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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change
	2021	2020	
	HK\$'000	HK\$'000	
Revenue	1,034,591	667,810	+54.9%
Gross profit	176,753	94,645	+86.8%
EBITDA	105,629	44,973	+134.9%
Profit/(loss) attributable to shareholders	37,445	(17,750)	N/A
Earnings/(loss) per share	7.87 HK cents	(3.73) HK cents	N/A

INTERIM RESULTS

The board of directors (the “Board”) of Man Yue Technology Holdings Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021 (the “Period”).

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
	Note		
Revenue	4, 5	1,034,591	667,810
Cost of sales		<u>(857,838)</u>	<u>(573,165)</u>
Gross profit		176,753	94,645
Other income	6	6,630	701
Other net losses	7	(1,652)	(354)
Selling and distribution costs		(35,557)	(26,290)
Administrative expenses		(90,018)	(66,251)
Net impairment loss on trade and other receivables		<u>(3,388)</u>	<u>(1,610)</u>
Operating profit	8	52,768	841
Changes in fair values of derivative financial instruments	9	–	(11)
Finance costs	10	(17,763)	(23,057)
Finance income	11	3,031	2,834
Share of results of joint ventures		<u>5,528</u>	<u>4,643</u>
Profit/(loss) before tax		43,564	(14,750)
Income tax	12	<u>(6,630)</u>	<u>(2,170)</u>
Profit/(loss) for the period		<u>36,934</u>	<u>(16,920)</u>
Profit/(loss) attributable to:			
Equity holders of the Company		37,445	(17,750)
Non-controlling interests		<u>(511)</u>	<u>830</u>
Profit/(loss) for the period		<u>36,934</u>	<u>(16,920)</u>
Earnings/(loss) per share attributable to equity holders of the Company:	13		
Basic		7.87 HK cents	(3.73) HK cents
Diluted		<u>7.87 HK cents</u>	<u>(3.73) HK cents</u>

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Profit/(loss) for the period	36,934	(16,920)
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss:		
Assets revaluation surplus, net of tax	2,790	–
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	25,766	(43,166)
Other comprehensive income for the period, net of tax	28,556	(43,166)
Total comprehensive income for the period	65,490	(60,086)
Total comprehensive income attributable to:		
Equity holders of the Company	65,740	(60,937)
Non-controlling interests	(250)	851
Total comprehensive income for the period	65,490	(60,086)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
	Note		
Non-current assets			
Property, plant and equipment		714,435	690,973
Prepaid land premium		61,210	61,305
Investment properties		161,982	159,860
Intangible assets		1,251	1,368
Investments in joint ventures		202,639	194,142
Prepayments on purchases of property, plant and equipment		95,957	93,902
Financial assets at fair value through profit or loss		34,889	33,081
Loans to a joint venture		156,572	152,358
Other prepayments		5,772	5,718
Deferred tax assets		15,929	15,283
		1,450,636	1,407,990
Total non-current assets		1,450,636	1,407,990
Current assets			
Inventories		733,036	677,260
Trade receivables	15	836,723	761,567
Prepayments, deposits and other receivables	15	132,501	118,524
Due from joint ventures		20,608	20,580
Financial assets at fair value through profit or loss		14	14
Net defined benefit retirement assets		752	746
Tax recoverable		–	2,440
Cash and cash equivalents		223,015	263,486
		1,946,649	1,844,617
Total current assets		1,946,649	1,844,617
Current liabilities			
Trade and bills payables	16	306,583	346,126
Other payables and accrued liabilities and contract liabilities		158,489	129,412
Due to joint ventures		55,973	56,619
Tax payables		16,089	13,738
Bank and other borrowings		1,119,180	1,024,517
Dividends payable		43	43
Lease liabilities		22,095	20,320
		1,678,452	1,590,775
Total current liabilities		1,678,452	1,590,775
Net current assets		268,197	253,842
Total assets less current liabilities		1,718,833	1,661,832

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
Non-current liabilities		
Provision for long service payments	77	77
Deferred tax liabilities	51,073	49,478
Deferred income	9,974	10,018
Lease liabilities	46,172	56,212
	<hr/>	<hr/>
Total non-current liabilities	107,296	115,785
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Net assets	1,611,537	1,546,047
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Capital and reserves		
Share capital	47,555	47,555
Reserves	1,523,607	1,457,867
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	1,571,162	1,505,422
Non-controlling interests	40,375	40,625
	<hr/>	<hr/>
Total equity	1,611,537	1,546,047
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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The interim financial results set out in this announcement do not constitute the Group's interim financial statements for the six months ended 30 June 2021 but are extracted from those interim financial statements.

These interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

These interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

These interim financial statements are unaudited, but have been reviewed by KPMG 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 HKICPA.

2 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*
- Amendment to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform – Phase 2*

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 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 amendments to HKFRS 16 do not have any material impact on the Group's financial statements.

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”).

These amendments do not have any material impact on the Group's financial statements.

3 ESTIMATE

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgments 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 2020.

4 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:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Revenue	1,034,591	667,810
Gross profit	176,753	94,645
Gross profit margin (%)	17.1%	14.2%
EBITDA ¹	105,629	44,973
EBITDA margin (%)	10.2%	6.7%
Operating expenses ²	128,963	94,151
Operating expenses/revenue (%)	12.5%	14.1%
Profit/(loss) for the period	36,934	(16,920)
Net profit/(loss) margin (%)	3.6%	(2.5%)

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:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Revenue from external customers by geographical locations		
Hong Kong	45,408	45,516
Mainland China	775,478	454,932
Taiwan	122,619	94,382
Southeast Asia	33,915	21,244
Korea	1,442	1,091
United States	11,470	9,175
Europe	35,456	37,165
Other countries	8,803	4,305
	<u>1,034,591</u>	<u>667,810</u>
	At 30 June	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	110,291	109,912
Mainland China	1,289,319	1,249,504
Other countries	208	210
	<u>1,399,818</u>	<u>1,359,626</u>

5 REVENUE

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

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:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Manufacturing and trading of electronic components	<u>1,034,591</u>	<u>667,810</u>

Disaggregation of revenue from contracts with customers by geographical markets is disclosed in Note 4. All revenue is recognised at a single point in time.

6 OTHER INCOME

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Losses on disposal of property, plant and equipment	(7)	(3,058)
Scrap sales	580	159
Government subsidies	2,380	1,280
Rental income generated from investment properties	1,744	929
Others	1,933	1,391
	<u>6,630</u>	<u>701</u>

7 OTHER NET LOSSES

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Dividend income	–	1
Fair value gain on investment properties	1,138	–
Net foreign exchange losses	(4,380)	(833)
Fair value gains on financial assets at fair value through profit or loss	1,602	188
Others	(12)	290
	<u>(1,652)</u>	<u>(354)</u>

8 OPERATING PROFIT

The Group's operating profit is arrived at after charging the following:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Depreciation charge:		
Owned property, plant and equipment	32,145	26,642
Right-of-use assets	11,236	9,170
Amortisation of prepaid land premium	796	734
Amortisation of intangible assets	125	120
	<u>54,302</u>	<u>46,666</u>

9 CHANGES IN FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Fair value loss on interest rate swaps	—	(11)
	<u> </u>	<u> </u>

At 30 June 2021, all interest rate swap contracts were expired.

10 FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Interest expense on bank and other borrowings	16,622	21,859
Interest expense on lease liabilities	1,659	1,842
Others	375	370
	<u> </u>	<u> </u>
	18,656	24,071
Less: Interest expenses capitalised into construction in progress	(893)	(1,014)
	<u> </u>	<u> </u>
	<u>17,763</u>	<u>23,057</u>

11 FINANCE INCOME

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Interest income from loan to a joint venture	2,786	2,445
Interest income from time deposits and bank balances	245	389
	<u> </u>	<u> </u>
	3,031	2,834
	<u> </u>	<u> </u>
	<u>3,031</u>	<u>2,834</u>

12 INCOME TAX

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	769	93
Outside Hong Kong	6,249	4,074
	<u> </u>	<u> </u>
	7,018	4,167
Deferred tax	(388)	(1,997)
	<u> </u>	<u> </u>
Total tax charge for the period	<u>6,630</u>	<u>2,170</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (30 June 2020: 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, three (30 June 2020: three) of the Company's subsidiaries in Mainland China enjoy a preferential tax rate of 15% (30 June 2020: 15%). Other subsidiaries of the Group in Mainland China are subject to income taxes at a statutory rate of 25% (30 June 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.

13 EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit for the Period attributable to equity holders of the Company of HK\$37,445,000 (30 June 2020: loss of HK\$17,750,000), and the weighted average number of 475,548,000 (30 June 2020: 475,548,000) ordinary shares in issue during the Period.

The diluted earnings/(loss) 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 there were no potential dilutive ordinary shares in issue during the Period.

The diluted loss per share was the same as the basic loss per share as the Company's share options outstanding during the period ended 30 June 2020 were anti-dilutive ordinary shares.

14 DIVIDENDS

The Board does not recommend interim dividend for the Period (30 June 2020: Nil).

15 TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Trade receivables	880,758	801,307
Loss allowance	(44,035)	(39,740)
	<u>836,723</u>	<u>761,567</u>
Prepayments, deposits and other receivables	132,501	118,524
	<u><u>969,224</u></u>	<u><u>880,091</u></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.

Credit risk was hedged mainly through credit insurance policies. Where the Group has the benefit of credit insurance, a separate asset is recognised for any expected reimbursement that would be virtually certain if a claim was to be made. As at the end of the reporting period, HK\$3,065,000 (31 December 2020: HK\$2,386,000) is included within "prepayments, deposits and other receivables" in current assets in respect of such expected reimbursements.

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:

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
1-3 months	698,075	614,583
4-6 months	128,724	129,666
7-12 months	8,616	11,733
Over 1 year	1,308	5,585
	836,723	761,567

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:

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Trade payables:		
1-3 months	238,257	258,300
4-6 months	31,073	57,540
7-12 months	9,182	12,430
Over 1 year	13,673	12,570
	292,185	340,840
Bills payables	14,398	5,286
	306,583	346,126

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Riding on the recovery from the COVID-19 pandemic's impact which gave rise to economic resurgence in business activities, the Group's revenue for the Period had recorded a strong growth of 54.9% to HK\$1,034,591,000 as compared with that of the corresponding period last year. Benefiting from the economies of scale in production mainly due to the surge in revenue, gross profit for the Period amounted to HK\$176,753,000, representing an increase of 86.8% when compared with that of the corresponding period of HK\$94,645,000 in the previous year. Gross profit margin had also improved from 14.2% recorded in the corresponding period of 2020 to 17.1% for the Period. Following the sharp rise in gross profit, the Group had a turnaround financial performance for the Period with a net profit attributable to shareholders of the Company of HK\$37,445,000 in contrast with a net loss attributable to shareholders of the Company of HK\$17,750,000 for the corresponding period in 2020.

BUSINESS REVIEW

Market Overview

According to a market research conducted by The Business Research Company, a market research and intelligence company, in January 2021, the global electronic components market is expected to grow from US\$337.12 billion in 2020 to US\$378.68 billion in 2021 at a compound annual growth rate ("CAGR") of 12.3%. The market is expected to reach US\$509.06 billion in 2025 at a CAGR of 8%. 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 automotive, communication technology, industrial technology, household electronic appliances, Internet of Things ("IoT") and others. Adaption of IoT and the new norm of post-pandemic remote lifestyle become the key drivers of the surging market demand for electronic components. Resulting from the booming demand for electronic components, the Group has been able to capture this market opportunity with its multi-products platform such as Aluminum Electrolytic Capacitors ("E-Caps"), Conductive Polymer Aluminum Solid Capacitors ("Polymer Caps"), Multi-layer Polymer Capacitors ("MLPC") and Electric Double Layer Capacitors ("EDLC") and has successfully achieved a robust growth in revenue of 54.9% as compared to the same period of last year.

The automotive industry will have an augmented demand for electronic components, owing to the expected growth in the need of electric vehicles and autonomous-driving cars over the coming years. As such, the Group has continuously focused on the development of new products to capture the business opportunities arising from this market sector.

Operation Review

Following the revitalisation of the electronic market mainly caused by the increasing demand for digitalisation catalysed by the COVID-19 pandemic, the Group had been able to achieve a rapid sales growth of 54.9% for the Period by its penetration into the global supply chain of various market sectors as well as leading customers in the industries. Furthermore, the Group's results had made a turnaround to a net profit attributable to shareholders of the Company of HK\$37,445,000 for the Period from a net loss attributable to shareholders of the Company of HK\$17,750,000 for the same period in 2020. The remarkable results were mainly attributable to the increase in revenue and improvement in gross profit margin resulting from the enjoyment of economies of scale in production.

The Group's multi-products platform continue to be the essential components for the use in a wide range of electronic products and applications. During the Period, the Group had kept abreast of the latest market trend for its product development with a strong business focus towards prosperous market sectors such as artificial intelligence ("AI"), IoT, cloud computing, new energy vehicles and consumer electronics and thus enabling it to capture larger and more sizable orders. In order to stay at the forefront of technology and maintain its prominent market position in the industry, the Group has endlessly devoted enormous research and development effort in product innovation and advancement of production competence.

Facing the challenge of rising production costs mainly resulted from the robust economic recovery in China, the Group has exerted extra effort in improving the competitiveness of its pioneering and high quality products by way of enhancing the efficiency of production processes as well as implementing stringent cost control measures with an aim to boost its profitability.

In order to cater for the potential sales growth ahead resulting from the surging market demand of electronic components, the Group's new manufacturing facility in Qingyuan High-tech Industrial Development Zone in Guangdong is expected to commence operation towards end of this year with an aim to further expand its production capacity.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group's cash and cash equivalents amounted to HK\$223,015,000 (as at 31 December 2020: HK\$263,486,000), most of which were either denominated in United States dollars, Renminbi or Hong Kong dollars. Total outstanding bank and other borrowings of the Group amounted to HK\$1,119,180,000 (as at 31 December 2020: HK\$1,024,517,000) which comprised mainly bank loans and trade finance facilities.

As at 30 June 2021, the net gearing ratio (a ratio of the sum of total bank and other borrowings less cash and cash equivalents then divided by total equity) of the Group was 55.6% (as at 31 December 2020: 49.2%).

As at 30 June 2021, net working capital (calculated as current assets less current liabilities) was HK\$268,197,000, representing an increase of HK\$14,355,000 as compared with that of HK\$253,842,000 as at 31 December 2020. The current ratio (calculated as divide current assets by current liabilities) was 1.16 times as at 30 June 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

Global prospects are improving but performance diverges strongly across countries. According to the Economic Outlook issued by Organisation for Economic Co-operation and Development in May 2021, the global economic growth is expected to be 5.8% in 2021. The unbalanced growth across countries is largely dependent on the effectiveness of COVID-19 vaccination programs and public health policies.

The gross domestic product ("GDP") expanded significant by 18.3% in the first quarter of 2021 and subsequently grew by 7.9% in the second quarter of 2021 year-on-year, albeit a low base effect in the first half of 2020 in China. Though it is believed that the post-pandemic growth has peaked, China is still expected to be one of the major contributors to the world's GDP growth in 2021. Since the Group has already established a strong foothold in China over the years, it would certainly be beneficial to the Group resulting from the robust growth of China's economy as domestic customers will regard the Group as the primary choice for their local sourcing.

Following the gradual recovery of global economy, industrial enterprises would resume their pre-pandemic agenda of automation and digitalisation of their business processes. Devices and smart objects with actuation capabilities such as robots, drones, smart sensors, and automated guided vehicles can be used to reduce human errors, increase automation and improve work quality. As a result, big data management, 5G mobile networking, new energy vehicles, cloud computing as well as AI will be the key drivers for accelerating the market demand for electronic components market. By leveraging on its shrewd market acumen, strong product innovation capabilities, solid global presence as well as diversified customer base and product portfolio, the Group is well positioned to capture these enormous market opportunities. In view of the robust demand of electronic components driven by the latest emerging market sectors, the Group's new production plant in Qingyuan, Guangdong will be expected to come into operation by end of this year.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2021, the Group employed a total of 3,392 employees (as at 31 December 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 six months ended 30 June 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 own code of corporate governance practices throughout the Period 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 meetings 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 Period.

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 Period.

AUDIT COMMITTEE AND SCOPE WORK OF KPMG

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2021 have been reviewed by the Audit Committee of the Company.

The interim financial statements for the six months ended 30 June 2021 are unaudited, but have been reviewed by the Company's auditor, KPMG, 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, whose review report is included in the interim report sent to shareholders.

INTERIM DIVIDEND

The Board does not recommend interim dividend for the Period (30 June 2020: Nil).

PUBLICATION OF 2021 INTERIM RESULTS AND INTERIM REPORT

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

The interim 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 Thursday, 30 September 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, 24 August 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.