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SAMSON HOLDING LTD.

順誠控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00531)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “Board”) of Samson Holding Ltd. (the “Company”) is pleased to announce the annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021 with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	<i>Notes</i>	2021 US\$'000	2020 US\$'000
Revenue	4	488,109	397,582
Cost of sales		(359,539)	(302,075)
Gross profit		128,570	95,507
Other income, gains, losses and expenses	4	21,097	13,629
Distribution costs		(12,038)	(11,731)
Sales and marketing expenses		(60,331)	(57,288)
Administrative expenses		(45,359)	(52,459)
Share of profit/(loss) of an associate		281	(54)
Finance costs		(3,448)	(4,499)
Profit/(loss) before tax	5	28,772	(16,895)
Income tax (expense)/credit	6	(1,614)	1,174
Profit/(loss) for the year		27,158	(15,721)
Attributable to:			
Owners of the parent		27,158	(14,007)
Non-controlling interest		–	(1,714)
		27,158	(15,721)
Earnings/(loss) per share attributable to ordinary equity holders of the parent	8		
– Basic (in US cent)		0.87	(0.45)
– Diluted (in US cent)		0.87	(0.45)

* For identification purposes only

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Profit/(loss) for the year	<u>27,158</u>	<u>(15,721)</u>
Other comprehensive income/(loss):		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>1,461</u>	<u>(2,746)</u>
Total comprehensive income/(loss) for the year	<u>28,619</u>	<u>(18,467)</u>
Attributable to:		
Owners of the parent	28,619	(16,764)
Non-controlling interest	<u>–</u>	<u>(1,703)</u>
	<u>28,619</u>	<u>(18,467)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 31 December 2021*

	<i>Notes</i>	2021 US\$'000	2020 <i>US\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		81,588	85,062
Investment properties		18,172	7,234
Right-of-use assets		78,771	46,713
Goodwill		25,793	25,793
Other intangible assets		4,400	4,400
Investment in an associate		1,215	934
Deposits for acquisition of prepaid land lease		–	36,880
Deferred tax assets		4,550	4,299
		<hr/>	<hr/>
Total non-current assets		214,489	211,315
CURRENT ASSETS			
Inventories		139,938	124,593
Trade and other receivables	<i>9</i>	89,507	97,221
Held-for-trading investments	<i>10</i>	88,362	95,490
Tax recoverable		3,230	3,513
Pledged bank deposits		–	10,308
Cash and cash equivalents		65,009	26,047
		<hr/>	<hr/>
Total current assets		386,046	357,172
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	81,169	77,756
Interest-bearing bank borrowings		138,911	109,609
Lease liabilities		6,309	7,510
Tax payable		10,951	11,171
		<hr/>	<hr/>
Total current liabilities		237,340	206,046
NET CURRENT ASSETS			
		148,706	151,126
TOTAL ASSETS LESS CURRENT LIABILITIES			
		363,195	362,441

CONSOLIDATED STATEMENT ON FINANCIAL POSITION

At 31 December 2021

	2021 US\$'000	2020 US\$'000
NON-CURRENT LIABILITIES		
Lease liabilities	18,229	19,622
Interest-bearing bank borrowings	18,848	45,365
Deferred tax liabilities	2,494	2,449
	<hr/>	<hr/>
Total non-current liabilities	39,571	67,436
	<hr/>	<hr/>
Net assets	323,624	295,005
	<hr/>	<hr/>
EQUITY		
Issued capital	155,374	155,374
Reserves	168,250	139,631
	<hr/>	<hr/>
Total equity	323,624	295,005
	<hr/>	<hr/>

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for held-for-trading investments which have been measured at fair value. The consolidated financial statements are presented in United States dollars (“US\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in US\$ and Vietnamese Dong (“VND”) based on the London Interbank Offered Rate (“LIBOR”) as at 31 December 2021. For the LIBOR-based borrowings, since the interest rates of these borrowings were not replaced by RFRs during the year, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received COVID-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

3. OPERATING SEGMENT INFORMATION

The Group's revenue arises principally from the manufacturing and sale of furniture.

For the purpose of resource allocation and performance assessment, the Group's executive directors review the operating results and financial information on a brand by brand basis. They focus on the operating results of each brand. Each brand constitutes an operating segment of the Group. As the brands share similar economic characteristics, have similar products, are produced under similar production processes and have a similar target group of customers, the Group's operating segments are aggregated into a single reportable segment and accordingly no separate segment information is prepared.

Segment profit before tax of US\$54,887,000 (2020: US\$25,068,000) represents the profit/(loss) before tax earned by the single reportable segment excluding administrative expenses, other income, gains, losses and expenses, non-lease-related finance costs and share of profit/(loss) of an associate.

Other segment information

Amounts regularly provided to the executive directors but not included in the measure of segment profits are as follows:

	Reportable segment total US\$'000	Unallocated US\$'000	Total US\$'000
2021			
Share of profit of an associate	–	(281)	(281)
Impairment loss recognised in statement of profit or loss, net	252	–	252
Depreciation of property, plant and equipment	8,615	871	9,486
Reversal of write-down of inventories, net	(1,839)	–	(1,839)
Investment in an associate	1,215	–	1,215
Capital expenditure*	4,809	–	4,809
	<u> </u>	<u> </u>	<u> </u>
2020			
Share of loss of an associate	–	54	54
Impairment losses recognised in statement of profit or loss, net	1,383	–	1,383
Depreciation of property, plant and equipment	8,645	910	9,555
Reversal of write-down of inventories, net	(1,905)	–	(1,905)
Investment in an associate	934	–	934
Capital expenditure*	7,657	–	7,657
	<u> </u>	<u> </u>	<u> </u>

* Capital expenditure consists of additions to property, plant and equipment.

The unallocated depreciation of property, plant and equipment is in connection with corporate headquarters' property, plant and equipment, which is not included in segment information.

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are mainly located in the People's Republic of China (the "PRC"), the United States of America (the "U.S."), Bangladesh and Vietnam.

The Group's revenue from external customers by their geographical locations, and the information about its non-current assets by geographical locations, are detailed below:

	Revenue from external customers		Non-current assets (<i>Note</i>)	
	Year ended 31 December		As at 31 December	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
PRC, including Hong Kong	11,487	7,526	15,618	65,287
U.S.	467,834	378,499	97,410	79,240
Bangladesh	—	—	3,554	4,140
Vietnam	—	—	92,327	57,100
Others	8,788	11,557	1,030	1,249
	<u>488,109</u>	<u>397,582</u>	<u>209,939</u>	<u>207,016</u>

Note: Non-current assets excluded the deferred tax assets.

Information about a major customer

During the years ended 31 December 2021 and 2020, no revenue from any single customer accounted for 10% or more of the total revenue of the Group.

4. REVENUE, OTHER INCOME, GAINS, LOSSES AND EXPENSES

An analysis of revenue is as follows:

	2021	2020
	US\$'000	US\$'000
<i>Revenue from contracts with customers</i>		
Sale of furniture	487,802	397,274
<i>Revenue from other sources</i>		
Service fee income	<u>307</u>	<u>308</u>
	<u>488,109</u>	<u>397,582</u>

4. REVENUE, OTHER INCOME, GAINS, LOSSES AND EXPENSES (continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

Segment – Furniture	2021 US\$'000	2020 US\$'000
Types of goods		
Sale of furniture and total revenue from contracts with customers	<u>487,802</u>	<u>397,274</u>
Geographical markets		
PRC, including Hong Kong	11,180	7,218
U.S.	467,834	378,499
Others	<u>8,788</u>	<u>11,557</u>
Total revenue from contracts with customers	<u><u>487,802</u></u>	<u><u>397,274</u></u>
Timing of revenue recognition		
Goods transferred at a point in time and total revenue from contracts with customers	<u><u>487,802</u></u>	<u><u>397,274</u></u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segment – Furniture	2021 US\$'000	2020 US\$'000
Revenue from contracts with customers		
External customers and total revenue from contracts with customers	<u><u>487,802</u></u>	<u><u>397,274</u></u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021 US\$'000	2020 US\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	<u><u>21,687</u></u>	<u><u>20,126</u></u>

4. REVENUE, OTHER INCOME, GAINS, LOSSES AND EXPENSES (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations

Information about the Group's performance obligation is summarised below:

Sale of furniture

The performance obligation is satisfied upon delivery of the furniture and payment is generally due within 30 to 90 days from delivery, except for several customers, where payment in advance is normally required.

Customer loyalty scheme income

The performance obligation is satisfied upon the customers utilising the award credits earned upon the subsequent purchase. The award credits are valid for a period of seven months, and the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2021 US\$'000	2020 US\$'000
Amounts expected to be recognised as revenue:		
Within one year	<u>661</u>	<u>418</u>

The remaining performance obligations are expected to be recognised within one year.

An analysis of other income, gains, losses and expenses is as follows:

	2021 US\$'000	2020 US\$'000
<u>Other income</u>		
Bank interest income	144	272
Interest income from held-for-trading investments	2,042	2,073
Rental income	4,899	2,341
Rental related income	<u>4,646</u>	<u>472</u>
	<u>11,731</u>	<u>5,158</u>
<u>Other gains, losses and expenses</u>		
Foreign exchange differences, net	654	514
Gain on disposal of items of property, plant and equipment	954	1,180
Net (loss)/gain on held-for-trading investments	(2,666)	2,008
Reversal of impairment of property, plant and equipment	7,040	–
Others	<u>3,384</u>	<u>4,769</u>
	<u>9,366</u>	<u>8,471</u>
	<u>21,097</u>	<u>13,629</u>

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2021 US\$'000	2020 US\$'000
Cost of inventories sold	361,378	303,980
Depreciation of investment properties	829	228
Depreciation of property, plant and equipment	9,486	9,555
Depreciation of right-of-use assets	7,491	8,187
Amortisation of other intangible assets	–	219
Reversal of impairment of property, plant and equipment	(7,040)	–
Gain on disposal of items of property, plant and equipment	(954)	(1,180)
Lease payments not included in the measurement of lease liabilities	191	803
Auditors' remuneration	884	904
Employee benefit expense (excluding directors' remuneration)		
Wages, salaries and allowances	109,436	99,547
Retirement benefit scheme contributions*	951	804
	<u>110,387</u>	<u>100,351</u>
Impairment of other intangible assets	–	735
Impairment of trade receivables	252	648
Write-down of inventories to net realisable value	921	3,561
Reversal of write-down of inventories	(2,760)	(5,466)
	<u><u>110,387</u></u>	<u><u>100,351</u></u>

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. INCOME TAX

For the Group's subsidiaries established in the U.S., income tax is calculated at the rate of 21% (2020: 21%).

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. No provision for Hong Kong profits tax was made in the prior year as the Group did not generate any assessable profits arising in Hong Kong during that year.

Taiwan income tax is calculated at 20% (2020: 20%) of certain subsidiaries' assessable profits.

In accordance with the relevant tax rules and regulations in Vietnam, the income tax rate applicable to the Group's subsidiaries in Vietnam is 20% (2020: 20%).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/ jurisdictions in which the Group operates.

	2021 US\$'000	2020 US\$'000
Current tax:		
U.S.	300	(1,412)
Taiwan	1,150	1,025
Vietnam	174	–
Hong Kong	94	–
Elsewhere	102	769
	<u>1,820</u>	<u>382</u>
Deferred tax	(206)	(1,556)
	<u><u>1,614</u></u>	<u><u>(1,174)</u></u>

7. DIVIDENDS

Final dividend of HK\$0.02 per share amounting to approximately HK\$62.1 million (equivalent to approximately US\$8.0 million) in respect of the year ended 31 December 2021 (2020: Nil) has been proposed by the directors and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting (the “AGM”).

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic and diluted earnings/(loss) per share are based on:

	2021 US\$'000	2020 US\$'000
Profit/(loss) for the year attributable to ordinary equity holders of the parent for the purpose of basic and diluted earnings/(loss) per share calculations	<u>27,158</u>	<u>(14,007)</u>
	2021 Number of shares	2020 Number of shares
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings/(loss) per share calculations	<u>3,107,473,773</u>	<u>3,108,758,365</u>

For the year ended 31 December 2021, the Company's share options have no dilutive effect as the exercise price of the share options was higher than the average market price of the Company's shares and they were all lapsed during the year. No adjustment had been made to the basic loss per share amount presented for the year ended 31 December 2020 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

9. TRADE AND OTHER RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowances, is as follows:

	2021 US\$'000	2020 US\$'000
Trade receivables:		
Within 1 month	34,211	27,130
1 to 2 months	13,258	19,399
Over 2 months	<u>10,178</u>	<u>13,696</u>
	57,647	60,225
Other receivables and prepayments	<u>31,860</u>	<u>36,996</u>
	<u>89,507</u>	<u>97,221</u>

10. HELD-FOR-TRADING INVESTMENTS

	2021 US\$'000	2020 US\$'000
Debt securities, at fair value:		
Listed in the U.S. with average yield rate of 4.93% and maturity in September 2021	–	1,228
Listed in Hong Kong with average yield rate of 3.16% to 3.33% and maturity from April 2021 to January 2028	2,669	5,032
Listed in Singapore with average yield rate of 2.74% to 2.93% and maturity from March 2021 to August 2030	2,878	5,050
Listed in other jurisdictions with average yield rate of 2.26% to 3.18% and maturity from March 2021 to September 2080	2,133	1,241
Investment fund portfolio A, at fair value (<i>Note</i>)	79,990	82,232
Investment fund portfolio B, at fair value (<i>Note</i>)	218	215
Investment fund portfolio C, at fair value (<i>Note</i>)	197	200
Investment fund portfolio D, at fair value (<i>Note</i>)	277	292
	88,362	95,490

The above investments as at 31 December 2021 and 2020 were classified as financial assets at fair value through profit or loss as they are held for trading.

Note: The investment fund portfolios A, B, C and D were mandatorily classified as financial assets at fair value through profit or loss, as their contractual cash flows were not solely payments of principal and interest. Investment fund portfolio A was a wealth management product issued by Union Bancaire Privée in Luxembourg. The Group acquired investment fund portfolio A at an investment cost of US\$80,500,000. During the year ended 31 December 2021, the Group received dividends of US\$1,646,000 (31 December 2020: US\$1,605,000) from investment fund portfolio A and the Group did not acquire or dispose of investment fund portfolio A during the year. As at 31 December 2021, the Group holds 80,500 units (31 December 2020: 80,500 units) of fund portfolio A which accounted for approximately 13.3% (31 December 2020: 14.5%) of the total assets of the Group, and the unrealised loss of investment fund portfolio A amounted to US\$2,242,000 was charged to profit or loss during the year ended 31 December 2021 (2020: unrealised profit of US\$1,663,000). The Group holds the investment portfolio A for capital appreciation and has been closely monitoring the performance from time to time.

11. TRADE AND OTHER PAYABLES

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

	2021 US\$'000	2020 US\$'000
Trade payables:		
Within 1 month	14,423	12,517
1 to 2 months	3,221	3,457
Over 2 months	4,746	5,879
	22,390	21,853
Other payables and accruals	58,779	55,903
	81,169	77,756

BUSINESS REVIEW

Over the past decade, Samson has successfully transformed from an OEM manufacturer to a leading furniture wholesaler with a strong brand-led business. Through our strategic acquisition of a luxury furnishing brand namely Baker Interiors Group, Ltd. in 2017, the Group has further enhanced the diversified brand portfolio covering mid to high-end markets. The Group has continued to expand production capacities by globalizing the supply chain from China to Vietnam, Bangladesh, Indonesia and the United States. Based on the effective strategies, Samson has recorded a profitable year with impressive financial results.

In 2021, as the effect of the COVID-19 has been mitigated, the U.S. economy saw a gradual recovery. The improved employment rate has indicated a resilient outlook of the market. Despite that the consumer confidence index in the second half of 2021 fell slowly after hitting the highest point, it maintained at a high as level compared to 2020. On the demand side, upholstery and casegoods business remained strong, and the demand from the hospitality channel is expected to increase in the first quarter of 2022. On the supply side, as the logistic costs showed an upward trend resulting from an increased delivery expense, Samson has partnered with several shipping service providers to ensure container availability and cost reductions.

The Group was able to capture the opportunity for further market penetration through its diverse product offerings and multi-distribution channels. For the traditional channel, the demand from offline stores and the mass merchants continued to rise as the impacts from the COVID-19 have eased. The traffic volume in High Point Market recorded a robust bounce compared to 2020, driving demand from large retailers, and the orders from mass merchant channels also grew significantly. For the e-commerce channel, as the pandemic has accelerated the growth of non-traditional sales, Samson has been focusing on exploring a diversified mix-channel strategy to fuel the online sales growth. Based on the partnership with digital platform, Samson is confident in expanding online sales more efficiently.

With a globalized supply chain, Samson has built up stronger production capabilities to cope with geopolitical instabilities and improve cost controls. Samson's capacity across the Asia region including Vietnam and Bangladesh was enhanced through factory investment and acquisition in the last three years, which will further facilitate the overall product delivery efficiency. Meanwhile, Samson is expecting to establish another factory in Vietnam in 2022. As Samson adopted a globalized supply chain strategy, the manufacturing efficiencies of the factories across Asia will keep improving based on the seamless transition and relocation of the original management team from China with rich operation experiences.

As a leading furniture wholesaler, Samson has been focusing on implementing the multi-brand strategy with middle to high-end brands to accelerate organic growth in the U.S. market. In 2021, Samson has recorded several performance highlights across branded business and mass merchant channels. Net sales of Universal Furniture and Legacy received a double-digit growth, and the operating profit of Baker Furniture greatly improved. For the hospitality channel, the orders bounced back in the fourth quarter of 2021 and is expected to increase based on stronger demand as global traveling has started to resume from pandemic impacts.

Overall, with rising demand and improving supply chain capabilities, the Group has shown a high business growth from increasing sales orders in 2021.

FINANCIAL REVIEW

Net sales for the year was US\$488.1 million compared to US\$397.6 million in 2020, an increase of US\$90.5 million or 22.8%. The increase in net sales was driven by the strong demand compared to the prior year, which was impacted by the COVID-19.

Gross profit for the year was US\$128.6 million, an increase of US\$33.1 million from US\$95.5 million in 2020. Gross profit margin increased to 26.3% from 24.0% in 2020. The increase in gross profit margin was mainly attributable to the growth in sales and improving manufacturing efficiency.

Compared with US\$121.5 million in 2020, total operating expenses were recorded at US\$117.7 million in 2021. The decrease in operating expenses was mainly attributable to a series of effective cost control measures.

Compared with a loss of US\$15.7 million in 2020, the Group recorded a profit of US\$27.2 million in 2021, which was mainly due to an one time non-cash reversal of impairment of approximately US\$7.0 million as the result of the increase of the recoverable amount due to the change of use of the Group's premises in the PRC from self-occupied to rental properties. Excluding the above, the profit for the year was attributable to the growth in sales, improving margin and lower operating expenses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2021, the Group's cash and cash equivalents increased by US\$39.0 million to US\$65.0 million from US\$26.0 million as at 31 December 2020. Interest-bearing bank borrowings increased from US\$155.0 million as at 31 December 2020 to US\$157.8 million as at 31 December 2021. The corresponding gearing ratio (total bank borrowings/shareholders' equity) decreased from 52.5% as at 31 December 2020 to 48.7% as at 31 December 2021. The Group possesses sufficient cash and available banking facilities to meet working capital requirements and to enable further acquisitions with confidence.

Cash and cash equivalents held by the Group are mainly denominated in U.S. dollars, Renminbi, U.K. Pound Sterling, Vietnamese Dong, New Taiwan dollars, Indonesian Rupiah and Hong Kong dollars. As at 31 December 2021, short term bank borrowings of US\$138.9 million (31 December 2020: US\$109.6 million) bore interest at either the floating rates or fixed rate ranging from 0.7% to 1.3% respectively and long term bank borrowings of US\$18.9 million (31 December 2020: US\$45.4 million) bore interest at either the floating rates or fixed rate ranging from 1.0% to 2.5% respectively.

Sources of liquidity include cash and cash equivalents, cash from operations and general banking facilities granted to the Samson, allowing the Group to maintain strong and prudent liquidity for day-to-day operations and business development.

With an international operation, Samson is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi and Vietnamese Dong. Although the majority of the total revenue is denominated in U.S. dollars, a substantial portion of cost of sales is paid in Vietnamese Dong and Renminbi. The exchange rates of Vietnamese Dong and Renminbi to U.S. dollars have fluctuated substantially in recent years and may continue to fluctuate in the foreseeable future.

The Group's current assets increased by 8.1% to US\$386.0 million from US\$357.2 million as at 31 December 2020; the Group's current liabilities increased by 15.2% to US\$237.3 million from US\$206.0 million as at 31 December 2020. The current ratio (current assets/current liabilities) is 1.6 times (31 December 2020: 1.7 times).

PLEDGE OF ASSETS

As at 31 December 2021, certain of the Group's property, plant and equipments, investment properties, inventories and trade and other receivables with an aggregate carrying amount of US\$67.2 million (31 December 2020: US\$185.0 million) have been pledged to a bank to secure the general banking facility granted to the Group.

CAPITAL EXPENDITURE

Capital expenditures for the year ended 31 December 2021 amounted to US\$4.8 million compared to US\$7.7 million in 2020. Capital expenditure was mainly incurred for the purpose of upgrading and renovation of property, plant and machinery in the U.S. and the expansion of new production lines in the U.S. and Vietnam.

MATERIAL ACQUISITIONS AND DISPOSALS OF THE GROUP

The Group had no material acquisition nor disposal during the year ended 31 December 2021.

OUTLOOK

Looking ahead to 2022, the strong recovery of the U.S. market remains a source of optimism for the furniture industry in general. Despite that the Federal Reserve considered a raise in the interest rate, which is likely to trigger a rising mortgage rate and negative effect on the housing market, the market demand has been recovering from COVID-19 impacts based on a higher employment rate and the compensatory consumption in the United States. Amid the trends, our order pipeline has shown a strong upside since last year.

With the improved production capacity in Vietnam and Bangladesh, Samson has been able to mitigate the supply chain disruptions from the pandemic throughout 2021. Given the strong demand and the high-level backlogs from 2021, Samson expects to launch another new factory in Vietnam in 2022, further enhancing our production capacity and manufacturing efficiency. In terms of logistics, Samson continues to strengthen the partnership with the shipping service providers to mitigate the container shortage problem.

With a global manufacturing base, experienced management team and improving efficiencies and core competitiveness, Samson is expected to keep increasing the capacity and profitability. Combining its successful strategy of supply chain and diversified brands, Samson is well-positioned to maintain its competitive edges and continue to expand market share in the U.S., bringing fruitful results for 2022.

DIVIDEND

The Board has recommended the payment of a final dividend of HK\$0.02 per share for the year ended 31 December 2021 (2020: Nil), amounting to approximately HK\$62.1 million (2020: Nil), subject to the approval of the shareholders of the Company at the forthcoming AGM. Upon approval of the shareholders of the Company, the proposed final dividend will be paid on 22 June 2022 to the shareholders of the Company whose names appear on the Company's register of members as at 10 June 2022.

CLOSURE OF REGISTER OF MEMBERS

For determining the qualification as members of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 16 May 2022 to Thursday, 19 May 2022, both days inclusive, during which period no transfers of shares will be registered. In order to qualify as members to attend and vote at the AGM, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 13 May 2022.

For determining the entitlement to the proposed final dividend (subject to the approval of the Company's shareholders at the AGM), the register of members of the Company will be closed from Thursday, 9 June 2022 to Friday, 10 June 2022, both days inclusive, during which period no transfers of shares will be registered. In order to be eligible for the entitlement to the proposed final dividend, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 8 June 2022.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standard of corporate governance. The Company confirms that it has complied with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 December 2021, save as mentioned below.

Mr. Shan Huei KUO ("Mr. KUO") is the Chairman of the Board and also the Chief Executive Officer of Lacquer Craft Mfg. Co., Ltd. (Zhejiang). The Group does not intend to separate these two functions as both the Board and senior management of the Group have significantly benefited from the leadership, support and experience of Mr. KUO in his management of the Board and the business of the Company.

CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own "Code for Securities Transactions by Directors and Employees" (the "Company's Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules to govern the securities transactions of the directors and relevant employees.

Having made specific enquiry, all directors have confirmed that they have complied with the Model Code and the Company's Code throughout the year ended 31 December 2021.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE REVIEW

The financial results for the year ended 31 December 2021 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young ("EY"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by EY on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is posted on the websites of the Company (www.samsonholding.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The annual report will be despatched to the shareholders and posted on the aforementioned websites in due course.

For and on behalf of the Board
SAMSON HOLDING LTD.
Shan Huei KUO
Chairman

24 March 2022

As at the date of this announcement, Mr. Shan Huei KUO (Chairman), Ms. Yi-Mei LIU and Mr. Mohamad AMINOZZAKERI are the executive directors of the Company; Mr. Sheng Hsiung PAN is the non-executive director of the Company; and Mr. Ming-Jian KUO, Mr. Siu Ki LAU and Mr. Sui-Yu WU are the independent non-executive directors of the Company.