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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 2023

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change
	2023	2022	
	HK\$'000	HK\$'000	
Revenue	1,470,952	1,846,555	-20.3%
Gross profit	266,408	328,006	-18.8%
EBITDA	149,669	192,326	-22.2%
Profit attributable to shareholders	4,076	42,686	-90.5%
Earnings per share	0.86 HK cents	8.98 HK cents	-90.4%
Net assets per share	325.07 HK cents	316.69 HK cents	+2.6%

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 2023 (the “Year”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 HK\$'000	2022 HK\$'000
Revenue	3 & 4	1,470,952	1,846,555
Cost of sales		<u>(1,204,544)</u>	<u>(1,518,549)</u>
Gross profit		266,408	328,006
Other income	5	12,239	7,471
Other net (loss)/gain	6	(6,937)	9,351
Selling and distribution costs		(50,531)	(63,175)
Administrative expenses		<u>(160,996)</u>	<u>(181,173)</u>
Operating profit	7	60,183	100,480
Finance costs	8	(57,755)	(41,474)
Finance income	9	6,959	7,660
Share of results of joint ventures		<u>2,507</u>	<u>(161)</u>
Profit before tax		11,894	66,505
Income tax	10	<u>(10,919)</u>	<u>(26,821)</u>
Profit for the year		<u>975</u>	<u>39,684</u>
Profit attributable to:			
Equity holders of the Company		4,076	42,686
Non-controlling interests		<u>(3,101)</u>	<u>(3,002)</u>
Profit for the year		<u>975</u>	<u>39,684</u>
Earnings per share attributable to equity holders of the Company:			
Basic	11	0.86 HK cents	8.98 HK cents
Diluted		<u>0.86 HK cents</u>	<u>8.98 HK cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	HK\$'000	HK\$'000
Profit for the year	<u>975</u>	<u>39,684</u>
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss:		
Assets revaluation surplus, net of tax	80,592	4,323
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	<u>(41,708)</u>	<u>(227,630)</u>
Other comprehensive income for the year, net of tax	<u>38,884</u>	<u>(223,307)</u>
Total comprehensive income for the year	<u>39,859</u>	<u>(183,623)</u>
Total comprehensive income attributable to:		
Equity holders of the Company	43,233	(176,949)
Non-controlling interests	<u>(3,374)</u>	<u>(6,674)</u>
	<u>39,859</u>	<u>(183,623)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Note	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Property, plant and equipment		582,451	557,545
Construction in progress		46,730	89,840
Prepaid land premium		10,452	54,796
Investment properties	13	373,858	154,560
Intangible assets		575	803
Investments in joint ventures		199,337	200,124
Machinery under installation		50,773	87,126
Financial assets at fair value through profit or loss		38,340	46,501
Loans to a joint venture		179,724	169,944
Other prepayments		5,380	5,444
Deferred tax assets		17,891	15,654
		<u>1,505,511</u>	<u>1,382,337</u>
Total non-current assets		1,505,511	1,382,337
Current assets			
Inventories		616,169	677,719
Trade receivables	14	628,772	708,235
Prepayments, deposits and other receivables	14	136,933	127,670
Due from joint ventures		22,940	22,815
Financial assets at fair value through profit or loss		9,073	14
Net defined benefit retirement assets		–	688
Cash and cash equivalents		249,720	311,869
		<u>1,663,607</u>	<u>1,849,010</u>
Total current assets		1,663,607	1,849,010
Current liabilities			
Trade and bills payables	15	234,582	297,409
Other payables and accrued liabilities and contract liabilities		112,328	141,487
Due to joint ventures		59,727	68,039
Tax payable		21,970	26,245
Bank and other borrowings		1,027,846	1,094,513
Dividends payable		43	43
Lease liabilities		23,285	21,066
		<u>1,479,781</u>	<u>1,648,802</u>
Total current liabilities		1,479,781	1,648,802
Net current assets		<u>183,826</u>	<u>200,208</u>
Total assets less current liabilities		<u>1,689,337</u>	<u>1,582,545</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2023

	2023 HK\$'000	2022 HK\$'000
Non-current liabilities		
Provision for long service payments	77	77
Deferred tax liabilities	74,451	47,815
Deferred income	8,432	8,849
Lease liabilities	56,187	19,798
Bank and other borrowings	4,325	–
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Total non-current liabilities	143,472	76,539
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Net assets	1,545,865	1,506,006
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Capital and reserves		
Share capital	47,555	47,555
Reserves	1,469,262	1,426,029
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Equity attributable to equity holders of the Company	1,516,817	1,473,584
Non-controlling interests	29,048	32,422
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Total equity	1,545,865	1,506,006
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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 new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 2023 are as follows:

	For the year ended 31 December 2023		
	Manufacturing, selling and distribution of electronic components HK\$'000	Investments HK\$'000	Total HK\$'000
Segment revenue from external customers	1,470,952	–	1,470,952
Segment gross profit	266,408	–	266,408
Gross profit margin (%)	18.1%	N/A	18.1%
Other income	6,975	5,264	12,239
Other net (loss)/gain	(9,156)	2,219	(6,937)
Operating expenses ¹	(209,968)	(1,559)	(211,527)
Operating profit	54,259	5,924	60,183
Operating profit margin (%)	3.7%	N/A	4.1%

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 (%)	<u>5.2%</u>	<u>N/A</u>	<u>5.4%</u>

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

	For the year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Operating profit	60,183	100,480
Finance costs	(57,755)	(41,474)
Finance income	6,959	7,660
Share of results of joint ventures	<u>2,507</u>	<u>(161)</u>
Profit before tax	<u>11,894</u>	<u>66,505</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:

1. Operating expenses represent the expenditure that the Group incurs as a result of performing its normal business operations, including selling and distribution costs and administrative expenses.

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	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong	74,384	116,493
Mainland China	1,046,688	1,318,457
Taiwan	162,813	179,061
Southeast Asia	52,666	73,048
Korea	8,693	9,688
United States	45,395	56,115
Europe	58,668	76,505
Other countries	21,645	17,188
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Total	1,470,952	1,846,555
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	As at 31 December	
	2023	2022
	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	112,681	109,826
Mainland China	1,330,438	1,203,803
Others	6,161	6,553
	<hr/>	<hr/>
	1,449,280	1,320,182
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4 REVENUE

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

	2023 HK\$'000	2022 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Manufacturing and trading of electronic components	<u>1,470,952</u>	<u>1,846,555</u>

5 OTHER INCOME

	2023 HK\$'000	2022 HK\$'000
Scrap sales	1,028	2,591
Government subsidies	3,001	3,600
Rental income generated from investment properties	5,264	2,948
Losses on disposal of property, plant and equipment	(461)	(4,541)
Others	<u>3,407</u>	<u>2,873</u>
	<u>12,239</u>	<u>7,471</u>

6 OTHER NET (LOSS)/GAIN

	2023 HK\$'000	2022 HK\$'000
Fair value gain/(loss) on investment properties	1,641	(1,485)
Net foreign exchange (loss)/gain	(6,253)	9,083
Fair value gains on financial assets at fair value through profit or loss	578	2,525
Impairment on property, plant and equipment	(2,675)	(2,121)
Others	<u>(228)</u>	<u>1,349</u>
	<u>(6,937)</u>	<u>9,351</u>

7 OPERATING PROFIT

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

	2023 HK\$'000	2022 HK\$'000
Depreciation charge:		
Owned property, plant and equipment	54,645	60,435
Right-of-use assets	23,658	22,118
Amortisation of prepaid land premium	1,479	1,556
Amortisation of intangible assets	238	238
Write-down of inventories	2,294	10,434
	<u>2,294</u>	<u>10,434</u>

8 FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest expense on bank and other borrowings	57,737	42,907
Interest expense on lease liabilities	1,331	1,527
Others	–	275
	<u>59,068</u>	<u>44,709</u>
Less: Interest expenses capitalised into construction in progress ¹	<u>(1,313)</u>	<u>(3,235)</u>
	<u>57,755</u>	<u>41,474</u>

Note:

1. The borrowing costs have been capitalised at a rate of 5.6% per annum (2022: 3.9%).

9 FINANCE INCOME

	2023 HK\$'000	2022 HK\$'000
Interest income from loans to a joint venture	5,431	5,715
Interest income from time deposits and bank balances	883	1,325
Others	645	620
	<u>6,959</u>	<u>7,660</u>

10 INCOME TAX

	2023 HK\$'000	2022 HK\$'000
Current tax:		
– Hong Kong	70	2,700
– Outside Hong Kong	12,048	13,156
Under-provision in prior years	471	11,566
	<u>12,589</u>	<u>27,422</u>
Deferred tax	(1,670)	(601)
	<u>(1,670)</u>	<u>(601)</u>
Total tax charge for the year	<u><u>10,919</u></u>	<u><u>26,821</u></u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2022: 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 (2022: four) of the Group's subsidiaries in Mainland China enjoy a preferential tax rate of 15% (2022: 15%). Other subsidiaries of the Group in Mainland China are subject to income taxes at a statutory rate of 25% (2022: 25%).

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

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\$4,076,000 (2022: HK\$42,686,000), and the weighted average number of 475,547,534 (2022: 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 2023 and 2022 as there was no potential dilutive ordinary shares during the years.

12 DIVIDENDS

The Board does not recommend final dividend for the Year (2022: Nil).

13 INVESTMENT PROPERTIES

	2023 HK\$'000	2022 HK\$'000
At 1 January	154,560	163,526
Transfer from property, plant and equipment	56,563	–
Transfer from prepaid land premium	42,401	–
Asset revaluation surplus for the property, plant and equipment and prepaid land premium on the date of change in use	121,466	–
Gain/(loss) on fair value adjustment	1,641	(1,485)
Exchange realignment	(2,773)	(7,481)
	<u>373,858</u>	<u>154,560</u>
At 31 December	<u>373,858</u>	<u>154,560</u>

14 TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Trade receivables	667,016	747,804
Loss allowance	(38,244)	(39,569)
	<u>628,772</u>	<u>708,235</u>
Prepayments, deposits and other receivables	136,933	127,670
	<u>765,705</u>	<u>835,905</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:

	2023	2022
	HK\$'000	HK\$'000
1 – 3 months	522,234	596,474
4 – 6 months	87,722	95,582
7 – 12 months	15,198	12,601
Over 1 year	3,618	3,578
	<u>628,772</u>	<u>708,235</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:

	2023	2022
	HK\$'000	HK\$'000
Trade payables:		
– 1 – 3 months	156,596	226,831
– 4 – 6 months	47,210	49,879
– 7 – 12 months	12,626	11,397
– Over 1 year	16,175	3,138
	<u>232,607</u>	<u>291,245</u>
Bills payables	<u>1,975</u>	<u>6,164</u>
	<u>234,582</u>	<u>297,409</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

Year 2023 has been a testament to our resilience, adaptability, and commitment to excellence in innovation, production and service. Despite facing some unprecedented challenges including prolonged economic downturn, interest rates volatility, longer-than-expected destocking cycle at end customers, which has affected our sales revenue moderately, the Group is still managed to deliver another year of profitability.

Disruptions in the supply chain in the previous years have forced downstream and end-customers to stock excessive inventories so as to ensure their smooth business operations. However, due to the persisting deterioration of the global economy arising from high inflation rate and financing costs which inevitably affected consumers' spending behaviour and sentiment, destocking activities continued throughout the Year. Such destocking cycle was longer-than-expected which directly impacted on the demand of our products in 2023. As such, the Group had recorded a drop of approximately 20.3% in its revenue, from approximately HK\$1,846,555,000 for 2022 to approximately HK\$1,470,952,000 for the Year. Amid a decrease in revenue and thus the gross profit, our relentless effort on tightening up cost controls over production and enhancing operational efficiency had enabled us to mitigate the impact of declining revenue with a slight improvement in gross profit margin, from approximately 17.8% for 2022 to approximately 18.1% for the Year. This demonstrates our resilience in navigating challenging economic conditions through prudent cost management and strategic decision-making.

The surge in interest rates has exerted considerable pressure on our profitability. In response to such, we have taken proactive measures to minimize the adverse effects on our net profit by way of actively reviewing our business strategies as well as monitoring the cost and financing structures in order to identify opportunities for improvement and enhancement. As a result, the Group has eventually achieved a net profit attributable to shareholders of the Company (the "Shareholders") of approximately HK\$4,076,000 for the Year, representing a drop of approximately 90.5% when compared with that of the previous year.

In acknowledgement of the decline in our financial performance, it is more important to recognize the broader achievements that we have accomplished during the Year. Our continuous commitment to innovation and research and development ("R&D"), as well as multi-products business strategies have enabled us to penetrate further in our existing customers and capture opportunities in new market segments. We believe that the business opportunities in the pipeline would be a growth driver for the Group in the coming years.

We always possess a distinct competitive edge in the industry due to several key factors. First, the Group's commitment to innovation and R&D ensuring that we are at the forefront of technological advancements for allowing us to consistently offering cutting-edge solutions to our customers. Second, our strong emphasis on quality control and manufacturing excellence enables us to deliver products of exceptional quality. In addition, the Group's strategic presence in a wide spectrum of product applications together with its efficient supply chain management contribute to its competitiveness by providing a reliable and responsive network for its customers. Last but not the least, our customer-centric approach and collaborations with customers further reinforce our competitive advantages as we can continuously meet the unique needs of our diverse customer base. Overall, these factors collectively position ourselves as a leader in the industry, giving us a significant competitive edge and cementing our reputation as a preferred partner for our worldwide customers.

Looking ahead, we would remain focused on our dedication in innovation and R&D which would enable us to drive a sustainable growth and profitability of the Group. We will also actively explore new opportunities for business expansion, optimize our operations, and enhance our product offerings to meet the evolving demand of our customers, with a view to delivering promising returns in the near future.

FINANCIAL REVIEW

Throughout the Year, the Group experienced a decline in revenue of approximately 20.3% to approximately HK\$1,470,952,000 as compared with that of the previous year. It was primarily due to the prolonged destocking cycle amongst the downstream and end-customers in the electronics industry. This cycle resulted in a reduced demand for the Group's products. However, the Group's multi-product strategy and well-established brands, SAMXON® and X-CON®, had enabled successful further penetration in existing customers as well as to open up new customers' stream, which could partially offset the adverse effect from the destocking activities. Resulting from a decline in revenue and gross profit, our steadfast commitment to cost control had played a pivotal role in achieving a slight improvement in the gross profit margin, from approximately 17.8% for 2022 to approximately 18.1% for the Year. Inevitably, the aggressive interest rate hikes during the Year had casted adverse impact on the overall profit margin of the Group. As a result, the Company had recorded a net profit attributable to Shareholders of approximately HK\$4,076,000 for the Year, representing a drop of approximately 90.5% when compared with the previous year.

BUSINESS REVIEW

Market Overview

The international geopolitical tensions and the rising interest rates had amplified the complications and challenges for all businesses and economies. According to the world economic outlook update released by International Monetary Fund (“IMF”) in January 2024, the global gross domestic product (“GDP”) for year 2022 was 3.5%, and that for 2023 was estimated to be 3.1%, down 40 basis points from year 2022. The forecast of GDP for 2024 and 2025 is 3.1% and 3.2% respectively, which is however below the historical (2000-2019) average of 3.8%. The electronic sector would be inevitably impacted in the short term. Nevertheless, since the global passive electronic components are the cornerstone for all electronic products, its market size would indeed expand. According to a market research conducted by The International Market Analysis Research and Consulting Group, a market research company, the global passive electronic components market size reached US\$38.3 billion in 2023, and it is expected to reach US\$55.6 billion by 2032. Such growth is fueled by technological advancements, rising demand of electronic devices with artificial intelligence (“AI”) application, cloud computing, power storage systems and Internet of Things (“IoT”). Carbon emission reduction is another key driver for the growth of passive electronic components market as it requires a wide adoption of these components in renewable energy related devices or solutions. Coupled with favourable government policies, regulations, and incentives that encourage technological advancements and investments in renewable energy projects, it is expected that passive electronic components market would continue to grow with solid foundations and support in the long term. Leveraging on the booming demand of the advanced technological and renewable energy industries, the Group managed to gain market share in these sectors and recorded a less-than-expected drop in revenue of approximately 20.3% for the Year. It has proved that the Group’s well-positioned multi-products strategy has successfully enabled the Group to grasp more business opportunities even during the adverse business conditions.

Operation Review

In the first half of 2023, the Group had experienced a challenging period with a net loss attributable to the Shareholders of approximately HK\$15,368,000, reflecting the impact from destocking activities and the global economic downturn and uncertainties. In the second half of 2023, the Group had demonstrated an impressive resilience and experienced a remarkable turnaround by achieving a net profit attributable to the Shareholders of approximately HK\$19,444,000. As a result, the Group eventually ended up with a net profit to the Shareholders of approximately HK\$4,076,000 for the Year. This turnaround of financial performance in the latter half of the year has demonstrated the Group’s vigorous adaptability and strategic measures in navigating through the complex business environment, and positioning itself for recovery and sustained business growth in the coming future. Furthermore, the Group’s diverse customer and product mix has also played a vital role in its business development coupled with its unwavering emphasis on R&D laying a strong foundation for its product and technological innovation. Meanwhile, the Group would continue to implement stringent cost control measures and a prudent cash flow management so as to enhance its profitability as well as the healthiness of its liquidity and financial position.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group's cash and cash equivalents amounted to approximately HK\$249,720,000 (2022: approximately HK\$311,869,000), 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\$1,032,171,000 (2022: approximately HK\$1,094,513,000), which comprised mainly bank loans and trade finance facilities.

As at 31 December 2023, the net gearing ratio was 50.6% (2022: 52.0%), 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\$782,451,000 as at 31 December 2023, as compared to approximately HK\$782,644,000 as at 31 December 2022.

As at 31 December 2023, the net working capital (calculated as current assets less current liabilities) was approximately HK\$183,826,000, representing a decrease of approximately HK\$16,382,000 as compared with that of approximately HK\$200,208,000 as at 31 December 2022. The current ratio (calculated as current assets/current liabilities) was 1.12 times as at 31 December 2023, which was the same as that of 1.12 times as at 31 December 2022.

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 Group is strategically positioned to capitalize on its core strengths and targeted initiatives, driving sustainable business growth and adeptly navigating through the evolving market landscape. The Group's diverse customer base and robust business relationships fortify its readiness to swiftly adapt to the market dynamics and harness emerging business opportunities. Meanwhile, the strong, irreversible and foreseeable market trend towards AI adoption, power storage solutions, digital transformation, renewable energy, IoT and other cutting-edge technologies becomes increasingly evident, and the demand for passive electronic components is believed to surge significantly. This anticipated surge in demand, coupled with the foreseen period of pronounced electronic industry growth would be advantageous to the Group's strategic business expansion and market positioning. In addition, the Group is geared to broaden its product portfolio through its ample effort on R&D and tailored solutions to customers. The Group is committed to driving sustainable profitability while expanding its market share. Through continuous prudent cost control measures and effective cash flow management, we are confident to maintain its financial resilience, pursue business growth initiatives and lay solid foundation for long-term success and deliver long-term value to our Shareholders.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2023, the Group employed a total of 2,200 employees (2022: 2,501). 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 2023, 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 C1 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 C3 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 2023 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 2023 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 (2022: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 31 May 2024 to Wednesday, 5 June 2024, 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 2024 annual general meeting of the Company. In order to be eligible to attend and vote at the 2024 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, 30 May 2024.

PUBLICATION OF 2023 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 Tuesday, 30 April 2024.

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, 26 March 2024

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 Mr. Lo Kwok Kwei, David, Mr. Mar, Selwyn and Mr. Yung Wing Ki, Samuel.