



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

(Stock Code: 00894)



INTERIM REPORT 2013

WE LISTEN

WE CARE

WE DELIVER



SAMXON®
Aluminum Electrolytic Capacitors

X-CON®
Conductive Polymer
Aluminum Solid Capacitors





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CORPORATE INFORMATION

Board of Directors

Executive Directors

Kee Chor Lin (*Chairman*)
Chan Yu Ching, Eugene (*Managing Director*)
Wong Ching Ming, Stanley
Yeung Yuk Lun (appointed on 1 March 2013)
Ko Pak On (resigned on 28 February 2013)

Independent Non-executive Directors

Li Sau Hung, Eddy, *B.B.S., J.P.*
Lo Kwok Kwei, David
Mar, Selwyn

Audit Committee

Mar, Selwyn (*Chairman*)
Li Sau Hung, Eddy, *B.B.S., J.P.*
Lo Kwok Kwei, David

Remuneration Committee

Lo Kwok Kwei, David (*Chairman*)
Kee Chor Lin
Li Sau Hung, Eddy, *B.B.S., J.P.*

Nomination Committee

Li Sau Hung, Eddy, *B.B.S., J.P. (Chairman)*
Kee Chor Lin
Chan Yu Ching, Eugene
Lo Kwok Kwei, David
Mar, Selwyn

Company Secretary

Chan Bik Yu

Auditor

PricewaterhouseCoopers, *Certified Public Accountants*

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
China CITIC Bank International Limited
Bank of Tokyo-Mitsubishi UFJ, Ltd.

Registered Office

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

Principal Place of Business

16/F., Yiko Industrial Building
10 Ka Yip Street, Chai Wan, Hong Kong

Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11, Bermuda

Branch Share Registrar and Transfer Office

Tricor Tengis Limited
26/F., Tesbury Centre, 28 Queen's Road East
Wanchai, Hong Kong

Corporate Website

<http://www.manyue.com>

Investor Relations Contact

E-mail: ir@manyue.com

Stock Code

00894



MANAGEMENT DISCUSSION AND ANALYSIS

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

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 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 pursuant to Practice Note 15 of 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 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 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.



MANAGEMENT DISCUSSION AND ANALYSIS

Operation review

The Group's strategic transformation into a global supplier of several critical electronic components including E-Caps, Polymer Caps, 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 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 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 report. 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 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 despite 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.



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**TO THE BOARD OF DIRECTORS OF
MAN YUE TECHNOLOGY HOLDINGS LIMITED**

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 10 to 38, which comprises the condensed consolidated balance sheet of Man Yue Technology Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2013 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 8 August 2013



CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2013	2012
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	Notes		
Revenue	6 & 7	605,711	661,830
Cost of sales		(467,431)	(508,651)
Gross profit		138,280	153,179
Other income	8	4,054	6,072
Other (losses)/gains, net	2 & 9	(134)	667
Selling and distribution costs		(30,075)	(28,158)
Administrative expenses		(78,312)	(75,851)
Operating profit	10	33,813	55,909
Change in fair value of derivative financial instruments	2 & 11	9,741	(4,389)
Finance costs	12	(14,389)	(12,286)
Finance income	12	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	13	(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	14		
– Basic		7.16 HK cents	8.17 HK cents
– Diluted		7.16 HK cents	8.17 HK cents

The notes on pages 17 to 38 form an integral part of this condensed consolidated interim financial information.

	Notes	HK\$'000	HK\$'000
Dividends	15	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

The notes on pages 17 to 38 form an integral part of this condensed consolidated interim financial information.



CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	16	827,070	834,345
Prepaid land premium		95,857	95,235
Investment properties	17	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
		1,286,520	1,239,034
Current assets			
Inventories		468,047	409,134
Trade receivables	18	381,957	400,583
Prepayments, deposits and other receivables		113,429	101,634
Loans to a joint venture	25	100,480	99,545
Due from joint ventures	25	46,305	44,808
Due from an associate	25	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
		1,571,974	1,682,904
Current liabilities			
Trade and bills payables	19	232,763	187,799
Other payables and accrued liabilities		82,031	85,878
Due to joint ventures	25	37,291	45,735
Derivative financial instruments		5,416	5,772
Tax payable		13,220	8,527
Bank loans	20	550,820	514,717
Dividend payables		12,011	34
		933,552	848,462
Net current assets			
		638,422	834,442
Total assets less current liabilities			
		1,924,942	2,073,476



CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
	Notes		
Total assets less current liabilities		1,924,942	2,073,476
Non-current liabilities			
Bank loans	20	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	21	47,909	47,909
Reserves	22	1,422,525	1,366,815
Proposed dividend	15	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

The notes on pages 17 to 38 form an integral part of this condensed consolidated interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Unaudited				
		Attributable to equity holders of the Company				
		Share capital	Reserves and proposed dividend	Total	Non- controlling interests	Total equity
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2013		47,909	1,378,792	1,426,701	4,905	1,431,606
Profit for the period		-	34,302	34,302	(461)	33,841
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
- Change in fair value of available- for-sale investments	22	-	114	114	-	114
- Currency translation differences	22	-	32,807	32,807	82	32,889
Total comprehensive income for the period ended 30 June 2013		-	67,223	67,223	(379)	66,844
Employee share option scheme:						
- Share options forfeited		-	(1,931)	(1,931)	-	(1,931)
Contribution by non-controlling interests		-	-	-	2,513	2,513
2012 final dividend	22	-	(11,977)	(11,977)	-	(11,977)
Balance at 30 June 2013		47,909	1,432,107	1,480,016	7,039	1,487,055



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Unaudited				Total equity HK\$'000
		Attributable to equity holders of the Company				
		Share capital HK\$'000	Reserves and proposed dividend HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
Balance at 1 January 2012		47,909	1,302,422	1,350,331	3,990	1,354,321
Profit for the period		–	39,124	39,124	(316)	38,808
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
– Change in fair value of available- for-sale investments	22	–	(12)	(12)	–	(12)
– Currency translation differences	22	–	(11,173)	(11,173)	(27)	(11,200)
Total comprehensive income for the period ended 30 June 2012		–	27,939	27,939	(343)	27,596
Employee share option scheme:						
– Value of employee services		–	547	547	–	547
Acquisition of non-controlling interests		–	(162)	(162)	(806)	(968)
Contribution by non-controlling interests		–	–	–	3,077	3,077
2011 final dividend	22	–	(14,373)	(14,373)	–	(14,373)
Balance at 30 June 2012		47,909	1,316,373	1,364,282	5,918	1,370,200

The notes on pages 17 to 38 form an integral part of this condensed consolidated interim financial information.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow from operating activities	44,284	38,151
Net cash outflow from investing activities	(66,973)	(77,598)
Net cash outflow from financing activities	(152,774)	(93,826)
Net decrease in cash and cash equivalents	(175,463)	(133,273)
Cash and cash equivalents at beginning of period	625,400	680,273
Effects of foreign exchange rate changes, net	5,160	(2,863)
Cash and cash equivalents at end of period	455,097	544,137
Analysis of balances of cash and cash equivalents		
Cash and bank balances	455,097	316,052
Time deposits with original maturity of less than three months when acquired	–	228,085
Cash and cash equivalents	455,097	544,137

The notes on pages 17 to 38 form an integral part of this condensed consolidated interim financial information.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The principal activities of the Group are the manufacturing and trading of electronic components and trading of raw materials.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in HK dollars, unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 8 August 2013.

This condensed consolidated interim financial information has been reviewed, not audited.

2 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.

3 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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES (Continued)

- 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 (see Note 5) and non-financial assets (see Note 17).

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 the 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: Presentation¹
- HKAS 36 (Amendment) – Recoverable Amount Disclosures for Non-financial Assets¹
- HKFRS 7 and HKFRS 9 (Amendments) – Mandatory Effective Date and Transition Disclosures²
- HKFRS 9 – Financial Instruments²
- HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011) (Amendments) – Investment Entities¹
- HK(IFRIC) Interpretation 21 – Levies¹

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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 December 2012 with the additional of the following:

- **Critical judgements in applying accounting policies**

- *Fair value of investment in an associate for purchase price allocation*

- Fair value of investment in an associate for purchase price allocation was determined based on valuation performed by management with reference to the valuation performed by an independent professional valuer. The inputs to the valuation model are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in the underlying assumptions of the valuations could affect the fair value of the investment in an associate at acquisition date for purchase price allocation.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), liquidity risk and credit risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2012.

There have been no changes in the risk management policies of the Group since the year ended 31 December 2012.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Liquidity risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. The Group's objective is to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contractual undiscounted payments, was as follows:

	30 June 2013		
	Within 1 year or on demand	Over 1 year	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Due to joint ventures	37,291	–	37,291
Trade and bills payables	232,763	–	232,763
Other payables and accrued liabilities	82,031	–	82,031
Derivative financial instruments	5,416	12,794	18,210
Bank loans	570,161	350,884	921,045
Dividend payables	12,011	–	12,011
	939,673	363,678	1,303,351

	31 December 2012		
	Within 1 year or on demand	Over 1 year	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Due to joint ventures	45,735	–	45,735
Trade and bills payables	187,799	–	187,799
Other payables and accrued liabilities	85,878	–	85,878
Derivative financial instruments	5,772	24,924	30,696
Bank loans	536,877	545,144	1,082,021
Dividend payables	34	–	34
	862,095	570,068	1,432,163



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by the valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2013.

	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets				
Available-for-sale investments	-	-	17,892	17,892
Financial assets at fair value through profit or loss	54	-	-	54
Derivative financial instruments:				
- Forward exchange contracts	-	2,067	-	2,067
Total assets	54	2,067	17,892	20,013
Liabilities				
Derivative financial instruments:				
- Forward exchange contracts	-	36	-	36
- Interest rate swap	-	18,174	-	18,174
Total liabilities	-	18,210	-	18,210



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2012.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Available-for-sale investments	–	–	20,203	20,203
Financial assets at fair value through profit or loss	56	–	–	56
Derivative financial instruments:				
– Forward exchange contracts	–	167	–	167
Total assets	56	167	20,203	20,426
Liabilities				
Derivative financial instruments:				
– Forward exchange contracts	–	372	–	372
– Interest rate swap	–	30,324	–	30,324
Total liabilities	–	30,696	–	30,696

There were no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments and no change in valuation techniques during the Period.

Level 2 derivative financial instruments comprise forward foreign exchange contracts and interest rate swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation (Continued)

Level 3 available-for-sale investments are fair valued using a discounted cash flow approach. The movement of the investments are as below:

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
At 1 January	20,203	25,953
Change in fair value transfer to equity	114	(12)
Exchange realignment	217	(108)
Losses recognised in condensed consolidated income statement	(2,642)	(1,932)
At 30 June	17,892	23,901

For majority of level 2 and level 3 financial instruments, the Group obtains independent valuations from independent professionally qualified valuers and bank at least twice every year, which is in line with the Group's reporting dates.

6 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 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:



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (Continued)

	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	31 December
	2013	2012
	(Unaudited)	(Audited)
	HK\$'000	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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (Continued)

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

8 OTHER INCOME

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Consultancy income from a joint venture	–	5,000
Subsidies from PRC government	2,114	567
Scrap sales	189	202
Rental income generated from investment properties	760	120
Others	991	183
	4,054	6,072



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 OTHER (LOSSES)/GAINS, NET

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Fair value gains on derivative financial instruments	2,237	1,059
Fair value gains on investment properties	9,162	2,382
Impairment loss on available-for-sale investments	(2,642)	(1,932)
Foreign exchange differences, net	(8,891)	(842)
	(134)	667

10 OPERATING PROFIT

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

	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

11 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 expense 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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 FINANCE COSTS AND FINANCE INCOME

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) 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

13 TAX

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) 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% (Corresponding Period: 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%.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 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 (for the Corresponding Period: HK\$39,124,000), and the weighted average of 479,090,000 (for the Corresponding Period: 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 and the Corresponding Period 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.

15 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 declared the payment of an interim dividend for the Period of 2.0 HK cents (for the Corresponding Period: 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 days inclusive).

16 PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Opening net carrying amount, 1 January	834,345	757,924
Additions	28,704	84,529
Disposals	(223)	–
Transfer to investment properties	–	(7,126)
Depreciation	(49,750)	(48,667)
Exchange realignment	13,994	(4,083)
Closing net carrying amount, 30 June	827,070	782,577



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 INVESTMENT PROPERTIES

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Opening net carrying amount, 1 January	65,341	–
Transfer from property, plant and equipment	–	7,126
Fair value gains	9,162	2,383
Exchange realignment	29	–
Closing net carrying amount, 30 June	74,532	9,509

The valuations of the investment properties at 30 June 2013 were carried out by Memfus Wong Surveyors Limited and Roma Appraisals Limited, independent professionally qualified valuers. The fair value measurement information for these investment properties in accordance with HKFRS 13 is given below.

	Fair value measurements at 30 June 2013		
	Quoted prices in active markets for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements			
Investment properties	–	74,532	–

There were no transfers among Level 1, Level 2 and Level 3 during the Period.

Level 2 fair values of completed investment properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 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

20 BANK LOANS

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
Non-current	344,776	536,166
Current	550,820	514,717
	895,596	1,050,883

Movement in bank loans are analysed as follows:

	For the six months ended 30 June 2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Opening balance, 1 January	1,050,883	1,074,084
New borrowings	100,000	284,133
Repayments of borrowings	(255,287)	(380,068)
Exchange realignment	–	(974)
Closing balance, 30 June	895,596	977,175



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 SHARE CAPITAL

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each	100,000	100,000
Issued and fully paid:		
479,089,534 (31 December 2012: 479,089,534) ordinary shares of HK\$0.10 each	47,909	47,909

A summary of the transactions involving the Company's share capital is as follows:

	Number of shares in issue	Issued capital HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 January 2013 and 30 June 2013	479,089,534	47,909	167,707	215,616
	Number of shares in issue	Issued capital HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 January 2012 and 30 June 2012	479,089,534	47,909	167,707	215,616

No share options were exercised during the Period (for the Corresponding Period: Nil).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 RESERVES

	Share premium (Unaudited) HK\$'000	Share option (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Asset revaluation reserve (Unaudited) HK\$'000	Available-for-sale investments revaluation reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	PRC reserve funds (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Balance at 1 January 2013	167,707	5,420	2,800	60,541	356	303,198	157	53,362	785,251	1,378,792
Profit for the period	-	-	-	-	-	-	-	-	34,302	34,302
Other comprehensive income: Items that may be reclassified subsequently to profit or loss										
- Change in fair value of available-for-sale investments	-	-	-	-	114	-	-	-	-	114
- Currency translation differences	-	-	-	-	-	32,807	-	-	-	32,807
Total comprehensive income for the period ended 30 June 2013	-	-	-	-	114	32,807	-	-	34,302	67,223
Employee share option scheme - Share options forfeited	-	(1,931)	-	-	-	-	-	-	-	(1,931)
2012 final dividend	-	-	-	-	-	-	-	-	(11,977)	(11,977)
	167,707	3,489	2,800	60,541	470	336,005	157	53,362	807,576	1,432,107
2013 interim dividend	-	-	-	-	-	-	-	-	(9,582)	(9,582)
Balance at 30 June 2013	167,707	3,489	2,800	60,541	470	336,005	157	53,362	797,994	1,422,525



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 RESERVES (Continued)

	Share premium (Unaudited) HK\$'000	Share option (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Asset revaluation reserve (Unaudited) HK\$'000	Available- for-sale investments revaluation reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	PRC reserve funds (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Balance at 1 January 2012	167,707	4,491	2,800	37,811	92	306,828	-	50,818	731,875	1,302,422
Profit for the period	-	-	-	-	-	-	-	-	39,124	39,124
Other comprehensive income:										
Items that may be reclassified subsequently to profit or loss										
- Change in fair value of available-for-sale investments	-	-	-	-	(12)	-	-	-	-	(12)
- Currency translation differences	-	-	-	-	-	(11,173)	-	-	-	(11,173)
Total comprehensive income for the period ended 30 June 2012	-	-	-	-	(12)	(11,173)	-	-	39,124	27,839
Employee share option scheme - Value of employee services	-	547	-	-	-	-	-	-	-	547
Acquisition of non-controlling interests	-	-	-	-	-	-	(162)	-	-	(162)
2011 final dividend	-	-	-	-	-	-	-	-	(14,373)	(14,373)
	167,707	5,038	2,800	37,811	80	295,655	(162)	50,818	756,626	1,316,373
2012 interim dividend	-	-	-	-	-	-	-	-	(9,582)	(9,582)
Balance at 30 June 2012	167,707	5,038	2,800	37,811	80	295,655	(162)	50,818	747,044	1,306,791



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 COMMITMENTS

The Group had the following capital commitments at the balance sheet date:

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
Contracted, but not provided for:		
Plant and machinery	43,397	49,093
Buildings	1,681	5,033
Land	1,280	1,257
	46,358	55,383

24 OPERATING LEASE ARRANGEMENTS

(a) Operating lease commitments (as lessee)

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows at the balance sheet date:

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
Office properties, factory premises and warehouses:		
Within one year	15,944	16,304
In the second to fifth years, inclusive	7,554	9,070
	23,498	25,374



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 OPERATING LEASE ARRANGEMENTS (Continued)

(b) Operating lease commitments (as lessor)

The Group leases a property under non-cancellable operating lease agreements.

The future aggregate minimum lease rental receivables under non-cancellable operating lease in respect of land and building are as follows:

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
Within one year	100	446
In the second to fifth years, inclusive	-	-
	100	446

25 RELATED PARTY TRANSACTIONS

(a) During the periods, the Group had the following material transactions with its joint ventures and an associate:

		For the six months ended 30 June	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
	Notes		
Purchase of raw materials from joint ventures	(i)	44,381	47,435
Sales of raw materials to an associate	(i)	1,998	-
Rental expenses to a joint venture	(ii)	7,472	7,386
Interest income received from a joint venture	(iii)	2,107	1,573
Consultancy income from a joint venture	(iv)	-	5,000

Notes:

- (i) The above purchases and sales of raw materials were determined on bases agreed by both parties.
- (ii) The rental was charged at rates with mark-to-market yield.
- (iii) The interest was charged at a rate of 6.19% (for the Corresponding period: 5.76%) per annum.
- (iv) Consultancy income is charged for the provision of sales supporting services at rates mutually agreed by both parties.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

25 RELATED PARTY TRANSACTIONS (Continued)

(b) Period/year-end balances with the Group's joint ventures and associate:

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
Loans to a joint venture ⁽ⁱ⁾	100,480	99,545
Due from joint ventures ⁽ⁱⁱ⁾	46,305	44,808
Due to joint ventures ⁽ⁱⁱ⁾	(37,291)	(45,735)
Due from an associate ⁽ⁱⁱ⁾	1,998	–

Notes:

- (i) Except for the loans amounting to HK\$71,661,000 (31 December 2012: HK\$66,549,000), which are interest-bearing at a rate of 6.19% (31 December 2012: 6.19%) per annum, the remaining loans to the joint venture are interest-free. Loans to a joint venture are unsecured and have no fixed terms of repayment.
- (ii) The amounts due from/(to) joint ventures and an associate are unsecured, interest-free and have no fixed terms of repayment.

(c) Remuneration for key management personnel of the Group:

	For the six months ended 30 June 2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Salaries and allowances	7,205	9,233
Pension scheme contributions	56	44
Total remuneration for key management personnel	7,261	9,277



SUPPLEMENTARY INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2013, the interests and short positions of the Directors or chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in ordinary shares and underlying shares of the Company:

Name of directors	Notes	Capacity, nature of interest and number of shares and underlying shares held				Approximate percentage of the Company's issued share capital
		Capacity	Nature of interest	Interest in shares	Interest in share options	
Kee Chor Lin	1	Interest of controlled corporation	Corporate	209,689,667	-	43.76%
Kee Chor Lin		Beneficial owner	Personal	51,006,334	-	10.64%
				<u>260,696,001</u>	<u>-</u>	<u>54.40%</u>
Chan Yu Ching, Eugene		Beneficial owner	Personal	4,716,666	-	0.98%
Ko Pak On	2	Beneficial owner	Personal	2,066,666	-	0.43%
Wong Ching Ming, Stanley		Beneficial owner	Personal	-	500,000	0.10%

Notes:

- These shares are held by Man Yue Holding Inc., a company wholly and beneficially owned by Ms. Kee Chor Lin, the Chairman of the Company.
- Mr. Ko Pak On resigned as an executive Director with effect from 28 February 2013 and 1,500,000 share options lapsed during the Period.

Save as disclosed above and as disclosed under the heading "DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES", as at 30 June 2013, none of the Directors or chief executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



SUPPLEMENTARY INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed under the sections headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" above and "SHARE OPTION SCHEME" below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates a Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

As at 30 June 2013, 3,440,000 (2012: 4,940,000) share options remained outstanding under the Share Option Scheme and the details of the movements of the said outstanding share options were as follows:

Name or category of participants	As at 1 January 2013	Lapsed during the period	As at 30 June 2013	Date of grant of share options	Exercise period of share options ¹	Exercise price of share options ² HK\$ per share
Directors						
Ko Pak On ³	500,000	(500,000)	-	8.8.2006	8.8.2006 to 25.5.2016	1.6
	500,000	(500,000)	-	8.8.2006	8.8.2007 to 25.5.2016	1.6
	250,000	(250,000)	-	15.9.2010	15.9.2011 to 14.9.2020	2.262
	250,000	(250,000)	-	15.9.2010	15.9.2012 to 14.9.2020	2.262
	1,500,000	(1,500,000)	-			
Wong Ching Ming, Stanley	250,000	-	250,000	15.9.2010	15.9.2011 to 14.9.2020	2.262
	250,000	-	250,000	15.9.2010	15.9.2012 to 14.9.2020	2.262
	500,000	-	500,000			
Other employees						
In aggregate	100,000	-	100,000	8.8.2006	8.8.2006 to 25.5.2016	1.6
In aggregate	350,000	-	350,000	8.8.2006	8.8.2007 to 25.5.2016	1.6
In aggregate	1,256,000	-	1,256,000	15.9.2010	15.9.2011 to 14.9.2020	2.262
In aggregate	1,234,000	-	1,234,000	15.9.2010	15.9.2012 to 14.9.2020	2.262
	2,940,000	-	2,940,000			
	4,940,000	(1,500,000)	3,440,000			

¹ The vesting period of the share options is from the date of grant until the commencement of the exercise period.

² The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

³ Mr. Ko Pak On resigned as an executive Director with effect from 28 February 2013.



SUPPLEMENTARY INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2013, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Man Yue Holdings Inc.		Personal/Beneficial owner	209,689,667	43.76%
DJE Investment S.A.	1, 2 & 3	Investment manager	42,600,000	8.89%
Dr. Jens Ehrhardt Kapital AG	1, 2 & 3	Corporate/Interest of controlled corporation	42,600,000	8.89%
Dr. Jens Alfred Karl Ehrhardt	2 & 3	Corporate/Interest of controlled corporation	42,600,000	8.89%
Asian Equity Special Opportunities Portfolio Master Fund Limited	4	Corporate/Interest of controlled corporation	24,706,000	5.16%
Rays Capital Partners Limited	4	Corporate/Interest of controlled corporation	24,706,000	5.16%

Notes:

- DJE AG holds an 81% interest in DJE and is accordingly deemed to have interests in the shares held by DJE.
- Dr. Ehrhardt holds a 68.5% interest in DJE AG and is accordingly deemed to have interests in the shares held by DJE or deemed to be interested by DJE AG.
- The interests of DJE, DJE AG and Dr. Ehrhardt are in respect of the same 42,600,000 shares and duplicated each other.
- Rays Capital holds a 100% interest in AES and is accordingly deemed to have interests in the shares held by AES. The interests of Rays Capital and AES are in respect of the same 24,706,000 shares and duplicated each other.

Save as disclosed above, as at 30 June 2013, no person, other than the Directors or chief executive of the Company, whose interests are set out in the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.



SUPPLEMENTARY INFORMATION

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 with effect from 28 February 2013.
2. Mr. Yeung Yuk Lun was appointed as an executive Director 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 INEDs should be appointed for a specific term. Currently, the INEDs 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 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.



SUPPLEMENTARY INFORMATION

AUDIT COMMITTEE

The Audit Committee comprises three members 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 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.

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.

INTERIM DIVIDEND

The Board 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.



SUPPLEMENTARY INFORMATION

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.

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

Kee Chor Lin
Chairman

Hong Kong, 8 August 2013



GLOSSARY

AES	Asian Equity Special Opportunities Portfolio Master Fund Limited
Audit Committee	Audit committee of the Company
Board	Man Yue Tech's board of directors
Corporate Governance Code	Appendix 14 to the Listing Rules
CODM	Chief Operating Decision Maker
Corresponding Period	Six months ended 30 June 2012
Director(s)	Man Yue Tech's director(s)
DJE	DJE Investment S.A.
DJE AG	Dr. Jens Ehrhardt Kapital AG
Dr. Ehrhardt	Dr. Jens Alfred Karl Ehrhardt
EBITDA	Earnings before interest expense, tax, depreciation and amortisation
E-Caps	Aluminum Electrolytic Capacitors
EDLC	Electric Double Layer Capacitors
ESS	Energy Storage System
Group	Man Yue Technology Holdings Limited and its subsidiaries
HK cents	Hong Kong cents
HK\$	Hong Kong dollar
HKAS	Hong Kong Accounting Standard
HKFRS	Hong Kong Financial Reporting Standards
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
INEDs	Man Yue Tech's Independent Non-executive Director(s)
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange



GLOSSARY

Mainland China or PRC	People's Republic of China
Man Yue Tech or the Company	Man Yue Technology Holdings Limited
MLPC	Multi-layer Polymer Capacitors
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers
Nomination Committee	Nomination Committee of the Company
Period	Six months ended 30 June 2013
Polymer Caps	Conductive Polymer Aluminum Solid Capacitors
R&D	Research and Development
Rays Capital	Rays Capital Partners Limited
Remuneration Committee	Remuneration Committee of the Company
SFO	Securities and Futures Ordinance
Share Option Scheme	Share option scheme of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited