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

(Stock Code : 00894)

SAMXON® Aluminum Electrolytic Capacitors

X-CON® Conductive Polymer Aluminum Solid Capacitors

RoHS Compliant

Halogen Free

INTERIM REPORT 2011

This report is printed on environmentally friendly paper

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CORPORATE INFORMATION

Board of Directors	**Executive Directors** Kee Chor Lin *(Chairman)* Chan Yu Ching, Eugene *(Managing Director)* Ko Pak On Wong Ching Ming, Stanley **Independent Non-executive Directors** Li Sau Hung, Eddy Lo Kwok Kwei, David Mar, Selwyn
Audit Committee	Mar, Selwyn *(Chairman)* Li Sau Hung, Eddy Lo Kwok Kwei, David
Remuneration Committee	Lo Kwok Kwei, David *(Chairman)* Kee Chor Lin Li Sau Hung, Eddy
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 CITIC Bank International Limited Bank of Tokyo-Mitsubishi UFJ, Limited
Registered Office	Clarendon House, 2 Church Street Hamilton HM11, 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 Fund Services (Bermuda) Limited Rosebank Centre, 14 Bermudiana Road Pembroke, Bermuda
Branch Share Registrar and Transfer Office	Tricor Tengis Limited 26/F., Tesbury Centre 28 Queen's Road East, 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 of HK$763,733,000, representing an increase of 20.6% from HK$633,211,000 for the Corresponding Period

- Gross profit of HK$180,347,000, representing a rise of 19.4% from HK$151,017,000 for the Corresponding Period

- EBITDA of HK$135,504,000, representing an increase of 21.7% from HK$111,335,000 for the Corresponding Period

- Profit for the Current Period of HK$73,947,000, representing an increase of 40.2% from HK$52,741,000 of the Corresponding Period

- Net debt to equity ratio stood at 25.6% which compared with 17.6% at 30 June 2010 and 15.9% at 31 December 2010

- Interim dividend of HK3.0 cents per share, representing an increase of 200% from the Corresponding Period

- Net asset value per share of HK$2.66, representing an increase of 7.7% from HK$2.47 at 31 December 2010

FINANCIAL RESULTS

The Group's revenue for the six months ended 30 June 2011 (the "Current Period") stood at HK$763,733,000, representing an increase of 20.6% from HK$633,211,000 for the corresponding period in last year (the "Corresponding Period"). This increase was primarily attributable to the rapid sales growth of our new products.

Gross profit for the Current Period amounted to HK$180,347,000, representing a rise of 19.4% from HK$151,017,000 of the Corresponding Period. Gross profit over revenue ("Gross Profit Margin") during the Current Period stood at 23.6% compared to 23.8% of the Corresponding Period.

In line with the growth in revenue, operating profit rose to HK$74,953,000, representing an increase of 6.0% from HK$70,724,000 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 at 9.8% compared to 11.2% of the Corresponding Period.

During the Current Period, the Group recognised a loss arising from changes in fair value of derivative financial instruments of HK$5,944,000. The derivative financial instruments concerned refer to certain long term interest rate swap contracts entered by the Group in 2010 and 2011 with the intention to hedge against the Group's future interest rate exposures for the periods covered by these contracts (each of which contract has a 10-year term). As a result of the temporary market volatility which happened immediately prior to 30 June 2011, fair value of these contracts dropped significantly. Accordingly, the Group had to account for this drop in fair value in the income statement for the Current Period as required by Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement". This item does not affect the cash flow of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Earnings before interest expense, tax, depreciation and amortisation ("EBITDA") rose to HK$135,504,000, representing an increase of 21.7% from HK$111,335,000 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 the derivative financial instruments, EBITDA over revenue ("EBITDA Margin") stood at 17.7% compared to 17.6% of the Corresponding Period. Had we excluded the negative impact on the changes in fair value of the derivative financial instruments, the EBITDA Margin would have been 18.5%.

Profit for the Current Period increased to HK$73,947,000, representing an increase of 40.2% from HK$52,741,000 of the Corresponding Period.

Basic earnings per share amounted to HK15.48 cents, representing an increase of 39.8% from HK11.07 cents of the Corresponding Period.

The Board of Directors ("The Board") has resolved to declare an interim dividend of HK3.0 cents per share (30 June 2010: HK1.0 cent per share), totalling HK$14,373,000 (30 June 2010: HK$4,784,000).

BUSINESS REVIEW

Market overview

During the Current Period, the pace of global economic recovery slowed compared to the robustness last year. Troubled by the bearish American and European economies, overall consumption is still weak, especially in the electronic sector. The earthquake in Japan, disrupted supply in various high-tech raw materials and production of critical components with facilities in the disaster area, posing additional difficulties to the recovery of the industrial sector. The electronics industry has been particularly hampered because the components storage limits the output of finished end-products, which in turn reduces the demand for the other components used in these end-products. This constriction had become even more pronounced in May and June 2011, as the stocks of the affected materials in the supply chain depleted, and manufacturers of some electronic products were forced to suspend production.

Amidst a challenging global market environment, the global aluminum electrolytic capacitors ("E-Caps") market recorded mild growth. The Group's continuous double-digit growth in the E-Caps sector has outpaced the market growth rate and hence has increased our market share. The unstable supply of E-Caps caused by the tragic quake, prompted more electronic-products manufacturers to expand their supply base. As the Group is one of the top five global manufacturers of the E-Caps and is the largest aside from Japanese suppliers, we have been working diligently with existing and new customers to stabilise their supply. We expect that the contributions from these customers will become prominent in coming years.

As more and more applications require the use of radial conductive polymer aluminum solid capacitor ("Polymer Caps"), the size of the market of Polymer Caps expanded significantly despite the sluggish economic environment. The combined effect of the limited number of suppliers, high technology entry barriers and a fast expanding demand has tightened the supply of Polymer Caps. As the Group is the only non-Japanese supplier of Polymer Caps among the top five, we have made inroads into various new applications and with new customers, presenting new opportunities for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Operations review

The Group has successfully transformed itself into a major global supplier of several critical electronic components. To expedite this strategic transformation, the Group is devoting more resources to the research and development ("R&D") of new innovative components for applications in the high technology, energy saving and energy storage sectors. The strengthened R&D provides new business momentum for the Group to tap opportunities in the world's new energy economy. During the Current Period, the Group has also re-branded to more accurately describe its scope of business of the Group and future development direction.

The Group also faced a lot of operating challenges common to other manufactures in Mainland China such as the appreciating Renminbi, and increased costs and expenses. The Group strived to improve the competitiveness of its production system during the Current Period. Our Gross Profit Margin remained at 23.6% while net profit margin improved significantly. We have:

- Focused more on advanced high-value added products;

- Phased out low-margin business and low-margin products;

- Concentrated resources on the research, development and promotion of new innovative products which suit tomorrow's emerging high-volume need;

- Actively introduced fully-automated production systems to enhance productivity and yield; and

- Commenced the construction of three new production plants, two for devices (in Wuxi and Jiangxi) and one for raw materials (Sichuan) in 2011.

E-Caps have broad applications in consumer electronics. We focus on energy saving and energy efficiency in applications, such as pen caps for LED Television, long life ballast products for LED lamps and high efficiency power supply appliances. We believe this focus is well-matched with the ongoing the new energy revolution. Our increasing efforts in R&D have created innovative products, while sustaining profit margin growth over the years. To support our expansion plan, new production facilities are under construction in Wuxi and Jiangxi, complementing our existing production base. The additional capacity should enable the Group to expand and leverage on the entire scale, driving down the cost.

There was a noticeably strong demand for our X-CON® branded Polymer Caps. Information technology leaders have added more Polymer Caps to more applications, enhancing the overall performance and efficiency. The global supply of premium Polymer Caps is still very tight. Our reinforced production capacity enabled a higher production volume of Polymer Caps to meet the stepped up demand. As a result, we seized a greater market share across a wider range of high-end applications including advanced power supplies, game consoles, rapid charge-discharge energy devices, smart phone chargers and LED lighting systems.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has developed the energy storage system ("ESS") product family comprising Electric Double Layer Capacitors ("EDLC"), Lithium-ion Rechargeable Batteries and our Screw-type E-Caps. Our ESS model provides all three essential energy components, creating a total solution for industrial and energy applications in:

- New wind and solar power systems;
- Electric transportation equipment including electric bikes, electric buses, and electric trains;
- Power backup devices including uninterruptible power supplies, intelligent meters, cash registers; and
- Consumer electronic products such as electric drills, power tools, etc.

EDLC's are designed with lower efficiency resistance than Lithium-ion Rechargeable Batteries and can store electricity efficiently. EDLC's salient feature is minimal characteristic degradation and prolongs the life of Lithium-ion Rechargeable Batteries by performing rapid charging and discharging. Our ESS model more firmly positions the Group in the low carbon economy and we believe further growth potentials will be realised here.

Aluminum foil is one of the key materials used for manufacturing the Group's products. The Group has been manufacturing aluminum foil since 2006 in order to enhance the overall profit margin and secure the supply for internal production needs. A new aluminum foil plant under construction in Sichuan, targeting to commence operation early next year, should help the Group to expand capacity and margins.

Research and Development

Our R&D team is our core competitiveness. Beside our in-house R&D team and our research center, the Group is also equipped with university research team in product development. The long-term collaboration with Tsinghua University and the new cooperation with Hong Kong Polytechnic University, as well as various projects with other research institutes have provided cost-effective research results. Cross-disciplinary research encompassing energy storage, materials science, chemical engineering, mechanical engineering and mechanical development, enable us to more quickly develop and efficiently ramp up to production of our new products. At present, our efforts are focusing on power efficient E-Caps, high-tech Polymer Caps, aluminum foil technology, and product developments in the ESS family.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, the Group's outstanding bank borrowings amounted to HK$787,767,000 (31 December 2010: HK$659,586,000). The borrowings comprised bank loan facilities of HK$678,251,000 and trade finance facilities of HK$109,516,000.

As at 30 June 2011, 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$433,567,000 and HK$354,200,000 respectively (31 December 2010: HK$405,171,000 and HK$254,415,000 respectively).

After deducting cash and cash equivalents of HK$462,386,000 (31 December 2010: HK$472,592,000), the Group's net borrowing amounted to HK$325,381,000 (31 December 2010: HK$186,994,000). Shareholders' equity at 30 June 2011 was HK$1,271,768,000 (31 December 2010: HK$1,176,694,000).

Accordingly, the Group's net borrowing to shareholder's equity ratio as at 30 June 2011 was 25.6% (31 December 2010: 15.9%). We expect that this net gearing ratio will continue to stay at the present level.

The increase of trade receivables and inventories outpacing increase of trade payables resulted in net cash outflow of HK$72,030,000 from operating activities during the Current Period. This figure represents profit before tax of HK$83,058,000, adding back adjustments for non-cash items such as net change in fair value of the derivative financial instruments of HK$5,944,000, depreciation and amortisation of HK$45,310,000 and deducting net changes in working capital and other adjustments of HK$206,342,000. The Group's net cash outflow for investing activities for the Current Period included purchases of non-current assets of HK$71,443,000, increase in investments in jointly controlled entities of HK$3,893,000.

The Group's financial statements were denominated in Hong Kong dollars. The Group carried out 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 was no material exchange risk in this respect. To manage the appreciation of Renminbi, the Group had successfully increased its revenue in Mainland China in order to hedge Renminbi receipts and Renminbi payments. The Group continued 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 were denominated in Hong Kong dollars and carried 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 2011, the Group employed 79 employees in Hong Kong (31 December 2010: 79) and employed a total work force of approximately 4,804 (31 December 2010: 3,719) 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 AND PROSPECTS

The three principal product lines of the Group, E-Caps, Polymer Caps, and the ESS product family, are developing well. The E-Caps business continues to grow at a double-digit rate even as market growth slowed during the Current Period, providing the Group with stable margins amidst challenging business conditions. Polymer Caps, having doubled in sales over the past couple of years, should maintain momentum and help improve the Group's overall margins. The spin-off proposal as announced by the Company on 8 July 2011, if materialises, may provide good returns for the Group and our shareholders. The ESS product family is now in its developing stage, and we are seeking satisfactory cooperation with new customers in new energy applications. We believe our ESS arm will provide notable contributions to the Group starting next year. Our R&D team continues to work on new product development and we believe our product lines will expand further with more features in the near future. The addition of three new plants would expand capacity and smoothly cope with the upcoming demand.

Over the years, the Group's gross and net margins have weathered through various challenges though we are confronting rising raw material and product cost now. We expect our performance to continue delivering better returns for our shareholders.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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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 34 which comprises the interim condensed consolidated balance sheet of Man Yue Technology Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2011 and the related interim 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, 23 August 2011

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30 June 2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Revenue	6 & 7	**763,733**	633,211
Cost of sales		**(583,386)**	(482,194)
Gross profit		**180,347**	151,017
Other income		**3,992**	3,090
Other gains, net		**1,409**	494
Selling and distribution costs		**(27,704)**	(23,339)
Administrative expenses		**(83,091)**	(60,538)
Operating profit	8	**74,953**	70,724
Change in fair value of derivative financial instruments	9	**(5,944)**	(10,974)
Finance costs	10	**(7,136)**	(5,522)
Finance income	10	**2,945**	2,031
Share of results of jointly-controlled entities		**15,335**	2,483
Share of results of an associate		**2,905**	2,601
Profit before tax		**83,058**	61,343
Tax	11	**(9,111)**	(8,602)
Profit for the period		**73,947**	52,741
Profit attributable to:			
— Equity holders of the Company		**74,065**	52,970
— Non-controlling interests		**(118)**	(229)
		73,947	52,741
Earnings per share for profit attributable to the equity holders of the Company	12		
— Basic		**HK15.48 cents**	HK11.07 cents
— Diluted		**HK15.46 cents**	HK11.06 cents
Dividends	13	**14,373**	4,784

The notes on pages 17 to 34 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**73,947**	52,741
Other comprehensive income:		
Change in fair value of available-for-sale investment	**(2,143)**	—
Currency translation differences	**35,382**	11,790
Other comprehensive income for the period, net of tax	**33,239**	11,790
Total comprehensive income for the period	**107,186**	64,531
Total comprehensive income attributable to:		
— Equity holders of the Company	**107,213**	64,722
— Non-controlling interests	**(27)**	(191)
	107,186	64,531

The notes on pages 17 to 34 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment	14	**660,317**	644,003
Prepaid land premium		**89,940**	88,859
Intangible assets		**3,286**	3,388
Investments in jointly-controlled entities		**79,402**	62,113
Investment in an associate		**49,488**	44,619
Prepayments on purchases of property, plant and equipment		**79,181**	57,808
Available-for-sale investment		**20,715**	22,341
Other prepayments		**290**	413
Deferred tax assets		**6,448**	4,665
Total non-current assets		**989,067**	928,209
Current assets			
Inventories		**422,228**	356,389
Trade receivables	15	**476,159**	367,725
Prepayments, deposits and other receivables		**43,729**	34,318
Loans to a jointly-controlled entity	22	**87,630**	82,491
Due from jointly-controlled entities	22	**19,640**	20,269
Financial assets at fair value through profit or loss		**77**	110
Derivative financial instruments		**1,266**	933
Tax receivables		**—**	388
Cash and cash equivalents		**462,386**	472,592
Total current assets		**1,513,115**	1,335,215
Current liabilities			
Trade and bills payables	16	**250,263**	251,029
Other payables and accrued liabilities		**76,516**	85,106
Derivative financial instruments		**2,240**	412
Tax payable		**14,595**	10,486
Bank loans	17	**433,567**	405,171
Dividend payables		**14,374**	22
Total current liabilities		**791,555**	752,226
Net current assets		**721,560**	582,989
Total assets less current liabilities		**1,710,627**	1,511,198

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Total assets less current liabilities		**1,710,627**	1,511,198
Non-current liabilities			
Bank loans	17	**354,200**	254,415
Derivative financial instruments		**14,508**	10,804
Provision for long service payments		**1,410**	1,408
Deferred tax liabilities		**3,107**	2,939
Deferred income		**61,700**	60,977
Total non-current liabilities		**434,925**	330,543
Net assets		**1,275,702**	1,180,655
Equity			
Share capital	18	**47,909**	47,839
Reserves	19	**1,209,486**	1,114,503
Proposed dividend	13	**14,373**	14,352
Equity attributable to equity holders of the Company		**1,271,768**	1,176,694
Non-controlling interests		**3,934**	3,961
Total equity		**1,275,702**	1,180,655

The notes on pages 17 to 34 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				
	Notes	Share capital *HK$'000*	Reserves *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2010		47,839	986,188	1,034,027	4,243	1,038,270
Effect of adoption of HKAS 17 (amendment)		—	2,489	2,489	—	2,489
Balance at 1 January 2010, as restated		47,839	988,677	1,036,516	4,243	1,040,759
Profit for the period		—	52,970	52,970	(229)	52,741
Other comprehensive income:						
Currency translation differences	19	—	11,752	11,752	38	11,790
Total comprehensive income for the period ended 30 June 2010		—	64,722	64,722	(191)	64,531
2009 final dividend	13	—	(9,568)	(9,568)	—	(9,568)
Balance at 30 June 2010		47,839	1,043,831	1,091,670	4,052	1,095,722

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Unaudited				
		Attributable to equity holders of the Company				
	Notes	Share capital HK$'000	Reserves HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2011		**47,839**	**1,128,855**	**1,176,694**	**3,961**	**1,180,655**
Profit for the period		–	74,065	74,065	(118)	73,947
Other comprehensive income:						
Change in fair value of available-for-sale investment	19	–	(2,143)	(2,143)	–	(2,143)
Currency translation differences	19	–	35,291	35,291	91	35,382
Total comprehensive income for the period ended 30 June 2011		–	107,213	107,213	(27)	107,186
Employee share option scheme:						
Value of employee services		–	1,093	1,093	–	1,093
Share options exercised		70	1,050	1,120	–	1,120
2010 final dividend	13	–	(14,352)	(14,352)	–	(14,352)
Balance at 30 June 2011		**47,909**	**1,223,859**	**1,271,768**	**3,934**	**1,275,702**

The notes on pages 17 to 34 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash (outflow)/inflow from operating activities	**(72,030)**	20,716
Net cash outflow from investing activities	**(70,260)**	(43,989)
Net cash inflow/(outflow) from financing activities	**128,465**	(43,198)
Net decrease in cash and cash equivalents	**(13,825)**	(66,471)
Cash and cash equivalents at beginning of period	**472,592**	364,427
Effects of foreign exchange rate changes, net	**3,619**	1,712
Cash and cash equivalents at end of period	**462,386**	299,668
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**462,386**	284,100
Time deposits with original maturity of less than three months when acquired	**–**	15,568
Cash and cash equivalents	**462,386**	299,668

The notes on pages 17 to 34 form an integral part of this condensed consolidated interim financial information.

1 GENERAL INFORMATION

The principal activities of Man Yue Technology Holdings Limited (formerly known as "Man Yue International Holdings Limited") (the "Company") and its subsidiaries (together, the "Group") are manufacturing and trading of electronic components and trading of raw materials.

The name of the Company was changed from "Man Yue International Holdings Limited" to "Man Yue Technology Holdings Limited" and a new Chinese name "萬裕科技集團有限公司" was adopted as the Company's secondary name. This change of name was approved by shareholders at the special general meeting held on 11 January 2011 and also approved by the Registrar of Companies in Bermuda on 14 January 2011.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, 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 23 August 2011.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2011 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 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

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 2010, as described in those annual financial statements.

Exceptional items are disclosed and described separately in the financial information where it is necessary to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

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

3 ACCOUNTING POLICIES (Continued)

(a) Amended standard adopted by the Group

The following amended standard is mandatory for the first time for the financial year beginning 1 January 2011:

- Amendment to HKAS 34 'Interim Financial Reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

(b) The following new, revised or amended standards and interpretations are also mandatory for the first time for the financial year beginning 1 January 2011 but are not currently relevant to the Group:

- HKAS 24 (Revised) — Related Party Disclosures
- HKAS 32 (Amendment) — Classification of Rights Issues
- HK(IFRIC) – Int 14 (Amendment) — Prepayments of a Minimum Funding Requirement
- HK(IFRIC) – Int 19 — Extinguishing Financial Liabilities with Equity Instruments
- Third improvements to Hong Kong Financial Reporting Standards (2010) issued in May 2010 (except for amendment to HKAS 34 'Interim Financial Reporting' as disclosed in note 3(a))

(c) The following new and amended standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

- HKAS 1 (Amendment) — Presentation of Financial Statements[3]
- HKAS 12 (Amendment) — Deferred Tax: Recovery of Underlying Assets[2]
- HKAS 19 (Amendment) — Employee Benefits[4]
- HKFRS 1 (Amendment) — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
- HKFRS 7 (Amendment) — Disclosures — Transfers of Financial Assets[1]
- HKFRS 9 — Financial Instruments[4]
- HKFRS 10 — Consolidated Financial Statements[4]
- HKFRS 11 — Joint Arrangements[4]
- HKFRS 12 — Disclosures of Interests in Other Entities[4]
- HKFRS 13 — Fair Value Measurement[4]

[1] Changes effective for annual periods beginning on or after 1 July 2011
[2] Changes effective for annual periods beginning on or after 1 January 2012
[3] Changes effective for annual periods beginning on or after 1 July 2012
[4] Changes effective for annual periods beginning on or after 1 January 2013

4 ESTIMATES

The preparation of interim financial statements 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 2010.

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 interim condensed consolidated financial information do 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 2010.

There have been no changes in the risk management policies of the Group since the year ended 31 December 2010.

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 2011		
	Within 1 year or on demand *HK$'000*	**Over 1 year** *HK$'000*	**Total** *HK$'000*
Trade and bills payables	**250,263**	**—**	**250,263**
Other payables and accrued liabilities	**76,516**	**—**	**76,516**
Derivative financial instruments	**2,240**	**14,508**	**16,748**
Bank loans	**438,294**	**371,145**	**809,439**
Dividend payables	**14,374**	**—**	**14,374**
	781,687	**385,653**	**1,167,340**

	31 December 2010		
	Within 1 year or on demand *HK$'000*	Over 1 year *HK$'000*	Total *HK$'000*
Trade and bills payables	251,029	—	251,029
Other payables and accrued liabilities	85,106	—	85,106
Derivative financial instruments	412	10,804	11,216
Bank loans	412,030	262,206	674,236
Dividend payables	22	—	22
	748,599	273,010	1,021,609

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by 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 assets and liabilities that are measured at fair value at 30 June 2011.

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Assets				
Available-for-sale investment	–	–	20,715	20,715
Financial assets at fair value through profit or loss	77	–	–	77
Derivative financial instruments:				
— Forward exchange contracts	–	1,266	–	1,266
Total assets	77	1,266	20,715	22,058
Liabilities				
Derivative financial instruments:				
— Interest rate swap	–	16,748	–	16,748
Total liabilities	–	16,748	–	16,748

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010.

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Assets				
Available-for-sale investment	—	—	22,341	22,341
Financial assets at fair value through profit or loss	110	—	—	110
Derivative financial instruments:				
— Forward exchange contracts	—	933	—	933
Total assets	110	933	22,341	23,384
Liabilities				
Derivative financial instruments:				
— Forward exchange contracts	—	412	—	412
— Interest rate swap	—	10,804	—	10,804
Total liabilities	—	11,216	—	11,216

In 2011, there were no significant transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments, no reclassifications of financial assets and no significant changes in the business or economic circumstances that affect the fair values of the Group's financial assets and financial liabilities.

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 Chief Operating Decision Maker ("CODM"). The CODM reviews the performance of the Group on a regular basis.

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

6 SEGMENT INFORMATION (Continued)

	For the six months ended 30 June **2011** **(Unaudited)** ***HK$'000***	2010 (Unaudited) *HK$'000*
Revenue	**763,733**	633,211
Gross profit	**180,347**	151,017
Gross profit margin (%)	**23.6%**	23.8%
EBITDA[i]	**135,504**	111,335
EBITDA margin (%)	**17.7%**	17.6%
Operating expenses[ii]	**110,795**	83,877
Operating expenses/Revenue (%)	**14.5%**	13.2%
Profit for the period	**73,947**	52,741
Net profit margin (%)	**9.7%**	8.3%

	As at 30 June 2011 (Unaudited) ***HK$'000***	Aa at 31 December 2010 (Audited) *HK$'000*
Total assets	**2,502,182**	2,263,424
Equity attributable to equity holders of the Company	**1,271,768**	1,176,694
Inventories	**422,228**	356,389
Inventories turnover days	**132**	125
Trade receivables	**476,159**	367,725
Trade receivables turnover days	**114**	99
Trade and bills payables	**250,263**	251,029
Trade and bills payables turnover days	**78**	88
Total interest-bearing debts	**787,767**	659,586
Cash and cash equivalents	**462,386**	472,592
Net debts	**325,381**	186,994
Net debts to equity ratio (%)	**25.6%**	15.9%

Note i: EBITDA represents the earnings before interest expense, tax, 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 and administrative expenses.

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 2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Revenue		
Mainland China	**333,071**	248,521
Taiwan	**140,946**	86,701
Southeast Asia	**85,790**	113,417
Hong Kong	**69,577**	79,504
Europe	**58,307**	15,537
Korea	**38,191**	17,212
United States	**31,637**	30,854
Other countries	**6,214**	41,465
	763,733	633,211

	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Non-current assets (exclude deferred tax assets and financial instruments)		
Mainland China	**881,730**	826,657
Hong Kong	**30,381**	29,906
Other countries	**49,793**	44,640
	961,904	901,203

For the six months ended 30 June 2011, revenue of approximately HK$47,562,000 (for the six months ended 30 June 2010: HK$71,042,000) is derived from a single external customer.

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	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Manufacturing and trading of electronic components	**754,454**	622,972
Trading of raw materials	**9,279**	10,239
	763,733	633,211

8 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	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Operating items		
Depreciation of property, plant and equipment	**44,158**	43,369
Amortisation of prepaid land premium	**973**	930
Amortisation of intangible assets	**179**	171
Fair value gain on derivative financial instruments — Forward exchange contracts	**(735)**	(2,021)
Fair value loss on financial assets at fair value through profit or loss	**33**	11
Gain on disposal of property, plant and equipment	**(80)**	—

9 CHANGE IN FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Fair value loss on interest rate swap	**5,944**	10,974

At 30 June 2011, the Group held certain interest rate swap contracts for a contracted period of ten years each. These contracts were entered to stabilise the Group's overall interest expense 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.

10 FINANCE COSTS AND FINANCE INCOME

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest expense on bank loans repayable within five years	**(7,136)**	(5,522)
Interest income from loan to a jointly-controlled entity	**1,776**	1,430
Interest income from term deposits and bank balances	**1,169**	601
	2,945	2,031

11 TAX

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**5,907**	2,274
Mainland China	**4,838**	6,035
Overseas	**—**	6
	10,745	8,315
Deferred tax	**(1,634)**	287
	9,111	8,602

11 TAX (Continued)

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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 24% to 25%.

12 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$74,065,000 (2010: HK$52,970,000), and the weighted average of 478,432,075 (2010: 478,389,534) 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$74,065,000 (2010: HK$52,970,000). The weighted average number of ordinary shares used in the calculation is 478,432,075 (2010: 478,389,534) ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average of 506,207 (2010: 684,107) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

13 DIVIDENDS

Final dividend for the year ended 31 December 2010 amounted to HK$14,352,000 (31 December 2009: HK$9,568,000) was paid on Monday, 4 July 2011.

The Board has resolved to declare an interim dividend for the six months ended 30 June 2011 of HK3.0 cents (30 June 2010: HK1.0 cent) per ordinary share, totalling HK$14,373,000 which will be payable on or around Friday, 7 October 2011 to shareholders whose names appear on the register of members of the Company on Friday, 23 September 2011. The register of members of the Company will be closed from Wednesday, 21 September 2011 to Friday, 23 September 2011 (both days inclusive).

14 PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Opening net book amount, 1 January	**644,003**	641,518
Additions	**51,411**	17,868
Disposals	**(4,996)**	(68)
Depreciation	**(44,158)**	(43,369)
Exchange realignment	**14,057**	5,612
Closing net book amount, 30 June	**660,317**	621,561

15 TRADE RECEIVABLES

	As at 30 June 2011	As at 31 December 2010
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade receivables	**485,533**	372,998
Provision for impairment of trade receivables	**(9,374)**	(5,273)
	476,159	367,725

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 extending up to 150 days for major customers.

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:

	As at 30 June 2011	As at 31 December 2010
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Current and within payment terms	**416,512**	297,226
1 – 3 months past due	**49,325**	63,518
4 – 6 months past due	**7,876**	5,789
7 – 12 months past due	**2,161**	1,176
Over 1 year past due	**285**	16
	476,159	367,725

16 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:

	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Trade payables:		
Less than 3 months	**166,944**	175,954
4 – 6 months	**37,154**	15,882
7 – 12 months	**5,166**	4,636
Over 1 year	**3,054**	14,698
	212,318	211,170
Bills payables	**37,945**	39,859
	250,263	251,029

17 BANK LOANS

	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Non-current	**354,200**	254,415
Current	**433,567**	405,171
	787,767	659,586

Movement in bank loans are analysed as follows:

	For the six months ended 30 June	
	2011 (Unaudited) *HK$'000*	2010 (Unaudited) *HK$'000*
Opening amount, 1 January	**659,586**	532,931
New borrowings	**536,525**	267,739
Repayments of borrowings	**(409,180)**	(310,937)
Exchange realignment	**836**	1,500
Closing amount, 30 June	**787,767**	491,233

18 SHARE CAPITAL

	As at 30 June 2011 (Unaudited) ***HK$'000***	As at 31 December 2010 (Audited) *HK$'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 2010: 478,389,534) ordinary shares of HK$0.10 each	**47,909**	47,839

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 2010 and 30 June 2010	478,389,534	47,839	165,640	213,479

	Number of shares in issue	**Issued capital** ***HK$'000***	**Share premium** ***HK$'000***	**Total** ***HK$'000***
At 1 January 2011	**478,389,534**	**47,839**	**165,640**	**213,479**
Share options exercised	**700,000**	**70**	**2,067**	**2,137**
At 30 June 2011	**479,089,534**	**47,909**	**167,707**	**215,616**

Share options

Share options exercised during the period ended 30 June 2011 resulted in 700,000 shares being issued with exercise proceeds of HK$1,120,000. No share options exercised during the period ended 30 June 2010.

19 RESERVES

	Share premium (Unaudited) *HK$'000*	Share option reserve (Unaudited) *HK$'000*	Contributed surplus (Unaudited) *HK$'000*	Asset revaluation reserve (Unaudited) *HK$'000*	Available-for-sale investment revaluation reserve (Unaudited) *HK$'000*	Exchange fluctuation reserve (Unaudited) *HK$'000*	People's Republic of China ("PRC") reserve funds (Unaudited) *HK$'000*	Retained profits (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Balance at 1 January 2011	165,640	4,083	2,800	20,349	–	228,530	48,299	659,154	1,128,855
Profit for the period	–	–	–	–	–	–	–	74,065	74,065
Other comprehensive income:									
Change in fair value of available-for-sale investments	–	–	–	–	(2,143)	–	–	–	(2,143)
Currency translation differences	–	–	–	–	–	35,291	–	–	35,291
Total comprehensive income for the period ended 30 June 2011	–	–	–	–	(2,143)	35,291	–	74,065	107,213
Employee share option scheme									
Value of employee services	–	1,093	–	–	–	–	–	–	1,093
Share option exercised	2,067	(1,017)	–	–	–	–	–	–	1,050
Transferred from retained profits	–	–	–	–	–	–	(5)	5	–
2010 final dividend	–	–	–	–	–	–	–	(14,352)	(14,352)
	167,707	4,159	2,800	20,349	(2,143)	263,821	48,294	718,872	1,223,859
2011 proposed interim dividend	–	–	–	–	–	–	–	(14,373)	(14,373)
Balance at 30 June 2011	167,707	4,159	2,800	20,349	(2,143)	263,821	48,294	704,499	1,209,486

19 RESERVES (Continued)

	Share premium (Unaudited) *HK$'000*	Share option reserve (Unaudited) *HK$'000*	Contributed surplus (Unaudited) *HK$'000*	Asset revaluation reserve (Unaudited) *HK$'000*	Exchange fluctuation reserve (Unaudited) *HK$'000*	PRC reserve funds (Unaudited) *HK$'000*	Retained profits (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Balance at 1 January 2010 as previously reported	165,640	3,276	2,800	9,391	179,716	45,560	579,805	986,188
Effect of adoption of HKAS 17 (amendment)	–	–	–	1,591	–	–	898	2,489
Balance at 1 January 2010, as restated	165,640	3,276	2,800	10,982	179,716	45,560	580,703	988,677
Profit for the period	–	–	–	–	–	–	52,970	52,970
Other comprehensive income:								
Currency translation differences	–	–	–	–	11,752	–	–	11,752
Total comprehensive income for the period ended 30 June 2010	–	–	–	–	11,752	–	52,970	64,722
2009 final dividend	–	–	–	–	–	–	(9,568)	(9,568)
	165,640	3,276	2,800	10,982	191,468	45,560	624,105	1,043,831
2010 proposed interim dividend	–	–	–	–	–	–	(4,784)	(4,784)
Balance at 30 June 2010	165,640	3,276	2,800	10,982	191,468	45,560	619,321	1,039,047

20 COMMITMENTS

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

	As at 30 June 2011 (Unaudited) ***HK$'000***	As at 31 December 2010 (Audited) *HK$'000*
Contracted, but not provided for:		
Plant and machinery	**74,905**	60,361
Buildings	**41,631**	10,273
Land	**5,117**	1,198
	121,653	71,832

21 OPERATING LEASE ARRANGEMENTS AS LESSEE

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

	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Office properties, factory premises and warehouses:		
Within one year	**29,701**	31,414
In the second to fifth years, inclusive	**26,011**	26,026
After five years	**804**	2,357
	56,516	59,797

22 RELATED PARTY TRANSACTIONS

(a) During the period, the Group had the following material transactions with its jointly controlled entities:

		For the six months ended 30 June	
	Note	**2011 (Unaudited) *HK$'000***	2010 (Unaudited) *HK$'000*
Purchase of raw materials	(i)	**48,951**	20,259
Sales of raw materials	(i)	**386**	—
Rental expenses	(ii)	**6,153**	5,472
Interest income received	(iii)	**1,776**	1,430

Notes:

(i) The above purchase and sales of raw materials transactions were determined on basis agreed by both parties.

(ii) The rental was charged at rates mutually agreed by both parties.

(iii) The interest was charged at a rate of 5.76% (2010: 5.76%) per annum.

22 RELATED PARTY TRANSACTIONS (Continued)

(b) Period/year-end balances with the Group's jointly controlled entities:

	Note	**As at 30 June 2011 (Unaudited) *HK$'000***	As at 31 December 2010 (Audited) *HK$'000*
Loans to a jointly-controlled entity	(i)	**87,630**	82,491
Due from jointly-controlled entities	(ii)	**19,640**	20,269

Notes:

(i) Except for the loans amounting to HK$58,811,000 (2010: HK$53,680,000), which are interest-bearing at a rate of 5.76% (2010 : 5.76%) per annum, the remaining loans to the jointly-controlled entity are interest-free. Loans to a jointly-controlled entity are unsecured and have no fixed terms of repayment.

(ii) The amounts due from jointly-controlled entities 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	
	2011 (Unaudited) *HK$'000*	2010 (Unaudited) *HK$'000*
Salaries and allowances	**9,787**	7,911
Pension scheme contributions	**48**	48
Total remuneration for key management personnel	**9,835**	7,959

SUPPLEMENTARY INFORMATION

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

As at 30 June 2011, 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 Securities and Futures Ordinance (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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code"), were as follows:

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

		Capacity, nature of interest and number of shares and underlying shares held				
Name of director	**Notes**	**Capacity**	**Nature of interest**	**Interests in shares**	**Interest in share options**	**Approximate percentage of the Company's issued share capital**
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%
				260,696,001	–	54.40%
Chan Yu Ching, Eugene		Beneficial owner	Personal	4,716,666	–	0.98%
Ko Pak On		Beneficial owner	Personal	2,066,666	1,500,000	0.74%
Tso Yan Wing, Alan	2	Beneficial owner	Personal	816,000	–	0.17%
Wong Ching Ming, Stanley		Beneficial owner	Personal	–	500,000	0.10%

Notes:

1. 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.

2. Mr. Tso Yan Wing, Alan resigned as an executive director of the Company with effect from 30 June 2011. 700,000 share options were exercised and 1,000,000 share options were lapsed during the period ended 30 June 2011.

Save as disclosed above and as disclosed under the section headed "DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES", as at 30 June 2011, 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

SHARE OPTION SCHEME

The Company operates a share option scheme (the "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 2011, 5,260,000 share options remained outstanding under the Share Option Scheme and the details of the movements of the said outstanding share options were as follows:

							Price of the Company's share[3]		
Name or category of participant	At 1 January 2011	Exercised during the period	Lapsed during the period	At 30 June 2011	Data of grant of share options	Exercise period of share options[1]	Exercise price of share option[2] *HK$ per share*	Immediately before the exercise date *HK$ per share*	At the exercise date of options *HK$ per share*
Directors									
Ko Pak On	500,000	–	–	500,000	8.8.2006	8.8.2006 to 25.5.2016	1.6	N/A	N/A
	500,000	–	–	500,000	8.8.2006	8.8.2007 to 25.5.2016	1.6	N/A	N/A
	250,000	–	–	250,000	15.9.2010	15.9.2011 to 14.9.2020	2.262	N/A	N/A
	250,000	–	–	250,000	15.9.2010	15.9.2012 to 14.9.2020	2.262	N/A	N/A
	1,500,000	–	–	1,500,000					
Tso Yan Wing, Alan[4]	700,000	(700,000)	–	–	8.8.2006	8.8.2006 to 25.5.2016	1.6	1.91	1.89
	500,000	–	(500,000)	–	15.9.2010	15.9.2011 to 14.9.2020	2.262	N/A	N/A
	500,000	–	(500,000)	–	15.9.2010	15.9.2012 to 14.9.2020	2.262	N/A	N/A
	1,700,000	(700,000)	(1,000,000)	–					
Wong Ching Ming, Stanley	250,000	–	–	250,000	15.9.2010	15.9.2011 to 14.9.2020	2.262	N/A	N/A
	250,000	–	–	250,000	15.9.2010	15.9.2012 to 14.9.2020	2.262	N/A	N/A
	500,000	–	–	500,000					
Other employees									
In aggregate	150,000	–	–	150,000	8.8.2006	8.8.2006 to 25.5.2016	1.6	N/A	N/A
In aggregate	400,000	–	–	400,000	8.8.2006	8.8.2007 to 25.5.2016	1.6	N/A	N/A
In aggregate	1,366,000	–	–	1,366,000	15.9.2010	15.9.2011 to 14.9.2020	2.262	N/A	N/A
In aggregate	1,344,000	–	–	1,344,000	15.9.2010	15.9.2012 to 14.9.2020	2.262	N/A	N/A
	3,260,000	–	–	3,260,000					
	6,960,000	(700,000)	(1,000,000)	5,260,000					

SHARE OPTION SCHEME (Continued)

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. The prices of the Company's shares immediately before the exercise date and at the exercise date of the share options are the closing prices of the Company's shares as quoted on the Stock Exchange.

4. Mr. Tso Yan Wing, Alan resigned as an executive director of the Company with effect from 30 June 2011.

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

At 30 June 2011, 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. ("DJE")	1, 2 & 3	Investment manager	42,600,000	8.89%
Dr. Jens Ehrhardt Kapital AG ("DJE AG")	1, 2 & 3	Corporate/Interest of Controlled corporation	42,600,000	8.89%
Dr. Jens Alfred Karl Ehrhardt ("Dr. Ehrhardt")	2 & 3	Corporate/Interest of Controlled corporation	42,600,000	8.89%
Martin Currie (Holdings) Limited		Corporate/Interest of Controlled corporation	48,085,600	10.03%

Notes:

1. DJE AG holds an 81% interest in DJE and is accordingly deemed to have interests in the shares held by DJE.

2. 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.

3. The interests of DJE, DJE AG and Dr. Ehrhardt are in respect of the same 42,600,000 shares and duplicated each other.

SUPPLEMENTARY INFORMATION

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

Save as disclosed above, as at 30 June 2011, 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", 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and "SHARE OPTION SCHEME", at no time during the Current 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.

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 Current Period.

OTHER CHANGES IN DIRECTORS' INFORMATION

There have been some changes in Directors' information since the date of the 2010 annual report of the Company as follows:

1. Mr. Wong Ching Ming, Stanley was appointed as an executive director of the Company with effect from 1 January 2011.

2. Mr. Tso Yan Wing, Alan resigned as an executive director of the Company with effect from 30 June 2011.

3. Dr. Li Sau Hung, Eddy was appointed as an independent non-executive director and a member of each of the audit committee, the nomination committee and the remuneration committee of Get Nice Holdings Limited, a company listed on the Stock Exchange, with effect from 28 April 2011.

Save as disclosed above, as at 30 June 2011, 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").

SUPPLEMENTARY INFORMATION

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 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 during the Current 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 Current 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 Current Period.

REMUNERATION COMMITTEE

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

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 has been established to provide assurance to the Board and management on the effectiveness of internal controls. The internal audit manager reports directly to the audit committee.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for the six months ended 30 June 2011 of HK3.0 cents (2010: HK1.0 cent) per ordinary share, totalling HK$14,373,000 payable on or around Friday, 7 October 2011 to shareholders whose names appear on the register of members of the Company on Friday, 23 September 2011.

SUPPLEMENTARY INFORMATION

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 21 September 2011 to Friday, 23 September 2011, 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 Tuesday, 20 September 2011.

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, 23 August 2011