

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**MANWAH**

**MAN WAH HOLDINGS LIMITED**

**敏華控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 01999)**

**ANNOUNCEMENT OF FINAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2022  
AND  
CLOSURE OF REGISTER OF MEMBERS**

The board (the “Board”) of directors (the “Directors”) of Man Wah Holdings Limited (the “Company”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the “Group”) for the financial year ended 31 March 2022 (“FY2022”, the “Review Period” or the “Reporting Period”) together with the comparative figures for the previous financial year ended 31 March 2021 (“FY2021” and “Last Corresponding Period”).

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue and other income		<u>21,787,920</u>	<u>16,945,965</u>
Revenue	3	21,496,783	16,434,071
Cost of goods sold		<u>(13,606,188)</u>	<u>(10,504,964)</u>
<b>Gross profit</b>		<b>7,890,595</b>	<b>5,929,107</b>
Other income		291,137	511,894
Other losses, net		(49,350)	(93,713)
Selling and distribution expenses		(4,189,944)	(3,118,564)
Administrative and other expenses		<u>(1,052,908)</u>	<u>(778,071)</u>
<b>Operating profit</b>	5	<b>2,889,530</b>	<b>2,450,653</b>
Finance costs		(79,692)	(96,046)
Share of results of joint ventures		<u>9,651</u>	<u>5,707</u>
<b>Profit before income tax</b>		<b>2,819,489</b>	<b>2,360,314</b>
Income tax expense	4	<u>(502,929)</u>	<u>(336,908)</u>
<b>Profit for the year</b>		<b><u>2,316,560</u></b>	<b><u>2,023,406</u></b>
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		<u>386,330</u>	<u>546,805</u>
<b>Other comprehensive income for the year</b>		<b><u>386,330</u></b>	<b><u>546,805</u></b>
<b>Total comprehensive income for the year</b>		<b><u>2,702,890</u></b>	<b><u>2,570,211</u></b>
<b>Profit for the year attributable to:</b>			
Owners of the Company		2,247,491	1,924,513
Non-controlling interests		<u>69,069</u>	<u>98,893</u>
		<b><u>2,316,560</u></b>	<b><u>2,023,406</u></b>

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>2,578,251</b>	2,439,729
Non-controlling interests		<b>124,639</b>	130,482
		<b>2,702,890</b>	2,570,211
<b>Earnings per share attributable to owners of the Company</b>			
– Basic ( <i>HK cents per share</i> )	6	<b>56.90</b>	50.26
– Diluted ( <i>HK cents per share</i> )	6	<b>56.77</b>	50.10

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>6,051,190</b>	4,774,294
Investment properties		<b>495,827</b>	482,067
Right-of-use assets		<b>2,931,906</b>	2,324,072
Goodwill		<b>1,003,331</b>	560,519
Other intangible assets		<b>276,525</b>	166,517
Interests in joint ventures		<b>67,773</b>	55,812
Financial assets at fair value through profit or loss		<b>1,973</b>	1,894
Deferred tax assets		<b>41,025</b>	42,678
Deposit paid for right-of-use assets		<b>30,070</b>	167,311
Deposits paid for acquisition of subsidiaries		–	244,585
Prepayments and deposits paid for acquisition of property, plant and equipment		<b>280,882</b>	126,926
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>11,180,502</b>	8,946,675
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Current assets</b>			
Inventories		<b>2,698,697</b>	2,003,605
Properties held for sale		<b>209,623</b>	254,779
Properties under development		<b>178,751</b>	164,498
Trade receivables and bills receivable	8	<b>2,245,088</b>	1,680,529
Other receivables and prepayments		<b>775,074</b>	700,841
Financial assets at fair value through profit or loss		<b>386,919</b>	372,750
Tax recoverable		<b>10,986</b>	6,854
Short-term bank deposits		<b>5,855</b>	892,066
Restricted bank balances		<b>4,045</b>	12,237
Cash and cash equivalents		<b>2,825,704</b>	2,404,027
		<hr/>	<hr/>
<b>Total current assets</b>		<b>9,340,742</b>	8,492,186
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total assets</b>		<b>20,521,244</b>	17,438,861
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>1,571,225</b>	1,583,518
Reserves		<b>10,138,478</b>	9,157,814
		<b>11,709,703</b>	10,741,332
<b>Non-controlling interests</b>		<b>1,038,470</b>	663,727
<b>Total equity</b>		<b>12,748,173</b>	11,405,059
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>165,855</b>	20,308
Bank borrowings, non-current portion		<b>566</b>	1,196
Deferred tax liabilities		<b>161,423</b>	128,854
Other non-current liabilities		<b>1,550</b>	1,278
<b>Total non-current liabilities</b>		<b>329,394</b>	151,636
<b>Current liabilities</b>			
Trade payables and bills payable	9	<b>1,155,911</b>	971,142
Other payables and accruals		<b>1,224,626</b>	746,883
Lease liabilities		<b>106,493</b>	26,419
Contract liabilities		<b>354,907</b>	363,145
Bank borrowings, current portion		<b>4,335,016</b>	3,588,713
Tax payable		<b>266,724</b>	185,864
<b>Total current liabilities</b>		<b>7,443,677</b>	5,882,166
<b>Total liabilities</b>		<b>7,773,071</b>	6,033,802
<b>Total equity and liabilities</b>		<b>20,521,244</b>	17,438,861

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda (as amended). Its shares are listed on the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) with effect from 9 April 2010. The Company’s immediate and ultimate holding company is Man Wah Investments Limited, which is owned by Mr. Wong Man Li and Ms. Hui Wai Hing, directors of the Company.

The Company acts as an investment holding company.

The consolidated financial statements of the Company are presented in thousands of units of Hong Kong dollars (“HK\$’000”), unless otherwise stated, for the convenience of the shareholders as the Company is listed in Hong Kong.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of Man Wah Holdings Limited have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- financial assets at fair value through profit or loss (“FVPL”) – measured at fair value; and
- investment properties – measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements and the principal accounting policies applied in the preparation of these consolidated financial statements are included in the 2022 Annual Report.

#### (i) *New and amended standards adopted by the Group*

The Group has applied the following amended standards for the first time for their annual reporting period commencing 1 April 2021:

Amendments to HKFRS 9, Hong Kong Accounting Standard (“HKAS”) 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2 Covid-19 Related Rent Concessions
--	---

The adoption of the amendments to standards did not have any material impact on the consolidated financial statements for the current year or any prior years.

(ii) *New standards, amendments to standards and interpretations that are not yet effective and have not been early adopted by the Group*

Certain new accounting standard, amendments to standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

### 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 receivables 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 accounting policies. Segment results represent the profit before income tax earned by each segment without allocation of other income, net exchange gains or losses, fair value gains or losses on investment properties, gains or losses from changes in fair value of financial assets at FVPL, share of results of joint ventures, finance costs and unallocated expenses.

## Segment revenues and results

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

### *For the year ended 31 March 2022*

	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>
<b>Revenue</b>					
External sales	<u>14,616,557</u>	<u>5,618,220</u>	<u>371,128</u>	<u>890,878</u>	<u>21,496,783</u>
<b>Results</b>					
Segment results	<u>2,148,018</u>	<u>902,598</u>	<u>197,645</u>	<u>7,834</u>	3,256,095
Other income					291,137
Share of results of joint ventures					9,651
Exchange losses, net					(360)
Fair value losses on investment properties					(300)
Loss from change in fair value of financial assets at FVPL					(504)
Finance costs					(79,692)
Unallocated expenses					<u>(656,538)</u>
Profit before income tax					<u>2,819,489</u>

### *For the year ended 31 March 2021*

	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>
<b>Revenue</b>					
External sales	<u>11,723,615</u>	<u>3,708,066</u>	<u>238,318</u>	<u>764,072</u>	<u>16,434,071</u>
<b>Results</b>					
Segment results	<u>1,935,131</u>	<u>570,809</u>	<u>27,840</u>	<u>86,167</u>	2,619,947
Other income					511,894
Share of results of joint ventures					5,707
Exchange losses, net					(28,864)
Fair value gains on investment properties					238
Loss from change in fair value of financial assets at FVPL					(61,793)
Finance costs					(96,046)
Unallocated expenses					<u>(590,769)</u>
Profit before income tax					<u>2,360,314</u>

**Other information**

	<b>Sofas and ancillary products HK\$'000</b>	<b>Other products HK\$'000</b>	<b>Other business HK\$'000</b>	<b>Home Group business HK\$'000</b>	<b>Total HK\$'000</b>
Amounts included in the measure of segment result:					
<b>For the year ended 31 March 2022</b>					
Loss/(gain) on disposal of property, plant and equipment	3,124	1,699	–	(127)	4,696
Depreciation and amortisation	494,895	111,567	41,959	36,112	684,533
Provision for/(reversal of provision for) impairment of trade receivables and bills receivable	377	19,727	–	(279)	19,825
Provision for/(reversal of provision for)impairment of inventories	<u>2,709</u>	<u>–</u>	<u>–</u>	<u>(722)</u>	<u>1,987</u>
	<i>Sofas and ancillary products HK\$'000</i>	<i>Other products HK\$'000</i>	<i>Other business HK\$'000</i>	<i>Home Group business HK\$'000</i>	<i>Total HK\$'000</i>

Amounts included in the measure  
of segment result:

For the year ended  
31 March 2021

Loss/(gain) on disposal of property, plant and equipment	383	508	–	(199)	692
Depreciation and amortisation	358,296	64,663	36,947	33,888	493,794
Provision for impairment of trade receivables and bills receivable	–	1,698	–	344	2,042
Reversal of impairment of inventories	<u>(17,634)</u>	<u>–</u>	<u>–</u>	<u>(398)</u>	<u>(18,032)</u>

## Geographical information

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
PRC (including Hong Kong and Macau)	13,563,935	10,213,896
North America	5,667,477	4,579,469
Europe	1,580,265	1,050,842
Others	685,106	589,864
	<u>21,496,783</u>	<u>16,434,071</u>

*Note:* Others mainly included Australia, United Arab Emirates, Israel and Indonesia. Home Group 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.

Information about the Group's non-current assets (excluding deferred tax assets) is presented based on the location of the assets:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
PRC (including Hong Kong and Macau)	9,128,977	6,950,505
Europe	517,468	544,206
Vietnam	1,407,038	1,408,063
Others	85,994	1,223
	<u>11,139,477</u>	<u>8,903,997</u>

During the year, none of the Group's customers individually contributed more than 10% of the Group's revenue (2021: none).

## 4. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax:		
PRC Corporate Income Tax ("PRC CIT")	368,289	314,152
PRC Withholding Income Tax	46,191	27,900
PRC Land Appreciation Tax ("PRC LAT")	5,653	17,336
Macau Complementary Tax	60,361	–
U.S. Federal and State Corporate Income Taxes ("U.S. CIT")	2,444	1,252
Others	19,250	6,397
Deferred tax	(2,418)	(33,057)
Under-provision in prior years	3,159	2,928
	<u>502,929</u>	<u>336,908</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 years, except for a PRC subsidiary of the Company, carrying out business in the western region of the PRC, which qualifies for 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% (2021: 21%) and state income tax calculated from 0% to 9% (2021: 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 Macao Complementary Tax at a rate of 12% on the assessable income.

## 5. OPERATING PROFIT

Profit from operation is arrived at after charging/(crediting) the following:

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Cost of inventories	11,229,027	8,600,806
Auditor’s remuneration		
– audit services	3,800	3,500
– non-audit services	2,807	390
Amortisation of intangible assets	54,382	33,438
Depreciation of property, plant and equipment	530,839	389,891
Depreciation of right-of-use assets	99,312	70,465
Employee benefit expenses (including directors’ emoluments)	3,238,391	2,491,708
Short-term lease payment	58,635	40,990
Provision for/(reversal of provision for) impairment of inventories	1,987	(18,032)
Legal and professional fee	64,796	49,430

## 6. EARNINGS PER SHARE

Earnings per share is computed as follows:

	2022	2021
<b>Basic</b>		
Profit attributable to equity owners of the Company for the year (HK\$'000)	<u>2,247,491</u>	<u>1,924,513</u>
Weighted average outstanding ordinary share, in thousands	<u>3,950,168</u>	<u>3,829,383</u>
Basic earnings per share for the year in HK cents	<u><u>56.90</u></u>	<u><u>50.26</u></u>
<b>Diluted</b>		
Profit attributable to equity owners of the Company for the year (HK\$'000)	<u>2,247,491</u>	<u>1,924,513</u>
Weighted average outstanding ordinary share, in thousands	<u>3,950,168</u>	<u>3,829,383</u>
Effect of dilutive potential ordinary shares on exercise of share options	<u>8,519</u>	<u>12,014</u>
Weighted average outstanding ordinary shares after assuming dilution, in thousands	<u>3,958,687</u>	<u>3,841,397</u>
Diluted earnings per share for the year in HK cents	<u><u>56.77</u></u>	<u><u>50.10</u></u>

## 7. DIVIDENDS

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend for 2021 of HK\$0.16 (2021: HK\$0.12 for 2020) per share	<u>633,588</u>	455,936
Interim dividend for 2022 of HK\$0.13 (2021: HK\$0.10 for 2021) per share	<u>513,774</u>	<u>380,360</u>
	<u><u>1,147,362</u></u>	<u><u>836,296</u></u>

A final dividend of HK\$0.17 per share in respect of the year ended 31 March 2022, amounting to approximately HK\$667,771,000 to be paid to the shareholders of the Company whose names appear on the Company's register of members on 11 July 2022, has been proposed by the board of directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

## 8. TRADE RECEIVABLES AND BILLS RECEIVABLE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables and bills receivable	2,269,774	1,687,226
Less: provision for impairment of trade receivables and bills receivable	<u>(24,686)</u>	<u>(6,697)</u>
Trade receivables and bills receivable, net	<u><u>2,245,088</u></u>	<u><u>1,680,529</u></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–90 days	2,164,387	1,607,354
91–180 days	64,419	58,723
Over 180 days	<u>16,282</u>	<u>14,452</u>
	<u><u>2,245,088</u></u>	<u><u>1,680,529</u></u>

## 9. TRADE PAYABLE AND BILLS PAYABLE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables and bills payable	<u><u>1,155,911</u></u>	<u><u>971,142</u></u>

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

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–90 days	1,154,833	969,227
91–180 days	917	1,856
Over 180 days	161	59
	<u>1,155,911</u>	<u>971,142</u>

#### 10. CAPITAL COMMITMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Capital expenditure contracted but not provided for in the consolidated financial statements in respect of		
– acquisition and construction of property, plant and equipment	306,116	227,197
– construction of production plant	1,037,613	509,871
	<u>1,343,729</u>	<u>737,068</u>
Other commitments of		
– construction of properties under development	5,603	10,587
– investment in joint ventures	–	11,841
– acquisition of subsidiaries	–	197,807
	<u>5,603</u>	<u>220,235</u>
Total	<u>1,349,332</u>	<u>957,303</u>

## **MARKET REVIEW**

In 2021, the spread of COVID-19 around the world, the significant appreciation of RMB, and the rapid increase in the price of raw materials posed a challenging environment for us. Faced with a complex and changing trade environment and the impact of the pandemic, the Group, while continuing its efforts in the prevention and control of the pandemic, has facilitated the resumption of work and production in an orderly way, continuously improved its product research and development capabilities, provided a comprehensive price band ranging from high, medium to cost-effective, as well as a complete product matrix of sofas, mattresses and accessories, and actively promoted domestic business development, thus effectively overcoming the adverse external impact. According to the latest market research report published by Euromonitor in April 2022, the Group has been the world's top seller of recliner sofas for four consecutive years.

### **China Market**

During the Review Period, despite the challenges posed by the pandemic on China's overall economy, there were opportunities for consumption recovery and growth in demand for household products. According to the data released by National Bureau of Statistics, the GDP growth of China was approximately 8.1% in 2021. The per capita consumption expenditure of urban residents in China increased by 12.2% to approximately RMB30,307 in 2021 as compared with 2020. With the increase of per capita disposable income, consumer preferences are shifting from satisfaction of basic needs to a desire for a higher quality of life and consumption. Meanwhile, the pandemic has led to changes in the daily lifestyle of Chinese families, and higher demands have been put forward for the comfort and humanization of household products. In view of the growing demand of consumers, the Group, while focusing on stationary sofas, has added more experience functions and improved the comfort of its recliner sofa products, which provides an enhanced experience for consumers. With our self-supply of core components, we are able to offer recliner sofas with a more cost-effective price chain to a wider range of families, while meeting the market demand. By offering appealing products at a high quality and attractive price, we are dedicated to helping more Chinese consumers enjoy first-class service at an economy class price point.

With the rising consumption trend, the Company has transcended the limitations of core components to provide products that are good value for money. The penetration of its recliner sofas in the Chinese market has been accelerated. In addition, our brand effect as a leading enterprise has become more prominent, our scale advantage has been gradually reflected, and concentration has continued to improve. During the Review Period, through effective store expansion, marketing and store operation, vigorous development of e-commerce sales, and active promotion of business model innovation, the Group gained more market share in the Chinese furniture market and achieved strong revenue growth.

## **U.S. Market**

In 2021, despite the impact of the COVID-19 pandemic on the U.S. economy and Sino-U.S. trade tensions, the U.S. recorded a nominal GDP of approximately USD21.92 trillion and the annual GDP grew by 5.4%. According to the recliner sofa market research report published by Euromonitor in April 2022, from 2017 to 2021, the sales volume of recliner sofa products in the U.S. market increased from 9,405,000 pieces to nearly 10,921,000 pieces, achieving a compound annual growth rate of approximately 3.8%. In the same period, sales grew from USD10.69 billion to nearly USD14.05 billion, representing a CAGR of 7.1%. The recliner sofa category has been growing faster than the traditional stationary sofa, and this trend is expected to continue in the future. In 2021, the Group ranked among the top three in the U.S. recliner sofa market. The U.S. market is growing slower than the Chinese market. The Group will try its best to expand its market share and achieve revenue growth in the future through leveraging its scale, efficiency, capacity, quality and cost control.

## **Europe and other Overseas Markets**

The European market has begun to show signs of recovery despite the impact of Brexit and the COVID-19 pandemic. According to the Eurostat, the GDP of 19 countries in the Eurozone rose by 5.3% in 2021 from that in 2020. The Group will continue to provide more diversified and competitive products to increase our market share in the European market as well as other overseas markets.

## **Research and Development of Smart Furniture Products**

During the Review Period, the Group strengthened product innovation and R&D based on the changes in the market, focusing on the continuous improvement of product quality. By offering more upgraded recliner sofas featuring small size, beautiful appearance, lightness, and lying flat function, we have constantly improved our competitiveness and provided consumers with nicer and more comfortable experience. We offered a full spectrum of smart iron frames (including American, Italian and German styles), with an aim to increase the market share of the Group's smart furniture and enriched our product line.

## **BUSINESS REVIEW**

During the Review Period, benefiting from the diversified market distribution and years of preparation and development, the Group's business has gradually changed from OEM business to brand sales business. At present, the brand sales business in China has accounted for more than 60%. Under the global COVID-19 challenge, in view of the fact that the European and American markets were greatly impacted by COVID-19, the Group seized the opportunity to vigorously develop the business in the Chinese market, expanding stores to occupy the sites with favorable consumption flow, and improving the store management level, quality and product innovation and research and development capabilities. The Group achieved a revenue growth of 29.3% in the Chinese market and 30.8% in its main business, maintaining its No. 1 position in the global sales of recliner sofa. The revenue of the Group reached a new high in the Review Period. The revenue analysis by different regions is as follows:

### **1 China Market**

During the Review Period, the Group's sales revenue from the Chinese market was HK\$13,854,943,000 and the revenue from its main business in the Chinese market was HK\$13,192,807,000 (excluding real estate, mall property and other business revenue), representing an increase of 32.3% over the same period last year, which was HK\$9,975,577,000.

In terms of the offline sales channels in Chinese market, the Group will continue to implement the strategy of dominating the Chinese market, seize opportunities in industry optimization driven by the pandemic, accelerate the opening of stores, and further increase the overall number and area of stores in China. As at 31 March 2022, the Group had a total of 5,968 brand stores in China (excluding 715 style and Pulini stores). During the Review Period, we achieved a net increase of 1,846 in the number of our brand stores.

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.

While focusing on the production and sale of sofa and bed products, the Group also produces and sells chair and other products to high-speed railway, cinema chains and other commercial customers. In addition, the Group also produces and sells some intelligent furniture components and other products.

In addition, the Group has completed the acquisition of a sofa manufacturer and an iron frame manufacturer in Guangdong Province on 31 March 2021, which had been consolidated into the accounts of the Group in April 2021. During the Review Period, the Group also acquired a sofa product manufacturing and sales group, which had been consolidated into the accounts of the Group in January 2022.

## **2 North America Market**

In the North America market, due to the recovery of the economy after the height 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 the principal business in the North American market amounted to HK\$5,667,477,000, representing an increase of approximately 23.8% from HK\$4,579,469,000 in the last corresponding period.

In order to mitigate the adverse impact on revenue and gross margin due to tariffs imposed by the U.S. government, the Group acquired a plant in Vietnam in June 2018, which has been put into operation in 2020.

The Group also had some high-end sofas produced in China and exported to the United States. The high gross margin of the high-end sofas helped offset part of the higher cost of the products produced by Chinese factories due to U.S. tariffs.

## **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 the recovery of the economy after the height of the pandemic. During the Review Period, excluding Home Group, the revenue of our main business from Europe and other overseas markets increased by 56.8% to HK\$1,374,493,000 compared to HK\$876,635,000 in the same period last year.

During the Review Period, Home Group had five sofa manufacturing plants in Poland, the Baltic States and Ukraine, which are mainly engaged in the design and production of stationary sofas and sofa beds. The products of Home Group are sold to many European furniture retailers. Its revenue from main business increased by 16.6% compared with the same period last year. The Group's production facilities in Ukraine have not been materially disrupted during the Review Period but management continues to monitor the situation in Ukraine following the invasion by Russia.

## FINANCIAL REVIEW

### Revenue and Gross Profit Margin

	Revenue (HK\$'000)			As a percentage of revenue (%)		Gross profit margin (%)	
	FY2022	FY2021	Change (%)	FY2022	FY2021	FY2022	FY2021
Business of sofas and ancillary products	14,616,557	11,723,615	24.7%	67.1%	69.2%	37.3%	37.4%
Other products	5,618,220	3,708,066	51.5%	25.8%	21.9%	34.1%	31.5%
Home Group business	890,878	764,072	16.6%	4.1%	4.5%	25.3%	34.7%
Other business	371,128	238,318	55.7%	1.7%	1.4%	79.9%	49.4%
Other income	291,137	511,894	(43.1)%	1.3%	3.0%	-	-
Total	<u>21,787,920</u>	<u>16,945,965</u>	<u>28.6%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>36.7%</u>	<u>36.1%</u>

During FY2022, total revenue (including the income from main businesses and other income) rose by approximately 28.6% to approximately HK\$21,787,920,000 (Last Corresponding Period: approximately HK\$16,945,965,000). The overall gross profit margin for the current financial year was approximately 36.7% (Last Corresponding Period: approximately 36.1%).

During the Review Period, excluding Home Group business, the Group sold approximately 1,896,000 sets of sofa products (FY2021: approximately 1,648,000 sets), representing an increase of approximately 15.1% (one set of sofa products equals to six seats, excluding chairs and other products which were sold to commercial clients).

#### 1 Sofas and Ancillary Products Business

During the Review Period, revenue from business of sofas and ancillary products was approximately HK\$14,616,557,000, representing an increase of approximately 24.7% as compared to approximately HK\$11,723,615,000 in the Last Corresponding Period.

##### 1.1 China market

During the Review Period, revenue from the China market reached approximately HK\$8,627,693,000, up by approximately 25.9% from approximately HK\$6,851,747,000 in the Last Corresponding Period.

During the Review Period, the Group's sales of sofas and ancillary products in the Chinese market enjoyed rapid growth. While vigorously expanding to achieve rapid store opening, we continued to improve the competitiveness of our products, and enabled dealers to improve their operation and management, in order to ensure good store performance in spite of the increase of number of stores. In addition, we have achieved coordinated development online and offline, by constantly

embracing changes and making good use of new media such as TikTok and new channels such as live streaming. We have realized the continuous improvement of the brand influence of “CHEERS”, and gradually strengthened the awareness of consumers on recliner sofa, thus pushing the domestic recliner sofa into the fast track of development.

### ***1.2 North America market***

During the Review Period, the revenue from the North America market was approximately HK\$5,410,362,000, up approximately 23.7% from approximately HK\$4,374,287,000 in the same period last year. Among the revenue from North America during the Review Period, the revenue from the United States and Canada was approximately HK\$5,165,765,000 and HK\$220,420,000 respectively.

### ***1.3 Europe and other overseas markets***

During the Review Period, the sales revenue of sofa and supporting products from the Europe and other overseas markets was approximately HK\$578,502,000, representing an increase of approximately 16.3% from approximately HK\$497,581,000 in the same period last year.

## **2 Sales of Other Products**

During the Review Period, the Group’s revenue from sales of other products was approximately HK\$5,618,220,000, up approximately 51.5% from approximately HK\$3,708,066,000 in the same period last year.

2.1 The sales revenue of beds from the Chinese market was approximately HK\$3,398,490,000, up approximately 51.2% from approximately HK\$2,247,911,000 in the same period last year.

2.2 The sales revenue of smart furniture components and products amounted to approximately HK\$2,219,730,000 (including approximately HK\$1,166,624,000 from the Chinese market, approximately HK\$257,115,000 from the North America market, and approximately HK\$795,991,000 from the Europe and other overseas markets), up approximately 52.0% from approximately HK\$1,460,155,000 in the same period last year.

## **3 Business of Home Group**

During the Review Period, revenue from Home Group reached approximately HK\$890,878,000, up approximately 16.6% compared with approximately HK\$764,072,000 in the Last Corresponding Period.

#### 4 Other Business

During the Review Period, revenue from the real estate, hotel, and furniture mall business and service of the Group reached approximately HK\$371,128,000, representing an increase of approximately 55.7% compared with approximately HK\$238,318,000 in the Last Corresponding Period.

#### 5 Other Income

During the Review Period, other income of the Group was approximately HK\$291,137,000, representing a decrease of approximately 43.1% as compared with approximately HK\$511,894,000 in the Last Corresponding Period.

#### Cost of Goods Sold

##### *Breakdown of cost of goods sold*

	<b>FY2022</b> <i>HK\$'000</i>	<b>FY2021</b> <i>HK\$'000</i>	<b>Change</b> (%)
Cost of raw materials	<b>10,990,545</b>	8,388,341	31.0%
Labour costs	<b>1,976,527</b>	1,659,858	19.1%
Manufacturing overhead	<b>639,116</b>	456,765	39.9%
Total	<b>13,606,188</b>	10,504,964	29.5%

**Average unit  
cost year-on-  
year change**  
(%)

##### **Major raw materials**

Leather	24.8%
Steel products	23.2%
Wood	61.2%
Fabric	-4.5%
Chemicals	14.3%
Packaging paper	14.4%

#### Other Gains and Losses

During FY2022, other gains and losses of the Group amounted to losses of approximately HK\$49,350,000 (the Last Corresponding Period: losses of approximately HK\$93,713,000). The aforesaid losses in the Review Period were mainly attributable to the impairment provision for trade receivables and bills receivables.

## **Selling and Distribution Expenses**

Selling and distribution expenses increased by approximately 34.4% from approximately HK\$3,118,564,000 in FY2021 to approximately HK\$4,189,944,000 in FY2022. Selling and distribution expenses as a percentage of revenue increased from approximately 19.0% in FY2021 to approximately 19.5% in FY2022. The increase was mainly attributable to the following:

- (a) Advertising, promotion, and brand building expenses increased by approximately 16.4% from approximately HK\$470,676,000 to approximately HK\$547,936,000, and their percentage in revenue decreased from approximately 2.9% to approximately 2.5%. Among the expenses, promotion expenses increased by approximately 20.3% from approximately HK\$297,050,000 to approximately HK\$357,383,000, and their percentage in revenue decreased from approximately 1.8% in FY2021 to approximately 1.7% in FY2022;
- (b) Salaries, welfare, and commissions of sales staff increased by approximately 61.4% from approximately HK\$497,044,000 to approximately HK\$802,052,000, and their percentage in revenue increased from approximately 3.0% in FY2021 to approximately 3.7% in FY2022;
- (c) Overseas transportation and port expenses increased by approximately 31.7% from approximately HK\$997,601,000 to approximately HK\$1,313,829,000, representing 6.1% of the revenue, which was similar with FY2021. Domestic transportation expenses increased by approximately 17.3% from approximately HK\$445,004,000 to approximately HK\$521,921,000. As a percentage of revenue it decreased from approximately 2.7% last year to approximately 2.4% in FY2022;
- (d) Customs duties imposed on goods exported to the United States rose by approximately 43.3% from approximately HK\$120,790,000 to approximately HK\$173,133,000. The duties accounted for as a percentage of revenue increased from approximately 0.7% last year to approximately 0.8% in FY2022;
- (e) Network service expenses increased by approximately 42.0% from approximately HK\$87,118,000 to approximately HK\$123,731,000. As a percentage of revenue it increased from approximately 0.5% last year to approximately 0.6% in FY2022.

## **Administrative and Other Expenses**

Administrative and other expenses increased by approximately 35.3% from approximately HK\$778,071,000 in FY2021 to approximately HK\$1,052,908,000 in FY2022. As a percentage of revenue, administrative and other expenses were approximately 4.9% (FY2021: approximately 4.7%).

## **Income Tax Expense**

Income tax expense increased by approximately 49.3% from approximately HK\$336,908,000 in FY2021 to approximately HK\$502,929,000 in FY2022. The proportion of income tax expense to profit before tax increased from approximately 14.3% in FY2021 to approximately 17.8% in FY2022.

## **Profit Attributable to Owners of the Company and Net Profit Margin**

The profit attributable to owners of the Company increased by approximately 16.8% from approximately HK\$1,924,513,000 in FY2021 to approximately HK\$2,247,491,000 in FY2022. The net profit margin of owners of the Group decreased from 11.7% in FY2021 to approximately 10.5% in FY2022, which was mainly because the selling and distribution expenses increased by approximately 34.4% from approximately HK\$3,118,564,000 in FY2021 to approximately HK\$4,189,944,000 in FY2022.

## **Dividends**

The Board has proposed a final dividend of HK\$17 cents per share for FY2022. During FY2022, the Board declared and paid an interim dividend of HK\$13 cents per share. Total dividends declared for FY2022 accounted for approximately 52.6% of the profit attributable to owners of the Company.

## **Working Capital**

As at 31 March 2022, the Group's bank balances and cash and short-term bank deposits were approximately HK\$2,825,704,000 and HK\$5,855,000, respectively.

The Group has been committed to maintaining a sound financial policy. Benefiting from the steady and sound development of the Company's business, it can effectively manage its cash flow and capital commitments. The Group also ensures that it has sufficient funds to meet its existing and future cash requirements while providing sustainable and stable dividend returns to shareholders.

The Group has not experienced and does not expect to experience any difficulties in meeting its repayment obligations when a loan or financing is due.

## **Liquidity and Capital Resources**

As at 31 March 2022, the Group's short-term borrowings amounted to approximately HK\$4,335,016,000 and long-term borrowings amounted to approximately HK\$566,000. The Group's major bank borrowings are denominated in HKD and RMB and carry interest at fixed and variable rates. The fixed rates ranged from 0.65% to 3.90% (FY2021: 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 1.17% to 2.15% (FY2021: 1.01% to 1.99%), or the 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% (FY2021: 1.59% to 2.80%). The weighted average effective interest rates of the above variable-rate and fixed-rate bank borrowings were 1.48% and 2.72%, respectively (FY2021: 1.20% to 2.86%, respectively), per annum.

The Group's primary source of working capital is cash flow from operating activities and bank deposits. As at 31 March 2022, the Group's current ratio was approximately 1.3 (31 March 2021: approximately 1.4). As at 31 March 2022, the Group's gearing ratio was approximately 37.0% (31 March 2021: approximately 33.4%), which is defined as total bank borrowings divided by total equity attributable to owners of the Group.

### **Allowance for Inventories**

For FY2022, the Group provided an impairment allowance for inventories of approximately HK\$1,987,000 (FY2021: reversed an impairment allowance of approximately HK\$18,032,000).

### **Impairment Loss on Trade and Other Receivables**

For FY2022, the Group provided impairment loss on trade and other receivables of approximately HK\$19,825,000 (FY2021: approximately HK\$2,042,000).

### **Pledge of Assets**

As at 31 March 2022, there was approximately HK\$4,045,000 restricted bank balances (31 March 2021: HK\$12,237,000). As at 31 March 2022, some subsidiaries of Home Group under the Group pledged certain assets for financing, including property, plant and equipment with a book value of approximately HK\$1,615,000 (31 March 2021: property, plant and equipment with a book value of approximately HK\$3,755,000).

### **Capital Commitments and Contingent Liabilities**

Save as disclosed in note 10, the Group did not have any material capital commitments as at 31 March 2022.

As at 31 March 2022, the Group did not have any material contingent liabilities.

## **Foreign Currency Risks**

The Group's exposure to currency risks is mainly attributable to the trade and other receivables, bank balances, trade and other payables and bank borrowings, which are denominated in currencies other than the functional currency of the respective Group entities. Except for the business of Home Group, most of the Group's sales in overseas markets are settled in USD. In addition, the Group's sales in Mainland China and Hong Kong markets are settled in RMB and HKD respectively. Except for the business of Home Group, the Group's costs are mainly settled in USD, RMB, and HKD. The revenue of Home Group's current business in Europe was settled mainly in Euro, while the cost was settled mainly in Euro, UAH (Ukrainian hryvnia) and PLN (Polish zloty). The Group has no hedging policy (such as using any financial instrument) with respect to foreign exchange exposure.

## **Significant Investments and Acquisitions**

Save as disclosed in this announcement, the Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates or joint ventures during the FY2022. The Group continues to seek suitable opportunities to acquire furniture companies to accelerate the development of the Group.

## **Future Plan for Material Investments or Capital Assets**

The Group currently does not have any plan for material investments or capital assets in the coming year.

## **HUMAN RESOURCES**

As at 31 March 2022, the Group had 28,685 employees (31 March 2021: 30,621 employees).

The Group always regards its employees as its most important resource, and provides its staff with sound working and living conditions at the main manufacturing bases, and has developed a comprehensive staff training and development, performance evaluation, and incentive system. With years of effort, the Group had also in place a relatively established performance appraisal system, which has acted as a benchmark for the employee incentives.

During FY2022, the total staff costs for the Group amounted to approximately HK\$3,238,391,000 (FY2021: approximately HK\$2,491,708,000), of which approximately HK\$35,742,000 (FY2021: approximately HK\$23,385,000) was Directors' emoluments. The Group endeavours to keep the remuneration packages of its employees competitive and reward employees based on their performance. As part of the Group remuneration system and policy, we have adopted a share option scheme and a share award scheme, both of which enable the Group to reward employees and incentivise them to perform better.

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

During FY2022, the Company repurchased a total of 34,083,600 ordinary shares of the Company at an aggregate purchase price of approximately HK\$390,069,000 (before brokerage and expenses) on The Stock Exchange of Hong Kong Limited. Details of the repurchases of such ordinary shares were as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share		Aggregate purchase price (Approx. HK\$)
		Highest HK\$	Lowest HK\$	
July 2021	2,157,600	15.50	14.98	32,946,747.00
August 2021	406,400	15.50	15.30	6,260,835.80
October 2021	5,400,000	11.30	10.66	59,543,100.00
December 2021	12,000,000	12.40	11.18	143,270,300.00
January 2022	7,626,400	12.02	10.58	88,320,059.20
February 2022	5,000,000	9.17	8.93	45,370,000.00
March 2022	1,493,200	9.65	9.38	14,357,864.60
Total	<u>34,083,600</u>			<u>390,068,906.60</u>

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the Review Period.

## FUTURE PLANS AND OUTLOOK

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 advances. The Group may also enter the customized and fabric sofas segments by way of mergers and acquisitions if the right opportunity presents itself, which will enrich the Group's product portfolio, and enable the Group 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.

## **USE OF PROCEEDS FROM THE 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 who are third parties independent of the Company and its connected persons (as defined under the Listing Rules). The Company successfully raised a total net proceeds of (after deducting related costs and expenses) HK\$2,362.7 million from the Placing. 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 at 31 March 2022, the net proceeds from the Placing have been fully utilised as intended with details as follows:

1. a total of HK\$1,174.93 million for capacity and factory expansion in China;
2. a total of HK\$286.20 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 settling part of the consideration for the acquisition of 51% interest in Shenzhen Style Home Furnishing Co., Ltd.\* (深圳市格調家居有限公司), which owns manufacturing facilities in China; and
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 China;
5. a total of HK\$125.40 million for the partial settlement of the consideration for the acquisition of 55% equity interest in Superb Creation Limited which owns manufacturing facilities in, among others, China; and
6. a total of HK\$333.78 million for the expenses of increasing the number of stores.

\* For identification purpose only

## **MAJOR EVENTS SUBSEQUENT TO THE REVIEW PERIOD**

Given the development of Coronavirus Disease 2019 (the “COVID-19”), a series of precautionary and control measures have been and continued to be implemented across mainland China, including certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in factories and offices and encouraged social distancing, etc. The Group will pay close attention to the development of the COVID-19 and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of financial statements were authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19.

## **CORPORATE GOVERNANCE CODE**

The Board acknowledges the importance of the highest standards of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhancing shareholders’ value and safeguarding the interest of shareholders. Accordingly, the Company has adopted sound corporate governance principles that emphasize effective internal control and accountability to all shareholders.

During the Review Period, the Company has applied the principles of and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) in force during the year (the “CG Code”), save for the deviation from Code Provision A.2.1 which is explained below. The Company periodically reviews its corporate governance practices to ensure that they continue to meet the requirements of the CG Code.

Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company did not have any officer with the title of “chief executive officer” before 3 November 2020. From 3 November 2020 to 21 March 2022, Mr. Feng Guohua acted as an executive director and the chief executive officer of the Company. During such period, the roles and functions of the chairman and chief executive officer were separate and performed by different individuals in compliance with Code Provision A.2.1. Upon Mr. Feng Guohua’s resignation as an executive director and the chief executive officer of the Company on 21 March 2022, Mr. Wong Man Li was appointed as the chief executive officer of the Company. Mr. Wong Man Li, who also acts as the Chairman and Managing Director of the Company, has been responsible for overseeing the general operations of the Group. The Board meets regularly to consider major matters concerning the operations of the Group. The Board considers that this structure had not impaired the balance of power and authority between the Board and the management of the Company as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as management. The roles of the respective executive directors and senior management who are in charge of different functions complement the role of the chairman and chief executive officer. In addition, there are four independent non-executive Directors on the Board offering their experience, expertise, independent advice and

views from different perspectives. The Board is therefore of the view that there were adequate balance of power and safeguards in place. The Board believes that this structure had allowed the Group to operate efficiently.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company for Directors’ securities transactions. The Company has made specific enquiry of all Directors and the relevant employees regarding any non-compliance with the Model Code during the Review Period, and they all confirmed that they had fully complied with the required standard set out in the Model Code and its code of conduct regarding directors’ securities transactions. Employees who are deemed to be in possession of unpublished price sensitive information in relation to the Company or its shares are prohibited from dealing in shares of the Company during the black-out period.

## **AUDIT COMMITTEE**

The Company’s audit committee (the “Audit Committee”) currently consists of four independent non-executive Directors, namely Mr. Chau Shing Yim, David, Mr. Yang Siu Shun, Mr. Ding Yuan and Mr. Kan Chung Nin, Tony. None of them is, or has previously been, a member of the Company’s current or previous external auditors within the past financial year. Mr. Chau Shing Yim, David and Mr. Yang Siu Shun possess the professional qualifications and financial management expertise required under the Listing Rules.

Working closely with the external auditors, the Audit Committee has reviewed the Group’s audited consolidated results for the financial year ended 31 March 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

Shareholders whose names appear on the Company’s register of members on Thursday, 30 June 2022, will be eligible to attend and vote at the annual general meeting of the Company to be held on Thursday, 30 June 2022 (the “AGM”). The transfer books and register of members will be closed from Friday, 24 June 2022 to Thursday, 30 June 2022, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the identity of Shareholders who are entitled to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 23 June 2022.

Shareholders whose names appear on the Company's register of members on Monday, 11 July 2022, will qualify for the proposed final dividend. The Company's transfer books and register of members will be closed from Thursday, 7 July 2022 to Monday, 11 July 2022 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited located at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 6 July 2022. The proposed final dividend (the payment of which is subject to the Shareholders' approval at the AGM) is expected to be paid on Thursday, 21 July 2022 to Shareholders whose name appear on the register of members of the Company on Monday, 11 July 2022.

### **SCOPE OF WORK OF MESSRS. PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in this announcement have been agreed by the Group's auditor, Messrs. PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the FY2022. The work performed by Messrs. PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. PricewaterhouseCoopers on this announcement.

By Order of the Board  
**Man Wah Holdings Limited**  
**Wong Man Li**  
*Chairman*

Hong Kong, 16 May 2022

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