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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 2016**

RESULTS HIGHLIGHTS

- Revenue dropped to HK\$403,448,000 from HK\$445,604,000 for the Corresponding Period
- Gross profit margin was 15.4%, compared with 15.3% for the Corresponding Period
- EBITDA of HK\$25,093,000, representing an EBITDA margin of 6.2%, compared with 5.5% for the Corresponding Period
- Loss for the Period was HK\$28,552,000, compared with HK\$46,800,000 for the Corresponding Period, representing a reduction of 39%
- Net debt to equity ratio was 31.4%, compared with 32.6% as at 31 December 2015
- Net assets per share was HK\$2.93, compared with HK\$2.93 per share as at 31 December 2015

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 2016 (the “Period”) together with the comparative figures for the corresponding period in last year (the “Corresponding Period”).

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2016	2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3 & 4	403,448	445,604
Cost of sales		<u>(341,127)</u>	<u>(377,443)</u>
Gross profit		62,321	68,161
Other income		3,172	3,055
Other gains, net		3,743	3,900
Selling and distribution costs		(23,057)	(25,886)
Administrative expenses		<u>(62,726)</u>	<u>(71,265)</u>
Operating loss	5	(16,547)	(22,035)
Change in fair values of derivative financial instruments	6	(3,216)	(3,027)
Finance costs	7	(13,286)	(16,533)
Finance income	7	2,661	4,392
Share of results of joint ventures		6,977	(1,895)
Share of results of an associate		<u>(2,646)</u>	<u>(1,450)</u>
Loss before tax		(26,057)	(40,548)
Tax	8	<u>(2,495)</u>	<u>(6,252)</u>
Loss for the period		<u>(28,552)</u>	<u>(46,800)</u>
Loss attributable to:			
– Equity holders of the Company		(28,513)	(46,784)
– Non-controlling interests		<u>(39)</u>	<u>(16)</u>
		<u>(28,552)</u>	<u>(46,800)</u>
Loss per share attributable to the equity holders of the Company	9		
– Basic		(6.00) HK cents	(9.76) HK cents
– Diluted		<u>(6.00) HK cents</u>	<u>(9.76) HK cents</u>

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	<u>(28,552)</u>	<u>(46,800)</u>
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss		
– Change in fair values of available-for-sale investments	(274)	49
– Currency translation differences	<u>(41,329)</u>	<u>(3,445)</u>
Other comprehensive loss for the period, net of tax	<u>(41,603)</u>	<u>(3,396)</u>
Total comprehensive loss for the period	<u>(70,155)</u>	<u>(50,196)</u>
Total comprehensive loss attributable to:		
– Equity holders of the Company	(70,032)	(50,196)
– Non-controlling interests	<u>(123)</u>	<u>–</u>
	<u>(70,155)</u>	<u>(50,196)</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		686,156	711,069
Prepaid land premium		69,534	71,728
Investment properties		139,958	141,530
Intangible assets		2,894	1,113
Investments in joint ventures		100,309	95,916
Investment in an associate		–	72,438
Prepayments on purchases of property, plant and equipment		63,379	66,060
Available-for-sale investments		13,989	12,701
Other prepayments		1,805	1,822
Deferred tax assets		16,028	13,396
		1,094,052	1,187,773
Current assets			
Inventories		457,175	463,518
Trade receivables	11	394,170	343,785
Prepayments, deposits and other receivables		82,314	62,140
Pledged deposits		13,988	–
Loans to a joint venture		101,969	96,989
Due from joint ventures		29,885	34,438
Due from an associate		–	3,651
Financial assets at fair value through profit or loss		45	51
Tax recoverable		938	944
Time deposits over three months		–	11,936
Cash and cash equivalents		604,412	347,797
		1,684,896	1,365,249
Current liabilities			
Trade and bills payables	12	177,367	191,786
Other payables and accrued liabilities		105,777	64,045
Due to joint ventures		17,424	19,780
Derivative financial instruments		4,250	5,040
Tax payable		4,959	4,625
Bank loans	13	683,391	505,477
Dividends payable		43	43
		993,211	790,796
Net current assets		691,685	574,453
Total assets less current liabilities		1,785,737	1,762,226

		As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
Total assets less current liabilities		1,785,737	1,762,226
Non-current liabilities			
Bank loans	<i>13</i>	335,798	308,098
Derivative financial instruments		11,940	10,724
Provision for long service payments		593	554
Deferred tax liabilities		34,425	34,955
Deferred income		11,251	11,635
Total non-current liabilities		394,007	365,966
Net assets		1,391,730	1,396,260
Equity			
Share capital		47,555	47,624
Reserves		1,273,918	1,344,354
Equity attributable to equity holders of the Company		1,321,473	1,391,978
Non-controlling interests		70,257	4,282
Total equity		1,391,730	1,396,260

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. This interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, 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 2015, as described in the annual financial statements except for the accounting policy changes that are expected to be reflected in the 2016 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.

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of amendments to HKFRS that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Annual Improvements to HKFRS 2012-2014 Cycle
- Amendments to HKAS 1, Presentation of Financial Statements: Disclosure initiative

None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods be prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The following new or amended standards have been issued but are not yet effective for the financial year beginning 1 January 2016 and have not been early adopted:

- HKAS 12 Amendments – Recognition of deferred tax assets for unrealised losses¹
- HKAS 7 Amendments – Statement of Cash Flows – Disclosure initiative¹
- HKFRS 9 – Financial Instruments²
- HKFRS 15 – Revenue from Contracts with Customers²
- HKFRS 16 – Leases³

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

² Changes effective for annual periods beginning on or after 1 January 2018

³ Changes effective for annual periods beginning on or after 1 January 2019

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

3 SEGMENT INFORMATION

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

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

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Revenue	403,448	445,604
Gross profit	62,321	68,161
Gross profit margin (%)	15.4%	15.3%
EBITDA ⁽ⁱ⁾	25,093	24,505
EBITDA margin (%)	6.2%	5.5%
Operating expenses ⁽ⁱⁱ⁾	85,783	97,151
Operating expenses/Revenue (%)	21.3%	21.8%
Loss for the period	(28,552)	(46,800)
Net loss margin (%)	(7.1%)	(10.5%)
	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
Total assets	2,778,948	2,553,022
Equity attributable to equity holders of the Company	1,321,473	1,391,978
Inventories – Finished goods only	210,245	187,514
Inventory turnover days (Finished goods only)	101	86
Trade receivables	394,170	343,785
Trade receivables turnover days	154	129
Trade and bills payables	177,367	191,786
Trade and bills payables turnover days	85	88
Total interest-bearing debt	1,019,189	813,575
Cash and cash equivalents	604,412	347,797
Time deposits over three months	–	11,936
Net debt	414,777	453,842
Net debt to equity ratio (%)	31.4%	32.6%

Notes:

⁽ⁱ⁾ EBITDA represents earnings before interest expenses, tax, depreciation and amortisation.

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

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

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Hong Kong	54,125	56,702
The People's Republic of China (the "PRC")	225,286	221,451
Taiwan	55,225	83,097
Southeast Asia	11,514	20,092
Korea	1,742	2,687
United States	17,725	16,973
Europe	16,331	27,609
Other countries	21,500	16,993
	<u>403,448</u>	<u>445,604</u>
	As at	As at
	30 June	31 December
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets (exclude deferred tax assets and financial instruments)		
Hong Kong	132,120	133,843
The PRC	931,710	955,182
Other countries	205	72,651
	<u>1,064,035</u>	<u>1,161,676</u>

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:

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Manufacturing and trading of electronic components	402,919	438,414
Trading of raw materials	529	7,190
	<u>403,448</u>	<u>445,604</u>

5 OPERATING LOSS

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

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Operating items		
Depreciation of property, plant and equipment	36,688	47,292
Amortisation of prepaid land premium	788	839
Amortisation of intangible assets	388	389
	<u>38,864</u>	<u>48,520</u>

6 CHANGE IN FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Fair value losses on interest rate swap	(3,216)	(3,027)
	<u>(3,216)</u>	<u>(3,027)</u>

At 30 June 2016, the Group held certain interest rate swap contracts entered into in 2009 and 2010 for a contracted period of ten years each. These contracts were entered into to stabilise the Group's overall interest expenses for the periods covered by these contracts.

7 FINANCE COSTS AND FINANCE INCOME

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Interest expenses on bank loans repayable within five years	(11,913)	(13,989)
Others	(1,373)	(2,544)
	<u>(13,286)</u>	<u>(16,533)</u>
Interest income from loan to a joint venture	2,174	2,142
Interest income from time deposits and bank balances	487	2,250
	<u>2,661</u>	<u>4,392</u>

8 TAX

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	614	1,758
The PRC	2,098	1,803
	<hr/>	<hr/>
	2,712	3,561
Deferred tax	(217)	2,691
	<hr/>	<hr/>
Total tax charge for the period	2,495	6,252
	<hr/>	<hr/>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2015: 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 the PRC, certain Company's subsidiaries in the PRC enjoy tax exemptions. And certain subsidiaries in the PRC are subject to income taxes at applicable rates ranging from 20% to 25%.

9 LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the Period attributable to equity holders of the Company of HK\$28,513,000 (for the Corresponding Period: HK\$46,784,000), and the weighted average number of 475,566,000 (for the Corresponding Period: 479,240,000) in issue during the Period.

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

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

10 DIVIDENDS

The Board has resolved not to declare interim dividend for the Period (for the Corresponding Period: Nil).

11 TRADE RECEIVABLES

	As at 30 June 2016 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
Trade receivables	410,515	352,923
Provisions for impairment of trade receivables	(16,345)	(9,138)
	394,170	343,785

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 end of the reporting period, based on the payment due date and net of provisions for doubtful debts, is as follows:

	As at 30 June 2016 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
Current and within payment terms:	289,250	240,797
1–3 months past due	83,668	82,967
4–6 months past due	7,362	2,908
7–12 months past due	2,902	773
Over 1 year past due	10,988	16,340
	394,170	343,785

12 TRADE AND BILLS PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2016 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
Trade payables:		
1–3 months	106,800	98,048
4–6 months	39,101	35,176
7–12 months	8,908	1,239
Over 1 year	9,404	8,197
	164,213	142,660
Bills payables	13,154	49,126
	177,367	191,786

13 BANK LOANS

	As at 30 June 2016 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
Bank loans, repayable:		
Within one year, with reference to the repayment schedule	635,058	505,477
Within one year, related to borrowings with breached covenants	48,333	–
In the second year	234,824	262,970
In the third to fifth years, inclusive	100,974	45,128
	<u>1,019,189</u>	<u>813,575</u>
Portion classified as current liabilities	<u>(683,391)</u>	<u>(505,477)</u>
Non-current portion	<u>335,798</u>	<u>308,098</u>

As at 30 June 2016, the Group breached the covenant requirements of certain banking facilities. HK\$1,019 million (30 June 2015: HK\$945 million) of such banking facilities has been utilised as at 30 June 2016, of which HK\$48 million (30 June 2015: HK\$438 million) has been reclassified from non-current liabilities to current liabilities as a result of the breach. The Group has obtained one-off waivers from strict compliance with the covenant requirements in relation to all the outstanding bank borrowings classified as non-current liabilities at the period end.

Movement in bank loans is analysed as follows:

	Six months ended 30 June 2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Opening balance, 1 January	813,575	857,865
Acquisition of a subsidiary	22,315	–
New borrowings	481,061	355,435
Repayments of borrowings	(297,929)	(268,178)
Exchange realignment	167	(96)
	<u>1,019,189</u>	<u>945,026</u>
Closing balance, 30 June	<u>1,019,189</u>	<u>945,026</u>

FINANCIAL RESULTS

The revenue of the Group for the Period dropped to HK\$403,448,000, representing a decrease of 9.5% compared with that in the Corresponding Period. This was mainly attributable to the intense pricing pressure imposed by our competitors as well as the weak demand of electronic components during the Period.

Gross profit for the Period amounted to HK\$62,321,000, representing a gross profit margin of 15.4%, compared with 15.3% for the Corresponding Period. Despite the decline in revenue, the Group's gross profit margin managed to maintain at the same level as the Corresponding Period mainly due to the implementation of stringent cost control measures during the Period.

The Group's EBITDA amounted to HK\$25,093,000, representing an EBITDA margin of 6.2%, compared with 5.5% for the Corresponding Period.

Loss for the Period was HK\$28,552,000, compared with HK\$46,800,000 for the Corresponding Period, representing a reduction of 39%. The Board has resolved not to declare interim dividend for the Period (for the Corresponding Period: Nil).

BUSINESS REVIEW

Market overview

As essential components of electronic products, the Group's major products, Aluminum Electrolytic Capacitors ("E-Caps") and Conductive Polymer Aluminum Solid Capacitors ("Polymer Caps") are extensively used in various electronic products' industries. Our global clientele includes leading brands in the consumer electronic and industrial sectors as well as home appliances, lightings and energy saving applications. For the six months ended 30 June 2016, the operating environment for capacitors continued to be challenging. Amid the slowdown of the global and China economy, the overall demand of electronic products remained weak. As a result, the Group's sales were inevitably affected. However, leveraging on our long-term relationship with customers and high-quality products, the Group's flagship brands – SAMXON® and X-CON® still maintain a very strong market position in the niche market segment. As such, the Group continues to be one of the key global suppliers in the electronic components' segment and expects a recovery of sales momentum in the consumer electronic and industrial sectors in the forthcoming future.

Development on the use of new energy remains a top agenda item for discussion in the international environmental and climatic summit. As one of the advocates in promoting new energy usage, the PRC government has been devoted in implementing various environmental policies and providing enormous support to take forward the development of new energies and related industries in the past decade. Following the success achieved in the 12th 5-Year Plan, green development continues to be the primary focus in the 13th 5-Year Plan. Within the plan, the PRC government has a target to further boost the investment in new energy businesses and related applications. Being one of the very few suppliers in the world with the ability to produce Energy Storage System ("ESS") products comprising Electric Double Layer Capacitors ("EDLC") and EDLC Modules, the Group aims to provide a total solution for energy saving and storage applications. The Group is well-prepared to capture the phenomenal growth opportunities in this blue ocean new energy market.

Operation review

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 (“Powerfilm”) and Multi-layer Polymer Capacitors (“MLPC”) over the years. The Group currently consists of two main business pillars, namely the power based business and the energy storage based business (ESS product series). E-Caps, Polymer Caps, Powerfilm and MLPC are currently the four major products of the Group which belong to the power based business. During the period under review, the global economy stayed stagnant and directly hampered the demand of electronic sector in which E-Caps and Polymer Caps are the crucial components. Hence, the market demand of the power based business was unavoidably encumbered.

In view of the buoyant growth prospect of the new energy related industries in the global and the PRC market, the Group has been persistently committed in the research and development (“R&D”) of the ESS product series which mainly comprise EDLC and EDLC Modules. The Group’s ESS product series can provide a total solution for industrial power management and energy-storage applications, effectively saving energy and lowering carbon emission for engine-operated machines. In the past few years, the Group’s R&D department has successfully developed over 40 applications for the ESS product series in areas such as new energy vehicles, idling start-stop system, micro-grid, smart grid, wind turbine, elevator automatic rescue and energy saving device, energy regeneration system for rail transportation and port crane energy regeneration system. Most of the applications are currently undergoing customers’ authentication and are in the preparatory stage for mass production with the objective of opening up new markets and capturing the first-mover advantage. The management believes that the ESS product series will become the Group’s business growth driver in the years to come.

Resulting from the uncertain and unstable market conditions ahead, the Group has employed a two-pronged approach to maintain its profitability. On one hand, the Group has continued to streamline its production processes as well as to adjust its sales strategy by focusing on niche customers and eliminating low-margin products. On the other hand, the Group has exerted extra efforts in improving the competitiveness of its pioneering and high-quality products together with the bolstering R&D capabilities with an aim to enhance its market share and maintain a long-term relationship with its customers.

On 21 June 2016, the Group had completed increasing the shareholding in an associate-Luminous Town Electric Co., Ltd., a company incorporated in Taiwan, in which its principal businesses are the trading and manufacture of electrolytic capacitors. And the company became a non-wholly owned subsidiary of the Group. The Group believes that it will be benefited from this acquisition by extending its geographical footprint in Taiwan capacitors’ market and at the same time creating positive synergy effect between the subsidiary company and the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group's total outstanding bank borrowings amounted to HK\$1,019,189,000 (31 December 2015: HK\$813,575,000), which comprised mainly bank loans and trade finance facilities. Despite the classification of HK\$48,333,000 as current loan portion due to the breach of financial covenant requirement of certain banking facilities, the Group has obtained one-off waivers from strict compliance with the financial covenant requirements in relation to all the outstanding bank borrowings, and the maturity profile of the bank borrowings in accordance with repayment terms stipulated in the loan agreements falling due within one year and in the second to the fifth year amounted to HK\$635,058,000 and HK\$384,131,000 respectively (31 December 2015: HK\$505,477,000 and HK\$308,098,000, respectively).

After deducting cash and cash equivalents of HK\$604,412,000 (31 December 2015: HK\$347,797,000 and time deposits over three months of HK\$11,936,000), the Group's net borrowings amounted to HK\$414,777,000 (31 December 2015: HK\$453,842,000). Shareholders' equity as at 30 June 2016 was HK\$1,321,473,000 (31 December 2015: HK\$1,391,978,000). Accordingly, the Group's net gearing ratio was 31.4% (31 December 2015: 32.6%).

As at 30 June 2016, the net current assets of the Group were HK\$691,685,000 (31 December 2015: HK\$574,453,000), which consisted of current assets of HK\$1,684,896,000 (31 December 2015: HK\$1,365,249,000) and current liabilities of HK\$993,211,000 (31 December 2015: HK\$790,796,000), representing a current ratio of 1.70 (31 December 2015: 1.73).

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 dollars remains pegged to the United States dollars, there is no material exchange risk in this respect. To manage the fluctuation of the Renminbi, the Group has increased its revenue in the PRC in order to hedge against Renminbi payments. The Group is continuously monitoring its foreign exchange exposure in Japanese Yen and Renminbi mainly by entering into forward contracts. The Group's long-term bank loan facilities as at 30 June 2016 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 2016, the Group employed 64 staff in Hong Kong (31 December 2015: 70) and employed a total work force of 2,602 (31 December 2015: 2,720) 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.

OUTLOOK AND PROSPECTS

Facing with the political and economic uncertainties, the global economy will remain challenging in the second half of 2016. The Group anticipates that the power based business will be confronted with several key challenges, including continuous sluggish demand due to weak consumer sentiments and business environment as well as intense international confrontation resulting from currency fluctuations. To encounter these uncertainties, the Group will work diligently and implement the two-pronged approach – tightening cost control and upholding its product quality and R&D capabilities. Together with the contribution from the newly acquired subsidiary in Taiwan, the Group is confident that it will gradually ameliorate its profitability.

Despite the foreseeable economic uncertainty, new energy related industries are still an irreversible global trend. The PRC government shares the same vision with all leading national governments on protecting the environment by saving energy and reducing carbon emission. It has demonstrated its commitment and determination by boosting the investment in new energy related business development in the 13th 5-Year Plan. While the national policies are progressively in place, the Group has its competitive edge by having a well established and unique ESS product series platform ready to seize these enormous market opportunities. The Group expects the business growth from this segment will be ample upon the completion of its products' authentication by customers and is cautiously optimistic that the return from the ESS product platform will be materialised in the very near future.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

The Company repurchased a total of 692,000 shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK\$473,560 for the Period. All the repurchased shares were cancelled subsequently pursuant to Rule 10.06 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Particulars of the repurchases are as follows:

Date	Number of shares repurchased	Purchase price		Aggregate consideration paid (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
4 January 2016	282,000	0.70	0.68	194,760
7 January 2016	410,000	0.68	0.68	278,800
	<u>692,000</u>			<u>473,560</u>

Save as disclosed above, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

OTHER CHANGES IN DIRECTORS' INFORMATION

There have been some changes in Directors' information during the Period which are reported as follows:

- 1) Mr. Yeung Yuk Lun resigned from the offices of executive director, chief financial officer and company secretary of the Company with effect from 12 April 2016; and
- 2) Mr. Lo Kwok Kwei, David retired from the office of an independent non-executive director and a member of the audit committee of ENM Holdings Limited with effect from 3 June 2016.

Save as disclosed above, there had not been any other changes to 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 (the "Corporate Governance Code") as contained in Appendix 14 to the Listing Rules on the Stock Exchange throughout the Period with the exception of the following deviations:

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

Save as disclosed above, the Company considers that sufficient measures have been taken to ensure that corporate governance practices of the Company were in line with the code provisions as contained in the Corporate Governance Code during the Period.

COMPLIANCE WITH THE MODEL CODE

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

The Company established a nomination committee (the “Nomination Committee”) for the purpose of (i) assisting the Board to run effectively and to go through a formal, fair and transparent process of reviewing the structure, size, composition of the Board and the balance and effectiveness of the Board in the light of the Board Diversity Policy, identifying the skills needed and appointing those who can provide them to the Board; (ii) leading the process for the appointment of the Directors; and (iii) identifying and nominate suitable candidates for appointment to the Board. The Nomination Committee comprises three INEDs and two executive directors, namely Dr. Li Sau Hung, Eddy, Mr. Lo Kwok Kwei, David, Mr. Mar Selwyn, Ms. Kee Chor Lin and Mr. Chan Yu Ching, Eugene respectively. 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. In order to further enhance independence and competency, the Company is in the course of considering outsourcing internal audit functions.

INTERIM DIVIDEND

The Board has resolved not to declare interim dividend for the Period (for the Corresponding Period: nil).

REVIEW OF INTERIM RESULTS

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

PUBLICATION OF FURTHER INFORMATION

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

The interim report of the Company for the Period containing all the information, as required by the Listing Rules, will be dispatched to the shareholders and published on the websites of the Stock Exchange and the Company on or before Friday, 30 September 2016.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all our employees 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, 15 August 2016

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