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MANWAH

MAN WAH HOLDINGS LIMITED

敏華控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 01999)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021
AND
CLOSURE OF REGISTER OF MEMBERS**

INTERIM RESULTS

The board of directors (the “**Board**”) of Man Wah Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2021 (“**1HFY2022**” or the “**Review Period**”). These interim results have been reviewed by the Company’s audit committee (“**Audit Committee**”).

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended	
		30 September	
	<i>Note</i>	2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue and other income		<u>10,357,936</u>	<u>6,867,987</u>
Revenue	3	10,214,451	6,636,892
Cost of goods sold		<u>(6,514,226)</u>	<u>(4,314,630)</u>
Gross profit		3,700,225	2,322,262
Other income		143,485	231,095
Other losses, net		(2,856)	(76,552)
Selling and distribution expenses		(2,015,834)	(1,162,791)
Administrative and other expenses		<u>(533,771)</u>	<u>(339,969)</u>
Operating profit		1,291,249	974,045
Finance costs		(33,505)	(55,186)
Share of results of joint ventures		<u>5,207</u>	<u>1,659</u>
Profit before income tax		1,262,951	920,518
Income tax expense	4	<u>(237,367)</u>	<u>(132,169)</u>
Profit for the period		<u>1,025,584</u>	<u>788,349</u>
Profit for the period attributable to:			
Owners of the Company		988,136	749,303
Non-controlling interests		<u>37,448</u>	<u>39,046</u>
		<u>1,025,584</u>	<u>788,349</u>

		Six months ended	
		30 September	
		2021	2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit for the period		1,025,584	788,349
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		<u>258,581</u>	<u>262,384</u>
Other comprehensive income for the period, net of tax		<u>258,581</u>	<u>262,384</u>
Total comprehensive income for the period		<u>1,284,165</u>	<u>1,050,733</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		<u>1,244,594</u>	1,020,623
Non-controlling interests		<u>39,571</u>	<u>30,110</u>
		<u>1,284,165</u>	<u>1,050,733</u>
Earnings per share attributable to owners of the Company			
— Basic (HK cents per share)	5	<u>24.96</u>	19.73
— Diluted (HK cents per share)	5	<u>24.90</u>	<u>19.68</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	30 September	31 March
	2021	2021
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	5,455,464	4,774,294
Investment properties	488,730	482,067
Right-of-use assets	2,642,945	2,324,072
Goodwill	898,014	560,519
Other intangible assets	297,741	166,517
Interests in joint ventures	62,026	55,812
Financial assets at fair value through profit or loss	1,928	1,894
Deferred tax assets	41,059	42,678
Deposit paid for a land lease	4,076	167,311
Deposits paid for acquisition of subsidiaries	—	244,585
Prepayments and deposits paid for acquisition of property, plant and equipment	233,257	126,926
	10,125,240	8,946,675
Current assets		
Inventories	2,407,065	2,003,605
Properties held for sale	215,746	254,779
Properties under development	172,600	164,498
Trade and bills receivable	1,680,107	1,680,529
Other receivables and prepayments	769,071	700,841
Financial assets at fair value through profit or loss	378,419	372,750
Tax recoverable	17,054	6,854
Structured deposits	48,210	—
Short-term bank deposits	162,673	892,066
Restricted bank balances	12,114	12,237
Cash and cash equivalents	2,585,184	2,404,027
Total current assets	8,448,243	8,492,186
Total assets	18,573,483	17,438,861

		30 September 2021	31 March 2021
	<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital		1,582,964	1,583,518
Reserves		9,641,166	9,157,814
		11,224,130	10,741,332
Non-controlling interests		973,731	663,727
Total equity		12,197,861	11,405,059
LIABILITIES			
Non-current liabilities			
Lease liabilities		112,117	20,308
Bank borrowings — non-current portion	9	913	1,196
Deferred tax liabilities		137,857	128,854
Other non-current liabilities		1,275	1,278
		252,162	151,636
Current liabilities			
Trade and bills payable	8	952,520	971,142
Other payables and accruals	8	859,043	746,883
Lease liabilities		66,121	26,419
Contract liabilities		530,957	363,145
Bank borrowings — current portion	9	3,496,051	3,588,713
Tax payable		218,768	185,864
		6,123,460	5,882,166
Total liabilities		6,375,622	6,033,802
Total equity and liabilities		18,573,483	17,438,861

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 September 2021 has been prepared in accordance with International Accounting Standard (“IAS”) 34, ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

2 Significant accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2021, as described in those annual financial statements.

A number of new or amended standards became applicable for the current Review Period:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform
Amendments to IFRS 16	Covid-19-related Rent Concessions

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting the above new or amended standards.

New standards and amendments to standards have been issued but are not effective for the financial year beginning 1 April 2021 and have not been early adopted by the Group.

Annual improvement project (Amendments)	Annual Improvements to IFRSs (2018–2020) ¹
Amendments to IFRS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to IFRS 3	Reference to Conceptual Framework ¹
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use ¹
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to IAS 8	Definition of Accounting Estimates ²
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
IFRS 17	Insurance Contract ²
Amendments to IAS 1	Presentation of Financial Statements on Classification of Liabilities as Current or Non-current ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date to be determined

The directors of the Company will adopt the new standards and amendments to standards when they become effective. The directors of the Company are in the process of assessing the financial impact of the adoption of the above new standards and amendments to standards, none of these is expected to have a significant effect on the condensed consolidated interim financial information of the Group.

3 Segment information

The Group's operating and reportable segments, based on information reported to the Company's executive directors, being the chief operating decision makers of the Group, in respect of the Group's performance regarding different products and different markets, are as follows:

Sofas and ancillary products	— manufacture and distribution of sofas and ancillary products through wholesale and distributors other than those by Home Group Ltd and its subsidiaries (“Home Group”)
Other products	— manufacture and distribution of chairs and other products to commercial clients, mattresses, smart furniture spare parts and metal mechanism for recliners, income from sales of scrap metal etc.
Other business	— sales of residential properties, hotel operation, furniture mall business and lease of properties
Home Group business	— manufacture and distribution of sofas and ancillary products by Home Group

The sofas and ancillary products segment includes a number of sales operation in various locations, each of which is considered as a separate operating segment by the executive directors. For segment reporting, these individual operating segments have been aggregated into a single reportable segment in order to present a more systematic and structured segment information on the performance of different type of products.

The Company's executive directors make decisions based on the operating results of each segment and review reports on the aging analysis of trade and bills receivable and expected usage of inventories of the Group as a whole. No information of segment assets and liabilities is reviewed by the Company's executive directors for the assessment of performance of operating segments. Therefore, only the segment revenue and segment results are presented.

The accounting policies of the operating segments are the same as the Group's. There is a change in measurement method for segment results, which represent the profit before income tax earned by each segment without allocation of other income, share of results of joint ventures, net exchange gains or losses, loss from changes in fair value of financial assets at FVPL, finance costs, and unallocated expenses for the period ended 30 September 2021 whereas other income is excluded and interest income, income on structured deposits, rental income and government subsidies are included for the period ended 30 September 2020. The comparative information has been represented accordingly.

Segment revenues and results

The information of segment revenue and segment results are as follows:

For the six months ended 30 September 2021 (Unaudited)

	Sofas and ancillary products <i>HK\$'000</i>	Other products <i>HK\$'000</i>	Other business <i>HK\$'000</i>	Home Group business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
External sales	<u>7,058,984</u>	<u>2,559,509</u>	<u>131,028</u>	<u>464,930</u>	<u>10,214,451</u>
Results					
Segment results	<u>980,557</u>	<u>446,144</u>	<u>31,211</u>	<u>13,793</u>	1,471,705
Other income					143,485
Share of results of joint ventures					5,207
Exchange gains, net					6,154
Loss from change in fair value of financial assets at FVPL					(668)
Finance costs					(33,505)
Unallocated expenses					<u>(329,427)</u>
Profit before income tax					<u>1,262,951</u>

For the six months ended 30 September 2020 (Unaudited)

	Sofas and ancillary products <i>HK\$'000</i>	Other products <i>HK\$'000</i>	Other business <i>HK\$'000</i>	Home Group business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
External sales	<u>4,640,663</u>	<u>1,494,812</u>	<u>168,220</u>	<u>333,197</u>	<u>6,636,892</u>
Results					
Segment results	<u>749,349</u>	<u>213,510</u>	<u>31,699</u>	<u>36,383</u>	1,030,941
Other income					231,095
Share of results of joint ventures					1,659
Exchange losses, net					(12,395)
Loss from change in fair value of financial assets at FVPL					(58,862)
Finance costs					(55,186)
Unallocated expenses					<u>(216,734)</u>
Profit before income tax					<u>920,518</u>

Geographical information

Revenue from external customers by geographical location of customers are as follows:

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
PRC (including Hong Kong and Macau)	6,530,640	4,360,842
North America	2,562,340	1,596,241
Europe	724,750	450,463
Others	396,721	229,346
	<u>10,214,451</u>	<u>6,636,892</u>

Note: Others mainly included Australia, United Arab Emirates, Israel and Indonesia. Home Group's business is included in Europe. No further analysis by countries of this category is presented because the revenue from each individual country is insignificant to the total revenue.

During the period, none of the Group's customers individually contributed more than 10% of the Group's revenue (for the period ended 30 September 2020: none).

Disaggregation of revenue from contracts with customers

Segments	For the six months ended 30 September 2021 (Unaudited)				
	Sofas and ancillary products <i>HK\$'000</i>	Other products <i>HK\$'000</i>	Other business <i>HK\$'000</i>	Home Group <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods or service					
Manufacture and distribution of goods recognised at a point in time					
Sofas and ancillary products	7,058,984	—	—	464,930	7,523,914
Residential properties	—	—	74,610	—	74,610
Chairs, mattresses, smart furniture spare parts	—	1,446,107	—	—	1,446,107
Metal mechanism for recliners	—	1,094,380	—	—	1,094,380
Other products to commercial clients	—	19,022	—	—	19,022
	<u>7,058,984</u>	<u>2,559,509</u>	<u>74,610</u>	<u>464,930</u>	<u>10,158,033</u>
Service income — recognised over time	—	—	56,418	—	56,418
Total	<u>7,058,984</u>	<u>2,559,509</u>	<u>131,028</u>	<u>464,930</u>	<u>10,214,451</u>
Geographical markets					
PRC (including Hong Kong and Macau)	4,333,382	2,066,230	131,028	—	6,530,640
North America	2,464,458	97,882	—	—	2,562,340
Europe	87,020	172,800	—	464,930	724,750
Others	174,124	222,597	—	—	396,721
Total	<u>7,058,984</u>	<u>2,559,509</u>	<u>131,028</u>	<u>464,930</u>	<u>10,214,451</u>

For the six months ended 30 September 2020 (Unaudited)					
Segments	Sofas and ancillary products <i>HK\$'000</i>	Other products <i>HK\$'000</i>	Other business <i>HK\$'000</i>	Home Group business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods or service					
Manufacture and distribution of goods recognised at a point in time					
Sofas and ancillary products	4,640,663	—	—	333,197	4,973,860
Residential properties	—	—	131,979	—	131,979
Chairs, mattresses, smart furniture spare parts	—	845,234	—	—	845,234
Metal mechanism for recliners	—	623,727	—	—	623,727
Other products to commercial clients	—	25,851	—	—	25,851
	<u>4,640,663</u>	<u>1,494,812</u>	<u>131,979</u>	<u>333,197</u>	<u>6,600,651</u>
Service income — recognised over time	—	—	36,241	—	36,241
	<u>—</u>	<u>—</u>	<u>36,241</u>	<u>—</u>	<u>36,241</u>
Total	<u>4,640,663</u>	<u>1,494,812</u>	<u>168,220</u>	<u>333,197</u>	<u>6,636,892</u>
Geographical markets					
PRC (including Hong Kong and Macau)	2,933,484	1,259,138	168,220	—	4,360,842
North America	1,513,056	83,185	—	—	1,596,241
Europe	78,120	39,146	—	333,197	450,463
Others	116,003	113,343	—	—	229,346
	<u>2,933,484</u>	<u>1,259,138</u>	<u>168,220</u>	<u>333,197</u>	<u>4,360,842</u>
	<u>1,513,056</u>	<u>83,185</u>	<u>—</u>	<u>—</u>	<u>1,596,241</u>
	<u>78,120</u>	<u>39,146</u>	<u>—</u>	<u>333,197</u>	<u>450,463</u>
	<u>116,003</u>	<u>113,343</u>	<u>—</u>	<u>—</u>	<u>229,346</u>
Total	<u>4,640,663</u>	<u>1,494,812</u>	<u>168,220</u>	<u>333,197</u>	<u>6,636,892</u>

4 Income tax expense

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current income tax:		
PRC Corporate Income Tax (“ PRC CIT ”)	164,406	122,163
PRC Withholding Income Tax	23,442	11,422
PRC Land Appreciation Tax (“ PRC LAT ”)	3,805	16,754
U.S. Federal and State Corporate Income Taxes (“ U.S. CIT ”)	1,734	606
Macau Complementary Tax	22,937	—
Others	12,162	3,299
Deferred tax credit	(845)	(24,182)
Under-provision in prior years	9,726	2,107
	<u>237,367</u>	<u>132,169</u>

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods, except for a PRC subsidiary of the Company, carrying out business in the western region of the PRC, which is approved to enjoy the preferential tax rate of 15%.

The EIT Law imposes withholding tax upon the distribution of the profits earned by the Company’s PRC subsidiaries on or after 1 January 2008 to their non-resident shareholders.

The U.S. CIT charge comprises federal income tax calculated at 21% (six months ended 30 September 2020: 21%) and state income tax calculated from 1% to 12% (six months ended 30 September 2020: 0% to 9%) on the estimated assessable profits of the subsidiary of the Company which was incorporated in the U.S.

As stated on Decree Law No. 58/99/M, Chapter 2, Article 12, dated 18 October 1999, the Group’s Macau subsidiary is exempted from Macao Complementary Tax until 31 December 2020. Since 1 January 2021, the Group’s Macau subsidiary has been subject to Macau Complementary Tax at a rate of 12% on the assessable income.

5 Earnings per share

Earnings per share is computed as follows:

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
Basic		
Profit attributable to owners of the Company for the period (HK\$'000)	<u>988,136</u>	<u>749,303</u>
Weighted average outstanding ordinary shares, in thousands	<u>3,958,843</u>	<u>3,798,745</u>
Basic earnings per share for the period, in HK cents	<u><u>24.96</u></u>	<u><u>19.73</u></u>
Diluted		
Profit attributable to owners of the Company for the period (HK\$'000)	<u>988,136</u>	<u>749,303</u>
Weighted average outstanding ordinary shares, in thousands	<u>3,958,843</u>	<u>3,798,745</u>
Effect of dilutive potential ordinary shares on exercise of share options	<u>10,158</u>	<u>9,088</u>
Weighted average outstanding ordinary shares after assuming dilution, in thousands	<u>3,969,001</u>	<u>3,807,833</u>
Diluted earnings per share for the period, in HK cents	<u><u>24.90</u></u>	<u><u>19.68</u></u>

6 Dividends

During the period, the Company recognised the following dividends as distribution:

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend for the year ended 31 March 2021 of HK\$0.16 (2020: HK\$0.12) per share	<u>633,588</u>	<u>455,936</u>

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK\$0.13 per share (2020: HK\$0.10 per share) will be paid to the shareholders of the Company whose names appear in the Company's register of members on Wednesday, 1 December 2021.

7 Trade and other receivables and prepayments

	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade and bills receivable	1,691,424	1,687,226
Less: provision for impairment of trade and bills receivable	<u>(11,317)</u>	<u>(6,697)</u>
Trade and bills receivable, net	<u>1,680,107</u>	<u>1,680,529</u>
Other receivables and prepayments		
Valued added taxes recoverable	171,792	206,195
Deposits	72,031	59,649
Prepayments to suppliers	349,197	289,954
Sundry receivables	<u>176,051</u>	<u>145,043</u>
	<u>769,071</u>	<u>700,841</u>

As at 30 September 2021, total bills receivable amounting to HK\$40,436,000 (31 March 2021: HK\$58,466,000). All bills receivable by the Group are with a maturity period of less than six months.

The Group generally allows a credit period of 30 to 90 days for customers. The aging analysis of the Group's trade and bills receivable (net of provision for impairment of trade and bills receivable) presented based on the invoice date at the end of the Review Period is as follows:

	30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
0–90 days	1,596,133	1,607,354
91–180 days	65,166	58,723
Over 180 days	18,808	14,452
	<u>1,680,107</u>	<u>1,680,529</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits based on results from investigation of historical credit records of these customers.

8 Trade and other payables and accruals

	30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
Trade and bills payable	<u>952,520</u>	<u>971,142</u>
Other payables and accruals		
Accruals	669,814	567,021
Payables for acquisition of property, plant and equipment	28,726	46,658
Other payables	<u>160,503</u>	<u>133,204</u>
	<u>859,043</u>	<u>746,883</u>

The credit period on purchases of goods generally ranges from 30 to 60 days.

The aging analysis of the Group's trade and bills payable presented based on the invoice date at the end of the Review Period is as follows:

	30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
0–90 days	948,816	969,227
91–180 days	3,608	1,856
Over 180 days	96	59
	<u>952,520</u>	<u>971,142</u>

9 Bank borrowings

	30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
Secured (<i>Note</i>)	1,872	2,447
Unsecured	<u>3,495,092</u>	<u>3,587,462</u>
	<u>3,496,964</u>	<u>3,589,909</u>

The scheduled principal repayment dates of the Group with reference to the loan agreements are as follows:

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
The carrying amounts of the above borrowings are repayable:		
Within one year	3,496,051	3,588,713
Within a period of more than one year but not exceeding two years	588	721
Within a period of more than two years but not exceeding five years	325	475
	<u>3,496,964</u>	<u>3,589,909</u>
Non-current	913	1,196
Current	<u>3,496,051</u>	<u>3,588,713</u>
	<u>3,496,964</u>	<u>3,589,909</u>

The Group's bank borrowings are denominated in HK\$ and RMB, and carry interest at fixed and variable rates. The fixed rates range from 0.65% to 3.75% (for the year ended 31 March 2021: 0.71% to 3.92%). The variable rates are subject to either i) the higher of Hong Kong Interbank Offered Rate plus a spread, ranging from 1.01% to 1.98% (for the year ended 31 March 2021: 1.01% to 1.99%), and best lending rate quoted by the Hongkong and Shanghai Banking Corporation Limited plus 1%; or ii) Euro Interbank Offered Rate plus a spread, ranging from 2.10% to 2.80% (for the year ended 31 March 2021: 1.59% to 2.80%). The weighted average effective interest rates of the above variable-rate and fixed-rate bank borrowings were 1.22% and 2.41%, respectively (for the year ended 31 March 2021: 1.20% and 2.86%, respectively) per annum.

Note: At the end of the Review Period, the following assets are pledged against the Group's secured bank borrowings:

	30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
Property, plant and equipment	<u>3,104</u>	<u>3,755</u>

10 Capital commitments

	30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
Capital expenditure contracted but not provided for in respect of		
— acquisition and construction of property, plant and equipment	453,286	227,197
— construction of production plants	800,070	509,871
	<u>1,253,356</u>	<u>737,068</u>
Other commitments in respect of		
— construction of property under development	23	10,587
— investments in joint ventures	12,053	11,841
— acquisition of subsidiaries	—	197,807
	<u>12,076</u>	<u>220,235</u>
	<u>1,265,432</u>	<u>957,303</u>

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the Review Period, the continuing COVID-19 had caused major fluctuation and impact on global manufacturing as well as supply and demand. Benefited from long-term accumulation of past experience, Man Wah had gradually improved its ability to resist risks, and could still maintain a steady and robust development in the face of major changes in the market. At the same time, we continued to consolidate our internal strength by improving product R&D capabilities, enriching the Company's product line, actively expanding the domestic market and enhancing the strength of distributors, and maintained an ongoing and substantial increase in the Company's overall revenue.

China market

According to data released by the National Bureau of Statistics of China, the national GDP growth reached approximately 9.8% in the first three quarters of 2021. During the Review Period, China's overall economic and consumption situation was facing a variety of challenges and pressures. The continuing pandemic has caused impact on demand side at various levels during the Review Period. Meanwhile, domestic consumption and real estate policy regulation also had various degrees of impact on related segments. As Man Wah is in upholstered furniture industry of durable consumer goods and consumer upgrade back-end products, it was relatively less affected by the real estate and overall consumer environment. When everyone has accommodation of their own, the consumption potential released in the future will be more toward quality home life. Consumers' demand for comfort and quality life will gradually increase, which will bring increased demand for high-quality, high-value-added, and highly cost-effective products. With long-term accumulation of strong manufacturing and cost control capability, the Group provided consumers with high-quality and highly cost-effective upholstered furniture, and has always focused on increased product differentiation and enhanced R&D to build its own product competitiveness. As one of the leading companies in the upholstered furniture market, the Group's market share and the penetration rate of its recliner sofas remained at low level. The upholstered furniture market has a huge potential and its development is still ascending. Facing the long-term and stable demand for updating furniture products and consumption upgrades in the future, the Company hopes to seize the industry development opportunities in the future development, continuously strengthen the competitiveness of enterprises and products, and focus on long-term development to consolidate Man Wah's operation quality, thus to become a sizeable upholstered furniture leader.

Overseas markets

During the Review Period, the pandemic in Europe and the United States were gradually under control, and production and consumption gradually returned to normal. In the post pandemic time, the demand for household products from overseas consumers has grown substantially. Coupled with economic support policies and real estate boom in the United States, the Group recorded a substantial increase in order volume during the Review Period, while the sharp rise in raw materials prices and rising shipping fee have had a greater impact on the Company's export profit margin. The United States' nominal GDP reached approximately US\$5.82 trillion in the third quarter in 2021. According to the data released by the US Census Bureau, America's homeownership rates reached 65.4% in the third quarter this year. According to the US Bureau of Economic Analysis, the growth rate of furniture and household equipment consumer goods for U.S. residents was higher than that of GDP. The Group will obtain a bigger share and increased revenue in future competition by leveraging its advantages in large-scale production capacity, quality and cost.

BUSINESS REVIEW

During the Review Period, benefiting from the diversified market distribution and after years of development, the Group's business has gradually changed from an export-oriented business model to a brand-oriented business model. Currently, the brand sales business in China accounted for over 60%. Under the challenges of the global COVID-19 pandemic, the European and American markets were greatly affected by the pandemic. The Group seized the opportunity to vigorously develop business in the Chinese market, expand stores to occupy a favorable consumer flow entrance, and improve the store operation and product innovation and research and development capabilities. The Group achieved a revenue growth of 53.9% in the Group's business, and remained to rank first in terms of global recliner sofas sales. The Group's revenue reached a record high during the Review Period. The breakdown of revenue by region is as follows:

1 China market

During the Review Period, the Group's sales revenue in the PRC market was HK\$6,669,445,000 and the revenue from business in the PRC market was HK\$6,399,612,000 (excluding revenue from other businesses such as real estate and shopping mall properties), representing an increase of 52.6% as compared with HK\$4,192,622,000 for the corresponding period last year.

In respect of the offline sales channels in the PRC market, the Group continued to carry out the “Pacing China” strategy, seized the opportunity of the pandemic to promote the optimization of the industry layout, and accelerated the opening of stores, which further increased the overall number of stores and the area of stores in the PRC. As at 30 September 2021, the Group had a total of 5,369 brand stores in China (excluding the acquisition of 662 Style and Pulini stores). During the Review Period, the net increase in the number of stores was 1,247.

In terms of the online sales channels in Chinese market, the Group continued to enhance its sales on Tmall, JD.com and other e-commerce sales platforms, and actively promoted the live broadcast sales model. Through short video promotion, live broadcast of our own stores, and in-depth collaboration with leading online streamers, we have achieved a substantial increase in business results, fans and brand influence. In addition, the Group also made active deployment in new retail business, in order to achieve the integration of online and offline business and explore new growth.

In addition to the focus on production and sales of sofas and bedding products, the Group also produced and sold chairs and other products to high-speed railways, chain cinemas and other corporate customers. The Group also produced and sold some smart furniture spare parts and other products.

Furthermore, the Group has acquired a Sofas manufacturer and furniture components manufacturer in Guangdong Province during the Review Period, respectively, which had been consolidated into the account of the Group’s subsidiaries since 1 April 2021.

2 North America market

In the North American market, due to the recovery from impact of the pandemic, revenue in the North America market increased during the Review Period compared with the last corresponding period. During the Review Period, sales revenue from principal business in the North American market amounted to HK\$2,562,340,000, representing an increase of approximately 60.5% from HK\$1,596,241,000 in the last corresponding period.

To mitigate the negative impacts on the revenue and gross profit margin due to the tariff imposed by US Government, the Group has acquired a factory in Vietnam in June 2018 and the new factory has been put into operation in Vietnam since 2020.

In addition, the Company produces a part of its higher-ended sofas in the factory in China and exports them to US. The higher margin of the higher ended sofas can help to cover part of higher costs of the products produced in Chinese factory due to the US tariff.

3 Europe and other overseas markets

In Europe and other overseas markets, the Group recorded an increase in revenue during the Review Period due to recovery from the global COVID-19 epidemic. During the Review Period, excluding Home Group, sales revenue from principal business in Europe and other overseas regions amounted to HK\$656,541,000, representing a year-on-year increase of 89.4% from HK\$346,612,000 for the corresponding period last year.

During the Review Period, Home Group had five sofas manufacturing plants in Poland, the Baltic States and Ukraine, which are mainly engaged in the design and production of stationary sofas and sofas beds. The products of Home Group are sold to many European furniture retailers. Its revenue from main business increased by 39.5% compared with the same period last year.

FINANCIAL REVIEW

Revenue and gross profit margin

	Revenue (HK\$'000)			As a percentage of revenue		Gross profit margin	
	1HFY2022	1HFY2021	Change	1HFY2022	1HFY2021	1HFY2022	1HFY2021
Sofas and ancillary products business	7,058,984	4,640,663	52.1%	68.1%	67.6%	37.5%	36.1%
Other products	2,559,509	1,494,812	71.2%	24.7%	21.8%	33.1%	30.4%
Home Group business	464,930	333,197	39.5%	4.5%	4.9%	25.6%	35.3%
Other businesses	131,028	168,220	-22.1%	1.3%	2.4%	67.1%	43.1%
Other income	143,485	231,095	-37.9%	1.4%	3.3%	—	—
Total	<u>10,357,936</u>	<u>6,867,987</u>	<u>50.8%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>36.2%</u>	<u>35.0%</u>

For the Review Period, total revenue (including the income from main business and other income) of the Group increased by approximately 50.8% to approximately HK\$10,357,936,000 (six months ended 30 September 2020 (“1HFY2021”): approximately HK\$6,867,987,000). The overall gross profit margin was approximately 36.2% (approximately 35.0% for the corresponding period of last year).

During the Review Period, excluding Home Group business, the Group sold approximately 820,000 sets of sofas products (1HFY2021: approximately 662,000 sets), representing an increase of approximately 23.8% (one set equals to six seats, in calculating sofas sets, excluding chairs and other products which were sold to commercial clients), in which sets of sofas products for sales in China has increased by 24.3% and sets of sofas products for sales of export increased by 23.2%.

1 Sofas and ancillary products business

During the Review Period, revenue from business of sofas and ancillary products was approximately HK\$7,058,984,000, representing an increase of approximately 52.1% as compared with approximately HK\$4,640,663,000 recorded in the last corresponding period.

2 Sales of other products

During the Review Period, the Group's revenue from other products (comprising of bedding, smart furniture spare parts and other furniture products sold to commercial clients) reached approximately HK\$2,559,509,000, representing an increase of approximately 71.2% as compared with approximately HK\$1,494,812,000 in the last corresponding period.

3 Home Group Business

During the Review Period, the Group's revenue from Home Group reached approximately HK\$464,930,000, which is up by approximately 39.5% compared with approximately HK\$333,197,000 in the last corresponding period.

4 Other Businesses

During the Review Period, the Group's revenue from real estate, the hotel and furniture mall operations reached approximately HK\$131,028,000, which is down by approximately 22.1% compared with approximately HK\$168,220,000 in the last corresponding period.

5 Other income

During the Review Period, the Group's other income (as detailed under paragraph headed "Other Income" below) amounted to approximately HK\$143,485,000, representing a decrease of approximately 37.9% from approximately HK\$231,095,000 in the last corresponding period.

Direct costs

Direct costs breakdown

	1HFY2022 <i>HK\$'000</i>	1HFY2021 <i>HK\$'000</i>	Change
Cost of raw materials	5,290,830	3,474,358	52.3%
Labour costs	932,559	638,072	46.2%
Manufacturing overhead	290,837	202,200	43.8%
Total	<u>6,514,226</u>	<u>4,314,630</u>	<u>51.0%</u>

Major raw materials for production of sofas

Average unit cost year-on- year change

Leather	13.3%
Metal frame	21.2%
Wood	20.1%
Fabric	2.1%
Chemicals	51.7%
Packaging Paper	14.4%

OTHER INCOME

During the 1HFY2022, the Group's other income decreased by approximately 37.9% from approximately HK\$231,095,000 in the corresponding period last year to approximately HK\$143,485,000. The decrease was mainly due to the change of sales of scrap materials of the furniture components from other income to principal operating income as a result of business change.

	1HFY2022 <i>HK\$'000</i>	1HFY2021 <i>HK\$'000</i>	Change
Income from sales of scrap*	15,147	59,423	-74.5%
Government subsidies**	81,914	102,477	-20.1%
Income on structured deposits and interest income***	41,566	31,793	30.7%
Others	4,858	37,402	-87.0%
Total	<u>143,485</u>	<u>231,095</u>	<u>-37.9%</u>

Notes:

* Income from sales of scrap is revenue from the sales of leather scrap, cotton, wood and others generated in the normal production process of the Company's sofas and bedding products in 1HFY2022.

** Government subsidies mainly consist of financial subsidies from local governments to subsidiaries which are responsible for the sales of products and providing services in China market.

*** Income from structured deposits originated from the use of unutilized funds by the Group to invest in wealth management products of major commercial banks in mainland China.

OTHER LOSSES, NET

During the 1HFY2022, other losses, net of the Group amounted to approximately HK\$2,856,000, compared with approximately losses of HK\$76,552,000 in the last corresponding period. The aforesaid losses in the last corresponding period mainly came from the exchange losses and loss from fair value changes of financial assets at fair value through profit or loss.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by approximately 73.4% from approximately HK\$1,162,791,000 in the 1HFY2021 to approximately HK\$2,015,834,000 in the 1HFY2022. Selling and distribution expenses as a percentage of revenue increased from approximately 17.5% in the 1HFY2021 to approximately 19.7% in the 1HFY2022, including:

- (a) Offshore transportation and port charges increased by approximately 155.8% from approximately HK\$279,056,000 to approximately HK\$713,760,000. Offshore transportation and port charges as a percentage of revenue increased from approximately 4.2% to approximately 7.0%; domestic transportation expenses increased by approximately 21.3% from approximately HK\$193,983,000 to approximately HK\$235,282,000. Domestic transportation expenses as a percentage of revenue decreased from approximately 2.9% in the 1HFY2021 to approximately 2.3% in the 1HFY2022;
- (b) Advertising, promotion and brand building expenses increased by approximately 25.5% from approximately HK\$205,403,000 to approximately HK\$257,853,000. Advertising, promotion and brand building expenses as a percentage of revenue decreased from approximately 3.1% in the 1HFY2021 to approximately 2.5% in the 1HFY2022;
- (c) Salaries, welfare and commissions of sales staff increased by approximately 85.8% from approximately HK\$181,405,000 to approximately HK\$337,033,000. Salaries, welfare and commissions of sales staff as a percentage of revenue increased from approximately 2.7% in the 1HFY2021 to approximately 3.3% in the 1HFY2022;
- (d) Tariffs on goods exported to the United States increased by approximately 45.4% from approximately HK\$42,838,000 to approximately HK\$62,303,000, representing approximately 0.6% of revenue, which was the same as 1HFY2021; and
- (e) Network service expenses increased by approximately 43.9% from approximately HK\$39,640,000 in the 1HFY2021 to approximately HK\$57,023,000, representing approximately 0.6% of revenue, which was the same as 1HFY2021.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately 57.0% from approximately HK\$339,969,000 in the 1HFY2021 to approximately HK\$533,771,000 in the 1HFY2022. And their percentage in revenue was increased from approximately 5.1% in the 1HFY2021 to approximately 5.2% in the 1HFY2022.

SHARE OF RESULTS OF JOINT VENTURES

During the Review Period, share of profit of joint ventures was approximately HK\$5,207,000 (1HFY2021: approximately HK\$1,659,000). During the Review Period, the Group has two joint ventures, of which one operates a bedding business and the other operates an advertising business.

FINANCE COSTS

The finance costs decreased by approximately 39.3% from approximately HK\$55,186,000 in the 1HFY2021 to approximately HK\$33,505,000 in the 1HFY2022. Such costs were mainly interest expenses of loans.

INCOME TAX EXPENSE

Income tax expense increased by approximately 79.6% from approximately HK\$132,169,000 in the 1HFY2021 to approximately HK\$237,367,000 in the 1HFY2022. Income tax as a percentage of profit before tax increased from approximately 14.4% in the 1HFY2021 to approximately 18.8% in the 1HFY2022.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY AND NET PROFIT MARGIN

The profit attributable to owners of the Company increased by approximately 31.9% from approximately HK\$749,303,000 in the 1HFY2021 to approximately HK\$988,136,000 in the 1HFY2022. The net profit margin of the Group was approximately 9.7% during the Review Period (approximately 11.3% in the 1HFY2021).

WORKING CAPITAL

As at 30 September 2021, the Group's cash and cash equivalents (excluding restricted bank balances) were approximately HK\$2,585,184,000. During the Review Period, turnover of the Group's working capital was good and account receivable and inventory turnover days had been kept at a relatively low level. The Group seeks to effectively manage its cash flow and capital commitments to ensure that it has sufficient funds to meet its existing and future cash requirements. The Group has not experienced and does not expect any difficulties in fulfilling the cash requirement for its operation.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2021, the Group's short-term bank borrowings amounted to approximately HK\$3,496,051,000 and long-term borrowings amounted to approximately HK\$913,000. The Group's bank borrowings are denominated in HK\$ and RMB, and carry interest at fixed and variable rates. The fixed rates range from 0.65% to 3.75% (for the year ended 31 March 2021: 0.71% to 3.92%). The variable rates are subject to either: i) the higher of Hong Kong Interbank Offered Rate plus a spread, ranging from 1.01% to 1.98% (for the year ended 31 March 2021: 1.01% to 1.99%), and best lending rate quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 1%; or ii) Euro Interbank Offered Rate plus a spread, ranging from 2.10% to 2.80% (for the year ended 31 March 2021: 1.59% to 2.80%). The weighted average effective interest rates of the above variable-rate and fixed-rate bank borrowings were 1.22% and 2.41%, respectively (for the year ended 31 March 2021: 1.20% and 2.86%, respectively) per annum.

The Group's primary source of working capital is cash flow from operating activities and bank deposits. As at 30 September 2021, the Group's current ratio was approximately 1.4 (31 March 2021: approximately 1.4). As at 30 September 2021, the Group's gearing ratio was approximately 31.2% (31 March 2021: approximately 33.4%), which is the total borrowings divided by total equity attributable to owners of the Group.

PLEDGE OF ASSETS

As at 30 September 2021, the restricted bank balances of the Group amounted to approximately HK\$12,114,000. As of 30 September 2021, some subsidiaries of Home Group had pledged certain assets for financing, including property, plant and equipment with a carrying amount of approximately HK\$3,104,000 (31 March 2021: property, plant and equipment with a carrying amount of approximately HK\$3,755,000).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed in above Note 10 to the condensed consolidated interim results, the Group did not have any material capital commitments.

As at 30 September 2021, the Group did not have any contingent liabilities.

FOREIGN CURRENCY RISKS

The Group's exposure to currency risks is mainly attributable to trade and other receivables, bank balances, trade and other payables and bank borrowings, which are denominated in currencies other than the functional currency of respective entities of the Group. Except for the business of Home Group, most of the Group's sales in overseas markets are settled in USD, which efficiently avoided the exchange rate fluctuation risk of settlement in other currencies. The Group's sales in mainland China and Hong Kong markets are settled in RMB and Hong Kong Dollar ("HK\$") respectively. Except for the business of Home Group, the Group's costs are mainly settled in USD, RMB and HK\$. The revenue of Home Group's current business in Europe is settled mainly in Euro, while the cost is settled mainly in Euro, Ukrainian Hryvnia and Polish Zloty. The Group conducts its sales in overseas markets and mainland China, and also procures raw materials from both the China market and overseas markets, which helps to reduce the Group's exposure to the foreign exchange risk.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed herein, the Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates or joint ventures during the 1HFY2022. The Group continues to seek opportunities to acquire furniture companies to accelerate the development of the Group.

USE OF PROCEEDS FROM PLACING OF NEW SHARES

Reference is made to the Company's announcements dated 15 January 2021 and 22 January 2021 (the "**Announcements**") in respect of the placing of 150,000,000 new ordinary shares of the Company (the "**Placing**") at the placing price of HK\$15.85 per share. The net placing price was HK\$15.75 per share. The closing price of the Company's share on 15 January 2021, the date on which the relevant placing agreement was entered into, was HK\$16.20. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the placees and their respective ultimate beneficial owners (if any) were professional, institutional, or other investors. The Company successfully raised a total net proceeds of (after deducting related costs and expenses) from the Placing amounted to approximately HK\$2,362.70 million. Based on a nominal value of HK\$0.40 per share, the aggregate nominal value of the Placing Shares was HK\$60,000,000. As disclosed in the Announcements, the Company intended to use the net proceeds for expansion of China factory manufacturing facilities, digitizing new retail business, increasing number of stores, and general corporate purpose.

As of 30 September 2021, HK\$1,851.06 million of the proceeds from the Placing has been utilised as intended with details as follows:

1. a total of HK\$870.84 million for capacity and factory expansion in China;
2. a total of HK\$204.05 million for investment on production equipment in order to increase the production capacity in the China factory;
3. a total of HK\$217.40 million for the partial settlement of the consideration for the acquisition of 51% equity interest in Shenzhen Style Home Furnishing Co., Ltd.* (深圳市格調家居有限公司), which owns production facilities in the PRC;
4. a total of HK\$224.99 million for the partial settlement of the consideration for the acquisition of 60% equity interest in Lion Rock Group Holdings Limited, Pacific Shiner Investment Limited and Gold Sands Investment Company Limited, which own production facilities in the PRC; and
5. a total of HK\$333.78 million for the expenses of increasing the number of stores.

As of 30 September 2021, the remaining net proceeds from the Placing of HK\$511.64 million have not yet been utilised, which is expected to be utilised by 31 March 2022 for the intended purposes as disclosed in the Announcements.

HUMAN RESOURCES

As at 30 September 2021, the Group had 28,803 employees (31 March 2021: 30,621 employees).

The Group firmly believes that staff is its most important resource, and provides its staff with sound working and living conditions at the main manufacturing bases to help them work with ease. Meanwhile, the Group has developed a comprehensive staff training and development system to enable staff to grow together with the Group. Besides, the Group has also developed a relatively sophisticated performance evaluation system for staff at all levels after years of efforts, as a foundation for motivating staff.

During the 1HFY2022, the total staff cost for the Group amounted to approximately HK\$1,508,835,000 (1HFY2021: approximately HK\$955,956,000), of which approximately HK\$15,969,000 (1HFY2021: approximately HK\$7,579,000) was directors' emoluments. The Group endeavours to keep the remuneration packages of its employees competitive and reward employees on a performance and merit basis with reference to the profitability of the Group and prevailing market conditions. As part of the Group's remuneration system and policy, we have adopted a share option scheme to reward employees and incentivise them to perform better.

FUTURE PLANS

With the increase in market share and turnover of the Group's products in the Chinese market, the Group will actively increase its production lines and expand plants to increase its capacity; and further reduce costs by increasing self-developed processes and strengthening cost control to enhance the competitiveness of its products in the market.

In terms of products, the Group will further consolidate the leading position of its recliner sofas and leather sofas in the industry through product upgrades and technological breakthroughs. The Group will also enter customized and fabric sofas segments with strong power by ways of mergers and acquisitions, which will enrich the Group's product portfolio, in order to provide consumers with more choices, and continue to meet the people's desire for a better life.

In terms of talent training, the Group invests over RMB10 million each year to empower talent development. Through the comprehensive integration of high-level educational environment and educational resources, the Group provides a strong driving force for the career development of its employees. By implementing a wide range of professional education based on general education and training employees in accordance with their aptitude, the Group has formed an ecological chain of talent cultivation with distinctive characteristics of the Group, which leads the talent cultivation in smart home industry.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK13.0 cents per share (six months ended 30 September 2020: an interim dividend of HK10.0 cents per share) payable to those shareholders of the Company (the “**Shareholders**”) whose names appear on the Company’s register of members on Wednesday, 1 December 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

In July and August 2021, the Company repurchased a total of 2,564,000 ordinary shares (“**Shares**”, each “**Share**”) of the Company at an aggregate purchase price of HK\$39,207,583 (before brokerage and expenses) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Details of the repurchase of such ordinary shares were as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share		Aggregate purchase price (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
July 2021	2,157,600	15.50	14.98	32,946,747
August 2021	<u>406,400</u>	15.50	15.30	<u>6,260,836</u>
Total	<u><u>2,564,000</u></u>			<u><u>39,207,583</u></u>

The 2,564,000 repurchased Shares were cancelled in August 2021. The issued share capital of the Company was accordingly reduced by the par value of the repurchased Shares so cancelled. The above repurchase was effected by the directors of the Company pursuant to the mandate approved by Shareholders, with a view to benefiting Shareholders as a whole in enhancing the return on net assets and earnings per Share of the Company.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries of its securities during the Review Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2021, the interests or short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), as recorded in the register required to be kept under Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company

Name of director	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company ¹
Mr. Wong Man Li	Interest in controlled corporation	2,362,336,800 ²	59.69%
	Spouse	2,517,600 ²	0.06%
	Beneficial owner	3,052,000 ²	0.08%
Ms. Hui Wai Hing	Beneficial owner	2,517,600 ³	0.06%
	Spouse	2,365,388,800 ³	59.77%
Mr. Alan Marnie	Beneficial owner	800,000 ⁴	0.02%
Mr. Dai Quanfa	Beneficial owner	980,800 ⁵	0.02%
Ms. Wong Ying Ying	Beneficial owner	2,181,200 ⁶	0.06%

Notes:

1. The percentage of the Company's issued share capital is based on the 3,957,409,600 Shares issued as at 30 September 2021.
2. These 2,362,336,800 Shares are beneficially owned by Man Wah Investments Limited which, in turn, is owned by Mr. Wong Man Li and Ms. Hui Wai Hing as to 80% and 20%, respectively. Mr. Wong is therefore deemed to be interested in the entire 2,362,336,800 Shares held by Man Wah Investments Limited. Mr. Wong is a director of Man Wah Investments Limited. Mr. Wong also holds 2,789,600 Shares and 262,400 share options granted to him under the share option schemes ("Share Option Schemes") of the Company. Upon exercise of the share options, Mr. Wong will directly own an aggregate of 3,052,000 Shares. Mr. Wong is also deemed, under Part XV of the SFO, to be interested in the 2,517,600 Shares in which Ms. Hui Wai Hing, the spouse of Mr. Wong, has a long position.
3. These 2,517,600 Shares represent the 2,196,400 Shares and the 321,200 share options granted to Ms. Hui under the Share Option Schemes, respectively. Upon exercise of the said share options, Ms. Hui will own an aggregate of 2,517,600 Shares. Ms. Hui is also deemed, under Part XV of the SFO, to be interested in the 2,365,388,800 Shares in which Mr. Wong Man Li, the spouse of Ms. Hui, has long position.
4. This figure represents the aggregate number of the 800,000 Shares held by Mr. Alan Marnie.
5. This figure represents the aggregate number of 580,000 Shares held by Mr. Dai and 400,800 underlying shares upon the exercise of share options granted to Mr. Dai under the Share Option Schemes. Upon exercise of the said share options, Mr. Dai will own an aggregate of 980,800 Shares.
6. This figure represents the aggregate number of 1,933,600 Shares held by Ms. Wong and 247,600 share options granted to Ms. Wong under the Share Option Schemes. Upon exercise of the said share options, Ms. Wong will own an aggregate of 2,181,200 Shares.

(b) Long positions in the shares of our associated corporation (as defined in the SFO)

Name of Director	Name of associated corporation	Capacity	Number of issued shares held	Approximate percentage in the associated corporation
Mr. Wong Man Li	Man Wah Investments Limited	Beneficial owner	800	80%
Ms. Hui Wai Hing	Man Wah Investments Limited	Beneficial owner	200	20%

Save as disclosed above, as at 30 September 2021, none of the Company's Directors, chief executives or their respective associates had any other personal, family, corporate and other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other than those disclosed in this section, no right to subscribe for equity or debt securities of the Company has been granted by the Company to, nor have any such rights been exercised by, any Directors or chief executives of the Company during the six months ended 30 September 2021.

AUDIT COMMITTEE

The Company has engaged Messrs. PricewaterhouseCoopers, the auditor of the Company (“**Auditor**”) to assist the audit committee of the Company (“**Audit Committee**”) to review the report of the Group for the six months ended 30 September 2021. The interim financial information of the Group for the six months ended 30 September 2021 has been reviewed by the independent auditor of the Company in accordance with International Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appear on the Company's register of members on Wednesday, 1 December 2021, will be eligible for the interim dividend. The transfer books and the register of members of the Company will be closed from Monday, 29 November 2021 to Wednesday, 1 December 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 26 November 2021. The interim dividend is expected to be payable on or after Wednesday, 12 January 2022 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 1 December 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2021, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 14 of the Listing Rules.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as a code of conduct of the Company for directors’ securities transactions. Having made specific enquiry of all directors, the directors have complied with the required standard set out in the Model Code and the Company’s code of conduct regarding directors’ securities transactions throughout the six months ended 30 September 2021.

By the order of the Board
Man Wah Holdings Limited
Wong Man Li
Chairman

Hong Kong, 12 November 2021

As at the date of this announcement, the executive Directors are Mr. Wong Man Li, Ms. Hui Wai Hing, Mr. Feng Guohua, Mr. Alan Marnie, Mr. Dai Quanfa and Ms. Wong Ying Ying; and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. Ong Chor Wei and Mr. Kan Chung Nin, Tony and Mr. Ding Yuan.