,157**	1,559,852
Current liabilities			
Trade and bills payables	*13*	**168,207**	184,876
Other payables and accrued liabilities		**64,866**	77,237
Due to joint ventures		**20,339**	47,273
Derivative financial instruments		**5,631**	5,864
Tax payable		**4,831**	4,628
Bank loans		**505,646**	536,776
Dividends payable		**41**	38
		769,561	856,692
Liabilities classified as held-for-sale		**–**	6
Total current liabilities		**769,561**	856,698
Net current assets		**666,596**	703,154
Total assets less current liabilities		**1,979,874**	1,921,572

	As at 31 December	
	2014	2013
	HK$'000	*HK$'000*
Total assets less current liabilities	**1,979,874**	1,921,572
Non-current liabilities		
Bank loans	**352,219**	337,022
Derivative financial instruments	**11,207**	10,931
Provision for long service payments	**1,040**	1,029
Deferred tax liabilities	**33,573**	20,779
Deferred income	**12,690**	13,069
Total non-current liabilities	**410,729**	382,830
Net assets	**1,569,145**	1,538,742
Equity		
Share capital	**47,924**	47,909
Reserves	**1,511,138**	1,476,236
Proposed final dividend	**4,792**	7,186
Equity attributable to equity holders of the Company	**1,563,854**	1,531,331
Non-controlling interests	**5,291**	7,411
Total equity	**1,569,145**	1,538,742

NOTES

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements for the year ended 31 December 2014 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). They have been prepared under the historical cost convention, except for land and buildings, investment properties, derivative financial instruments, financial assets and financial liabilities at fair value through profit or loss and available-for-sale investments, which have been measured at fair value.

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

The following new or amended standards and interpretations are also mandatory for the first time for the financial year beginning 1 January 2014 but either have no significant impact to the Group's results and financial position or are not currently relevant to the Group:

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

(b) The following new or amended standards have been issued but are not yet effective for the financial year beginning on or after 1 January 2014 and have not been early adopted:

HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions[1]
Annual Improvements Project	Annual Improvements 2010-2012 Cycle[1]
Annual Improvements Project	Annual Improvements 2011-2013 Cycle[1]
Annual Improvements Project	Annual Improvements 2012-2014 Cycle[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations[2]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[2]
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements[2]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 9	Financial Instruments[4]

[1] *Changes effective for annual periods beginning on or after 1 July 2014*
[2] *Changes effective for annual periods beginning on or after 1 January 2015*
[3] *Changes effective for annual periods beginning on or after 1 January 2016*
[4] *Changes effective for annual periods beginning on or after 1 January 2017*

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

2 SEGMENT INFORMATION

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

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

	2014	2013
	HK$'000	*HK$'000*
Revenue	**1,186,967**	1,322,182
Gross profit	**253,362**	291,144
Gross profit margin *(%)*	**21.3%**	22.0%
EBITDA *(Note (i))*	**175,104**	210,216
EBITDA margin *(%)*	**14.8%**	15.9%
Operating expenses *(Note (ii))*	**208,812**	223,652
Operating expenses/Revenue *(%)*	**17.6%**	16.9%
Profit for the year	**43,836**	60,831
Net profit margin *(%)*	**3.7%**	4.6%
Total assets	**2,749,435**	2,778,270
Equity attributable to equity holders of the Company	**1,563,854**	1,531,331
Inventories	**449,594**	416,501
Inventory turnover days	**176**	147
Trade receivables	**311,233**	396,305
Trade receivables turnover days	**96**	109
Trade and bills payables	**168,207**	184,876
Trade and bills payables turnover days	**66**	65
Total interest-bearing debt	**857,865**	873,798
Cash and cash equivalents	**400,839**	433,363
Time deposits over three months	**12,676**	–
Cash classified as assets held-for-sale	**–**	6,783
Net debt	**444,350**	433,652
Net debt to equity ratio *(%)*	**28.4%**	28.3%

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

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

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

Revenue

	Year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**119,790**	160,940
The People's Republic of China (the "PRC")	**566,008**	603,666
Taiwan	**252,943**	269,406
Southeast Asia	**68,472**	79,582
Korea	**11,498**	18,705
United States	**60,323**	70,502
Europe	**58,552**	58,252
Other countries	**49,381**	61,129
	1,186,967	1,322,182

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

	As at 31 December	
	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**138,687**	140,147
The PRC	**1,067,961**	985,666
Other countries	**76,887**	70,066
	1,283,535	1,195,879

3 REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for trade returns and discounts.

An analysis of revenue, other income and other gains/(losses), net is as follows:

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Manufacture and trading of electronic components	**1,125,314**	1,286,645
Trading of raw materials	**61,653**	35,537
	1,186,967	1,322,182

	2014	2013
	HK$'000	*HK$'000*
Other income		
Scrap sales	**824**	339
Subsidies from the PRC government	**3,522**	2,735
Rental income generated from investment properties	**4,149**	1,510
Others	**601**	1,753
	9,096	6,337

	2014	2013
	HK$'000	*HK$'000*
Other gains/(losses), net		
Negative goodwill on acquisition of a subsidiary	**7,622**	–
Gain on disposal of a subsidiary	**3,085**	–
Fair value gain/(loss) on derivative financial instruments	**227**	(605)
Fair value gain on investment properties	**24,078**	17,613
Gain on disposal of prepaid land premium	**–**	1,946
Foreign exchange differences, net	**(4,779)**	(11,272)
Impairment loss on an available-for-sale investment	**(2,340)**	(8,570)
	27,893	(888)

4 OPERATING PROFIT

Expenses included in the consolidated income statement:

	2014	2013
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**90,908**	98,803
Amortisation of prepaid land premium	**815**	2,096
Amortisation of intangible assets	**716**	980
Gain on disposal of property, plant and equipment	**(51)**	(238)
Fair value (gain)/loss on financial assets at fair value through profit or loss	**(4)**	1

5 CHANGES IN FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2014	2013
	HK$'000	*HK$'000*
Fair value (losses)/gains on interest rate swap	**(5,963)**	8,480

At 31 December 2014, the Group held certain interest rate swap contracts entered into in 2009 and 2010 for a contracted period of ten years each. These contracts were entered into to stabilise the Group's overall interest expense for the periods covered by these contracts.

6 FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest expense on bank loans repayable within five years	**26,669**	28,068
Others	**3,621**	–
	30,290	28,068

7 FINANCE INCOME

	2014	2013
	HK$'000	*HK$'000*
Interest income from loan to a joint venture	**4,560**	4,243
Interest income from term deposits and bank balances	**4,197**	4,298
	8,757	8,541

8 TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the Year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2014	2013
	HK$'000	*HK$'000*
Charge for the year:		
Current:		
Hong Kong	**6,313**	9,061
The PRC	**5,604**	4,772
Under-provision in prior years	**534**	1,420
	12,451	15,253
Deferred	**(291)**	4,185
Total tax charge for the year	**12,160**	19,438

In accordance with the relevant tax rules and regulations in the PRC, certain of the Company's subsidiaries in the PRC enjoy tax exemptions. The subsidiaries in the PRC are subject to income taxes at applicable rates ranging from 20% to 25%.

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of HK$43,257,000 (2013: HK$61,021,000), and the weighted average number of 479,204,000 (2013: 479,090,000) ordinary shares in issue during the Year.

The calculation of diluted earnings per share for the year is based on the profit attributable to equity holders of the Company of HK$43,257,000 (2013: HK$61,021,000). The weighted average number of ordinary shares used in the calculation is 479,204,000 (2013: 479,090,000) ordinary shares in issue during the Year, as used in the basic earnings per share calculation, and the weighted average number of 29,000 (2013: Nil) ordinary shares is assumed to have been issued at nil consideration on the deemed exercise of all share options during the Year.

10 DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Interim – 1.5 HK cents (2013: 2.0 HK cents) per ordinary share	**7,189**	9,582
Proposed final – 1.0 HK cents (2013: 1.5 HK cents) per ordinary share	**4,792**	7,186
	11,981	16,768

11 INVESTMENT PROPERTIES

	2014	2013
	HK$'000	*HK$'000*
At fair value		
At 1 January	**83,004**	65,341
Acquisition of a subsidiary	**31,522**	–
Gain on fair value adjustment	**24,078**	17,613
Exchange realignment	**268**	50
At 31 December	**138,872**	83,004

12 TRADE RECEIVABLES

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

	2014	2013
	HK$'000	*HK$'000*
Current and within payment terms	**227,811**	335,425
1 – 3 months past due	**52,618**	45,544
4 – 6 months past due	**19,226**	13,837
7 – 12 months past due	**7,975**	1,376
Over 1 year past due	**3,603**	123
	311,233	396,305

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 90 days, extending up to 150 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. Credit risk was hedged mainly through credit insurance policies.

13 TRADE AND BILLS PAYABLES

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

	2014	2013
	HK$'000	*HK$'000*
Trade payables:		
1 – 3 months	**92,822**	88,199
4 – 6 months	**45,809**	54,244
7 – 12 months	**5,693**	10,081
Over 1 year	**8,698**	11,044
	153,022	163,568
Bills payables	**15,185**	21,308
	168,207	184,876

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

The financial year ended 31 December 2014 (the "Year") was challenging for many electronic enterprises, including major players in the Aluminum Electrolytic Capacitors ("E-Caps") and Conductive Polymer Aluminum Solid Capacitors ("Polymer Caps") sectors. The continuing impact of the increasing manufacturing costs in the People's Republic of China (the "PRC") and the depreciation of Japanese yen during the Year imposed much pressure to the profitability for most of the electronic component suppliers in Greater China.

The sales revenue of Man Yue Technology Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") recorded a mild drop in 2014 as a result of continuing adjustment of sales strategy by eliminating low-margin products and associated customers, despite an encouraging growth of the energy storage system ("ESS") product family, including Electronic Double Layer Capacitors ("EDLC"), EDLC modules and Powerfilm Capacitors, was observed during the Year. The gross profit margin only dropped slightly to 21.3% with earnings before interest expense, tax, depreciation and amortisation ("EBITDA") margin maintained at around 14.8%. The low gearing ratio of 28.4% as at 31 December 2014 with our conservative cashflow and financial management indicates that the Group had adequate financial resources to continue its production capacities expansion in the coming years, including the future development on the newly-acquired land located in Qingyuan, the PRC.

As one of the key global suppliers of major electronic components including E-Caps and Polymer Caps, the Group continues expanding its production capacities of EDLC, EDLC modules, Powerfilm Capacitors and Multilayer Polymer Capacitors ("MLPC") during the Year. This aligns the Group's overall strategy of developing multi-product platform with the increasing sales mix of high-technology products in the past years. It definitely enables the Group to enjoy multi-dimensional sales growth in the next couple of years.

The development of ESS product family is encouraging, taking into account the continuing commitment of the PRC government in the environmental protection and new energy saving-related industries and sectors. With our strong material science research technology developed and our production facilities built in the past years, we believe that the Group can capture most of the business opportunities in this particular emerging market sector.

The Group has well been recognized as one of the leaders in technological development in the global electronic component industry. We will continue to leverage our strong research and development capabilities and enhance the collaboration with research institutes of leading universities in the PRC and Hong Kong. We will continue our commitment to deliver high-quality high-technology electronic components for the industry and enhance our contribution to the environmental protection.

FINANCIAL REVIEW

The sales revenue of the Group for the Year dropped to HK$1,186,967,000 (2013: HK$1,322,182,000), representing a decrease of 10.2%, as compared with that of last year. This is mainly due to the continuing adjustment of sales strategy in focusing on our niche customers and eliminating low-margin products and associated customers during the Year.

Gross profit for the Year amounted to HK$253,362,000 (2013: HK$291,144,000), representing a drop of 13.0%, compared with that of last year. Gross profit margin maintained at around 21.3%, despite the significant increase of manufacturing costs in the PRC and depreciation of Japanese yen during the Year.

During the Year, the Group recognised a loss arising from changes in the fair values of derivative financial instruments of HK$5,963,000 (2013: gain of HK$8,480,000). 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 the fair values of these financial instruments in the consolidated income statement at the year end. This item did not affect the cash flows of the Group.

The Group also recognised a gain arising from the changes in the fair values of investment properties of HK$24,078,000 (2013: HK$17,613,000). The properties are intended to be held for long-term investment purposes with a stable cash inflow from rental income.

The Group's EBITDA amounted to HK$175,104,000 (2013: HK$210,216,000), representing an EBITDA margin of 14.8% (2013: 15.9%).

Profit for the Year amounted to HK$43,836,000 (2013: HK$60,831,000), representing a net margin of 3.7% (2013: 4.6%). The board of directors (the "Board") has resolved to recommend a final dividend of 1.0 HK cents per share. The total dividend for the Year amounted to 2.5 HK cents per share, including the interim dividend of 1.5 HK cents per share already declared and paid.

BUSINESS REVIEW

Market overview

The global demand for E-Caps and Polymer Caps only showed mild growth during the Year as a result of the changing market dynamics of the consumer electronic product segment. On the other end of the spectrum, the large-size Japanese E-caps manufacturers are also benefited from the currency fluctuations during the Year. This definitely eroded the operating margins, profitability and respective global market share of its major competitors in Greater China. The Group continues to be one of the major global suppliers of these two key safety electronic components in the market. Our flagship brand – SAMXON® still maintains a very strong market position in the niche market segment and maintains its competitiveness over the Japanese manufacturers. The competitive advantages of our high-quality products and stable supply of key raw materials enabled the Group to maintain its market share from the strategy of global supply chain diversification and product-quality focus of our major customers. We expect a recovery of sales momentum in the consumer electronic and industrial sectors in next few years.

With the continuity of the PRC government policies in the new energy industries since 2013, the market demand for the energy-saving related components increased dramatically during the Year. The Group is able to capture this particular market opportunity by supplying EDLC, EDLC modules and Powerfilm Capacitors to the new energy vehicles and new energy saving sectors. We are one of the very few suppliers in the world to supply these high technology components at the moment. The Group expects the demand for these products will experience phenomenal growth in terms of volume and spectrum of applications in the next couple of years. Accordingly, the Group is keen on expanding its respective production capacities and speeding up the human resources recruitment so as to penetrate quickly and extensively across this market.

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, EDLC modules, Powerfilm Capacitors, MLPC, aluminum foils and chemicals. In view of the market opportunity of the emerging new ESS products, the production space and capacities of the existing manufacturing plants located in the PRC were adjusted accordingly during the Year. Therefore, there was a considerable impact to the overall contribution from our E-caps and Polymer Caps product segment in the past year. The Group is able to maintain its gross profit margin through continuing adjustment of sales strategy in focusing on niche customers and eliminating low-margin products. We have been continuing our efforts in penetrating into the first-tier PRC domestic market and many major global electronic manufacturers.

The Group continues its investment and development of new ESS product family. It provides a total solution for the industrial power management and energy-saving and energy-storage applications including wind and solar power system, new energy transportation equipment, power backup devices, national grid resources utilization and construction and mining equipment. It greatly enhances the Group's market position for low-carbon and new energy-related applications. In additional to the launch of second generation of super-capacitors, the Group expects the market potential for EDLC, EDLC modules and Powerfilm Capacitors will be expanded quickly. As a strategic move, the Group had expanded its production capacities of ESS products in the Dongguan plant recently. Moreover, the Group's innovative high technology product – MLPC is keen going through the end customers' final production approval process. With strong commitment to improve the competitiveness of its production process and manufacturing costs, we expect the contributions from this product will gradually increase in the years to come.

In view of the potential sales growth ahead, the Group will continue to adjust its sales strategy, streamline administrative workflows, speed up the implementation of ERP system across the Group, strengthen the cost and overhead control and also further leverage and enhance our research and development ("R&D") capabilities and competitiveness. It will enable the Group to be more responsive, more focused and more efficient in providing high-quality products and services to meet the customers' expectations.

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 considers the land for the time being to be used for the future development of our new energy saving and storage 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 consideration will be funded by internal resources of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group's total outstanding bank borrowings amounted to HK$857,865,000 (31 December 2013: HK$873,798,000) which comprised mainly bank loans and trade finance facilities. The maturity profile of the bank borrowings falling due within one year and in the second to the fifth year amounted to HK$505,646,000 and HK$352,219,000 respectively (31 December 2013: HK$536,776,000 and HK$337,022,000 respectively).

After deducting cash and cash equivalents of HK$400,839,000 (31 December 2013: HK$433,363,000 and those included in assets classified as held-for-sale of HK$6,783,000) and time deposits over three months of HK$12,676,000 (31 December 2013: Nil), the Group's net borrowing amounted to HK$444,350,000 (31 December 2013: HK$433,652,000). Shareholders' equity as at 31 December 2014 was HK$1,563,854,000 (31 December 2013: HK$1,531,331,000). Accordingly, the Group's net gearing ratio was 28.4% (31 December 2013: 28.3%).

During the Year, the Group's net cash inflow from operating activities amounted to HK$138,582,000. This represented profit before tax of HK$55,996,000 after adjustments for non-cash items, including adding back depreciation and amortisation of HK$92,439,000, deducting the share of results of joint ventures and an associate of HK$1,953,000, adding the net changes in working capital of HK$31,597,000 and deducting other adjustments of HK$39,497,000. The Group's net cash outflow from investing activities for the Year amounted to HK$146,229,000, which included purchases and prepayments for prepaid land premium and property, plant and equipment of HK$121,036,000, acquisition of a subsidiary of HK$11,452,000 and other cash outflow of HK$13,741,000.

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

OUTLOOK AND PROSPECTS

The global economy is still recovering with encouraging sentiment prevailing in the new energy related industries. The Group expects several key challenges ahead including the continuous increasing of manufacturing costs, shorter product life cycle of consumer electronic products and also volatile capital market and currency fluctuations. The visibility of sales orders to be received is comparatively short which resulted in difficulties in resources planning. Nevertheless, with the Group's three pillars of product families (namely E-Caps, Polymer Caps and ESS products) well in place and the strong R&D capabilities, we will continue to widen the spectrum of applications for the existing product platform and develop innovative material science technology. The overall profitability will be enhanced after aggressive cost control measures and continuing adjustment of sales strategy.

The PRC government continues its commitment in developing new energy, new materials, energy saving, environmental protection and new energy vehicles in the next couple of years with solid support of various ongoing strategic policies. This aligns with the Group's long-term strategy of developing new-energy saving and storage components and materials with innovative material science technology. Given the existing well-established, unique and diversified product platform, the Group will speed up the development of the new-energy related product segment in the next few years.

Moreover, the Group will continue to maintain its prominent position as a major supplier of key electronic components across all consumer and industrial sectors. Also, our bolstering R&D capabilities and the collaboration with key leading universities provides a channel for the Group to penetrate extensively into the faster-than-expected growing renewable energy industry in the near future. Overall, the sales momentum is expected to turnaround accordingly.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2014, the Group employed 75 staff in Hong Kong (31 December 2013: 78) and employed a total work force of 2,846 (31 December 2013: 2,823) inclusive of all its staff in the PRC and overseas offices. The Group's remuneration policy is built on the principle of equitability with incentive-based, motivating, performance oriented and market-competitive remuneration packages for its employees. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance-based bonuses.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

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

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

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

COMPLIANCE WITH THE MODEL CODE

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

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed with the management of the Company the accounting principles and practices adopted by the Group. The Audit Committee comprises three INEDs of the Company and none of whom is employed by or otherwise affiliated with former or existing auditors of the Company.

The figures in respect of the preliminary announcement of the Group's results for the Year have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC Hong Kong"), to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by PwC Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC Hong Kong on the preliminary announcement.

PROPOSED FINAL DIVIDEND

The Board recommended a final dividend for the year ended 31 December 2014 of 1.0 HK cents in cash per share, approximately HK$4,792,000 in total, payable to shareholders whose names appear on the register of members of the Company on Tuesday, 19 May 2015.

The recommended final dividend for the Year, which will be payable on or around Thursday, 9 July 2015, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting for payment on or around Tuesday, 12 May 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 11 May 2015 to Tuesday, 12 May 2015, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to attend the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30p.m. on Friday, 8 May 2015.

The register of members of the Company will also be closed from Monday, 18 May 2015 to Tuesday, 19 May 2015, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to receive the final dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at the above address not later than 4:30 p.m. on Friday, 15 May 2015.

PUBLICATION OF FURTHER INFORMATION

The annual report of the Company for the Year containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.manyue.com) on or before Thursday, 30 April 2015.

APPRECIATION

I would like to take this opportunity to thank all the shareholders, business partners, bankers and customers for their continuing support to the Group. I would also like to thank my fellow directors, the management team and our staff for their dedication and commitment in contributing to the success of the Group.

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

Hong Kong, 12 March 2015

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