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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 2018

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change
	2018	2017	
	HK\$'000	HK\$'000	
Revenue	1,361,718	1,275,923	+6.7%
Gross profit	274,126	280,046	-2.1%
EBITDA	146,667	152,276	-3.7%
Profit for the year	40,676	45,205	-10.0%
Earnings per share	9.05 HK cents	10.13 HK cents	-10.7%

FINAL RESULTS

The board of directors (the “Board”) of Man Yue Technology Holdings Limited (the “Company”) is pleased to submit the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2018 (the “Year”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 HK\$'000	2017 HK\$'000
Revenue	3 & 4	1,361,718	1,275,923
Cost of sales		<u>(1,087,592)</u>	<u>(995,877)</u>
Gross profit		274,126	280,046
Other income	5	7,544	9,771
Other net losses	6	(2,079)	(49)
Selling and distribution costs		(63,540)	(69,563)
Administrative expenses		(161,184)	(143,593)
(Impairment loss)/reversal of impairment loss on trade and other receivables		<u>(3,010)</u>	<u>943</u>
Operating profit	7	51,857	77,555
Changes in fair values of derivative financial instruments	8	413	(2,898)
Finance costs	9	(32,181)	(28,582)
Finance income	10	4,686	4,667
Share of results of joint ventures		<u>31,891</u>	<u>11,457</u>
Profit before tax		56,666	62,199
Income tax	11	<u>(15,990)</u>	<u>(16,994)</u>
Profit for the year		<u>40,676</u>	<u>45,205</u>
Profit/(loss) attributable to:			
Equity holders of the Company		43,046	48,177
Non-controlling interests		<u>(2,370)</u>	<u>(2,972)</u>
Profit for the year		<u>40,676</u>	<u>45,205</u>
Earnings per share attributable to equity holders of the Company:	12		
Basic		9.05 HK cents	10.13 HK cents
Diluted		<u>9.05 HK cents</u>	<u>10.13 HK cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	HK\$'000	HK\$'000
Profit for the year	40,676	45,205
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Assets revaluation surplus, net of tax	20,318	4,605
Remeasurement of net defined benefit assets, net of tax	(268)	6
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	(100,809)	133,783
Other comprehensive income for the year, net of tax	(80,759)	138,394
Total comprehensive income for the year	(40,083)	183,599
Total comprehensive income attributable to:		
Equity holders of the Company	(35,856)	181,811
Non-controlling interests	(4,227)	1,788
	(40,083)	183,599

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Note	2018 HK\$'000	2017 HK\$'000
Non-current assets			
Property, plant and equipment		575,604	602,264
Prepaid land premium		61,858	68,718
Investment properties	14	147,778	136,522
Intangible assets		1,783	2,254
Investments in joint ventures		140,474	116,371
Prepayments on purchases of property, plant and equipment		99,540	66,428
Financial assets at fair value through profit or loss		23,936	23,374
Loans to a joint venture		118,501	108,903
Other prepayments		5,530	965
Deferred tax assets		14,173	16,463
		<hr/>	<hr/>
Total non-current assets		1,189,177	1,142,262
		<hr/>	<hr/>
Current assets			
Inventories		608,425	535,553
Trade receivables	15	585,226	640,594
Prepayments, deposits and other receivables		108,342	96,894
Due from joint ventures		28,823	22,609
Financial assets at fair value through profit or loss		20	36
Net defined benefit retirement assets		689	971
Tax recoverable		1,633	1,466
Cash and cash equivalents		202,338	312,702
		<hr/>	<hr/>
Total current assets		1,535,496	1,610,825
		<hr/>	<hr/>
Current liabilities			
Trade and bills payables	16	201,160	225,069
Other payables and accrued liabilities		106,629	105,320
Due to joint ventures		43,781	39,465
Derivative financial instruments		1,989	3,680
Tax payable		8,989	8,631
Bank loans		800,019	718,795
Dividends payable		43	43
		<hr/>	<hr/>
Total current liabilities		1,162,610	1,101,003
		<hr/>	<hr/>
Net current assets		372,886	509,822
		<hr/>	<hr/>
Total assets less current liabilities		1,562,063	1,652,084
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2018

	2018	2017
	HK\$'000	HK\$'000
Non-current liabilities		
Bank loans	89,336	128,284
Derivative financial instruments	284	2,476
Provision for long service payments	77	77
Deferred tax liabilities	39,614	34,677
Deferred income	10,224	11,031
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Total non-current liabilities	139,535	176,545
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Net assets	1,422,528	1,475,539
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Capital and reserves		
Share capital	47,555	47,555
Reserves	1,333,096	1,368,952
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Equity attributable to equity holders of the Company	1,380,651	1,416,507
Non-controlling interests	41,877	59,032
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Total equity	1,422,528	1,475,539
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NOTES TO THE FINANCIAL INFORMATION

1 BASIS OF PREPARATION

These financial information 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”) and accounting principles generally accepted in Hong Kong.

The measurement basis used in the preparation of the financial information is the historical cost basis except for investment properties, land and 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.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. The Group has early adopted HKFRS 9 *Financial Instruments* with a date of initial application of 1 January 2017. The following developments are relevant to the Group’s financial statements:

- HKFRS 15 *Revenue from Contracts with Customers*
- HK(IFRIC) 22 *Foreign Currency Transactions and Advance Consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18 *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11 *Construction Contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(i) Timing of revenue recognition

Previously, revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity’s performance, as the entity performs;

- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these three situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sales of electronic components and raw materials.

(ii) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

There has been no impact on the Group as a result of this change in policy.

(iii) Presentation of contract liabilities

Under HKFRS 15, a contract liability, rather than a payable, is recognised (1) when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue and (2) for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

To reflect these changes in presentation, the Group has made the following adjustment at 1 January 2018, as a result of the adoption of HKFRS 15:

- "Provision for sales rebate" amounting to HK\$6,746,000, which was previously included in trade and other receivables are now included in other payables and accrued liabilities as contract liabilities.

HK(IFRIC) 22 *Foreign Currency Transactions and Advance Consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way.

The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

3 SEGMENT INFORMATION

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

	2018	2017
	HK\$'000	HK\$'000
Revenue	1,361,718	1,275,923
Gross profit	274,126	280,046
Gross profit margin (%)	20.1%	21.9%
EBITDA ¹	146,667	152,276
EBITDA margin (%)	10.8%	11.9%
Operating expenses ²	227,734	212,213
Operating expenses/revenue (%)	16.7%	16.6%
Profit for the year	40,676	45,205
Net profit margin (%)	3.0%	3.5%

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 (impairment loss)/reversal of 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:

	2018	2017
	HK\$'000	HK\$'000
Revenue from external customers by geographical locations		
Hong Kong	70,544	83,093
Mainland China	938,762	841,756
Taiwan	207,727	221,771
Southeast Asia	17,695	15,815
Korea	3,027	4,398
United States	38,209	32,871
Europe	59,160	50,284
Other countries	26,594	25,935
	1,361,718	1,275,923

	At 31 December	
	2018	2017
	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	75,474	75,872
Mainland China	1,075,323	1,026,230
Other countries	271	323
	<u>1,151,068</u>	<u>1,102,425</u>

4 REVENUE

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

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

	2018	2017
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Manufacturing and trading of electronic components	1,361,270	1,275,416
Trading of raw materials	448	507
	<u>1,361,718</u>	<u>1,275,923</u>

5 OTHER INCOME

	2018	2017
	HK\$'000	HK\$'000
Scrap sales	1,432	768
Subsidies from the Central People's Government	983	1,603
Rental income generated from investment properties	2,346	3,539
Gain/(loss) on disposal of property, plant and equipment	6	(518)
Others	2,777	4,379
	<u>7,544</u>	<u>9,771</u>

6 OTHER NET LOSSES

	2018 HK\$'000	2017 HK\$'000
Dividend income	867	1,157
Fair value gain on investment properties	3,403	15,696
Net foreign exchange losses	(7,348)	(28,259)
Write-off of other payable	–	2,808
Fair value gain on financial assets at fair value through profit or loss	999	8,549
	<u>(2,079)</u>	<u>(49)</u>

7 OPERATING PROFIT

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

	2018 HK\$'000	2017 HK\$'000
Depreciation of property, plant and equipment	55,907	59,630
Amortisation of prepaid land premium	1,505	1,533
Amortisation of intangible assets	408	332
(Gain)/loss on disposal of property, plant and equipment	(6)	518
Write-down of inventories	4,614	3,946
Reversal of write-down of inventories	(3,037)	(6,085)

8 CHANGES IN FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2018 HK\$'000	2017 HK\$'000
Fair value gain/(loss) on interest rate swaps	<u>413</u>	<u>(2,898)</u>

At 31 December 2018, the Group held certain interest rate swap contracts entered into in 2009 and 2010 for a contracted period of ten years each. These contracts were entered into to stabilise the Group's overall interest expense for the periods covered by these contracts.

9 FINANCE COSTS

	2018 HK\$'000	2017 HK\$'000
Interest expense on bank loans	31,107	25,976
Others	1,804	2,606
	<u>32,911</u>	<u>28,582</u>
Less: interest expenses capitalised into construction in progress*	(730)	–
	<u><u>32,181</u></u>	<u><u>28,582</u></u>

* The borrowing costs have been capitalised at a rate of 3.5% per annum.

10 FINANCE INCOME

	2018 HK\$'000	2017 HK\$'000
Interest income from loan to a joint venture	4,213	3,701
Interest income from time deposits and bank balances	473	966
	<u>4,686</u>	<u>4,667</u>

11 INCOME TAX

	2018 HK\$'000	2017 HK\$'000
Current tax:		
Hong Kong	18	1,771
Outside Hong Kong	13,524	15,339
Over-provision in prior years	(125)	(403)
	<u>13,417</u>	<u>16,707</u>
Deferred tax	2,573	287
	<u><u>15,990</u></u>	<u><u>16,994</u></u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2017: 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, two (2017: one) of the Group's subsidiaries in Mainland China enjoys a preferential tax rate of 15% (2017: 15%). Other subsidiaries of the Group in Mainland China are subject to income taxes at a statutory rate of 25% (2017: 25%).

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

12 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the Year attributable to equity holders of the Company of HK\$43,046,000 (2017: HK\$48,177,000), and the weighted average number of 475,548,000 (2017: 475,548,000) ordinary shares in issue during the Year.

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

The diluted earnings per share is the same as the basic earnings per share as the Company's share options outstanding during the Year and the year ended 31 December 2017 were anti-dilutive ordinary shares.

13 DIVIDENDS

The Board did not recommend final dividend for the Year (2017: Nil).

14 INVESTMENT PROPERTIES

	2018 HK\$'000	2017 HK\$'000
At fair value		
At 1 January	136,522	150,396
Transfer from owner-occupied property	–	40,300
Transfer from prepaid land premium	11,437	–
Disposal	–	(74,209)
Gain on fair value adjustment	3,403	15,696
Exchange realignment	(3,584)	4,339
	<u>147,778</u>	<u>136,522</u>
At 31 December	<u>147,778</u>	<u>136,522</u>

15 TRADE RECEIVABLES

	2018 HK\$'000	2017 HK\$'000
Trade receivables	618,631	672,024
Loss allowance	(33,405)	(31,430)
	<u>585,226</u>	<u>640,594</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.

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:

	2018	2017
	HK\$'000	HK\$'000
1-3 months	413,578	436,871
4-6 months	149,402	184,356
7-12 months	12,926	8,587
Over 1 year	9,320	10,780
	<u>585,226</u>	<u>640,594</u>

16 TRADE AND BILLS PAYABLES

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

	2018	2017
	HK\$'000	HK\$'000
Trade payables:		
1-3 months	117,733	172,177
4-6 months	66,993	31,645
7-12 months	5,715	3,795
Over 1 year	5,369	2,528
	<u>195,810</u>	<u>210,145</u>
Bills payables	5,350	14,924
	<u>201,160</u>	<u>225,069</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

In 2018, the global and Mainland China economies were greatly shadowed by the impact of the trade war between the United States and Mainland China. The increase of trade tariff, since June 2018, had changed the pace of recovery for the global economy and undermined the export volume, consumers' sentiment as well as the overall demand in electronics market especially in the last quarter of 2018. Despite the adverse changes in the macro environment looming in the second half of 2018, the Group stood guard against these unfavourable changes and has a revenue growth of 6.7% for the Year, which was attributable to its strategy of redirecting its business focus towards the development of diversified market sectors as well as customers with market leadership.

As a major global supplier of Aluminum Electrolytic Capacitors ("E-Caps") and Conductive Polymer Aluminum Solid Capacitors ("Polymer Caps"), the Group has committed to provide pioneered and high quality products to its leading global clientele in various electronic products' industries. Our flagship brands – SAMXON® and X-CON® have still maintained a very strong market position in the niche segment. Riding on its brands and leading market position in providing pioneering and high quality products together with its redirection of business focus by penetrating into the global supply chain of emerging market sectors and leading customers in the industries, the Group has laid a good foundation for a sustainable revenue growth in the forthcoming years. By now, the Group's determination and efforts have been fruitfully resulted with a wider spectrum of quality customers in various emerging and prosperous markets; for instance, artificial intelligence (AI), Internet of Things (IoT), cloud computing, blockchain, new energy vehicles and consumer electronics. This solid foundation not only safeguards the Group from the global economic uncertainties, but also sets a stronger foothold for a sustainable business development in the upcoming future.

The endless efforts in the research and development ("R&D") of material science, production technology and innovation have enriched the Group with an establishment of a multi-product platform with high technology products such as Multi-layer Polymer Capacitors ("MLPC"), Electric Double Layer Capacitors ("EDLC") and EDLC modules. Since it is believed that the global market will be more volatile and challenging, these innovative products will undoubtedly capture the constantly evolving electronics' demand, whilst differentiating the Group from its market competitors. Meanwhile, the Group will enhance the efficiency of its production processes by way of further automation as well as tighten up the control over production costs with an aim to boost its profitability. Looking forward, the Group is well-equipped to embrace the possible economic and market changes and is cautiously optimistic to attain a sustainable business development.

FINANCIAL REVIEW

Despite the downturn in macro-economy and decline in the electronics market, especially in the fourth quarter of the Year, the Group's revenue for the Year still grew by 6.7% to HK\$1,361,718,000 (2017: HK\$1,275,923,000), as compared with that of last year. The increase in revenue was mainly attributable to its business focus towards the development of diversified market sectors as well as customers with market leadership.

Gross profit for the Year dropped slightly by 2.1% to HK\$274,126,000 (2017: HK\$280,046,000) whilst the gross profit margin also decreased to 20.1% from 21.9% of last year. This was mainly due to the decline in the electronics market in the second half of 2018, thereby resulting in the decrease in gross profit of the Group.

Accordingly, the Group's EBITDA recorded a drop by 3.7% to HK\$146,667,000 (2017: HK\$152,276,000), representing an EBITDA margin of 10.8% (2017: 11.9%).

Following the slight decrease in gross profit, the Group's profit for the Year also declined to HK\$40,676,000, as compared to HK\$45,205,000 in previous year. The Board did not recommend final dividend for the Year (2017: Nil).

BUSINESS REVIEW

Market overview

2018 was a dynamic year. In the first half of 2018, the global economy was on a path of recovery and the electronics market was booming. Unfortunately, the development of the trade war between the United States and Mainland China in the second half of 2018 had turned this around. The imposition of tariff by the United States on Chinese imported goods had cast a shadow over the global economy and caused a negative impact on the electronics market.

With the imminence of a trade war in the second half of 2018, its negative impact began to show as order books of the Group had been slowed down as international buyers of electronics products became prudent for making new orders and tended to maintain a low level of inventory. This phenomenon is consistent with the 4.4% decline year-on-year of China's exports in December 2018 according to the General Administration of Customs of the People's Republic of China.

Operation review

Despite the ups and downs in 2018, the Group has been able to remain as one of the major global suppliers of electronic components. The Group's multi-product platform, including but not limited to E-Caps, Polymer Caps, MLPC, EDLC and EDLC modules, offers a broad range of essential components to be widely used in various electronic products and energy saving applications. During the Year, along with the advancement of digitalization worldwide, the Group had put a strong business focus towards fast-growing emerging markets such as artificial intelligence (AI), Internet of Things (IoT), cloud computing, blockchain, 5G mobile network as well as customers with market leadership. This business strategy has been proven successful with the Group being able to establish a stronger foothold and attain a greater market share in the growing niche markets, and had eventually achieved an increase in revenue of 6.7% in the dynamic year of 2018.

Since the threats to impose tariff on Mainland China by the United States in late 2018, the Group had started to deploy a set of more stringent cost control measures to combat the potential US–China trade dispute. In this regard, the Group had further streamlined its business structure and operations with an aim to enhance operating efficiencies and competitiveness.

For the new manufacturing facility in Qingyuan High-tech Industrial Development Zone in Guangdong, the construction will be expected to complete towards the end of 2019 in order to cater for a production capacity expansion of the Group’s diversified product portfolio.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, the Group’s cash and cash equivalents amounted to HK\$202,338,000 (2017: HK\$312,702,000), most of which were either denominated in United States dollars, Renminbi or Hong Kong dollars. Total outstanding bank borrowings of the Group amounted to HK\$889,355,000 (2017: HK\$847,079,000) which comprised mainly bank loans and trade finance facilities. The bank borrowings with maturities falling due within one year and in the second to the fifth year amounted to HK\$800,019,000 and HK\$89,336,000 respectively (2017: HK\$718,795,000 and HK\$128,284,000 respectively).

Total interest-bearing borrowings of the Group as at 31 December 2018 comprising bank loans and trade finance facilities were HK\$889,355,000 (2017: HK\$847,079,000). Most of these borrowings were either denominated in United States dollars or Hong Kong dollars to which the interest rates applied were primarily subject to floating interest rate.

As at 31 December 2018, the net current assets of the Group were HK\$372,886,000 (2017: HK\$509,822,000), which comprised current assets of HK\$1,535,496,000 (2017: HK\$1,610,825,000) and current liabilities of HK\$1,162,610,000 (2017: HK\$1,101,003,000), representing a current ratio of 1.32 (2017: 1.46).

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

As the United States and Mainland China are trying to resolve their bilateral trade frictions in the beginning of 2019, the impact of the trade war unveiled since the fourth quarter of 2018 is expected to continue in the first half of this year. Deterioration in Mainland China’s trade has been observed in both exports and imports and the United Kingdom is also facing the Brexit headwinds. All these have heightened levels of uncertainties around the world, leading to hindered business investment and weaker consumers’ confidence. Despite that, the rapid growing technology of artificial intelligence (AI), Internet of Things (IoT), cloud computing, blockchain, 5G mobile network as well as the concept of energy saving will be revolutionizing the world and create ample business opportunities for the Group as our products are one of the essential electronic components for these market sectors.

Amid all the uncertainties in the global market, the Group is committed to strengthen its internal optimization and self-enhancement in 2019 with the execution of the following strategies:

- Continuous investment in R&D, particularly in material science, production technology innovations, and extension of product applications to stay ahead of its competitors in the industry;
- Further customer mix enhancement and diversification to mitigate business risks;
- Further penetration into fast-growing emerging markets;
- Advancement in production lines' automation so as to save labor costs; and
- Thoughtfully monitoring and reacting fast to the market dynamics.

Although the business environment will be very challenging in 2019 due to the trade conflict between the United States and Mainland China, the Group is ready to embrace the upcoming market and economic changes with the progressive execution of the aforesaid strategies. With its over 40 years of experience and expertise in the electronic components' industry, the Group is cautiously optimistic that it will be able to achieve a sustainable business development as well as to bring fruitful returns to the Company's shareholders.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2018, the Group employed 54 staff in Hong Kong (2017: 60) and employed a total work force of 3,011 (2017: 3,254) inclusive of all its staff in Mainland China and overseas offices. The Group's remuneration policy is built on the principle of equitability with incentive-based, motivating, performance oriented and market-competitive remuneration packages for its employees. Remuneration packages are reviewed on a regular basis. Apart from salary, other staff benefits include provident fund contributions, medical insurance coverage and performance-based bonuses.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

BOARD CHANGES

Since the publication date of the 2018 interim report of the Company, there was a change in the Board which is reported as below:

- Mr Wong Ching Ming, Stanley resigned from the office of Executive Director of the Company with effect from 10 January 2019 but remains as the Business Development Director of the Group.

Save as disclosed above, there had not been any other changes to the Director's information as required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 of the Listing Rules. The Company has adopted the code provisions as its own code of corporate governance practices throughout the Year with the exception of the following deviation:

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

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

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of 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 2018 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 2018 have been reviewed by the Group’s auditor, KPMG, to the amounts set out in the Group’s draft consolidated financial statements for the Year. 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 did not recommend final dividend for the Year (2017: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 9 May 2019 to Thursday, 16 May 2019, 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 2019 annual general meeting of the Company. In order to be eligible to attend and vote at the 2019 annual general meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged for registration with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 8 May 2019.

PUBLICATION OF 2018 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 2019.

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, 14 March 2019

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.