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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 2020

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change
	2020	2019	
	HK\$'000	HK\$'000	
Revenue	1,599,599	1,292,160	+23.8%
Gross profit	271,877	245,293	+10.8%
EBITDA	149,986	161,851	-7.3%
Profit attributable to shareholders	24,064	31,578	-23.8%
Earnings per share	5.06 HK cents	6.64 HK cents	-23.8%

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 2020 (the “Year”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 HK\$'000	2019 HK\$'000
Revenue	3 & 4	1,599,599	1,292,160
Cost of sales		<u>(1,327,722)</u>	<u>(1,046,867)</u>
Gross profit		271,877	245,293
Other income	5	8,165	10,275
Other net (loss)/gain	6	(19,801)	17,258
Selling and distribution costs		(61,068)	(66,316)
Administrative expenses		(147,680)	(154,249)
Net impairment loss on trade and other receivables		<u>440</u>	<u>(3,900)</u>
Operating profit	7	51,933	48,361
Changes in fair values of derivative financial instruments	8	(11)	(98)
Finance costs	9	(37,871)	(41,244)
Finance income	10	5,347	5,199
Share of results of joint ventures		<u>13,515</u>	<u>30,950</u>
Profit before tax		32,913	43,168
Income tax	11	<u>(6,844)</u>	<u>(16,692)</u>
Profit for the year		<u>26,069</u>	<u>26,476</u>
Profit/(loss) attributable to:			
Equity holders of the Company		24,064	31,578
Non-controlling interests		<u>2,005</u>	<u>(5,102)</u>
Profit for the year		<u>26,069</u>	<u>26,476</u>
Earnings per share attributable to equity holders of the Company:	12		
Basic		5.06 HK cents	6.64 HK cents
Diluted		<u>5.06 HK cents</u>	<u>6.64 HK cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	HK\$'000	HK\$'000
Profit for the year	26,069	26,476
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss:		
Assets revaluation (deficit)/surplus, net of tax	(898)	2,499
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	124,563	(55,190)
Other comprehensive income for the year, net of tax	123,665	(52,691)
Total comprehensive income for the year	149,734	(26,215)
Total comprehensive income attributable to:		
Equity holders of the Company	145,837	(21,066)
Non-controlling interests	3,897	(5,149)
	149,734	(26,215)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Property, plant and equipment		690,973	666,340
Prepaid land premium		61,305	59,084
Investment properties	14	159,860	158,256
Intangible assets		1,368	1,521
Investments in joint ventures		194,142	167,215
Prepayments on purchases of property, plant and equipment		93,902	74,521
Financial assets at fair value through profit or loss		33,081	24,433
Loans to a joint venture		152,358	133,908
Other prepayments		5,718	5,430
Deferred tax assets		15,283	10,299
		<hr/>	<hr/>
Total non-current assets		1,407,990	1,301,007
		<hr/>	<hr/>
Current assets			
Inventories		677,260	595,600
Trade receivables	15	761,567	657,884
Prepayments, deposits and other receivables	15	118,524	106,303
Due from joint ventures		20,580	29,884
Financial assets at fair value through profit or loss		14	17
Net defined benefit retirement assets		746	701
Tax recoverable		2,440	1,701
Cash and cash equivalents		263,486	225,715
		<hr/>	<hr/>
Total current assets		1,844,617	1,617,805
		<hr/>	<hr/>
Current liabilities			
Trade and bills payables	16	346,126	254,770
Other payables and accrued liabilities and contract liabilities		129,412	105,404
Due to joint ventures		56,619	36,822
Derivative financial instruments		–	245
Tax payable		13,738	11,989
Bank loans		1,024,517	975,677
Dividends payable		43	43
Lease liabilities		20,320	17,091
		<hr/>	<hr/>
Total current liabilities		1,590,775	1,402,041
		<hr/>	<hr/>
Net current assets		253,842	215,764
		<hr/>	<hr/>
Total assets less current liabilities		1,661,832	1,516,771
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

	2020	2019
	HK\$'000	HK\$'000
Non-current liabilities		
Provision for long service payments	77	77
Deferred tax liabilities	49,478	43,817
Deferred income	10,018	9,706
Lease liabilities	56,212	66,858
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Total non-current liabilities	115,785	120,458
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Net assets	1,546,047	1,396,313
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Capital and reserves		
Share capital	47,555	47,555
Reserves	1,457,867	1,312,030
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Equity attributable to equity holders of the Company	1,505,422	1,359,585
Non-controlling interests	40,625	36,728
	<hr/>	<hr/>
Total equity	1,546,047	1,396,313
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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 3 *Definition of a Business*
- Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*

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 3 *Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The amendments to HKFRS 3 do not have any material impact on the Group's financial statements.

Amendment to HKFRS 16 Covid-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“COVID-19-related rent concessions”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

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

3 SEGMENT INFORMATION

As substantial business operations of the Group relate to the manufacturing, selling and distribution of electronic components, the Group’s executive team, which is considered as the Chief Operating Decision Maker (the “CODM”, comprising all Executive Directors and being headed by the Managing Director of the Company), makes decisions about resources allocation and performance assessment based on the entity-wide financial information. Accordingly, there is only one single reportable segment for the Group. Set out below is a summary list of key performance indicators reviewed by the CODM on a regular basis:

	2020	2019
	HK\$’000	HK\$’000
Revenue	1,599,599	1,292,160
Gross profit	271,877	245,293
Gross profit margin (%)	17.0%	19.0%
EBITDA ¹	149,986	161,851
EBITDA margin (%)	9.4%	12.5%
Operating expenses ²	208,308	224,465
Operating expenses/revenue (%)	13.0%	17.4%
Profit for the year	26,069	26,476
Net profit margin (%)	1.6%	2.0%

Notes:

- 1 EBITDA represents the earnings before interest expenses, tax, depreciation and amortisation.
- 2 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 tables present the revenue from external customers and specified non-current assets of the Group by geographical locations:

	2020 HK\$'000	2019 HK\$'000
Revenue from external customers by geographical locations		
Hong Kong	88,259	82,176
Mainland China	1,138,590	892,892
Taiwan	210,529	190,758
Southeast Asia	53,845	35,807
Korea	2,645	2,528
United States	19,985	15,225
Europe	76,707	55,477
Other countries	9,039	17,297
	<u>1,599,599</u>	<u>1,292,160</u>

	At 31 December	
	2020 HK\$'000	2019 HK\$'000
Non-current assets by physical locations (excluding deferred tax assets and financial assets at fair value through profit or loss)		
Hong Kong	109,912	114,790
Mainland China	1,249,504	1,151,251
Other countries	210	234
	<u>1,359,626</u>	<u>1,266,275</u>

4 REVENUE

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

Disaggregation of revenue from contracts with customers by major product lines is as follows:

	2020 HK\$'000	2019 HK\$'000
Revenue from contracts with customers with the scope of HKFRS 15		
Manufacturing and trading of electronic components	1,599,599	1,290,400
Trading of raw materials	–	1,760
	<u>1,599,599</u>	<u>1,292,160</u>

5 OTHER INCOME

	2020 HK\$'000	2019 HK\$'000
Scrap sales	962	631
Government subsidies	4,982	4,961
Rental income generated from investment properties	3,263	2,406
Losses on disposal of property, plant and equipment	(3,169)	(61)
Others	2,127	2,338
	<u>8,165</u>	<u>10,275</u>

6 OTHER NET (LOSS)/GAIN

	2020 HK\$'000	2019 HK\$'000
Dividend income	1	2
Fair value (loss)/gain on investment properties	(3,564)	12,245
Net foreign exchange (loss)/gain	(23,802)	2,183
Fair value gains on financial assets at fair value through profit or loss	7,642	697
Write-back of other payables (Note)	–	2,131
Others	(78)	–
	<u>(19,801)</u>	<u>17,258</u>

Note: As of 31 December 2019, other payables of HK\$2,131,000 was fully written back as the obligations specified in the contracts have expired.

7 OPERATING PROFIT

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

	2020 HK\$'000	2019 HK\$'000
Depreciation charge:		
Owned property, plant and equipment	58,263	56,173
Right-of-use assets	19,207	19,531
Amortisation of prepaid land premium	1,495	1,446
Amortisation of intangible assets	237	289
Write-down of inventories	14,145	8,843
Reversal of write-down of inventories	(739)	(169)
	<u>106,663</u>	<u>106,663</u>

8 CHANGES IN FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2020 HK\$'000	2019 HK\$'000
Fair value losses on interest rate swaps	<u>11</u>	<u>98</u>

At 31 December 2020, all interest rate swap contracts were expired.

9 FINANCE COSTS

	2020 HK\$'000	2019 HK\$'000
Interest expense on bank loans	35,508	37,155
Interest expense on lease liabilities	3,627	4,391
Others	<u>605</u>	<u>927</u>
	39,740	42,473
Less: interest expenses capitalised into construction in progress (Note)	<u>(1,869)</u>	<u>(1,229)</u>
	<u>37,871</u>	<u>41,244</u>

Note: The borrowing costs have been capitalised at a rate of 3.5% per annum (2019: 3.9%).

10 FINANCE INCOME

	2020 HK\$'000	2019 HK\$'000
Interest income from loans to a joint venture	4,982	4,636
Interest income from time deposits and bank balances	<u>365</u>	<u>563</u>
	<u>5,347</u>	<u>5,199</u>

11 INCOME TAX

	2020 HK\$'000	2019 HK\$'000
Current tax:		
Hong Kong	1,515	–
Outside Hong Kong	8,791	11,781
Over-provision in prior years	<u>(1,781)</u>	<u>(3,620)</u>
	8,525	8,161
Deferred tax	<u>(1,681)</u>	<u>8,531</u>
Total tax charge for the year	<u><u>6,844</u></u>	<u><u>16,692</u></u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2019: 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, three (2019: two) of the Group's subsidiaries in Mainland China enjoys a preferential tax rate of 15% (2019: 15%). Other subsidiaries of the Group in Mainland China are subject to income taxes at a statutory rate of 25% (2019: 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\$24,064,000 (2019: HK\$31,578,000), and the weighted average number of 475,548,000 (2019: 475,548,000) 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 2019 were anti-dilutive ordinary shares.

13 DIVIDENDS

The Board does not recommend final dividend for the Year (2019: Nil).

14 INVESTMENT PROPERTIES

	2020 HK\$'000	2019 HK\$'000
At fair value		
At 1 January	158,256	147,778
(Loss)/gain on fair value adjustment	(3,564)	12,245
Exchange realignment	5,168	(1,767)
	<hr/>	<hr/>
At 31 December	159,860	158,256
	<hr/> <hr/>	<hr/> <hr/>

15 TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables	801,307	697,380
Loss allowance	(39,740)	(39,496)
	<hr/>	<hr/>
	761,567	657,884
Prepayments, deposits and other receivables	118,524	106,303
	<hr/>	<hr/>
	880,091	764,187
	<hr/> <hr/>	<hr/> <hr/>

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. Credit risk was hedged mainly through credit insurance policies.

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:

	2020	2019
	HK\$'000	HK\$'000
1-3 months	614,583	504,766
4-6 months	129,666	127,966
7-12 months	11,733	16,350
Over 1 year	5,585	8,802
	<u>761,567</u>	<u>657,884</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:

	2020	2019
	HK\$'000	HK\$'000
Trade payables:		
1-3 months	258,300	218,866
4-6 months	57,540	10,564
7-12 months	12,430	11,897
Over 1 year	12,570	5,214
	<u>340,840</u>	<u>246,541</u>
Bills payables	<u>5,286</u>	<u>8,229</u>
	<u>346,126</u>	<u>254,770</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

It was an extremely challenging year for most of the industries in 2020. The geopolitical tension between China and the United States brought forward from 2019 coupled with the extensive impact from the COVID-19 pandemic had caused enterprises and individuals to become more conservative in making decisions and changes. However, the year-long global battle against COVID-19 encouraged us to change. Changes were seen in daily routines, in business operations, in schools and even in the mindsets of businessmen. Owing to the impact from COVID-19 pandemic, physical travels, in-person meetings and classes were largely restricted. Fortunately, people all over the world re-connect effectively and efficiently with the support of technologies. The business activities gradually resumed in the second quarter of the Year. Crisis and opportunity are two sides of the same coin. The COVID-19 pandemic has catalysed the development of digital era. Traditional businesses transformed or diversified themselves into online businesses at a faster pace and the reliance on technology is inevitably rising.

According to the statistics released by the National Bureau of Statistics of China, China's gross domestic product ("GDP") for the Year increased by 2.3% year-on-year. After an economic contraction of 6.8% in the first quarter of the Year resulted from the lockdown, the pace of recovery of China's economy has been accelerating. China's GDP achieved a growth of 3.2% and 4.9% in the second and third quarter of the Year respectively and further grew at 6.5% in the fourth quarter, as compared with the corresponding periods in 2019. As a leading global supplier of Aluminum Electrolytic Capacitors ("E-Caps") and Conductive Polymer Aluminum Solid Capacitors ("Polymer Caps"), the Group benefitted from the economic recovery and speedy growth of the digital era in China, and achieved a promising sales growth of 23.8% for the Year. The Group's annual sales revenue hit a record high of the last decade to approximately HK\$1,599,599,000 in the Year. In spite of the net loss in the first half of the Year, the Group had received strong sales recovery since the second half of the Year which enabled the Group to achieve a net profit in the second half as well as the entire year.

The Group's satisfactory results amid such a difficult time did not come with luck, but were achieved by the strong dedication to research and development and effort in strategic planning of the Group. The Group is dedicated to devote ample resources to research and development 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 continue to be widely recognised by many global leading companies in various electronic sectors. In addition, the strategies of developing multi-products such as E-Caps, Polymer Caps, Multi-layer Polymer Capacitors ("MLPC"), Electric Double Layer Capacitors ("EDLC") and EDLC modules coupled with diversified customer portfolios have safeguarded the Group from global economic fluctuations while laying a solid foundation for sustainable business growth.

“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

Impacted by the first wave of COVID-19, the Group’s operation had been interrupted significantly and as a result, incurred a net loss in the first half of the Year. With the strong recovery in sales since the second quarter of the Year, the Group eventually achieved a strong increase of 23.8% in sales revenue, from approximately HK\$1,292,160,000 for the year ended 31 December 2019 to approximately HK\$1,599,599,000 for the Year, hitting its record high of the last decade. The increase in sales revenue was mainly attributable to an increase in sales volume which was driven by the surging market demand for electronic products.

Gross profit for the Year increased by 10.8% to HK\$271,877,000 as compared with 2019. Gross profit margin dropped slightly by 2.0 percentage points to 17.0%, as compared with that of 19.0% for 2019. Net profit attributable to the shareholders of the Company dropped by 23.8% to HK\$24,064,000, as compared with that of HK\$31,578,000 for the previous year, representing a drop in margin of 0.9 percentage point from 2.4% to 1.5%. The decline in margin was mainly attributable to (i) the significant adverse impact of the COVID-19 pandemic which caused production interruption and disruption in business activities of the Group in the first half of 2020; and (ii) the sharp appreciation of Renminbi in the second half of 2020. In spite of these, with the strong recovery in sales in the second half of 2020, the Group’s financial performance had returned to pre-pandemic level. Coupled with its effective cost control measures, the Group achieved net profit in the second half of 2020 as well as for the entire year. The Board does not recommend final dividend for the Year (2019: Nil).

BUSINESS REVIEW

Market Overview

Despite the political tension between China and the United States, as well as the impact of COVID-19 pandemic which dragged China’s GDP growth negatively in the first quarter of 2020, the economy of China still grew by 2.3% in the Year. It had outperformed the general market consensus of 2%, and appeared to be the only major economy which could attain growth in 2020. According to the Basic Electronic Components Industry Development Action Plan 2021-2023* released by the Ministry of Industry and Information Technology of the People’s Republic of China (the “MIIT”) in January 2021, China has become a major leading manufacturer of electronic components of the world. China’s sales revenue of electronic components had already reached over RMB1.86 trillion in 2019 and kept increasing throughout the years. The MIIT has emphasized its effort in promoting and enhancing the growth of electronic components’ industries. The targeted sales revenue of electronic components in China shall reach RMB2.1 trillion by 2023. In light of above, the Group is confident that the development of supply chain for the entire electronic components industries will be full of dynamics and momentums with the support from the Central People’s Government of China.

* For identification purpose only

Operation Review

Following the rapid sales growth of 23.8% for the Year, the Group would continue to grasp the market potentials in penetrating into existing customers as well as enriching the customer portfolio in all dimensions. During the Year, the Group has been able to stabilise its strong foothold and attain a greater market share in the fast-growing electronic market. Since the products delivered are of high stability and performance, together with its customer-oriented services, customers considered the Group as their primary source of purchasing. The Group's multi-products strategy offers its customers a wide range of products, such as E-Caps, Polymer Caps, MLPC, EDLC and EDLC modules. The Group is committed to innovate new products with different specifications and performance level so as to meet various market demands. Facing the challenge of rising manufacturing costs mainly resulted from the robust economic recovery in China, the Group had executed stringent cost control measures with an aim to enhance its profit margins.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the Group's cash and cash equivalents amounted to HK\$263,486,000 (2019: HK\$225,715,000), most of which were either denominated in United States dollars, Renminbi or Hong Kong dollars. Total outstanding bank borrowings of the Group amounted to HK\$1,024,517,000 (2019: HK\$975,677,000) which comprised mainly bank loans and trade finance facilities.

As at 31 December 2020, net gearing ratio was 49.2% (2019: 53.7%), which was calculated based on the amount of net debt position (sum of total bank borrowings less cash and cash equivalents) as a percentage of total equity. The Group was in a net debt position of HK\$761,031,000 as at 31 December 2020, as compared to HK\$749,962,000 as at 31 December 2019.

As at 31 December 2020, net working capital (calculated as current assets less current liabilities) was HK\$253,842,000, representing an increase of HK\$38,078,000 as compared with that of HK\$215,764,000 as at 31 December 2019. The current ratio (calculated as current assets/current liabilities) was 1.16 times as at 31 December 2020, as compared with that of 1.15 times as at 31 December 2019.

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

Looking ahead, the economic outlook remains clouded with uncertainties and volatilities. The impact of COVID-19 and the uncertainties in global economy remain and continue to change the dynamics in consumer behaviour, business segments and channels. The launch of vaccinations appears to be the twilight for this year-long battle. As such, while remaining cautious, the Group is optimistic and well-positioned to ride on any recovery momentum swiftly and decisively.

Digital era has already been underway before the COVID-19 outbreak. Undoubtedly, this digital era mandate has been brought into sharp focus during the COVID-19 pandemic. Businesses have brought up the digital transformation agenda as their top priority. The change of lifestyle and consumer behavior from traditional to digital has been accelerated. According to International Data Corporation, the global spending on digital transformation may reach US\$1.97 trillion in 2022. New trends such as e-commerce, remote work arrangements, digitalisation of customer services, self-service, online shopping, video conferencing are expected to stay post-pandemic. In addition, environmental friendly and energy-saving electronic products have become another focus of the market. The dependence of humans on emerging technologies is increasing.

In view of the abovementioned phenomena and market potentials, the Group is confident in its future prospects given that its products can be applied in various end products and sectors ranging from home electronic appliances to industrial infrastructures, and also from customer sectors to professional high-end user sectors. The Group believes its on-going business and product development in artificial intelligence (AI), Internet of Things (IoT), cloud computing, blockchain, new energy vehicles, consumer electronics as well as 5G mobile networks, have helped to create ample business opportunities and will continue to pave a way for sustainable business growth in the upcoming future.

The Group will continue to ride on its strong edge in research and development capabilities to produce quality products, to penetrate further in existing customers and further enrich its customer portfolio. These are the keys to capture the massive potentials from the electronic markets and grow its market share. Meanwhile, the Group will exert extra efforts in improving the competitiveness of its quality products by means of enhancing operational efficiency as well as tightening the control over product costs with an aim to boost its market share and profitability through technology and increased process automation. Lastly, the Group is committed to and confident in delivering a satisfactory growth and return to its shareholders in the long run.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2020, the Group employed 48 staff in Hong Kong (2019: 47) and employed a total work force of 2,719 (2019: 2,610) inclusive of all staff in Mainland China and overseas offices. The Group's remuneration policy is built on the principle of equitability with incentive-based, motivating, performance-oriented and market-competitive remuneration packages for its employees. Remuneration packages are 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 2020, 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 2020 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 2020 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 (2019: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 7 May 2021 to Thursday, 13 May 2021, 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 2021 annual general meeting of the Company. In order to be eligible to attend and vote at the 2021 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 Thursday, 6 May 2021.

PUBLICATION OF 2020 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 Friday, 30 April 2021.

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 2021

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.