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萬 裕 國 際 集 團 有 限 公 司 *

MAN YUE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0894)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2010**

RESULTS HIGHLIGHTS

- Revenue of HK\$633,211,000, representing an increase of 44.2% from HK\$439,265,000 for the Corresponding Period
- Gross profit of HK\$151,017,000, representing an increase of 40.9% from HK\$107,159,000 for the Corresponding Period
- Operating profit of HK\$70,724,000, representing an increase of 38.4% from HK\$51,094,000 for the Corresponding Period
- EBITDA of HK\$111,335,000, representing an increase of 19.1% from HK\$93,476,000 for the Corresponding Period
- Profit for the period of HK\$52,741,000, representing an increase of 25.2% from HK\$42,113,000 for the Corresponding Period
- Net debt to equity ratio stood at 17.6% which compared with 24.1% at 30 June 2009 and 16.3% at 31 December 2009
- Interim dividend of HK1.0 cent per share, representing an increase of 100% from the Corresponding Period
- Net asset value per share of HK\$2.29, representing an increase of 5.5% from HK\$2.17 at 31 December 2009

INTERIM RESULTS

On behalf of the Board of Directors (the “Board”), I am pleased to present the unaudited interim results of Man Yue International Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2010 (the “Current Period”) together with the comparative figures for the corresponding period in last year (the “Corresponding Period”).

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

For the six months ended 30 June

		2010 (Unaudited) <i>HK\$'000</i>	2009 (Unaudited) <i>HK\$'000</i>
	<i>Notes</i>		
Revenue	3 & 4	633,211	439,265
Cost of sales		<u>(482,194)</u>	<u>(332,106)</u>
Gross profit		151,017	107,159
Other income		3,090	1,374
Other gains, net		494	3,183
Selling and distribution costs		(23,339)	(16,120)
Administrative expenses		(60,006)	(44,438)
Other operating expenses		<u>(532)</u>	<u>(64)</u>
Operating profit	5	70,724	51,094
Change in fair value of derivative financial instruments	6	(10,974)	—
Finance costs	7	(5,522)	(5,935)
Finance income	7	2,031	2,929
Share of results of jointly-controlled entities		2,483	(1,089)
Share of results of an associate		<u>2,601</u>	<u>(408)</u>
Profit before tax		61,343	46,591
Tax	8	<u>(8,602)</u>	<u>(4,478)</u>
Profit for the period		<u>52,741</u>	<u>42,113</u>
Profit attributable to:			
— equity holders of the Company		52,970	42,831
— minority interests		<u>(229)</u>	<u>(718)</u>
		<u>52,741</u>	<u>42,113</u>
Earnings per share attributable to the equity holders of the Company	9		
— basic		<u>HK11.07 cents</u>	HK8.96 cents
— diluted		<u>HK11.06 cents</u>	<u>HK8.96 cents</u>
Interim dividend	10	<u>4,784</u>	<u>2,391</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	<u>52,741</u>	<u>42,113</u>
Other comprehensive income:		
Currency translation differences	11,790	2,702
Share of reserves of a jointly controlled entity	<u>—</u>	<u>(36)</u>
Other comprehensive income for the period, net of tax	<u>11,790</u>	<u>2,666</u>
Total comprehensive income for the period	<u>64,531</u>	<u>44,779</u>
Total comprehensive income attributable to:		
— equity holders of the Company	64,722	45,497
— minority interests	<u>(191)</u>	<u>(718)</u>
	<u>64,531</u>	<u>44,779</u>

CONDENSED CONSOLIDATED BALANCE SHEET*As at 30 June 2010*

		30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		618,850	638,807
Prepaid land premium		87,605	87,726
Intangible assets		3,477	3,615
Investments in jointly-controlled entities		54,935	51,849
Investment in an associate		40,777	39,495
Prepayments on purchases of property, plant and equipment		41,665	41,040
Available-for-sale investment		21,790	—
Other prepayments		537	661
Deferred tax assets		1,806	2,109
		<hr/>	<hr/>
Total non-current assets		871,442	865,302
CURRENT ASSETS			
Inventories		290,779	219,969
Trade receivables	<i>11</i>	400,365	296,781
Prepayments, deposits and other receivables		29,258	24,724
Loans to a jointly-controlled entity		75,940	71,271
Due from jointly-controlled entities		21,809	13,808
Financial assets at fair value through profit or loss		72	83
Derivative financial instruments		2,677	665
Tax receivables		—	5,389
Cash and cash equivalents		299,668	364,427
		<hr/>	<hr/>
Total current assets		1,120,568	997,117
CURRENT LIABILITIES			
Trade and bills payables	<i>12</i>	240,630	151,989
Other payables and accrued liabilities		74,748	72,499
Derivative financial instruments		784	296
Tax payable		8,614	3,602
Bank loans		285,295	296,755
Dividend payables		9,587	19
		<hr/>	<hr/>
Total current liabilities		619,658	525,160
NET CURRENT ASSETS			
		500,910	471,957

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000 (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,372,352</u>	<u>1,337,259</u>
NON-CURRENT LIABILITIES		
Bank loans	205,938	236,176
Derivative financial instruments	10,478	—
Provision for long service payments	1,796	1,796
Deferred tax liabilities	770	783
Deferred income	<u>60,137</u>	<u>60,234</u>
Total non-current liabilities	<u>279,119</u>	<u>298,989</u>
Net assets	<u>1,093,233</u>	<u>1,038,270</u>
EQUITY		
Share capital	47,839	47,839
Reserves	1,036,558	976,620
Proposed dividend	<u>4,784</u>	<u>9,568</u>
Equity attributable to equity holders of the Company	<u>1,089,181</u>	<u>1,034,027</u>
Minority interests	<u>4,052</u>	<u>4,243</u>
Total equity	<u>1,093,233</u>	<u>1,038,270</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2010 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 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those 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.

(a) Amended standard adopted by the Group

The following amendment to standard is mandatory for the first time for the financial year beginning 1 January 2010:

- HKAS 17 (amendment), ‘Leases’, removes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under “prepaid land premium”, and amortised over the lease term.

HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively.

The accounting for land interest classified as finance lease is accounted for as property, plant and equipment and is depreciated from the land interest available for its intended use over the shorter of the useful life of the asset and the lease term.

The effect of the adoption of this amendment is as below:

	30 June 2010	31 December 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Increase in property, plant and equipment	7,825	7,929
Decrease in prepaid land premium	(7,825)	(7,929)

(b) *Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group*

- HKAS 27 (amendment) — Consolidated and separate financial statements
- HKAS 39 (amendment) — Eligible hedged items
- HKFRS 1 (amendment) — Additional exemptions for first-time adopters
- HKFRS 2 (amendment) — Group cash-settled share-based payment transactions
- HKFRS 3 (revised) — Business combinations
- HKFRS 5 (amendment) — Non-current assets held for sale and discontinued operations
- HK(IFRIC) — Int 17 — Distributions of non-cash assets to owners
- Second improvements to HKFRS (2009)

(c) *The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:*

- HKAS 24 (revised) — Related party disclosures
- HKAS 32 (amendment) — Classification of rights issues
- HKFRS 1 (amendment) — Limited exemption from comparative HKFRS 7 disclosures for first-time adopters
- HKFRS 9 — Financial instruments
- HK(IFRIC) — Int 14 (amendment) — Prepayments of a minimum funding requirement
- HK(IFRIC) — Int 19 — Extinguishing financial liabilities with equity instruments
- Third improvements to HKFRS (2010)

3 Segment information

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

As over 90% of the Group's business operations relate to the manufacturing, selling and distribution of electronic components, namely Aluminum Electrolytic Capacitors, the CODM makes decisions about resources allocation and performance assessment based on the entity-wide financial information. Accordingly, there is only one single reportable segment for the Group. Set out below is a summary list of key performance indicators reviewed by CODM on a regular basis:

	For the six months ended	
	30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue	633,211	439,265
Gross profit	151,017	107,159
Gross profit margin (%)	23.9%	24.4%
EBITDA ⁽ⁱ⁾	111,335	93,476
EBITDA margin (%)	17.6%	21.3%
Operating expenses ⁽ⁱⁱ⁾	83,877	60,622
Operating expenses/Revenue (%)	13.2%	13.8%
Profit for the period	52,741	42,113
Net profit margin (%)	8.3%	9.6%

	As at 30 June 2010 (Unaudited) HK\$'000	As at 31 December 2009 (Audited) HK\$'000	As at 30 June 2009 (Unaudited) HK\$'000
Total assets	1,992,010	1,862,419	1,916,521
Equity attributable to equity holders of the Company	1,089,181	1,034,027	997,475
Inventories	290,779	219,969	252,198
Inventories turnover days	110	104	138
Trade receivables	400,365	296,781	300,185
Trade receivables turnover days	115	108	124
Trade and bills payables	240,630	151,989	167,499
Trade and bills payables turnover days	91	72	92
Total interest-bearing debts	491,233	532,931	604,838
Cash and cash equivalents	299,668	364,427	364,697
Net debts	191,565	168,504	240,141
Net debts to equity ratio (%)	<u>17.6%</u>	<u>16.3%</u>	<u>24.1%</u>

Note i: EBITDA represents the earnings before interest expenses, taxes, depreciation and amortisation.

Note 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, administrative expenses and other operating expenses.

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

	For the six months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Revenue		
Mainland China	248,521	182,745
Southeast Asia	113,417	107,798
Taiwan	86,701	55,231
Hong Kong	79,504	33,368
United States	30,854	1,756
Korea	17,212	14,438
Europe	15,537	20,939
Other countries	<u>41,465</u>	<u>22,990</u>
Total	<u>633,211</u>	<u>439,265</u>

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Non-current assets (exclude deferred tax assets)		
Mainland China	810,131	807,414
Hong Kong	18,714	16,262
Other countries	40,791	39,517
	<u>869,636</u>	<u>863,193</u>

For the six months ended 30 June 2010, revenue of approximately HK\$71,042,000 (for the six months ended 30 June 2009: HK\$71,620,000) is derived from a single external customer.

4 Revenue

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

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Manufacturing and trading of electronic components	622,972	437,533
Trading of raw materials	10,239	1,732
	<u>633,211</u>	<u>439,265</u>

5 Operating profit

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

	For the six months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000 (Restated)
Depreciation for property, plant and equipment	43,369	40,024
Amortisation of prepaid land premium	930	926
Amortisation of intangible assets	171	—
Fair value (gain)/loss on derivative financial instruments		
— Forward exchange contracts	(2,021)	807
Fair value loss/(gain) on financial assets at fair value through profit or loss	11	(26)
Gain on disposal of an investment property	—	(500)
	<u>—</u>	<u>(500)</u>

6 Change in fair value of derivative financial instruments

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Fair value loss on interest rate swap	<u>10,974</u>	<u>—</u>

At 30 June 2010, the Group held certain interest rate swap contracts for a contracted period of ten years. These contracts were entered to stabilise the Group's overall interest expenses for the periods covered by these contracts. The Group had recognised a loss in the fair value of derivative financial instruments in the condensed consolidated income statement during the period.

7 Finance costs and finance income

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expenses on bank loans repayable within five years	<u>(5,522)</u>	<u>(5,935)</u>
Interest income from term deposits and bank balances	<u>2,031</u>	<u>2,929</u>

8 Tax

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	2,274	—
Mainland China	6,035	1,888
Overseas	<u>6</u>	<u>—</u>
	8,315	1,888
Deferred tax	<u>287</u>	<u>2,590</u>
Total tax charge for the period	<u>8,602</u>	<u>4,478</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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 12.5% to 25%.

9 Earnings per share

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$52,970,000 (2009: HK\$42,831,000), and the weighted average of 478,389,534 (2009: 478,094,003) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the period is based on the profit attributable to equity holders of the Company of HK\$52,970,000. The weighted average number of ordinary shares used in the calculation is the 478,389,534 ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average of 684,107 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

For the six months ended 30 June 2009, diluted earnings per share was the same as the basic earnings per share as the Company's share options outstanding during the period had an anti-dilutive effect on the earnings per share.

10 Interim dividend

Final dividend for the year ended 31 December 2009 amounted to HK\$9,568,000 (31 December 2008: HK\$2,390,000) has been paid on Friday, 2 July 2010.

The Board of Directors recommends the payment of an interim dividend for the six months ended 30 June 2010 of HK1.0 cent (30 June 2009: HK0.5 cent) per ordinary share, totalling HK\$4,784,000 which will be payable on or around Friday, 8 October 2010 to shareholders whose names appear on the Register of Members of the Company on Friday, 24 September 2010. The register of members of the Company will be closed from Monday, 20 September 2010 to Friday, 24 September 2010 (both dates inclusive).

11 Trade receivables

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Trade receivables	423,631	319,892
Provision for impairment of trade receivables	<u>(23,266)</u>	<u>(23,111)</u>
	<u>400,365</u>	<u>296,781</u>

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

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

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Current and within payment terms	338,666	237,301
1–3 months past due	27,414	22,877
4–6 months past due	1,594	1,535
7–12 months past due	751	28,718
Over 1 year past due	<u>31,940</u>	<u>6,350</u>
	<u>400,365</u>	<u>296,781</u>

12 Trade and bills payables

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

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Trade payables:		
Less than 3 months	122,293	55,918
4–6 months	38,214	49,602
7–12 months	6,037	4,154
Over 1 year	<u>14,257</u>	<u>13,402</u>
	180,801	123,076
Bills payables	<u>59,829</u>	<u>28,913</u>
	<u><u>240,630</u></u>	<u><u>151,989</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenue for the six months ended 30 June 2010 (the "Current Period") stood at HK\$633,211,000, representing an increase of 44.2% from HK\$439,265,000 for the corresponding period in last year (the "Corresponding Period"). This increase was primarily attributable to the rapid sales growth of our new products and the recovery of the global economic market during the Current Period.

Gross profit amounted to HK\$151,017,000, representing an increase of 40.9% from HK\$107,159,000 of the Corresponding Period. Gross profit over revenue ("Gross Profit Margin") during the Current Period stood at 23.9%, which compared to 24.4% of the Corresponding Period.

In line with the growth in revenue, operating profit rose to HK\$70,724,000, representing an increase of 38.4% from HK\$51,094,000 of the Corresponding Period. Although operating expense increased due to the surge in raw materials and labour costs, the Group managed to maintain its operating profit to revenue ("Operating Profit Margin") at 11.2%, which compared to 11.6% for the Corresponding Period.

During the Current Period, the Group recognised a loss arising from changes in fair value of derivative financial instruments of HK\$10,974,000. The concerned derivative financial instruments refer to certain long term interest rate swap contracts entered by the Group in 2009 and 2010 with the intention to hedge against the Group's future interest rate exposures for the periods covered by these contracts (i.e. each contract has a 10-year term). As a result of temporary market volatility which happened immediately prior to 30 June 2010, fair value of these contracts dropped significantly and, accordingly, the Group had to account for this drop in fair value in the Current Period's income statement as required by Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement". This item does not affect the cash flow of the Group. We believe this drop in fair value of the derivative financial instruments is temporary and these contracts will bring in positive values to the Group in the future financial periods.

Earnings before interest expenses, tax, depreciation and amortisation (“EBITDA”) rose to HK\$111,335,000, representing an increase of 19.1% from HK\$93,476,000 for the Corresponding Period. Affected by the increase in operating expenses and the inclusion of the negative impact on the changes in fair value of derivative financial instruments, EBITDA over revenue (“EBITDA Margin”) stood at 17.6%, which compared to 21.3% for the Corresponding Period. Had we excluded the negative impact on the changes in fair value of derivative financial instruments, EBITDA margin would have been 19.3%.

Profit for the six months ended 30 June 2010 increased to HK\$52,741,000, representing an increase of 25.2% from HK\$42,113,000 of the Corresponding Period.

Basic earnings per share amounted to HK\$11.07 cents, representing an increase of 23.6% from HK8.96 cents of the Corresponding Period.

The Board of Directors has resolved to declare an interim dividend of HK1.0 cent per share (30 June 2009: HK0.5 cent per share), totalling HK\$4,784,000 (30 June 2009: HK\$2,391,000).

BUSINESS REVIEW

Market overview

The global Aluminum Electrolytic Capacitors (“E-Caps”) market experienced a marked growth during the Current Period, which is mainly attributable to the inadequate supply of E-Caps products in the component market (as most of the top E-Caps makers reduced their production volume in 2009) and a faster than expected economic recovery in the electronics market since the second half year of 2009.

The demand for Conductive Polymer Aluminum Solid Capacitors (“Polymer Caps”) soared rapidly during the Current Period as a result of several new product launches by leaders in the computer market. The supply of Polymer Caps in the components market is extremely tight as only a few makers in the world, of which Man Yue is one, can produce these products. Market demand grew at a much faster rate than that for the E-Cap products.

Operation review

Supported by strong market demands for E-Caps, sale of our Samxon products recorded a significant growth during the Current Period, particularly in industry segments such as computing, LED televisions, energy saving lamps, LED lighting devices, and environmental protection products. We are continuing to broaden the applications of E-Caps in the design of high technology and new electronic or industrial products to enable a sustainable sales growth in this area.

Polymer Caps experienced a phenomenal growth during the Current Period. As the global supplies of these products are still very tight, the Group had been sought-after by top electronic and computers leaders for the supply of Polymer Caps. In response to strong market demands, the Group had expanded its production capacity for its Polymer Products. Further expansion will also take place in the second half of 2010 to ensure adequate volume is produced to meet the needs of our top global customers. During the Current Period, both radial lead and v-chip types of Polymer Caps are selling very well. Our Polymer Caps are widely applied in industry segments such as computer and high technology electronic products, game consoles, and telecommunications.

The successful launch of the Group's Electric Double-layer Capacitors ("EDLC") in 2009 enabled the Group to develop a whole new product family in new energy applications and storage fields. Our EDLC products can serve as highly effective rechargeable batteries and are ideal for energy back-up usages. Also, long durability of our EDLC products means less waste disposal. We regard our EDLC products as the next generation "Green Energy" storage devices as they do not contain toxic materials such as lead or cadmium and made of environmentally friendly active carbon, including an organic solvent. Hence, they are ideal for applications such as solar and wind energy systems, electric bikes and other electric-powered vehicles.

Research and Development

The Group is fast expanding its Research and Development ("R&D") teams in order to speed up the rate of development of innovative products to the market. During the Current Period, R&D experts in various disciplines and fields were recruited to strengthen our already successful R&D teams. These R&D professionals came from the fields such as energy storage, energy conservation, energy management, materials science, chemical science and mechanical engineering etc. As the Group is transforming from a single component maker into a multiple key component maker, we will continue to expedite the rate of new product launches in the coming years, with focuses on the new energy application sector.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2010, the Group's outstanding bank borrowings amounted to HK\$491,233,000 (31 December 2009: HK\$532,931,000). The borrowings comprised bank loan facilities of HK\$397,064,000, trade finance facilities of HK\$94,169,000.

As at 30 June 2010, the maturity profile of the Group's bank borrowings falling due within one year and in the second to the fifth year amounted to HK\$285,295,000 and HK\$205,938,000 respectively (31 December 2009: HK\$296,755,000 and HK\$236,176,000 respectively).

After deducting cash and cash equivalents of HK\$299,668,000 (31 December 2009: HK\$364,427,000), the Group's net borrowing amounted to HK\$191,565,000 (31 December 2009: HK\$168,504,000). Shareholders' equity at 30 June 2010 was 1,089,181,000 (31 December 2009: HK\$1,034,027,000). Accordingly, the Group's net borrowing to shareholder's equity ratio as at 30 June 2010 was 17.6% (31 December 2009: 16.3%). We expect that this net gearing ratio will continue to stay at the present level.

Net cash inflow from operating activities during the Period amounted to HK\$20,716,000. This figure represents profit before tax of HK\$61,343,000, adding back adjustments for non-cash items such as net change in fair value of derivative financial instruments of HK\$8,953,000, depreciation and amortisation of HK\$44,470,000 and deducting net changes in working capital and other adjustments of HK\$94,050,000. The Group's net cash outflow for investing activities for the Period included purchases of non-current assets of HK\$39,902,000, increase in investments in jointly controlled entities of HK\$4,275,000.

The Group's financial statements are denominated in Hong Kong dollars. The Group conducts its business transactions mainly in Hong Kong dollars, Renminbi, United States dollars and Japanese yen. As Hong Kong dollar remained pegged to United States dollar, there is no material exchange risk in this respect. To manage the appreciation of Renminbi, the Group has successfully increased its revenue in Mainland China in order to hedge Renminbi receipts and Renminbi payments. The Group continues to monitor its foreign exchange

exposure in Japanese yen and Renminbi mainly by entering into forward contracts. Most of the Group's long-term bank loan facilities are denominated in Hong Kong dollars and carry interests at floating rates. Interest rate exposures were hedged by entering into long term interest rate swap contracts. Credit risk was hedged mainly through credit insurance policies.

EMPLOYMENT AND REMUNERATION POLICY

At 30 June 2010, the Group employed 76 employees in Hong Kong (31 December 2009: 75) and employed a total work force of approximately 4,758 (31 December 2009: 3,375) inclusive of all its staff in China and overseas offices. The Group's remuneration policy is built on the principle of equitable, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance-based bonuses.

OUTLOOK

With the continuing momentum of a global economic recovery, we believe that the demand for the Group's E-Caps and Polymer Caps will continue to rise. We expect that the sales growth of our Polymer Caps will be much faster than that for E-Caps.

Revenue from the sales of E-Cap products is at present the main source of the Group's revenue. We will continue to develop our E-Caps business by introducing more value-adding new products to the market.

As the global demand for Polymer Caps continues to grow rapidly, we will continue to expand our production capacity to meet the rising demand for this product. The Group targets to achieve having the revenue generating from the sale of Polymer Products to be at the same level as the revenue from the sales of E-Caps products.

With the introduction of our new EDLC product family in 2009, we have opened up new future revenue sources in new energy and environment protection fields. Our EDLCs will eventually be used in new energy segments such as solar and wind; and in other industry segments such as electric bicycle, electric-powered vehicles and electric-powered hybrid vehicles.

With regard to production and operating costs, we believe the cost of raw materials and labour will continue to escalate as a result of present market conditions. The Group will make every effort, including raising of selling prices, enhancing product mix and increasing the self-supply of aluminium foil, to improve gross profit margin in the coming half-year, and beyond.

Despite having expanded production capacity for E-Caps, Polymer Caps and EDLCs, the Group has sufficient cash resources to meet the annual capital expenditure budgets. The net debt to equity ratio will likely remain at the presently low level.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

Mr. Lo Kwok Kwei, David has been elected as an independent non-executive director of ENM Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), with effect from 17 June 2010.

Save as disclosed above, as at 30 June, 2010, there had not been any other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

CORPORATE GOVERNANCE

The Group adopted the Code on Corporate Governance Practices as contained in Appendix 14 to the Listing Rules (the "Code Provisions") as its own code of corporate governance practices 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 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 during the period.

COMPLIANCE WITH THE MODEL CODE

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

AUDIT COMMITTEE

The Audit Committee comprises three members and all of them are the INEDs of the Company. None of them is employed by or otherwise affiliated with the former or existing auditors of the Company. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and the internal control of the Group in the interim financial report for the period.

REMUNERATION COMMITTEE

The Company has a Remuneration Committee established on 22 March 2006 for the purpose of making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management of the Group. The Remuneration Committee comprises two INEDs of the Company and one Executive Director.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Group's interim announcement for the six months ended 30 June 2010 and the Company's external auditor, PricewaterhouseCoopers, has conducted a review of the interim financial information of the Group for the six months ended

30 June 2010 in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 20 September 2010 to Friday, 24 September 2010, 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, Hong Kong not later than 4:00 p.m. on Friday, 17 September 2010.

PUBLICATION OF FURTHER INFORMATION

This announcement will be published on the Stock Exchange’s website and the Company’s website.

An interim report for the six months ended 30 June 2010 containing all the information required by the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company on or around Friday, 3 September 2010.

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.

MEMBERS OF THE BOARD

As at the date of this announcement, the board of directors of the Company comprises of Ms. Kee Chor Lin, Mr. Chan Yu Ching, Eugene, Mr. Ko Pak On and Mr. Tso Yan Wing, Alan as Executive Directors, and Dr. Li Sau Hung, Eddy, Mr. Lo Kwok Kwei, David and Mr. Mar Selwyn as INEDs.

By order of the Board
Man Yue International Holdings Limited
Kee Chor Lin
Chairman

Hong Kong, 26 August 2010

* *For identification purpose only*