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

(Incorporated in Bermuda with limited liability)

(Stock Code: 00894)

ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change
	2021	2020	
	HK\$'000	HK\$'000	
Revenue	2,091,264	1,599,599	+30.7%
Gross profit	357,489	271,877	+31.5%
EBITDA	215,649	149,986	+43.8%
Profit attributable to shareholders	76,494	24,064	+217.9%
Earnings per share	16.09 HK cents	5.06 HK cents	+218.0%

FINAL RESULTS

The board of directors (the “Board”) of Man Yue Technology Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2021 (the “Year”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	3 & 4	2,091,264	1,599,599
Cost of sales		<u>(1,733,775)</u>	<u>(1,327,722)</u>
Gross profit		357,489	271,877
Other income	5	12,014	8,165
Other net loss	6	(3,696)	(19,801)
Selling and distribution costs		(74,529)	(61,068)
Administrative expenses		(189,802)	(147,680)
Net impairment loss on trade and other receivables		<u>(784)</u>	<u>440</u>
Operating profit	7	100,692	51,933
Changes in fair values of derivative financial instruments	8	–	(11)
Finance costs	9	(35,456)	(37,871)
Finance income	10	5,956	5,347
Share of results of joint ventures		<u>19,594</u>	<u>13,515</u>
Profit before tax		90,786	32,913
Income tax	11	<u>(16,800)</u>	<u>(6,844)</u>
Profit for the year		<u>73,986</u>	<u>26,069</u>
Profit/(loss) attributable to:			
Equity holders of the Company		76,494	24,064
Non-controlling interests		<u>(2,508)</u>	<u>2,005</u>
Profit for the year		<u>73,986</u>	<u>26,069</u>
Earnings per share attributable to equity holders of the Company:	12		
Basic		16.09 HK cents	5.06 HK cents
Diluted		<u>16.09 HK cents</u>	<u>5.06 HK cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	HK\$'000	HK\$'000
Profit for the year	73,986	26,069
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss:		
Assets revaluation (deficit)/surplus, net of tax	(1,856)	(898)
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	71,452	124,563
Other comprehensive income for the year, net of tax	69,596	123,665
Total comprehensive income for the year	143,582	149,734
Total comprehensive income attributable to:		
Equity holders of the Company	145,111	145,837
Non-controlling interests	(1,529)	3,897
	143,582	149,734

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Property, plant and equipment		652,103	635,914
Construction in progress		69,323	55,059
Prepaid land premium		61,494	61,305
Investment properties	14	163,526	159,860
Intangible assets		1,143	1,368
Investments in joint ventures		220,611	194,142
Machinery under installation		99,504	93,902
Financial assets at fair value through profit or loss		37,709	33,081
Loans to a joint venture		170,184	152,358
Other prepayments		5,857	5,718
Deferred tax assets		15,727	15,283
		<u>1,497,181</u>	<u>1,407,990</u>
Total non-current assets		1,497,181	1,407,990
Current assets			
Inventories		786,660	677,260
Trade receivables	15	775,875	761,567
Prepayments, deposits and other receivables	15	139,431	118,524
Due from joint ventures		30,678	20,580
Financial assets at fair value through profit or loss		14	14
Net defined benefit retirement assets		762	746
Tax recoverable		–	2,440
Cash and cash equivalents		215,732	263,486
		<u>1,949,152</u>	<u>1,844,617</u>
Total current assets		1,949,152	1,844,617
Current liabilities			
Trade and bills payables	16	305,683	346,126
Other payables and accrued liabilities and contract liabilities		157,474	129,412
Due to joint ventures		76,256	56,619
Tax payable		20,015	13,738
Bank and other borrowings		1,074,962	1,024,517
Dividends payable		43	43
Lease liabilities		23,081	20,320
		<u>1,657,514</u>	<u>1,590,775</u>
Total current liabilities		1,657,514	1,590,775
Net current assets		<u>291,638</u>	<u>253,842</u>
Total assets less current liabilities		<u>1,788,819</u>	<u>1,661,832</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

	Note	2021 HK\$'000	2020 HK\$'000
Non-current liabilities			
Provision for long service payments		77	77
Deferred tax liabilities		50,282	49,478
Deferred income		9,990	10,018
Lease liabilities		<u>38,841</u>	<u>56,212</u>
Total non-current liabilities		<u>99,190</u>	<u>115,785</u>
Net assets		<u><u>1,689,629</u></u>	<u><u>1,546,047</u></u>
Capital and reserves			
Share capital		47,555	47,555
Reserves		<u>1,602,978</u>	<u>1,457,867</u>
Equity attributable to equity holders of the Company		<u>1,650,533</u>	1,505,422
Non-controlling interests		<u>39,096</u>	<u>40,625</u>
Total equity		<u><u>1,689,629</u></u>	<u><u>1,546,047</u></u>

NOTES TO THE FINANCIAL INFORMATION

1 BASIS OF PREPARATION

The financial results set out in this announcement do not constitute the Group's consolidated financial statements for the Year, but are derived from those consolidated financial statements.

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for investment properties, buildings, defined benefit retirement assets, financial assets and financial liabilities at fair value through profit or loss and derivative financial instruments, which have been measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*
- Amendment to HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR reform"). The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Amendment to HKFRS 16, Covid-19-related rent concessions beyond 30 June 2021 (2021 amendment)

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The amendment to HKFRS 16 does not have any material impact on the Group's financial statements.

3 SEGMENT INFORMATION

The Group's executive team, comprising all 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.

During the year ended 31 December 2021, the CODM reviews the Group's investments as a separate segment. Such investments include investment properties and financial assets at fair value through profit or loss. The respective financial results that were reported as part of other segment in previous periods' financial statements are now separately reported to the CODM as one single operating segment for the purpose of resource allocation and performance assessment. Following the change in the composition of the Group's operating segments that in turn results in a change in the reportable segments, the segment information for the year ended 31 December 2020 has been restated.

The Group is organised into two main operating segments. They are the (i) manufacturing, selling and distribution of electronic components; and (ii) investments.

The segment results for the year ended 31 December 2021 are as follows:

	For the year ended 31 December 2021		
	Manufacturing, selling and distribution of electronic components HK\$'000	Investments HK\$'000	Total HK\$'000
Segment revenue from external customers	2,091,264	–	2,091,264
Segment gross profit	357,489	–	357,489
Gross profit margin (%)	17.1%	N/A	17.1%
Other income	9,023	2,991	12,014
Other net (loss)/gain	(8,899)	5,203	(3,696)
Operating expenses ¹	(264,864)	(251)	(265,115)
Operating profit	92,749	7,943	100,692
Operating profit margin (%)	4.4%	N/A	4.8%

The segment results for the year ended 31 December 2020 (restated) are as follows:

	For the year ended 31 December 2020 (Restated)		
	Manufacturing, selling and distribution of electronic components HK\$'000	Investments HK\$'000	Total HK\$'000
Segment revenue from external customers	1,599,599	–	1,599,599
Segment gross profit	271,877	–	271,877
Gross profit margin (%)	17.0%	N/A	17.0%
Other income	4,902	3,263	8,165
Other net (loss)/gain	(23,879)	4,078	(19,801)
Operating expenses ¹	(208,056)	(252)	(208,308)
Operating profit	44,844	7,089	51,933
Operating profit margin (%)	<u>2.8%</u>	<u>N/A</u>	<u>3.2%</u>

A reconciliation of operating profit to profit before tax is provided as follows:

	For the year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
Operating profit	100,692	51,933
Changes in fair values of derivatives financial instruments	–	(11)
Finance costs	(35,456)	(37,871)
Finance income	5,956	5,347
Share of results of joint ventures	<u>19,594</u>	<u>13,515</u>
Profit before tax	<u>90,786</u>	<u>32,913</u>

A measurement of segment assets and liabilities is not provided regularly to the Group's CODM and accordingly, no segment assets or liabilities information is presented.

Note:

- Operating expenses represent the expenditure that the Group incurs as a result of performing its normal business operations, including selling and distribution costs, administrative expenses and net impairment loss on trade and other receivables.

The following table sets out information about the geographical location of the Group's revenue. The geographical location of Group's revenue is based on the geographical location of the customers.

	Revenue from external customers within the scope of HKFRS 15	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong	95,176	88,259
Mainland China	1,548,747	1,138,590
Taiwan	240,003	210,529
Southeast Asia	67,520	53,845
Korea	5,681	2,645
United States	40,048	19,985
Europe	75,570	76,707
Other countries	18,519	9,039
	<hr/>	<hr/>
Total	2,091,264	1,599,599
	<hr/> <hr/>	<hr/> <hr/>

	As at 31 December	
	2021	2020
	HK\$'000	HK\$'000
Non-current assets by physical locations (excluding deferred tax assets and financial assets at fair value through profit or loss)		
Hong Kong	109,186	109,912
Mainland China	1,334,368	1,249,504
Other countries	191	210
	<hr/>	<hr/>
	1,443,745	1,359,626
	<hr/> <hr/>	<hr/> <hr/>

4 REVENUE

Revenue represents the net value of goods sold, after allowances for trade returns and discounts.

	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers with the scope of HKFRS 15		
Manufacturing and trading of electronic components	<u>2,091,264</u>	<u>1,599,599</u>

5 OTHER INCOME

	2021 HK\$'000	2020 HK\$'000
Scrap sales	1,629	962
Government subsidies	3,086	4,982
Rental income generated from investment properties	2,991	3,263
Losses on disposal of property, plant and equipment	(218)	(3,169)
Others	4,526	2,127
	<u>12,014</u>	<u>8,165</u>

6 OTHER NET LOSS

	2021 HK\$'000	2020 HK\$'000
Dividend income	–	1
Fair value gain/(loss) on investment properties	1,145	(3,564)
Net foreign exchange loss	(6,511)	(23,802)
Fair value gains on financial assets at fair value through profit or loss	4,058	7,642
Impairment on property, plant and equipment	(2,388)	–
Others	–	(78)
	<u>(3,696)</u>	<u>(19,801)</u>

7 OPERATING PROFIT

The Group's operating profit is arrived at after charging/(crediting) the following:

	2021 HK\$'000	2020 HK\$'000
Depreciation charge:		
Owned property, plant and equipment	64,872	58,263
Right-of-use assets	22,698	19,207
Amortisation of prepaid land premium	1,587	1,495
Amortisation of intangible assets	250	237
Write-down of inventories	18,332	14,145
Reversal of write-down of inventories	(1,418)	(739)
	<u> </u>	<u> </u>

8 CHANGES IN FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2021 HK\$'000	2020 HK\$'000
Fair value losses on interest rate swaps	–	11
	<u> </u>	<u> </u>

9 FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest expense on bank and other borrowings	34,466	35,508
Interest expense on lease liabilities	3,104	3,627
Others	375	605
	<u> </u>	<u> </u>
	37,945	39,740
Less: Interest expenses capitalised into construction in progress (<i>Note</i>)	(2,489)	(1,869)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	35,456	37,871
	<u> </u>	<u> </u>

Note: The borrowing costs have been capitalised at a rate of 3.5% per annum (2020: 3.5%).

10 FINANCE INCOME

	2021 HK\$'000	2020 HK\$'000
Interest income from loans to a joint venture	5,596	4,982
Interest income from time deposits and bank balances	360	365
	<u> </u>	<u> </u>
	5,956	5,347
	<u> </u>	<u> </u>

11 INCOME TAX

	2021 HK\$'000	2020 HK\$'000
Current tax:		
– Hong Kong	2,633	1,515
– Outside Hong Kong	18,620	8,791
Over-provision in prior years	<u>(2,777)</u>	<u>(1,781)</u>
	18,476	8,525
Deferred tax	<u>(1,676)</u>	<u>(1,681)</u>
Total tax charge for the year	<u>16,800</u>	<u>6,844</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the Year. 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, four (2020: three) of the Group's subsidiaries in Mainland China enjoys a preferential tax rate of 15% (2020: 15%). Other subsidiaries of the Group in Mainland China are subject to income taxes at a statutory rate of 25% (2020: 25%).

Taxation for subsidiaries outside Hong Kong and Mainland China is charged at the appropriate current rates of taxation ruling in the relevant countries.

12 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the Year attributable to equity holders of the Company of HK\$76,494,000 (2020: HK\$24,064,000), and the weighted average number of 475,547,534 (2020: 475,547,534) ordinary shares in issue during the Year.

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

The diluted earnings per share is the same as the basic earnings per share as the Company's share options outstanding during the Year and the year ended 31 December 2020 were anti-dilutive ordinary shares.

13 DIVIDENDS

The Board does not recommend final dividend for the Year (2020: Nil).

14 INVESTMENT PROPERTIES

	2021 HK\$'000	2020 HK\$'000
At 1 January	159,860	158,256
Gain/(loss) on fair value adjustment	1,145	(3,564)
Exchange realignment	2,521	5,168
	<hr/>	<hr/>
At 31 December	<u>163,526</u>	<u>159,860</u>

15 TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables	818,072	801,307
Loss allowance	(42,197)	(39,740)
	<hr/>	<hr/>
	775,875	761,567
Prepayments, deposits and other receivables	139,431	118,524
	<hr/>	<hr/>
	<u>915,306</u>	<u>880,091</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 90 days, extending up to 150 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

The Group categorises its trade receivables based on the ageing. Future cash flow for each group of trade receivables are estimated on the basis of historical loss experience, adjusted to effects of current conditions of each customer as well as forward looking information. For trade receivables relating to accounts which are long overdue with significant amounts or known insolvencies, they are assessed individually for impairment.

An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021	2020
	HK\$'000	HK\$'000
1 – 3 months	642,450	614,583
4 – 6 months	125,266	129,666
7 – 12 months	3,923	11,733
Over 1 year	4,236	5,585
	<u>775,875</u>	<u>761,567</u>

16 TRADE AND BILLS PAYABLES

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

	2021	2020
	HK\$'000	HK\$'000
Trade payables:		
– 1 – 3 months	260,883	258,300
– 4 – 6 months	25,399	57,540
– 7 – 12 months	4,831	12,430
– Over 1 year	5,306	12,570
	<u>296,419</u>	<u>340,840</u>
Bills payables	9,264	5,286
	<u>305,683</u>	<u>346,126</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

Year 2021 continued to be a challenging year for most of the industries in the world. During the Year, the imposition of stringent vaccination programs and public health policies across the world appeared to be effective in controlling the widespread of novel coronavirus COVID-19 pandemic (“COVID-19”), which in turn, had led to a recovery of global economic activities in comparison with the previous year. According to the economic outlook updated by the International Monetary Fund (“IMF”) in January 2022, the growth of global gross domestic product (“GDP”) is expected to moderate from 5.9 in 2021 to 4.4 percent in 2022, half a percentage point lower for 2022 than in the October World Economic Outlook, largely reflecting forecast markdowns in the two largest economies. In China, pandemic-induced disruptions related to the zero-tolerance COVID-19 policy and protracted financial stress among property developers have induced a 0.8 percentage-point downgrade. Global growth is expected to slow to 3.8 percent in 2023. As for China, being one of the world’s major economies, GDP for the Year had out beat the world’s GDP growth estimation of 5.9%. According to the preliminary GDP statistics released by the National Bureau of Statistics of China in January 2022, China’s GDP growth for the Year is estimated to be 8.1% year-on-year. As a leading global supplier of E-Caps and Polymer Caps, and with over half of its revenue contributed by the China market, the Group had achieved a robust revenue growth of 30.7% for the Year. The Group’s annual sales revenue has hit a record high over the last decade to approximately HK\$2,091,264,000. The net profit attributable to shareholders of the Company (the “Shareholders”) had also recorded an encouraging growth from approximately HK\$24,064,000 in 2020 to approximately HK\$76,494,000 in 2021, representing an increase of 217.9%.

Such satisfactory financial performance has proven that our strong dedication to research and development (“R&D”) as well as effort in strategic planning indeed pave the way for a sustainable business development of the Group. The Group is dedicated to devote ample resources to R&D so as to enhance the stability and performance of its quality products as well as to provide innovative and pioneer products to meet the ever-changing market demand. The Group’s well-positioned brands, SAMXON® and X-CON®, have been and continued to be widely recognized by many global leading companies in various electronic sectors. In addition, the strategies of developing multi-products such as E-Caps, Polymer Caps, MLPC, EDLC and EDLC modules coupled with diversified customer portfolios have safeguarded the Group from global economic fluctuations while laying a solid foundation for a sustainable business growth.

Although the Group had achieved satisfactory results for the Year, the recurrence of COVID-19 with other viruses' variants towards the end of the Year coupled with the recent geopolitical tension between Russia and Ukraine would certainly have negative impact on economic activities and market sentiments in the forthcoming year ("Year 2022"). As a result, we believe that the world's economic growth momentum might be hampered in the short run. Nevertheless, the Group is confident that the market demand for electronic components in the long run will be stable as the growing reliance on technology and the entry into a new digital era is irreversible. The Group will continue to put ample resources in R&D with an aim to stay ahead of its competitors in the industry as well as to penetrate into the fast-growing emerging market sectors.

"Save Oil, Save Minerals, Fresh Air, Green Future – Tomorrow Starts Here" will continue to be the vision and mission of the Group in business management as well as new product development. The Group will continue to work closely with its customers, business partners and Shareholders to further secure its market position, with a view to delivering promising returns in the near future.

FINANCIAL REVIEW

During the Year, the Group's revenue had recorded a strong growth of 30.7% to approximately HK\$2,091,264,000 as compared with the previous year, hitting its record high over the last decade. The significant increase in revenue was mainly attributable to the recovery from COVID-19's impact which gave rise to economic resurgence in business activities as well as the booming market demand for electronic components resulting from the emergence of digital transformation.

Following the promising growth in revenue, the Group's gross profit achieved approximately HK\$357,489,000 for the Year, representing an increase of 31.5% when compared with that of the previous year. However, the upsurge in raw material costs and rising labor costs certainly added weight to our overall production costs and undermined our profitability to a certain extent. We had strived to absorb these cost pressures through optimization of production efficiency whilst explore with our customers the opportunities for raising product prices. With all such efforts, we had managed to achieve a slight improvement in gross profit margin from 17.0% of last year to 17.1% of the Year. Benefitting from the economies of scale in production mainly due to the surge in revenue, gross profit for the Year amounted to approximately HK\$357,489,000, representing an increase of 31.5% when compared with that of the previous year. Resulting from the sharp rise in gross profit, net profit attributable to the Shareholders increased by 217.9%, from approximately HK\$24,064,000 for the year ended 31 December 2020 to approximately HK\$76,494,000 for the Year. The Board does not recommend final dividend for the Year (2020: Nil).

BUSINESS REVIEW

Market Overview

According to a market research conducted by the Business Research Company, a market research and intelligence company, in February 2022, the global general electronic components market size is expected to grow from US\$484.99 billion in Year 2021 to US\$541.95 billion in Year 2022 at a compound annual growth rate (“CAGR”) of 11.7%, and is expected to further expand to US\$805.88 billion in 2026 at a CAGR of 10.4%. Nowadays, more devices are going “smart” or “artificial intelligent” which can bring efficiency, convenience and accuracy to life. Such phenomenon creates more opportunities for the growth of the electronic components market in a wide range of applications, such as artificial intelligence (“AI”), Internet of Things (“IoT”), 5G mobile networks, blockchain, new energy vehicles and cloud computing.

Adaption of IoT and the new norm of pandemic remote work style become the key drivers of the surging market demand for electronic components. According to a market study conducted by the IoT Analytics, a market research and intelligence company focusing on IoT, AI, cloud, edge and industry 4.0, at the end of 2020, 11.7 billion (or 54%) of the 21.7 billion active linked devices globally will establish IoT system connections. More than 30 billion IoT connections, approximately 4 IoT devices per person on average, are projected to exist by 2025. Thus, this study of IoT Analytics expected a high demand for IoT devices in the coming years. The application of IoT in various industries, such as automotive, cloud and robotic industries, are driving the growth of the IoT market, which in turn will augment the demand for electronic components. Resulting from the booming demand for electronic components, the Group was able to capture this market opportunity with its multi-products platform such as E-Caps, Polymer Caps, MLPC and EDLC, and had successfully achieved a robust growth in revenue of 30.7% for the Year as compared with that of the previous year.

Operation Review

Leveraging the high stability and performance of its products as well as strong innovation and R&D capabilities, the Group has been able to achieve a rapid sales growth of 30.7% for the Year by its penetration into the global supply chain of various market sectors and its reach to leading customers in the industries.

As shown by China’s GDP growth of 8.1% in 2021, its labour market was active and led to rising labor costs. Sharp rise in raw material prices was also another challenge that the Group had to cope with. The Group has therefore exerted extra effort in improving the competitiveness of its pioneering and high quality products by enhancing the efficiency of its production processes as well as implementing stringent cost control measures with an aim to boost its profitability.

Eyeing on the market potentials and planning to enlarge our market share, the Group's new manufacturing facility in Qingyuan High-tech Industrial Development Zone in Guangdong, China, is expected to commence operation in Year 2022 which would enable the Group to further expand its production capacity.

During the Year, the management of the Group decided to classify its investments as a separate business segment. Such investments include investment properties and financial assets at fair value through profit or loss. The Group aims to better utilize resources on hand and make returns on investments in a long run.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group's cash and cash equivalents amounted to approximately HK\$215,732,000 (2020: approximately HK\$263,486,000), most of which were either denominated in United States dollars, Renminbi or Hong Kong dollars. The total outstanding bank and other borrowings of the Group of the Year amounted to approximately HK\$1,074,962,000 (2020: approximately HK\$1,024,517,000) which comprised mainly bank loans and trade finance facilities.

As at 31 December 2021, the net gearing ratio was 50.9% (2020: 49.2%), which was calculated based on the amount of net debt position (sum of total bank and other borrowings less cash and cash equivalents) as a percentage of total equity. The Group was in a net debt position of approximately HK\$859,230,000 as at 31 December 2021, as compared to approximately HK\$761,031,000 as at 31 December 2020.

As at 31 December 2021, the net working capital (calculated as current assets less current liabilities) was approximately HK\$291,638,000, representing an increase of approximately HK\$37,796,000 as compared with that of approximately HK\$253,842,000 as at 31 December 2020. The current ratio (calculated as current assets/current liabilities) was 1.18 times as at 31 December 2021, as compared with that of 1.16 times as at 31 December 2020.

The Group's financial statements are presented in Hong Kong dollars. However, most of the Group's transactions were conducted in Hong Kong dollars, Renminbi, United States dollars and Japanese Yen. The Group is aware of the potential foreign exchange currency risk that may arise from the fluctuation of exchange rates between Hong Kong dollars, Renminbi, United States dollars and Japanese Yen. The Group will closely monitor its overall foreign exchange exposure with a view to safeguarding the Group from exchange rate risks.

OUTLOOK AND PROSPECTS

Year 2022 began with some significant events that may affect the global economy, such as the re-imposition of pandemic restrictions by various countries due to the outbreak of another wave of COVID-19 with other viruses' variants coupled with the geopolitical tension between Russia and Ukraine. These events would inflate energy prices and disrupt energy supply and bring uncertainties and volatilities to the global economy. According to the World Economic Outlook by the IMF in January 2022, the projected global GDP growth in Year 2022 has been moderated to 4.4%, representing a 0.5 percentage point lower as compared to its previous projection on that of Year 2022 back in October 2021.

Notwithstanding the economic outlook remains shadowed by uncertainties and volatilities, we believe that the Group has already established a solid foundation for its businesses by providing a multi-product platform to a wide range of customers covering different industries, ranging from consumer electronics to industrial infrastructures, to cope with adverse impact. Furthermore, the Group has been well-positioned to take advantage of the irreversible trend on digital transformation such as remote work arrangements, e-commerce, video conferencing, on-line shopping which all involve enormous demand for electronic components. Following the endorsement of China's 14th Five-Year Plan in 2021, one of the primary focus of which is to issue plans for the nation's path towards peak emissions and carbon neutrality. Since electrical products are the competitive substitutes to coal-burning or carbon-emission products, it is believed that the 14th Five-Year Plan will further boost the development of electrical products and thus lead to a strong demand in the electronic components market in a long run.

Looking forward, our new manufacturing facility in Qingyuan, Guangdong, China, is expected to commence its production in Year 2022 in order to meet the surging market demand for electronic components. The Group will continue its business focus by penetrating into the global supply chain of emerging market sectors and reaching out to leading customers in the industries. Its endless efforts in the R&D of material science, production technology and innovation will undoubtedly capture the constantly evolving electronics demand, whilst differentiating the Group from its market competitors. Meanwhile, the Group will exert additional efforts in improving the competitiveness of its quality products by means of enhancing operational efficiency as well as tightening the control over its costs with an aim to improve its profitability. Lastly, the Group is committed to and condiment in delivering a satisfactory growth and return to its Shareholders in the long run.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2021, the Group employed a total of 2,999 employees (2020: 2,767). The Group's remuneration policy is built on the principle of equitability with incentive-based, motivating, performance-oriented and market-competitive remuneration packages for its employees. Remuneration packages are reviewed on a regular basis. Apart from salary, other staff benefits include provident fund contributions, medical insurance coverage and performance-based bonuses.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions of the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has adopted the code provisions as its code of corporate governance practices throughout the Year with the exception of the following deviation:

Pursuant to Code Provision A.4.1, non-executive directors and independent non-executive directors should be appointed for a specific term. Currently, all the Independent Non-executive Directors of the Company are not appointed for a specific term but are subject to the requirement of retirement by rotation at the annual general meeting of the Company under Bye-law 87 of the Bye-laws of the Company.

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

COMPLIANCE WITH THE MODEL CODE

The Company 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 as a code of conduct regulating Directors' dealings in securities of the Company. After having made specific enquiries by the Company, all Directors have confirmed that they have fully complied with the Model Code throughout the Year.

AUDIT COMMITTEE AND SCOPE OF WORK OF KPMG

The final results of the Company for the year ended 31 December 2021 have been reviewed by the Audit Committee of the Company. The financial figures in this announcement of the Group's results for the year ended 31 December 2021 have been compared by the Group's auditor, KPMG, to the amounts set out in the Group's consolidated financial statements for the Year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with *Hong Kong Standards on Auditing*, *Hong Kong Standards on Review Engagements* or *Hong Kong Standards on Assurance Engagements* issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on this announcement.

FINAL DIVIDEND

The Board does not recommend final dividend for the Year (2020: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 23 May 2022 to Thursday, 26 May 2022, both days inclusive, during which period no transfer of shares will be registered for the purpose of determining shareholders' entitlement to attend and vote at the 2022 annual general meeting of the Company. In order to be eligible to attend and vote at the 2022 annual general meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged for registration with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 20 May 2022.

PUBLICATION OF 2021 FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of HKEXnews (www.hkexnews.hk) and the Company (www.manyue.com).

The annual report of the Company containing all the information, as required by the Listing Rules, will be dispatched to shareholders and published on the websites of HKEXnews and the Company on or before Monday, 25 April 2022.

APPRECIATION

The Board would like to take this opportunity to express their sincere gratitude to all our employees for their loyalty and dedication and for the continuing support from our customers, suppliers, banks and shareholders.

By Order of the Board
Man Yue Technology Holdings Limited
Kee Chor Lin
Chairman

Hong Kong, 22 March 2022

As at the date of this announcement, the Executive Directors of the Company are Ms. Kee Chor Lin, Mr. Chan Yu Ching, Eugene and Mr. Chan Tat Cheong, Alan and the Independent Non-executive Directors of the Company are Dr. Li Sau Hung, Eddy, Mr. Lo Kwok Kwei, David and Mr. Mar, Selwyn.