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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 2022

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change
	2022	2021	
	HK\$'000	HK\$'000	
Revenue	1,846,555	2,091,264	-11.7%
Gross profit	328,006	357,489	-8.2%
EBITDA	192,326	215,649	-10.8%
Profit attributable to shareholders	42,686	76,494	-44.2%
Earnings per share	8.98 HK cents	16.09 HK cents	-44.2%
Net assets per share	316.69 HK cents	355.30 HK cents	-10.9%

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 2022 (the “Year”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 HK\$'000	2021 HK\$'000
Revenue	3 & 4	1,846,555	2,091,264
Cost of sales		<u>(1,518,549)</u>	<u>(1,733,775)</u>
Gross profit		328,006	357,489
Other income	5	7,471	12,014
Other net gain/(loss)	6	9,351	(3,696)
Selling and distribution costs		(63,175)	(74,529)
Administrative expenses		(179,688)	(189,802)
Net impairment loss on trade and other receivables		<u>(1,485)</u>	<u>(784)</u>
Operating profit	7	100,480	100,692
Finance costs	8	(41,474)	(35,456)
Finance income	9	7,660	5,956
Share of results of joint ventures		<u>(161)</u>	<u>19,594</u>
Profit before tax		66,505	90,786
Income tax	10	<u>(26,821)</u>	<u>(16,800)</u>
Profit for the year		<u>39,684</u>	<u>73,986</u>
Profit attributable to:			
Equity holders of the Company		42,686	76,494
Non-controlling interests		<u>(3,002)</u>	<u>(2,508)</u>
Profit for the year		<u>39,684</u>	<u>73,986</u>
Earnings per share attributable to equity holders of the Company:			
Basic	11	8.98 HK cents	16.09 HK cents
Diluted		<u>8.98 HK cents</u>	<u>16.09 HK cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	HK\$'000	HK\$'000
Profit for the year	39,684	73,986
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss:		
Assets revaluation surplus/(deficit), net of tax	4,323	(1,856)
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	(227,630)	71,452
Other comprehensive income for the year, net of tax	(223,307)	69,596
Total comprehensive income for the year	(183,623)	143,582
Total comprehensive income attributable to:		
Equity holders of the Company	(176,949)	145,111
Non-controlling interests	(6,674)	(1,529)
	(183,623)	143,582

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property, plant and equipment		557,545	652,103
Construction in progress		89,840	69,323
Prepaid land premium		54,796	61,494
Investment properties	13	154,560	163,526
Intangible assets		803	1,143
Investments in joint ventures		200,124	220,611
Machinery under installation		87,126	99,504
Financial assets at fair value through profit or loss		46,501	37,709
Loans to a joint venture		169,944	170,184
Other prepayments		5,444	5,857
Deferred tax assets		15,654	15,727
		<u>1,382,337</u>	<u>1,497,181</u>
Total non-current assets		1,382,337	1,497,181
Current assets			
Inventories		677,719	786,660
Trade receivables	14	708,235	775,875
Prepayments, deposits and other receivables	14	127,670	139,431
Due from joint ventures		22,815	30,678
Financial assets at fair value through profit or loss		14	14
Net defined benefit retirement assets		688	762
Cash and cash equivalents		311,869	215,732
		<u>1,849,010</u>	<u>1,949,152</u>
Total current assets		1,849,010	1,949,152
Current liabilities			
Trade and bills payables	15	297,409	305,683
Other payables and accrued liabilities and contract liabilities		141,487	157,474
Due to joint ventures		68,039	76,256
Tax payable		26,245	20,015
Bank and other borrowings		1,094,513	1,074,962
Dividends payable		43	43
Lease liabilities		21,066	23,081
		<u>1,648,802</u>	<u>1,657,514</u>
Total current liabilities		1,648,802	1,657,514
Net current assets		<u>200,208</u>	<u>291,638</u>
Total assets less current liabilities		<u>1,582,545</u>	<u>1,788,819</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

	Note	2022 HK\$'000	2021 HK\$'000
Non-current liabilities			
Provision for long service payments		77	77
Deferred tax liabilities		47,815	50,282
Deferred income		8,849	9,990
Lease liabilities		19,798	38,841
		<u> </u>	<u> </u>
Total non-current liabilities		76,539	99,190
		<u> </u>	<u> </u>
Net assets		1,506,006	1,689,629
		<u> </u>	<u> </u>
Capital and reserves			
Share capital		47,555	47,555
Reserves		1,426,029	1,602,978
		<u> </u>	<u> </u>
Equity attributable to equity holders of the Company		1,473,584	1,650,533
Non-controlling interests		32,422	39,096
		<u> </u>	<u> </u>
Total equity		1,506,006	1,689,629
		<u> </u>	<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 HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

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 HKAS 16, *Property, plant and equipment: Proceeds before intended use*

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The amendments to HKAS 37 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.

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 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 2022 are as follows:

	For the year ended 31 December 2022		
	Manufacturing, selling and distribution of electronic components HK\$’000	Investments HK\$’000	Total HK\$’000
Segment revenue from external customers	1,846,555	–	1,846,555
Segment gross profit	328,006	–	328,006
Gross profit margin (%)	17.8%	N/A	17.8%
Other income	4,523	2,948	7,471
Other net gain	8,311	1,040	9,351
Operating expenses ¹	(244,060)	(288)	(244,348)
Operating profit	96,780	3,700	100,480
Operating profit margin (%)	5.2%	N/A	5.4%

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 (%)	<u>4.4%</u>	<u>N/A</u>	<u>4.8%</u>

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

	For the year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Operating profit	100,480	100,692
Finance costs	(41,474)	(35,456)
Finance income	7,660	5,956
Share of results of joint ventures	(161)	19,594
Profit before tax	<u>66,505</u>	<u>90,786</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	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong	116,493	95,176
Mainland China	1,318,457	1,548,747
Taiwan	179,061	240,003
Southeast Asia	73,048	67,520
Korea	9,688	5,681
United States	56,115	40,048
Europe	76,505	75,570
Other countries	17,188	18,519
	<hr/>	<hr/>
Total	1,846,555	2,091,264
	<hr/> <hr/>	<hr/> <hr/>

	As at 31 December	
	2022	2021
	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	109,826	109,186
Mainland China	1,203,803	1,333,058
Others	6,553	1,501
	<hr/>	<hr/>
	1,320,182	1,443,745
	<hr/> <hr/>	<hr/> <hr/>

4 REVENUE

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

	2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Manufacturing and trading of electronic components	<u>1,846,555</u>	<u>2,091,264</u>

5 OTHER INCOME

	2022 HK\$'000	2021 HK\$'000
Scrap sales	2,591	1,629
Government subsidies	3,600	3,086
Rental income generated from investment properties	2,948	2,991
Losses on disposal of property, plant and equipment	(4,541)	(218)
Others	<u>2,873</u>	<u>4,526</u>
	<u>7,471</u>	<u>12,014</u>

6 OTHER NET GAIN/(LOSS)

	2022 HK\$'000	2021 HK\$'000
Fair value (loss)/gain on investment properties	(1,485)	1,145
Net foreign exchange gain/(loss)	9,083	(6,511)
Fair value gains on financial assets at fair value through profit or loss	2,525	4,058
Impairment on property, plant and equipment	(2,121)	(2,388)
Others	<u>1,349</u>	<u>–</u>
	<u>9,351</u>	<u>(3,696)</u>

7 OPERATING PROFIT

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

	2022 HK\$'000	2021 HK\$'000
Depreciation charge:		
Owned property, plant and equipment	60,435	64,872
Right-of-use assets	22,118	22,698
Amortisation of prepaid land premium	1,556	1,587
Amortisation of intangible assets	238	250
Write-down of inventories	12,558	18,332
Reversal of write-down of inventories	(2,124)	(1,418)
	<u>60,435</u>	<u>64,872</u>

8 FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interest expense on bank and other borrowings	42,907	34,466
Interest expense on lease liabilities	1,527	3,104
Others	275	375
	<u>44,709</u>	<u>37,945</u>
Less: Interest expenses capitalised into construction in progress ¹	(3,235)	(2,489)
	<u>41,474</u>	<u>35,456</u>

Note:

1. The borrowing costs have been capitalised at a rate of 3.9% per annum (2021: 3.5%).

9 FINANCE INCOME

	2022 HK\$'000	2021 HK\$'000
Interest income from loans to a joint venture	5,715	5,596
Interest income from time deposits and bank balances	1,325	360
Others	620	–
	<u>7,660</u>	<u>5,956</u>

10 INCOME TAX

	2022 HK\$'000	2021 HK\$'000
Current tax:		
– Hong Kong	2,700	2,633
– Outside Hong Kong	13,156	18,620
Under/(over)-provision in prior years	<u>11,566</u>	<u>(2,777)</u>
	27,422	18,476
Deferred tax	<u>(601)</u>	<u>(1,676)</u>
Total tax charge for the year	<u><u>26,821</u></u>	<u><u>16,800</u></u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2021: 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 (2021: four) of the Group's subsidiaries in Mainland China enjoy a preferential tax rate of 15% (2021: 15%). Other subsidiaries of the Group in Mainland China are subject to income taxes at a statutory rate of 25% (2021: 25%).

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

11 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\$42,686,000 (2021: HK\$76,494,000), and the weighted average number of 475,547,534 (2021: 475,547,534) ordinary shares in issue during the years.

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 for the years ended 31 December 2022 and 2021 as there was no potential dilutive ordinary shares during the years.

12 DIVIDENDS

The Board does not recommend final dividend for the Year (2021: Nil).

13 INVESTMENT PROPERTIES

	2022 HK\$'000	2021 HK\$'000
At 1 January	163,526	159,860
(Loss)/gain on fair value adjustment	(1,485)	1,145
Exchange realignment	(7,481)	2,521
	<u>154,560</u>	<u>163,526</u>
At 31 December	<u>154,560</u>	<u>163,526</u>

14 TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Trade receivables	747,804	818,072
Loss allowance	(39,569)	(42,197)
	<u>708,235</u>	<u>775,875</u>
Prepayments, deposits and other receivables	127,670	139,431
	<u>835,905</u>	<u>915,306</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:

	2022	2021
	HK\$'000	HK\$'000
1 – 3 months	596,474	642,450
4 – 6 months	95,582	125,266
7 – 12 months	12,601	3,923
Over 1 year	3,578	4,236
	<u>708,235</u>	<u>775,875</u>

15 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:

	2022	2021
	HK\$'000	HK\$'000
Trade payables:		
– 1 – 3 months	226,831	260,883
– 4 – 6 months	49,879	25,399
– 7 – 12 months	11,397	4,831
– Over 1 year	3,138	5,306
	<u>291,245</u>	<u>296,419</u>
Bills payables	<u>6,164</u>	<u>9,264</u>
	<u>297,409</u>	<u>305,683</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

After a moderate economic rebound in year 2021, the global economic activities had experienced a broad-based and sharper-than-expected slowdown with inflation higher than ever in several decades. Multiple adverse factors such as the rising of energy costs, continuing disruptions in supply chain, high level of inventory, high tension of geopolitical risk and the substantial rise in financing costs had all made year 2022 remarkably turbulent. According to the statistics published in January 2023 by Statista, a leading provider of market and consumer data, the estimated global inflation rate of year 2022 may peak at 8.75%, as compared to 4.7% in year 2021, being record high in the past two decades. It would inevitably affect consumers' spending and dampened consumer demand in the short term. Due to the disruption of supply chain in 2021 and its ripple effect being brought forward to 2022, downstream and end-customers across many sectors had experienced high level of inventory, including electronic sector, which led to destocking activities in the second half of year 2022. We, as an upstream supplier along the value chain, were unavoidably affected by the destocking activities during this tide. The aggregated impact of these unfavourable factors dragged the Group's annual revenue down by 11.7% to approximately HK\$1,846,555,000 for the Year. With ample effort on tightening up our cost controls over production and enhancing operational efficiency, the Group had eventually managed to maintain a relatively stable gross profit margin at approximately 17.8% for the Year. Following the decrease in gross profit resulting from the decline in revenue as well as the increase in finance costs caused by aggressive interest rate hikes during the Year, the net profit attributable to shareholders of the Company ("Shareholders") had recorded a decrease from approximately HK\$76,494,000 in 2021 to approximately HK\$42,686,000 in 2022, representing a decline of 44.2%.

With all the unpredictable events in recent years, we have witnessed the industry having been undergoing a time of rapid market changes and consolidation. We believe that our strong dedication to research and development ("R&D") as well as effort in strategic planning would indeed pave the way for a sustainable business development of the Group. The Group is dedicated to devote resources to R&D so as to enhance the quality of its products as well as to provide innovative and pioneer products to meet the ever-changing market demand. Coupled with our multi-products strategy and well-positioned brands, SAMXON® and X-CON®, we have successfully penetrated further in our existing customers, as well as expanded customers in new market segments during the Year. In addition, the strategies of diversified customer portfolios have safeguarded the Group from global economic fluctuations while laying a solid foundation for a sustainable business growth.

Year 2023 has started with some encouraging news – the recent reopening of China which we expect it would stimulate an economic recovery. Destocking activities appear to come to an end soon. Customers are relatively more active in placing orders, which also shows certain enhancement on their level of confidence on the market. Though recovery may take time, we hope we are already reaching the end of the tunnel and proven improvements would come in the second half of Year 2023.

“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 dropped by 11.7% to approximately HK\$1,846,555,000 as compared with the previous year. It is mainly attributable to the disruption of supply chain and its ripple effect of over-stocking as customers were undergoing destocking activities in the second half of the Year. With the Group’s strong dedication on R&D and business development, the Group had successfully penetrated further in existing customers as well as to open up new customers’ stream. Such penetration had partially netted off the negative impact resulting from destocking, which finally led to a modest decline in revenue for the Year. With ample effort on tightening up our cost controls over production and enhancing operational efficiency, the Group had eventually managed to maintain a relatively stable gross profit margin at approximately 17.8% for the Year, regardless the weaker-than-usual order flow in the second half of the Year. Following the decrease in gross profit resulting from the decline in revenue as well as the increase in finance costs caused by aggressive interest rate hikes during the Year, the net profit attributable to Shareholders had recorded a decrease from approximately HK\$76,494,000 in 2021 to approximately HK\$42,686,000 in 2022, representing a decline of 44.2%. The Board did not recommend final dividend for the Year (2021: Nil).

BUSINESS REVIEW

Market Overview

Despite the global economic downturn in recent years, the market size of global passive electronic components is indeed expanding and is expected to continue to grow. According to a market research conducted in January 2023 by LP Information, Inc., a leading professional market report publisher, the market size is projected to grow from approximately US\$36.59 billion in 2022 to approximately US\$69.25 billion in 2029, exhibiting a compound annual growth rate (“CAGR”) of 9.5% from 2023 to 2029. With the widespread of advanced technologies and the effective usage of internet networks in manufacturing and consumer market, there has been a boom in the Internet of Things (“IoT”) industry and IoT application. According to the forecast published by Statista in November 2022, the number of IoT connected devices will almost triple from approximately 9.7 billion in 2020 to more than approximately 29 billion in 2030. In 2030, the highest number of IoT devices will be found in China with around 5 billion consumer devices, representing approximately US\$184 billion, almost one-third of the projected global market size of IoT of approximately US\$621.7 billion. Leveraging such booming demand, the Group managed to gain more market share by penetrating into IoT related segment which we believe it will continue to be one of our key grow drivers. Such penetration had partially netted off the negative impact resulting from destocking, and the drop in orders from less active market segments. As a result, the Group recorded a less-than-expected drop in revenue of 11.7% for the Year.

Operation Review

During the Year, the operation of the Group was exceptionally challenging. A mix of unexpected adverse and complicated factors that shake many sectors across major economies. In order to cope with the challenges, the Group had cautiously planned and streamlined its production – from allocation of resources and manpower to diversifying product, customer and debt portfolio. Leveraging on our wide spectrum of footprint on products and customers which had always formed a vital part of our agile business model, the Group is able to provide solutions to cater for the best interests of the ever changing market. High quality and innovation products have always been the competitive edge of the Group and we would continue to exert extra effort in R&D in order to capture the latest market trend. At the same time, the Group would continue to implement stringent cost control measures with an aim to enhance its profitability, which can be seen from the relatively stable gross profit margin of 17.8% for the Year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group's cash and cash equivalents amounted to approximately HK\$311,869,000 (2021: approximately HK\$215,732,000), 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\$1,094,513,000 (2021: approximately HK\$1,074,962,000), which comprised mainly bank loans and trade finance facilities.

As at 31 December 2022, the net gearing ratio was 52.0% (2021: 50.9%), 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\$782,644,000 as at 31 December 2022, as compared to approximately HK\$859,230,000 as at 31 December 2021.

As at 31 December 2022, the net working capital (calculated as current assets less current liabilities) was approximately HK\$200,208,000, representing an decrease of approximately HK\$91,430,000 as compared with that of approximately HK\$291,638,000 as at 31 December 2021. The current ratio (calculated as current assets/current liabilities) was 1.12 times as at 31 December 2022, as compared with that of 1.18 times as at 31 December 2021.

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, spillover disruptive forces, such as elevated inflation, high cost of living, higher interest rates and escalating geopolitical tensions, which have undermined the global economy are expected to persist for some time in the near future and the electronic components market will likely be affected to a certain extent. According to the world economic outlook update released by International Monetary Fund (“IMF”) in January 2023, the global inflation is expected to fall from 8.8% in 2022 to 6.6% in 2023 and further to 4.3% in 2024, however, it is still above pre-pandemic levels (year 2017-2019) of about 3.5%. In the same release by IMF, the global growth is estimated to be 2.9% in 2023 and with a slight rise to 3.1% in 2024. All these estimations show that economy in the coming one to two years are still challenging though improving. In immediate term, any additional adverse shocks would push the already-vulnerable global economy into recession. In view of such, the Group would certainly continue exert our management wisdom, including planning its resources strategically, aiming for greater operating discipline, increasing focus on profits and cash flow, leaning into new growth drivers and gaining market share by expanding product as well as customer spectrum. In the medium to long term, we are confident that the market will resume its momentum to pre-pandemic level and continue to boom since the irreversible trend on digital transformation and IoT would involve enormous demand for electronic components. With all the foreseeable market potentials, the Group would continue to deploy resources to strengthen our product portfolio through dedications in R&D so as to capture the vast market opportunities. We believe our well-positioned multi-product strategy has laid a solid foundation for our sustainable growth and future success, and bring return to its Shareholders in the long run.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2022, the Group employed a total of 2,501 employees (2021: 2,999). 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 2022, 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.

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 2022 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 2022 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 (2021: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 2 June 2023 to Wednesday, 7 June 2023, 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 2023 annual general meeting of the Company. In order to be eligible to attend and vote at the 2023 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 1 June 2023.

PUBLICATION OF 2022 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, 28 April 2023.

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, 23 March 2023

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.