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 2013

## RESULTS HIGHLIGHTS

- Revenue dropped by 8.5% to HK$605,711,000 from HK$661,830,000 for the Corresponding Period
- Gross profit margin of 22.8%, compared with 23.1% for the Corresponding Period
- EBITDA margin improved further to 17.7% from 16.7% for the Corresponding Period
- Profit for the Period of HK$33,841,000, representing a net margin of 5.6%, compared with HK$38,808,000 for the Corresponding Period
- Net debts to equity ratio remained at 29.8%
- Net assets per share increased to HK$3.10, compared with HK$2.99 per share as at 31 December 2012
- Declared interim dividend of 2.0 HK cents per share, compared with 2.0 HK cents per share for the Corresponding Period

## 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 2013 (the "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 **2013** **(Unaudited)** ***HK$'000*** | 2012 (Unaudited) *HK$'000* |
|---|---|---|---|
| **Revenue** | *3 & 4* | **605,711** | 661,830 |
| Cost of sales | | **(467,431)** | (508,651) |
| Gross profit | | **138,280** | 153,179 |
| Other income | | **4,054** | 6,072 |
| Other (losses)/gains, net | *1* | **(134)** | 667 |
| Selling and distribution costs | | **(30,075)** | (28,158) |
| Administrative expenses | | **(78,312)** | (75,851) |
| Operating profit | *5* | **33,813** | 55,909 |
| Change in fair value of derivative financial instruments | *1 & 6* | **9,741** | (4,389) |
| Finance costs | *7* | **(14,389)** | (12,286) |
| Finance income | *7* | **4,739** | 4,103 |
| Share of results of joint ventures | | **2,799** | 438 |
| Share of results of an associate | | **4,886** | 3,522 |
| Profit before tax | | **41,589** | 47,297 |
| Tax | *8* | **(7,748)** | (8,489) |
| Profit for the period | | **33,841** | 38,808 |
| Profit attributable to: | | | |
| – Equity holders of the Company | | **34,302** | 39,124 |
| – Non-controlling interests | | **(461)** | (316) |
| | | **33,841** | 38,808 |
| Earnings per share for profit attributable to the equity holders of the Company | *9* | | |
| – Basic | | **7.16 HK cents** | 8.17 HK cents |
| – Diluted | | **7.16 HK cents** | 8.17 HK cents |
| | | ***HK$'000*** | *HK$'000* |
| **Dividends** | *10* | **9,582** | 9,582 |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | For the six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Profit for the period | **33,841** | 38,808 |
| Other comprehensive income: | | |
| Items that may be reclassified subsequently to profit or loss | | |
| – Change in fair value of available-for-sale investments | **114** | (12) |
| – Currency translation differences | **32,889** | (11,200) |
| Other comprehensive income for the period, net of tax | **33,003** | (11,212) |
| Total comprehensive income for the period | **66,844** | 27,596 |
| Total comprehensive income attributable to: | | |
| – Equity holders of the Company | **67,223** | 27,939 |
| – Non-controlling interests | **(379)** | (343) |
| | **66,844** | 27,596 |

## CONDENSED CONSOLIDATED BALANCE SHEET

| | Notes | As at 30 June 2013 (Unaudited) HK$'000 | As at 31 December 2012 (Audited) HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **827,070** | 834,345 |
| Prepaid land premium | | **95,857** | 95,235 |
| Investment properties | | **74,532** | 65,341 |
| Intangible assets | | **4,871** | 4,864 |
| Investments in joint ventures | | **99,814** | 94,910 |
| Investment in an associate | | **68,539** | 40,070 |
| Prepayments on purchases of property, plant and equipment | | **77,775** | 63,323 |
| Available-for-sale investments | | **17,892** | 20,203 |
| Other prepayments | | **5,338** | 6,896 |
| Deferred tax assets | | **14,832** | 13,847 |
| Total non-current assets | | **1,286,520** | 1,239,034 |
| **Current assets** | | | |
| Inventories | | **468,047** | 409,134 |
| Trade receivables | *11* | **381,957** | 400,583 |
| Prepayments, deposits and other receivables | | **113,429** | 101,634 |
| Loans to a joint venture | | **100,480** | 99,545 |
| Due from joint ventures | | **46,305** | 44,808 |
| Due from an associate | | **1,998** | – |
| Financial assets at fair value through profit or loss | | **54** | 56 |
| Derivative financial instruments | | **2,067** | 167 |
| Tax recoverable | | **2,540** | 1,577 |
| Cash and cash equivalents | | **455,097** | 625,400 |
| Total current assets | | **1,571,974** | 1,682,904 |
| **Current liabilities** | | | |
| Trade and bills payables | *12* | **232,763** | 187,799 |
| Other payables and accrued liabilities | | **82,031** | 85,878 |
| Due to joint ventures | | **37,291** | 45,735 |
| Derivative financial instruments | | **5,416** | 5,772 |
| Tax payable | | **13,220** | 8,527 |
| Bank loans | | **550,820** | 514,717 |
| Dividend payables | | **12,011** | 34 |
| Total current liabilities | | **933,552** | 848,462 |
| **Net current assets** | | **638,422** | 834,442 |
| **Total assets less current liabilities** | | **1,924,942** | 2,073,476 |

| | Notes | As at 30 June 2013 (Unaudited) HK$'000 | 31 December 2012 (Audited) HK$'000 |
|---|---|---|---|
| **Total assets less current liabilities** | | **1,924,942** | 2,073,476 |
| **Non-current liabilities** | | | |
| Bank loans | | **344,776** | 536,166 |
| Derivative financial instruments | | **12,794** | 24,924 |
| Provision for long service payments | | **1,382** | 1,448 |
| Deferred tax liabilities | | **17,413** | 18,186 |
| Deferred income | | **61,522** | 61,146 |
| Total non-current liabilities | | **437,887** | 641,870 |
| **Net assets** | | **1,487,055** | 1,431,606 |
| **Equity** | | | |
| Share capital | | **47,909** | 47,909 |
| Reserves | | **1,422,525** | 1,366,815 |
| Proposed dividend | *10* | **9,582** | 11,977 |
| **Equity attributable to equity holders of the Company** | | **1,480,016** | 1,426,701 |
| **Non-controlling interests** | | **7,039** | 4,905 |
| **Total equity** | | **1,487,055** | 1,431,606 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2013 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

**Prior period comparative figure**

Realised losses in fair value of derivative financial instruments in prior period amounting to HK$2,845,000 was reclassified from "Other (losses)/gains, net" to "Change in fair value of derivative financial instruments" in the condensed consolidated income statement in order to reflect the nature and characteristic of the transactions.

## 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 2012, as described in the annual financial statements.

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

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

- HKFRS 11, "Joint Arrangements". Under HKFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Under HKFRS 11, the jointly-controlled entities have been assessed to be joint ventures.

  The adoption of HKFRS 11 had no impact to the Group's results and financial position.

- HKFRS 13, "Fair Value Measurement". The Group has included the disclosures for financial assets and non-financial assets.

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

- HKAS 32 (Amendment) – Financial Instruments: Presentation[1]
- HKAS 36 (Amendment) – Recoverable Amount Disclosures for Non-financial Assets[1]
- HKFRS 7 and HKFRS 9 (Amendments) – Mandatory Effective Date and Transition Disclosures[2]
- HKFRS 9 – Financial Instruments[2]
- HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011) (Amendments) – Investment Entities[1]
- HK(IFRIC) Interpretation 21 – Levies[1]

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

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

## 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** | |
|---|---|---|
| | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Revenue | **605,711** | 661,830 |
| Gross profit | **138,280** | 153,179 |
| Gross profit margin *(%)* | **22.8%** | 23.1% |
| EBITDA[(i)] | **107,281** | 110,251 |
| EBITDA margin *(%)* | **17.7%** | 16.7% |
| Operating expenses[(ii)] | **108,387** | 104,009 |
| Operating expenses/Revenue *(%)* | **17.9%** | 15.7% |
| Profit for the period | **33,841** | 38,808 |
| Net profit margin *(%)* | **5.6%** | 5.9% |

| | **30 June 2013 (Unaudited) *HK$'000*** | 31 December 2012 (Audited) *HK$'000* |
|---|---|---|
| Total assets | **2,858,494** | 2,921,938 |
| Equity attributable to equity holders of the Company | **1,480,016** | 1,426,701 |
| Inventories | **468,047** | 409,134 |
| Inventories turnover days | **167** | 141 |
| Trade receivables | **381,957** | 400,583 |
| Trade receivables turnover days | **104** | 105 |
| Trade and bills payables | **232,763** | 187,799 |
| Trade and bills payables turnover days | **83** | 65 |
| Total interest-bearing debt | **895,596** | 1,050,883 |
| Cash and cash equivalents | **455,097** | 625,400 |
| Net debt | **440,499** | 425,483 |
| Net debt to equity ratio *(%)* | **29.8%** | 29.8% |

*Notes:*

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

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 | |
|---|---|---|
| | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| **Revenue** | | |
| Hong Kong | **91,917** | 91,909 |
| Mainland China | **288,808** | 296,951 |
| Taiwan | **58,264** | 84,694 |
| Southeast Asia | **71,373** | 68,706 |
| Korea | **10,469** | 33,196 |
| United States | **4,700** | 13,038 |
| Europe | **46,746** | 38,368 |
| Other countries | **33,434** | 34,968 |
| Total | **605,711** | 661,830 |

| | | |
|---|---|---|
| | **30 June** | 31 December |
| | **2013** | 2012 |
| | **(Unaudited)** | (Audited) |
| | ***HK$'000*** | *HK$'000* |
| **Non-current assets (exclude deferred tax assets and financial instruments)** | | |
| Hong Kong | **127,783** | 115,907 |
| Mainland China | **1,057,120** | 1,048,597 |
| Other countries | **68,893** | 40,480 |
| | **1,253,796** | 1,204,984 |

## 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 | |
|---|---|---|
| | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Manufacturing and trading of electronic components | **603,713** | 661,568 |
| Trading of raw materials | **1,998** | 262 |
| | **605,711** | 661,830 |

## 5 OPERATING PROFIT

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

| | For the six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| **Operating items** | | |
| Depreciation of property, plant and equipment | **49,750** | 48,667 |
| Amortisation of prepaid land premium | **1,078** | 1,600 |
| Amortisation of intangible assets | **475** | 401 |

## 6 CHANGE IN FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

| | For the six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Fair value gains/(losses) on interest rate swap | **9,741** | (4,389) |

At 30 June 2013, the Group held certain interest rate swap contracts entered into in 2009 and 2010 for a contracted period of ten years each. These contracts were entered into to stabilise the Group's overall interest expenses for the periods covered by these contracts. The Group had recognised gains in the fair values 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 | |
|---|---|---|
| | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Interest expenses on bank loans repayable within five years | **(14,389)** | (12,286) |
| | | |
| Interest income from loan to a joint venture | **2,107** | 1,573 |
| Interest income from term deposits and bank balances | **2,632** | 2,530 |
| | **4,739** | 4,103 |

## 8 TAX

| | For the six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Current tax: | | |
| Hong Kong | **5,197** | 10,543 |
| Mainland China | **4,330** | 707 |
| | **9,527** | 11,250 |
| Deferred tax | **(1,779)** | (2,761) |
| Total tax charge for the period | **7,748** | 8,489 |

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the 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 15% 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$34,302,000 (2012: HK$39,124,000), and the weighted average of 479,090,000 (2012: 479,090,000) ordinary shares in issue during the Period.

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

Diluted earnings per share for the period ended 30 June 2013 and 30 June 2012 were the same as the basic earnings per share as the Company's share options outstanding during the periods were anti-dilutive potential ordinary shares.

## 10 DIVIDENDS

The final dividend for the year ended 31 December 2012 amounted to HK$11,977,000 was paid on Friday, 12 July 2013.

The Board of Directors declared the payment of an interim dividend for the six months ended 30 June 2013 of 2.0 HK cents (30 June 2012: 2.0 HK cents) per share, totaling HK$9,582,000 which will be payable on or around Thursday, 26 September 2013 to shareholders whose names appear on the Register of Members of the Company on Monday, 16 September 2013. The register of members of the Company will be closed from Thursday, 12 September 2013 to Monday, 16 September 2013 (both dates inclusive).

## 11 TRADE RECEIVABLES

| | **30 June 2013 (Unaudited)** ***HK$'000*** | 31 December 2012 (Audited) *HK$'000* |
|---|---|---|
| Trade receivables | **390,972** | 409,079 |
| Provision for impairment of trade receivables | **(9,015)** | (8,496) |
| | **381,957** | 400,583 |

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

| | **30 June 2013 (Unaudited)** ***HK$'000*** | 31 December 2012 (Audited) *HK$'000* |
|---|---|---|
| Current and within payment terms | **289,155** | 315,163 |
| 1 – 3 months past due | **73,300** | 74,138 |
| 4 – 6 months past due | **17,798** | 9,487 |
| 7 – 12 months past due | **1,229** | 1,677 |
| Over 1 year past due | **475** | 118 |
| | **381,957** | 400,583 |

## 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:

| | **30 June 2013 (Unaudited)** ***HK$'000*** | 31 December 2012 (Audited) *HK$'000* |
|---|---|---|
| Trade payables: | | |
| 1 – 3 months | **138,114** | 102,682 |
| 4 – 6 months | **40,498** | 62,404 |
| 7 –12 months | **34,239** | 12,226 |
| Over 1 year | **7,914** | 7,779 |
| | **220,765** | 185,091 |
| Bills payables | **11,998** | 2,708 |
| | **232,763** | 187,799 |

## FINANCIAL RESULTS

The revenue of the Group for the Period declined slightly to HK$605,711,000, representing a decrease of 8.5% compared with that in Corresponding Period, as a result of slowdown of the global economy, especially in Mainland China in the first half of 2013.

Gross profit for the Period amounted to HK$138,280,000, representing a decrease of 9.7% from that of the Corresponding Period. Gross profit margin stood at 22.8%, despite the increase of manufacturing costs during the Period. The utilization of the internally-supplied raw materials also contributed to stabilize the gross profit margin for the Period.

During the Period, the Group recognised a gain arising from changes in the fair values of derivative financial instruments of HK$9,741,000. 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 increase in the fair values of these financial instruments in the condensed consolidated income statement at the end of the Period.

The Group also recognized a gain arising from the change in the fair values of investment properties of HK$9,162,000. 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$107,281,000, representing an EBITDA margin of 17.7% and an improvement of 1.0 percentage point from 16.7% for the Corresponding Period.

Profit for the Period amounted to HK$33,841,000, representing a net margin of 5.6%. The Board has resolved to declare an interim dividend of 2.0 HK cents per share (30 June 2012: 2.0 HK cents per share).

The Group made an announcement on 20 June 2013 that the pre-listing tutoring submitted on 5 November 2012 in respect of the proposed application for the primary listing of the shares of the holding company of the Conductive Polymer Aluminum Solid Capacitors ("Polymer Caps") business on the Taiwan Stock Exchange is still in progress and is subject to, among other things, further evaluation, assessment and approval by the Board, approval by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Practice Note 15 of the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules"), approval by the Taiwan Stock Exchange and the Financial Supervisory Commission of the Republic of China, approval by the shareholders of the Company (if required), market conditions and final decisions of the Board. The Board will make further announcement on the progress, if appropriate.

## BUSINESS REVIEW

### Market overview

The size of the global Aluminum Electrolytic Capacitors ("E-Caps") market declined slightly in the first half of 2013, mainly due to the slowdown of the global economy, especially in Mainland China. However, we observed a slow growth trend of demand from developed countries resulting from the clearance of inventories in the distribution channels. The Group continues to be one of the key global suppliers of E-Caps in the market and our flagship brand – SAMXON® maintains a strong market position against our major competitors including the large Japanese E-Caps manufacturers. Owing to the unique niche position, the Group is enjoying the shift of market share from less viable and smaller-size E-Caps manufacturers. We are expecting sales growth in consumer electronic and industrial sectors as a major benefit from the global supply chain diversification and the increasing focus of our key customers on high-quality products.

The Group has been one of the key global suppliers of Polymer Caps since 2006. The market demand for our Polymer Caps continued to grow in the first half of 2013 in terms of volume and also the spectrum of applications. Several new Polymer Caps series have been launched and we have been continuing our efforts in penetrating into the first-tier People's Republic of China (the "PRC") domestic market. The global demand for this particular electronic component is expected to experience phenomenal growth in the coming years. The Group will continue to expand its production capacities and enhance the product variety in order to capture the encouraging market potential.

### Operation review

The Group's strategic transformation into a global supplier of several critical electronic components including E-Caps, Polymer Caps, Electric Double Layer Capacitors ("EDLC"), aluminum foils and chemicals over the past few years is still on track. The mild drop in the sales revenue of the Group in the first half of 2013 compared with that of the Corresponding Period is mainly due to the adjustment of its sales strategy to high-margin products and customers. Accordingly, the Group is able to maintain its market competitiveness as indicated by the steady gross profit margin, EBITDA margin and the operating cash flow during the Period. To align with our Group strategy and policy, we are continuing to devote more resources to the development of new components applied in the energy saving and energy storage applications in both consumer and industrial sectors.

The development of another technological advancement known as Multi-layer Polymer Capacitors ("MLPC") reached a remarkable milestone as mass production started during the Period after receiving encouraging responses from the market. We are one of the very few manufacturers with the capacity of producing MLPC products in the world at the moment. We expect that the market demand for this state-of-the-art high-technology product will be increased in the coming years, particularly in the consumer electronic sector of computer motherboard, smart phones and tablets.

In view of the increasing manufacturing and labour costs in Mainland China, the Group continues to enhance its production efficiency with machines automation, manufacturing processes streamlining and also tightens control over the manufacturing overheads. Moreover, the Group continues to adjust its product mix by phasing out low-margin customers and products. With the integration of key raw materials supply chain and the increasing internal supply of aluminum foils, the Group is able to enhance its overall competitiveness against major competitors and its product profitability in the years to come.

Our energy storage system ("ESS") product family also demonstrates encouraging progress during the Period. With the ultimate objective to provide a total solution for industrial power management and energy applications in particular for wind and solar power generation systems and the electric transportation sector, we are starting to supply ESS products to major industrial conglomerates including large PRC enterprises. The Group expects the return from this product family will increase gradually in the coming years.

During the Period, a 7-magnitude earthquake struck Ya'an City, Sichuan Province, PRC, where the Group's aluminum foil manufacturing plant is located. There was no material damage to the production plant and equipment after the earthquake and we were able to resume a nearly full scale of operation as at the date of this announcement. Given that the Group had already maintained sufficient stock of raw materials, the earthquake did not cause any significant adverse impacts on the overall operation and the financial results of the Group.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, the Group's total outstanding bank borrowings amounted to HK$895,596,000 (31 December 2012: HK$1,050,883,000), which comprised mainly bank loans and trade finance facilities. The maturity profile of the bank borrowings falling due within one year and in the second to the fifth year amounted to HK$550,820,000 and HK$344,776,000 respectively (31 December 2012: HK$514,717,000 and HK$536,166,000 respectively).

After deducting cash and cash equivalents of HK$455,097,000 (31 December 2012: HK$625,400,000), the Group's net borrowing amounted to HK$440,499,000 (31 December 2012: HK$425,483,000). Shareholders' equity as at 30 June 2013 was HK$1,480,016,000 (31 December 2012: HK$1,426,701,000). Accordingly, the Group's net gearing ratio was 29.8% (31 December 2012: 29.8%).

During the Period, the Group's net cash inflow from operating activities amounted to HK$44,284,000. This represented profit before tax of HK$41,589,000 after adjustments for non-cash items, including adding back depreciation and amortisation of HK$51,303,000, deducting the share of results of joint ventures and an associate of HK$7,685,000, deducting net changes in working capital of HK$11,544,000 and deducting other adjustments of HK$29,379,000. The Group's net cash outflow from investing activities for the Period amounted to HK$66,973,000, which included purchases and prepayments for property, plant and equipment of HK$42,146,000, additional investment in an associate of HK$24,930,000 and adding back other adjustments of HK$103,000.

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

## EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2013, the Group employed 82 staff in Hong Kong (31 December 2012: 83) and employed a total work force of 3,609 (31 December 2012: 2,979) inclusive of all its staff in Mainland China and overseas offices. The Group's remuneration policy is built on the principle of equitable, motivating, performance oriented and market-competitive remuneration packages 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 Group expects the overall global economy, especially within the European and Mainland China domestic markets, will continue to slowdown in the second half of 2013. Given the discouraging market sentiment, the Group will devote considerable effort into managing the overall product profitability, adjusting the product mix, driving down the manufacturing costs, enhancing the production efficiency and tightening the control over manufacturing overhead in the next few quarters. The operating environment in the manufacturing sector will continue to be challenging in the coming years. Nevertheless, the Group will continue its commitment to strengthen its research and development ("R&D") capabilities, automate manufacturing processes and allocate more resources in new and innovative products development, including the ESS product family and MLPC products. The Group believes that its ongoing focus on high-margin products and niche market segments will drive the overall profitability of the component business despites the uncertainty of the global economy in the second half of 2013.

As one of the major global suppliers of E-Caps and Polymer Caps, the Group will continue to advance forward in its strategic direction of maintaining its prominent position as a key supplier for most of the major players in the world. The Group had previously overcome a number of global economic crises in the past years. The financial strength of the Group continues to improve. Through bolstering our R&D capabilities, tapping our mature and extensive sales networks and leveraging our diversified product family, the Group is well positioned to capture potential business opportunities when the global economy revives in the coming years.

## 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

There have been some changes in Directors' information since the date of the 2012 annual report of the Company as follows:

1. Mr. Ko Pak On resigned as an executive director of the Company with effect from 28 February 2013.

2. Mr. Yeung Yuk Lun was appointed as an executive director of the Company with effect from 1 March 2013.

3. Mr. Mar, Selwyn resigned as an independent non-executive director and the chairman of the audit committee of Standard Bank Asia Limited with effect from 21 April 2013.

Save as disclosed above and in the announcement of the Company dated 29 January 2013, as at 30 June 2013, there had not been any other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## CORPORATE GOVERNANCE PRACTICES

The Group has complied with the applicable code provisions in 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 (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 Period.

## AUDIT COMMITTEE

The audit committee of the Company (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 Period.

## REMUNERATION COMMITTEE

The Company established a Remuneration Committee for the purpose of (i) to determine 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) to make recommendations to the board of the remuneration of non-executive Directors; and (iii) to establish a transparent procedure for developing policy on such remuneration. The Remuneration Committee comprises two INEDs and one executive director of the Company. 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 for the purpose of (i) to assist the Board to run effectively and the Company can go through a formal, fair and transparent process of reviewing the balance and effectiveness of the Board, identifying the skills needed and appointing those who can provide them to the Board; (ii) to lead the process for the appointment of the directors; and (iii) to identify and nominate suitable candidates for appointment to the Board. The Nomination Committee comprises three INEDs and two executive directors of the Company 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 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 of Directors has resolved to declare the payment of an interim dividend for the Period of 2.0 HK cents (2012: 2.0 HK cents) per ordinary share, totalling HK$9,582,000 payable on or around Thursday, 26 September 2013 to shareholders whose names appear on the register of members of the Company on Monday, 16 September 2013.

## REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Group's 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.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 12 September 2013 to Monday, 16 September 2013, 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, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 11 September 2013.

## 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 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 Monday, 30 September 2013.

## 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, 8 August 2013

*As at the date of this announcement, the board of directors of the Company 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 INEDs.*