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

(Incorporated in Bermuda with limited liability)

(Stock Code: 00894)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

RESULTS HIGHLIGHTS

- Revenue dropped slightly to HK\$597,732,000 from HK\$605,711,000 for the Corresponding Period
- Gross profit margin maintained at 22.8%, same as that of the Corresponding Period
- Operating profit rose by 45.0% to HK\$49,039,000, compared with HK\$33,813,000 for the Corresponding Period
- EBITDA of HK\$98,715,000, representing an EBITDA margin of 16.5%, compared with 17.7% for the Corresponding Period
- Profit for the Period amounted to HK\$32,838,000 (for the six months ended 30 June 2013: HK\$33,841,000), representing a net margin of 5.5%, compared with 5.6% for the Corresponding Period
- Net debt to equity ratio improved to 20.3%, compared with 28.3% as at 31 December 2013
- Declared interim dividend of 1.5 HK cents per share, compared with 2.0 HK cents per share for the Corresponding Period
- Net asset per share of HK\$3.24, compared with HK\$3.21 per share as at 31 December 2013

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 2014 (the “Period”) together with the comparative figures for the corresponding period in last year (the “Corresponding Period”).

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	Notes		
Revenue	3 & 4	597,732	605,711
Cost of sales		<u>(461,234)</u>	<u>(467,431)</u>
Gross profit		136,498	138,280
Other income		4,957	4,054
Other gains/(losses), net		10,427	(134)
Selling and distribution costs		(31,224)	(30,075)
Administrative expenses		<u>(71,619)</u>	<u>(78,312)</u>
Operating profit	5	49,039	33,813
Changes in fair values of derivative financial instruments	6	(3,175)	9,741
Finance costs	7	(14,392)	(14,389)
Finance income	7	3,857	4,739
Share of results of joint ventures		1,189	2,799
Share of results of an associate		<u>(124)</u>	<u>4,886</u>
Profit before tax		36,394	41,589
Tax	8	<u>(3,556)</u>	<u>(7,748)</u>
Profit for the period		<u>32,838</u>	<u>33,841</u>
Profit attributable to:			
– Equity holders of the Company		32,665	34,302
– Non-controlling interests		<u>173</u>	<u>(461)</u>
		<u>32,838</u>	<u>33,841</u>
Earnings per share for profit attributable to the equity holders of the Company	9		
– Basic		6.82 HK cents	7.16 HK cents
– Diluted		<u>6.82 HK cents</u>	<u>7.16 HK cents</u>
		HK\$'000	HK\$'000
Dividends	10	<u>7,189</u>	<u>9,582</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	<u>32,838</u>	<u>33,841</u>
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
– Change in fair value of an available-for-sale investment	78	114
– Currency translation differences	<u>(9,928)</u>	<u>32,889</u>
Other comprehensive income for the period, net of tax	<u><u>(9,850)</u></u>	<u><u>33,003</u></u>
Total comprehensive income for the period	<u><u>22,988</u></u>	<u><u>66,844</u></u>
Total comprehensive income attributable to:		
– Equity holders of the Company	22,860	67,223
– Non-controlling interests	<u>128</u>	<u>(379)</u>
	<u><u>22,988</u></u>	<u><u>66,844</u></u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	As at	
	30 June	31 December
	2014	2013
	(Unaudited)	(Audited)
Notes	HK\$'000	HK\$'000
Non-current assets		
Property, plant and equipment	802,872	829,366
Prepaid land premium	31,081	31,753
Investment properties	114,557	83,004
Intangible assets	2,278	1,877
Investments in joint ventures	105,903	111,757
Investment in an associate	78,799	69,797
Prepayments on purchases of property, plant and equipment	75,494	64,689
Available-for-sale investments	11,850	12,258
Other prepayments	2,370	3,636
Deferred tax assets	11,248	10,281
Total non-current assets	1,236,452	1,218,418
Current assets		
Inventories	457,195	416,501
Trade receivables	321,029	396,305
Prepayments, deposits and other receivables	96,975	110,954
Loans to a joint venture	102,791	104,076
Due from joint ventures	29,504	47,562
Due from an associate	30,794	33,214
Financial assets at fair value through profit or loss	55	55
Tax recoverable	11,583	8,438
Cash and cash equivalents	550,021	433,363
Assets classified as held-for-sale	1,599,947	1,550,468
	–	9,384
Total current assets	1,599,947	1,559,852

		As at	
		30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
	Notes		
Current liabilities			
Trade and bills payables	12	265,009	184,876
Other payables and accrued liabilities		71,681	77,237
Due to joint ventures		15,265	47,273
Due to an associate		1,676	-
Derivative financial instruments		4,980	5,864
Tax payable		3,723	4,628
Bank loans		435,185	536,776
Dividends payable		7,227	38
		<u>804,746</u>	<u>856,692</u>
Liabilities classified as held-for-sale		<u>-</u>	<u>6</u>
Total current liabilities		<u>804,746</u>	<u>856,698</u>
Net current assets		<u>795,201</u>	<u>703,154</u>
Total assets less current liabilities		<u>2,031,653</u>	<u>1,921,572</u>
Non-current liabilities			
Bank loans		428,216	337,022
Derivative financial instruments		11,272	10,931
Provision for long service payments		1,029	1,029
Deferred tax liabilities		26,550	20,779
Deferred income		12,778	13,069
Total non-current liabilities		<u>479,845</u>	<u>382,830</u>
Net assets		<u>1,551,808</u>	<u>1,538,742</u>
Equity			
Share capital		47,924	47,909
Reserves		1,491,842	1,476,236
Proposed dividend	10	7,189	7,186
Equity attributable to equity holders of the Company		<u>1,546,955</u>	<u>1,531,331</u>
Non-controlling interests		<u>4,853</u>	<u>7,411</u>
Total equity		<u>1,551,808</u>	<u>1,538,742</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the Period has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in the annual financial statements.

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

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

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

- HKAS 16 and HKAS 38 Amendment – Classification of Acceptable Methods of Depreciation and Amortisation²
- HKAS 19 (2011) Amendment – Defined Benefit Plans: Employee Contributions¹
- HKFRS 9 – Financial Instruments⁴
- HKFRS 11 Amendment – Accounting for Acquisitions of Interests in Joint Operations²
- HKFRS 14 – Regulatory Deferral Accounts²
- HKFRS 15 – Revenue from Contracts with Customers³
- Annual Improvements Project – Annual Improvements 2010-2012 Cycle¹
- Annual Improvements Project – Annual Improvements 2011-2013 Cycle¹

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 2016

³ Changes effective for annual periods beginning on or after 1 January 2017

⁴ Changes effective date to be determined

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

3 SEGMENT INFORMATION

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

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

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue	597,732	605,711
Gross profit	136,498	138,280
Gross profit margin (%)	22.8%	22.8%
EBITDA ⁽ⁱ⁾	98,715	107,281
EBITDA margin (%)	16.5%	17.7%
Operating expenses ⁽ⁱⁱ⁾	102,843	108,387
Operating expenses/Revenue (%)	17.2%	17.9%
Profit for the Period	32,838	33,841
Net profit margin (%)	5.5%	5.6%
	30 June	31 December
	2014	2013
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Total assets	2,836,399	2,778,270
Equity attributable to equity holders of the Company	1,546,955	1,531,331
Inventories	457,195	416,501
Inventory turnover days	163	147
Trade receivables	321,029	396,305
Trade receivables turnover days	89	109
Trade and bills payables	265,009	184,876
Trade and bills payables turnover days	94	65
Total interest-bearing debt	863,401	873,798
Cash and cash equivalents	550,021	433,363
Cash classified as assets held-for-sale	—	6,783
Net debt	313,380	433,652
Net debt to equity ratio (%)	20.3%	28.3%

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 selling and distribution costs and administrative expenses.

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

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Hong Kong	59,400	70,839
Mainland China	292,571	280,745
Taiwan	117,881	97,571
Southeast Asia	30,215	39,345
Korea	6,141	10,599
United States	32,585	38,765
Europe	29,342	29,414
Other countries	29,597	38,433
	597,732	605,711
	30 June	31 December
	2014	2013
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Non-current assets (excluding deferred tax assets and financial instruments)		
Hong Kong	139,308	140,147
Mainland China	995,010	985,666
Other countries	79,036	70,066
	1,213,354	1,195,879

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	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Manufacturing and trading of electronic components	567,379	603,713
Trading of raw materials	30,353	1,998
	597,732	605,711

5 OPERATING PROFIT

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

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Operating items		
Depreciation of property, plant and equipment	47,232	49,750
Amortisation of prepaid land premium	369	1,078
Amortisation of intangible assets	328	475
	<u>47,929</u>	<u>51,303</u>

6 CHANGES IN FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Fair value (losses)/gains on interest rate swap	(3,175)	9,741
	<u>(3,175)</u>	<u>9,741</u>

At 30 June 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.

7 FINANCE COSTS AND FINANCE INCOME

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expense on bank loans repayable within five years	(12,633)	(14,389)
Others	(1,759)	–
	<u>(14,392)</u>	<u>(14,389)</u>
Interest income from loan to a joint venture	2,138	2,107
Interest income from term deposits and bank balances	1,719	2,632
	<u>3,857</u>	<u>4,739</u>

8 TAX

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	1,744	5,197
Mainland China	2,808	4,330
	<u>4,552</u>	<u>9,527</u>
Deferred tax	(996)	(1,779)
Total tax charge for the Period	<u><u>3,556</u></u>	<u><u>7,748</u></u>

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 Period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

In accordance with the relevant tax rules and regulations in Mainland China, certain of the Company's subsidiaries in Mainland China enjoy tax exemptions. Certain subsidiaries in Mainland China are subject to income taxes at applicable rates ranging from 15% to 25%.

9 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\$32,665,000 (for the six months ended 30 June 2013: HK\$34,302,000), and the weighted average number of 479,167,000 (for the six months ended 30 June 2013: 479,090,000) 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\$32,665,000 (for the six months ended 30 June 2013: HK\$34,302,000). The weighted average number of ordinary shares used in the calculation is 479,167,000 (for the six months ended 30 June 2013: 479,090,000) ordinary shares in issue during the Period, as used in the basic earnings per share calculation, and the weighted average number of 59,000 (for the six months ended 30 June 2013: Nil) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the Period.

10 DIVIDENDS

The final dividend for the year ended 31 December 2013 amounted to HK\$7,189,000 was paid on Friday, 17 July 2014.

The Board has declared the payment of an interim dividend for the six months ended 30 June 2014 of 1.5 HK cents (for the six months ended 30 June 2013: 2.0 HK cents) per share, totaling HK\$7,189,000 which will be payable on or around Thursday, 25 September 2014 to shareholders whose names appear on the register of members of the Company on Friday, 12 September 2014. The register of members of the Company will be closed from Thursday, 11 September 2014 to Friday, 12 September 2014 (both dates inclusive).

11 TRADE RECEIVABLES

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Trade receivables	329,878	404,463
Provision for impairment of trade receivables	<u>(8,849)</u>	<u>(8,158)</u>
	<u>321,029</u>	<u>396,305</u>

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 provision for doubtful debts, is as follows:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Current and within payment terms	255,352	335,425
1 – 3 months past due	47,706	45,544
4 – 6 months past due	11,005	13,837
7 – 12 months past due	6,345	1,376
Over 1 year past due	<u>621</u>	<u>123</u>
	<u>321,029</u>	<u>396,305</u>

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 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Trade payables:		
1 – 3 months	155,061	88,199
4 – 6 months	56,992	54,244
7 – 12 months	21,542	10,081
Over 1 year	<u>6,331</u>	<u>11,044</u>
	239,926	163,568
Bills payables	<u>25,083</u>	<u>21,308</u>
	<u>265,009</u>	<u>184,876</u>

FINANCIAL RESULTS

The revenue of the Group for the Period dropped slightly to HK\$597,732,000, representing a decrease of 1.3% compared with that in the Corresponding Period. This is mainly due to the continuing adjustment of sales strategy to focus on our niche customers for the past few years.

Gross profit for the Period amounted to HK\$136,498,000, representing a decrease of 1.3% from that of the Corresponding Period. Gross profit margin maintained at 22.8%, despite the significant increase of manufacturing costs in Mainland China. Moreover, the increasing variety and utilisation of the internal-supplied raw materials contributed to the stabilisation of gross profit margin during the Period.

During the Period, the Group recognised a loss arising from changes in fair values of derivative financial instruments of HK\$3,175,000. The derivative financial instruments concerned referred to certain long term interest rate swap contracts entered into by the Group in 2009 and 2010 with the intention to hedge against the Group's future borrowing costs. The Group had to account for the decrease in fair values of these financial instruments in the consolidated income statement at the end of the Period. This item did not affect the cash flows of the Group.

The Group recognised a gain arising from the change in fair values of investment properties of HK\$75,000 (2013: 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 earnings before interest expenses, tax, depreciation and amortisation ("EBITDA") amounted to HK\$98,715,000, representing an EBITDA margin of 16.5% and a drop of 1.2 percentage points from 17.7% for the Corresponding Period.

Profit for the Period amounted to HK\$32,838,000, representing a net margin of 5.5%. The Board has resolved to recommend an interim dividend of 1.5 HK cents per share (30 June 2013: 2.0 HK cents per share).

BUSINESS REVIEW

Market overview

The global demand for aluminum electrolytic capacitors (“E-Caps”) and polymer aluminum solid capacitors (“Polymer Caps”) only showed mild growth in the first half of 2014. 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 enjoys good returns against the major Japanese E-Caps manufacturers. During the Period, the Polymer Caps continued to record growth in terms of sales volume and the spectrum of applications. We have been continuing our efforts in penetrating into the first-tier People’s Republic of China (the “PRC”) domestic market and some major global electronic manufacturers. We expect a recovery of sales momentum in the consumer electronic and industrial sectors in the near future and increasing demand for our high-quality products.

With the recent launch of new policies by the PRC government in the last quarter of 2013, the market demand for the super-capacitors increased dramatically in the first half of 2014. The Group has benefited from this policy direction with its supply of electric double-layer capacitors (“EDLC”) to the new energy vehicles and new energy saving sectors. We are one of the few suppliers in the world to supply energy storage and saving products – EDLC and Powerfilm Capacitors. The Group expects the global demand for these particular electronic components will experience phenomenal growth in terms of volume and applications in the coming years. The Group is now preparing herself for this faster-than-expected strong market demand by boosting its production capacities and speeding up the human resources planning in order to capture this market potential.

Operation review

The Group has successfully transformed from a single-product platform into a major global supplier of several critical electronic components including E-Caps, Polymer Caps, EDLC, Powerfilm Capacitors, Multi-layer Polymer Capacitors (“MLPC”), aluminum foils and chemicals in the past few years. The slight drop of sales revenue of the Group in the first half of 2014 was mainly due to the adjustment of production space and capacities for the emerging new energy storage system (“ESS”) products – EDLC and Powerfilm Capacitors during the Period. Accordingly, there was a considerable impact to the overall contributions from our E-Caps product segment. However, the Group can still maintain its gross profit margin and operating cash flows by focusing on the niche market segment and customers during the Period.

E-Caps and Polymer Caps have extensive applications across a wide spectrum of consumer electronics and industrial sectors. The Group has recorded encouraging growth of Polymer Caps, long-life ballast for energy saving lamps, high-voltage screw type and high performance low equivalent series resistance E-Caps product series in the first half of 2014. Moreover, our innovative product – MLPC is keen going through the end customers' final product-approval process. With the Group's consistent commitment to improve the competitiveness of its production process and manufacturing costs, the E-Caps and Polymer Caps product segments continued to make steady contributions. Accordingly, we are able to allocate our resources mainly in research and development ("R&D") of new, innovative product series, as well as product engineering to enhance productivity and yield.

The Group has been investing in the development of new ESS products for many years. The ESS family provides a total solution for industrial power management and energy-storage applications such as wind and solar power system, new energy transportation equipment, power backup devices and national grid resource utilisation. The Group's ESS solutions enhance the Group's market position for low-carbon and new energy-related applications. The Group expects the market potential for EDLC, Powerfilm Capacitors and the second generation of super-capacitors products will be expanded sharply, following through the continuing commitment of the PRC government to the environmental protection. Accordingly, the Group is expanding its production capacities of EDLC and Powerfilm Capacitors in our Dongguan plant to align with this strategic move.

The Group made an announcement on 20 March 2014 that the Group is undergoing negotiations with the Management Committee of Qingyuan High-tech Industrial development Zone relating to a possible acquisition of the right to use a piece of land in Qingyuan High-tech Industrial Development Zone of Guangdong Province, 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 manufacturing of the EDLC, EDLC modules, MLPC, Powerfilm Capacitors and other new energy saving-related products. The Group will make further announcement on any updated progress, if any.

Research and Development

The Group's internal R&D team and research institute of new innovative electronic components and materials are complemented by its long-term R&D collaboration with various famous universities and critical research projects with large conglomerates in the PRC. We continue to recruit multi-discipline research professionals including energy storage, energy saving, energy management, material science, chemical engineering and mechanical engineering. This will strengthen our R&D competitiveness and enable the Group to stay at the forefront of technology and the industry.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the Group's total outstanding bank borrowings amounted to HK\$863,401,000 (31 December 2013: HK\$873,798,000), which comprised mainly bank loan 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\$435,185,000 and HK\$428,216,000, respectively (31 December 2013: HK\$536,776,000 and HK\$337,022,000, respectively).

After deducting cash and cash equivalents of HK\$550,021,000 (31 December 2013: HK\$433,363,000 and those included in assets classified as held-for-sale HK\$6,783,000), the Group's net borrowing amounted to HK\$313,380,000 (31 December 2013: HK\$433,652,000). Shareholders' equity as at 30 June 2014 was HK\$1,546,955,000 (31 December 2013: HK\$1,531,331,000). Accordingly, the Group's net gearing ratio was 20.3% (31 December 2013: 28.3%).

During the Period, the Group's net cash inflow from operating activities amounted to HK\$173,156,000. It represented profit before tax of HK\$36,394,000, after adjustments for non-cash items, including adding back depreciation and amortisation of HK\$47,929,000, deducting share of results of joint ventures and an associate of HK\$1,065,000, adding net changes in working capital of HK\$109,560,000 and deducting other adjustments of HK\$19,662,000. The Group's net cash outflow from investing activities for the Period amounted to HK\$42,355,000, which included purchases and prepayments for property, plant and equipment of HK\$39,633,000 and adding back other adjustments of HK\$2,722,000.

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 fluctuation of the Renminbi, the Group has increased its revenue in Mainland China in order to hedge against Renminbi payments. The Group continued to monitor its foreign exchange exposure in Japanese yen and Renminbi mainly by entering into forward contracts. The Group's long-term bank loan facilities were denominated mainly in Hong Kong 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 2014, the Group employed 80 staff in Hong Kong (31 December 2013: 78) and employed a total work force of approximately 3,441 (31 December 2013: 2,823) 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 overall global economy is still recovering with uncertainties. The Group expects the demand for electronic components will continue to show a mild growth trend, mainly driven by the economic growth in the emerging markets and the domestic markets in Mainland China. With the Group's three pillars of product families (namely E-Caps, Polymer Caps, ESS products) well in place, we will continue to widen the application spectrum for our E-Caps and Polymer Caps products and focus on the niche market to enhance the overall profitability. Aggressive cost control measures will consistently be implemented in order to offset the negative impact arising from the increasing manufacturing costs.

Moreover, we observed an encouraging growth momentum for our ESS family in the next couple of years. The PRC government commits to develop new energy, new materials, energy saving, environmental protection and new energy vehicles with various ongoing policies. This absolutely aligns with the Group's long-term strategy of developing new-energy-related electronic components and materials in the past and in the future. Our strength and commitment in innovative product development, together with our well-diversified product platform and extensive sales network, will enable the Group to capture the high-potential and high-margin sales growth of the new-energy segment in the next few years.

The Group will continue to maintain its prominent market position in the electronic component industry and remain as a key global supplier of new-energy components. The improving financial strength enables the Group to develop the emerging product segments with advanced and innovative technology. Our ongoing research and innovations in electronic components, aluminum foil technology and ESS total solution will enhance our overall competitiveness in the industry and global market.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

OTHER CHANGES IN DIRECTORS' INFORMATION

Since the publication date of the 2013 annual report of the Company, there was a change in Directors' information which is reported as follows:

Mr. Mar, Selwyn had been a partner of Nexia Charles Mar Fan & Co. until 31 March 2014. He is currently a Director of Nexia Charles Mar Fan Limited.

Save as disclosed above, as at 30 June 2014, there had not been any other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

CORPORATE GOVERNANCE PRACTICES

The Group has complied with the applicable code provision in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 14 to the Listing Rules (the “Corporate Governance Code”) 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 (the “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. The Board would consult the chairman of the Remuneration Committee and provide sufficient resources to the Remuneration Committee to enable it to discharge its duties.

NOMINATION COMMITTEE

The Company established a nomination committee (the “Nomination Committee”) for the purpose of (i) to assist the Board to run effectively and the Company can go through a formal, fair and transparent process of reviewing the structure, size, composition and balance and effectiveness of the Board in light of the board diversity policy of the Company, 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 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 has resolved to declare the payment of an interim dividend for the Period of 1.5 HK cents (2013: 2.0 HK cents) per ordinary share, totalling HK\$7,189,000, payable on or around Thursday, 25 September 2014 to shareholders whose names appear on the register of members of the Company on Friday, 12 September 2014.

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, 11 September 2014 to Friday, 12 September 2014, both dates 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 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 4:30 p.m. on Wednesday, 10 September 2014.

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, as required by the Listing Rules, will be dispatched to the shareholders and published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.manyue.com>) on or before Tuesday, 30 September 2014.

APPRECIATION

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

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

Hong Kong, 12 August 2014

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 Independent Non-executive Directors.