MANWAH

MAN WAH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 01999)

2023/24 Annual Report

Home essential

First Class Experience

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Wong Man Li *(Chairman and the Chief Executive Officer)*
Ms. Hui Wai Hing
Mr. Alan Marnie
Mr. Dai Quanfa
Ms. Wong Ying Ying

Independent non-executive Directors
Mr. Chau Shing Yim, David
Mr. Kan Chung Nin, Tony
Mr. Ding Yuan
Mr. Yang Siu Shun

AUDIT COMMITTEE

Mr. Chau Shing Yim, David *(Chairman)*
Mr. Ding Yuan
Mr. Kan Chung Nin, Tony
Mr. Yang Siu Shun

NOMINATION COMMITTEE

Mr. Wong Man Li *(Chairman)*
Mr. Chau Shing Yim, David
Mr. Kan Chung Nin, Tony
Mr. Ding Yuan

REMUNERATION COMMITTEE

Mr. Ding Yuan *(Chairman)*
Mr. Wong Man Li
Mr. Chau Shing Yim, David
Mr. Kan Chung Nin, Tony

COMPANY SECRETARY

Ms. Liu Xiaoting *(Resigned with effect from 1 June 2023)*
Mr. Zhang Xian *(Appointed with effect from 1 June 2023)*

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F Prince's Building
Central
Hong Kong

BERMUDA SHARE REGISTRAR AND SHARE TRANSFER AGENT

Ocorian Service (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1st Floor, Wah Lai Industrial Center
10–14 Kwei Tei Street, Fotan
New Territories, Hong Kong

LEGAL ADVISERS

Reed Smith Richards Butler LLP
Ocorian Law (Bermuda) Limited

PRINCIPAL BANKERS

Hang Seng Bank
Hong Kong and Shanghai Banking Corporation Limited
Citibank, N.A.
China Construction Bank Corporation
Agricultural Bank of China Limited
Bank of China Limited
Industrial and Commercial Bank of China Limited

STOCK CODE

1999

WEBSITE

www.manwahholdings.com

INVESTOR RELATIONS CONSULTANT

Strategic Financial Relations Limited
2401–2, Admiralty Centre I
18 Harcourt Road
Hong Kong

Directors' Biographies

EXECUTIVE DIRECTORS

Mr. Wong Man Li, aged 59, Member of the National Committee of Chinese People's Political Consultation Conference ("CPPCC"), BBS, JP, is our executive Director, Chairman, Chief Executive Officer (the "CEO") and Managing Director, is also the Chairman of the Company's nomination committee and a member of the Company's remuneration committee. He is responsible for the day-to-day overall management of our Company and mapping our growth strategy. Mr. Wong founded our Group in 1992 and is a director of a number of subsidiaries of the Company. He has over 30 years of experience in the furniture industry. In May 2015, Mr. Wong was elected as an Executive Chairman of the Hong Kong Industrial & Commercial Association (香港工商總會) and as a Founding Chairman of the Happy Hong Kong Foundation Company Limited (築福香港基金會有限公司). Mr. Wong is the husband of Ms. Hui Wai Hing, an executive Director, and the father of Ms. Wong Ying Ying, also an executive Director. Mr. Wong is a director of Man Wah Investments Limited, the controlling shareholder of the Company.

Ms. Hui Wai Hing, aged 61, is our executive Director. She joined our Group in 1992 and was appointed as our Director on 17 November 2004. She is also a director of a number of subsidiaries of the Company. She is the wife of Mr. Wong Man Li, our Chairman, Chief Executive Officer, Managing Director and executive Director, and the mother of Ms. Wong Ying Ying, our executive Director. She has over 30 years of experience in the furniture industry. Ms. Hui is a director of Man Wah Investments Limited, the controlling shareholder of the Company since January 2024.

Mr. Alan Marnie, aged 53, is our executive Director since 6 October 2011 after joining the Group in September 2010. He is responsible for exploring the furniture markets in the United Kingdom, Europe, Africa, Asia and Oceania. Mr. Marnie has over 30 years of experience in manufacturing, retail and marketing in the furniture industry. Prior to joining the Group, he was employed by Homestyle Operations Limited ("Homestyle") as the managing director for Steinhoff Retail Furniture Division in the United Kingdom for 2 years from 2008 to 2010. Homestyle belongs to Steinhoff International Holding Ltd ("Steinhoff"), a company listed on the Frankfurt Stock Exchange, and is one of the largest furniture retailers in Europe. In addition, Mr. Marnie had also worked for 19 years in Reid Furniture Limited, a company which was subsequently owned by Steinhoff, the largest furniture retailer of Scotland and Ireland at that time, and had served as its managing director and chief executive officer for 3 years and 2 years, respectively.

Mr. Dai Quanfa, aged 50, is our executive Director since 19 July 2012 after joining the Group in 1995, and is currently a director of a number of subsidiaries of the Company, including Man Wah Furniture Manufacturing (Huizhou) Co., Ltd. (敏華傢俱製造(惠州)有限公司), Man Wah Furniture Manufacturing (Shenzhen) Co., Ltd. (敏華傢俱製造(深圳)有限公司), Chongqing Man Wah Furniture Manufacturing Co., Ltd. (重慶敏華傢俱製造有限公司) and Man Wah Furniture (China) Co., Ltd. (敏華傢俱(中國)有限公司). Mr. Dai is also a general manager of the manufacturing center of the Group. He is responsible for the Group's manufacture of furniture. Mr. Dai has over 20 years of experience in the furniture industry.

Ms. Wong Ying Ying, aged 37, is our executive Director since 4 February 2015 after joining the Group in 2009. She is the daughter of Mr. Wong Man Li, our Chairman, Chief Executive Officer, Managing Director and executive Director, and Ms. Hui Wai Hing, our executive Director. She has been appointed as the General Manager of the Group's International Marketing Center, which is responsible for the Group's export business, since December 2018. She is the chief brand officer and deputy general manager of the Great China Division of the Group. Ms. Wong is also a director of some of the subsidiaries of the Company. She is a member of Tianjin's Political Consultative Conference, a committee member of the All-China Youth Federation, the vice-chairman of Dynamic Youth of Huizhou Ltd, vice-chairman of Kwai Tsing Volunteer Develop Team, honorary chairman of Shatin District Junior Police Call, member of the Y. Elites Association, honorary chairman of Shatin Sports Association, youth member of HK Industrial & Commercial Association Ltd, Youth Link and youth member of HK Young Industrialists Council and youth member of Jiangsu Youth Federation. She graduated from the University of Wisconsin Madison, Wisconsin, United States of America in 2009 with bachelor's degrees in both Marketing and Sociology. Ms. Wong Ying Ying is also a director of Man Wah Investments Limited, the controlling shareholder of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chau Shing Yim, David, aged 60, has been our independent non-executive director since 5 March 2010 and is the Chairman of the Company's audit committee and a member of each of the Company's nomination committee and remuneration committee. Mr. Chau has over 30 years of experience in corporate finance and was formerly a partner of one of the big four accounting firms, Mr. Chau was a key member who found their corporate finance division and held the position as their Head of Merger and Acquisition and Corporate Advisory.

Mr. Chau is a member of the Institute of Chartered Accountants in England and Wales ("ICAEW"), and was granted the Corporate Finance Qualification of ICAEW. He is also a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") and was an ex-committee member of the Disciplinary Panel of HKICPA. Mr. Chau is a Senior Fellow and Director of the Hong Kong Securities and Investment Institute ("HKSI") and he is a member of Corporate Committee and was the chairman of China and Corporate Committee. Mr. Chau is the member of Hong Kong Metropolitan University ("HKMU") Foundation Advisory Committee.

Mr. Chau is the member of Pamela Youde Nethersole Eastern Hospital ("PYNEH") Fund Raising Committee, PYNEH Charitable Trust and also ex-member of the Hospital Governing Committee.

Mr. Chau is currently an independent non-executive director and audit committee chairman of OSL Group Limited (Formerly known as "BC Technology Group Limited") (Stock Code: 863), China Ruyi Holdings Limited (Stock Code: 136), Productive Technologies Company Limited (Stock Code: 650), Lee & Man Paper Manufacturing Limited (Stock Code: 2314), China Evergrande New Energy Vehicle Group Limited (Stock Code: 708) and China Evergrande Group (In Liquidation) (Stock Code: 3333). All the aforesaid companies are listed on the Stock Exchange of Hong Kong.

Mr. Kan Chung Nin, Tony, aged 73, LL.B., P.C.LL., SBS, BBS, JP, is our independent non-executive Director since 20 May 2013. Mr. Kan is also a member of the Company's audit committee, nomination committee and remuneration committee. He is the Founder and Senior Consultant of Tony Kan & Co., Solicitors & Notaries, practising as a Solicitor of the Supreme Court of Hong Kong since 1982. He is also a Solicitor of the Supreme Court of England and Wales, a Barrister and Solicitor of the Supreme Court of the Australian Capital Territory, as well as Advocate and Solicitor of the Supreme Court of the Republic of Singapore. He is also a China Appointed Attesting Officer and a Notary Public. Mr. Kan had been serving as a Committee Member of the National Committee of the Chinese People's Political Consultative Conference for three consecutive terms and he also had been serving as a Committee Member of the Guangdong Committee of the Chinese People's Political Consultative Conference for three consecutive terms. Mr. Kan had been an Elected Member of the Sha Tin District Council from 1985 to the end of 2011. He had also been an Elected Member of the Regional Council and he was elected as Vice Chairman of the Council in July 1997 until its dissolution at the end of 1999. Since 1988, Mr. Kan has served as a Councilor of Heung Yee Kuk in the New Territories and is currently its Ex officio Member and Executive Committee Member. Mr. Kan has served on various advisory committees for the government, including Town Planning Board Member and Member of the Building Committee of Hong Kong Housing Authority. He had been a Member of the Election Committee of Hong Kong Special Administrative Region. Mr. Kan is an independent non-executive director of Nameson Holdings Limited (Stock Code: 1982), Shenzhen Investment Holdings Bay Area Development Company Limited (Stock Code: 737) and Kimou Environmental Holding Limited (Stock Code: 6805). The above mentioned companies are listed on the main board of the Stock Exchange. He has been appointed as a vice chairman of the board of directors of DBG Technology Co. Ltd, a company listed on the Shenzhen Stock Exchange (Stock Code: 300735) from February 2016 to April 2024.

Mr. Ding Yuan, aged 54, is our independent non-executive Director since 31 December 2016. Mr. Ding is the Chairman of the Company's remuneration committee and a member of each of the Company's nomination committee and audit committee. Mr. Ding graduated with a doctor of philosophy degree in management science from the College of Business Administration, Bordeaux IV University in France in December 2000. Mr. Ding served as a tenured professor in accounting and management control at the HEC School of Management in France from September 1999 to September 2006. He joined China Europe International Business School since September 2006, and currently serves there as the Cathay Capital Chair Professor in Accounting. Mr. Ding is currently a non-executive director of Saurer Intelligent Technology Co. Ltd. (卓郎智能技術股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600545) from May 2018 and an independent non-executive director of Bluestar Adisseo Company (藍星安迪蘇股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600299) from October 2018 and an independent non-executive director of Shanghai Kunchi Group Co. Ltd. (上海路捷鯤馳集團股份有限公司). Mr. Ding is also an independent non-executive director of JS Global Lifestyle Company Limited (stock code: 1691) from August 2022, and of Health and Happiness (H&H) International Holdings Limited (stock code: 1112) from January 2023, both of which are listed on the Stock Exchange. Mr. Ding has more than 20 years of experience in teaching and researching financial accounting, financial statement analysis, corporate governance and mergers and acquisitions.

Mr. Yang Siu Shun, aged 68, has been our independent non-executive director since 1 April 2022 and is a member of the Company's audit committee. Mr. Yang is currently serving as a Member of the 14th National Committee of the Chinese People's Political Consultative Conference, a Justice of the Peace in Hong Kong, a Steward of the Hong Kong Jockey Club, an independent non-executive director of Industrial and Commercial Bank of China Limited (Stock Code: 1398) which is publicly listed on the Stock Exchange of Hong Kong and the Shanghai Stock Exchange and an independent non-executive director of Tencent Holdings Limited (Stock Code: 700) which is publicly listed on the Stock Exchange of Hong Kong. Mr. Yang is also an Independent Non-Executive Director of Xinyi Glass Holdings Limited (stock code: 0868), which is publicly listed on the Stock Exchange of Hong Kong. Mr. Yang retired from PricewaterhouseCoopers ("PwC") on 30 June 2015. Before his retirement, he served as the Chairman and Senior Partner of PwC Hong Kong, the Executive Chairman and Senior Partner of PwC China and Hong Kong, one of the five members of the Global Network Leadership Team of PwC and the PwC Asia Pacific Chairman. Mr. Yang served as a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority, up to 31 August 2021. Mr. Yang also served as a Board Member and the Audit Committee Chairman of The Hang Seng University of Hong Kong (formerly known as Hang Seng Management College), up to 30 September 2018 and the Deputy Chairman of the Council of Hong Kong Metropolitan University ("HKMU") (formerly known as The Open University of Hong Kong), up to 19 June 2019. Mr. Yang graduated from the London School of Economics and Political Science in 1978 and was awarded the degree of Honorary Doctor of Social Sciences by HKMU in 2019. Mr. Yang is a Fellow Member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants.

SENIOR MANAGEMENT

All the executive directors of the Company are respectively responsible for the various aspects of the business and operations of the Group. These executive directors are regarded as the members of the senior management team of the Group.

Financial Highlights

	FY2024 HK$'000	FY2023 HK$'000	FY2022 HK$'000	FY2021 HK$'000	FY2020 HK$'000
Revenue and other income	**18,798,633**	17,788,864	21,787,920	16,945,965	12,558,093
Gross profit margin	**39.4%**	38.5%	36.7%	36.1%	36.4%
Selling and administrative expense/revenue	**23.2%**	25.1%	24.4%	23.7%	21.6%
Profit attributable to the equity owners of the Company	**2,302,366**	1,914,914	2,247,491	1,924,513	1,638,069
Net profit margin	**12.5%**	11.0%	10.5%	11.7%	13.5%
Basic earnings per share (HK cents)	**59.09**	48.80	56.90	50.26	42.89
Diluted earnings per share (HK cents)	**59.08**	48.77	56.77	50.10	42.87
Interim dividend (HK cents)	**15.0**	15.0	13.0	10.0	7.0
Proposed final dividend (HK cents)	**15.0**	10.0	17.0	16.0	12.0
Dividend payout ratio	**50.7%**	51.2%	52.6%	52.7%	44.3%
Inventory turnover days	**49.1**	70.9	63.1	61.4	69.6
Account receivables' turnover days	**33.2**	40.4	33.3	32.1	37.9
Account payables' turnover days	**27.2**	36.0	28.5	33.7	38.5
Total assets	**19,807,520**	19,640,488	20,521,244	17,438,861	13,213,802
Total liabilities	**6,731,851**	7,112,718	7,773,071	6,033,802	5,981,106
Total equity	**13,075,669**	12,527,770	12,748,173	11,405,059	7,232,696
Cash and bank balances	**3,273,830**	3,738,234	2,831,559	3,296,093	2,020,245
Return on equity[1]	**19.1%**	16.6%	19.2%	17.9%	24.4%
Return on assets[2]	**11.6%**	9.7%	11.0%	11.0%	12.4%

Notes:

1. Return on equity = Profit attributable to equity owners of the Company/equity attributable to equity owners of the Company at the end of the year.

2. Return on assets = Profit attributable to equity owners of the Company/total assets at the end of the year.

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Man Wah Holdings Limited ("Man Wah" or the "Company"), I am pleased to present the audited annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2024 ("FY2024", the "Review Period" or the "Reporting Period").

Over the past three years, the operation environment of the domestic sales and export markets underwent significant changes, and the substantial adjustment to the real estate sector in the PRC has almost come to an end. The North America market experienced changes in extreme values which shifted from high order level in 2021 to high inventory and low order level following the outbreak of high inflation in 2022. In view that the soft furniture industry gradually established a new industry pattern dominated with inventory consumption, we adjusted our sales strategy to embrace and usher in consumption upgrade among consumers.

The Group recorded a revenue of HK$18.41 billion for the current financial year, representing a year-on-year increase of 6.1%, and net profit attributable to the parent was HK$2.3 billion, representing a year-on-year increase of 20.2%. Benefiting from effective management over internal costs and the advantage of lower raw material prices, we achieved increase in both the gross profit margin and net profit margin, with the gross profit margin up by 0.9 percentage point to 39.4% and net profit margin up by 1.5 percentage points to 12.5%.

As the economy constantly advances forward despite of certain fluctuations, for enterprises always focusing on introspection and organic growth, time and challenges will ultimately translate into competitive strength for better performance and continuing dynamism to sustain enterprise vitality.

In FY2024, the domestic sales market is gradually transitioning into the phase prevailed with inventory consumption, which is expected to bring a number of new challenges in the future. We will keep abreast of the consumption trend of smart home products, step up efforts in the research, development, design and upgrading as well as brand promotion of recliners, mattresses and other products, and launch the Trade-in Program, National Upgrade and other promotional activities, with an aim to facilitate consumer conversion for functional home products. We recorded a revenue of HK$11.98 billion from the principal business in the PRC for the current financial year, representing a year-on-year increase of 8.1%, and a year-on-year increase of 12.8% in RMB terms. Meanwhile, by implementing a scientific approach for store series layout and empowering distributors to realize same-store management enhancement, we provided rebate incentives of nearly HK$100 million to the distributors for the current financial year, and at the same time expanded our business landscape with an addition of 765 new stores.

For the export business, as the destocking cycle in the U.S. market came to an end, we proactively explored new channels and new customers, reshaped talent cultivation mode for our sales team, and stepped up efforts in research, development and upgrading of new products for exports. Rapid recovery and growth in demands and orders in the past half year helped to compensate for the decrease in sales in the first half of the financial year. We recorded a revenue of HK$4.28 billion from the North America market for the whole financial year, representing a year-on-year increase of 2.3%, while the revenue from the European and other overseas markets amounted to HK$1.20 billion, representing a year-on-year increase of 2.9%.

The soft furniture market represents a mega sector with a capacity ranging between the real estate sector and the automotive sector, which is still in a development phase of low penetration rate in the market and high growth potential. In view that functional furniture have become increasingly favoured by consumers, and despite of the new challenges confronted in the new era following efforts to cut reliance on the real estate sector, we will proactively seize the consumption trend of smart home products to strengthen the position of "CHEERS" as the first choice among consumers. We will remain committed to providing consumers with cost-effective and high-quality smart home products, with an aim to constantly increase the Company's market shares in the industry.

We continued to stick to the dividend strategy with about 50% pay-out rate for the current financial year and declared a final dividend of HK15 cents per share. We have also repurchased the Company's ordinary shares at a total price of approximately HK$230 million during the current financial year.

On behalf of the Board, I would like to express my gratitude to all of our shareholders, partners, consumers and employees for their support to the Group in the past year. As always, we will endeavour to contribute more to our shareholders and society.

Wong Man Li
Chairman
Man Wah Holdings Limited

Management Discussion and Analysis

MARKET AND BUSINESS REVIEW

This financial year marked the adjustment year before the global economy settling into a new stable pattern after the volatile performance during the COVID-19 pandemic (the "Pandemic"). The PRC market experienced overall growth slowdown with notable consumption downgrade, and orders from overseas markets showed a trend of decrease before increase. During the Review Period, we proactively explored the overseas markets, adjusted our domestic marketing strategy in the new era, and effectively strengthened internal management to achieve better control over costs and expenses. We recorded a revenue of HK$18,411,197,000 for the Reporting Period, representing an increase of 6.1% as compared to the previous financial year ended 31 March 2023 ("FY2023" or "Last Corresponding Period"). The profit attributable to owners of the Company was HK$2,302,366,000, representing an increase of 20.2% year-on-year. The branded sales business in the PRC accounted for over 65% of the Group's revenue during the Review Period, and the profit attributable to owners of the Company increased by approximately 25.5% in RMB terms.

1 PRC Market

In the first year following the end of the Pandemic, although the PRC economy experienced growth slowdown and notable consumption downgrade, smart home products have become increasingly popular among the broad consumers. The penetration rate of recliner in the PRC market increased rapidly from 7.2% in the calendar year 2022 to 9.7% in the calendar year 2023, and was forecasted to exceed 13% within five calendar years according to Euromonitor International. With the main revenue stream of the soft furniture industry gradually shifting from real estate sector to a new pattern with the existing market as core growth driver and the core competitive strength gradually shifting from focus on marketing channels to competition of products and brands, the Group has been focusing on product research and development, with the strategy of synchronic emphasis on brand building and channel expansion starting to show positive advantages. In a market environment with sluggish sales and relatively weak demand following the implementation of real estate regulation policies, the Company recorded revenue from principal operations (excluding revenue of other business) of HK$11,986,885,000 in the PRC market, representing an increase of 8.1% from HK$11,092,715,000 for last year, and an increase of 12.8% in RMB terms.

The Group enjoys a strong first-mover advantage in both traditional e-commerce platforms such as Tmall and JD and livestreaming e-commerce. Leveraging on the user base of a million fans and brand recognition that we built up over the past ten years, we translated such strength into customer traffic to our offline stores. On the online sales front, we continued to enhance brand influence and sales growth through short video promotions, self-owned store livestreaming, and in-depth cooperation with top streamers. In the offline sales channels of the China market, we focused on scientific management of same-store growth in stores this year, making store management more refined and healthy. Based on our nationwide city store layout and the current economic and consumer market situation in FY2024, we focused on expanding stores in lower-tier markets and adding value-for-money series in first and second-tier cities. As at 31 March 2024, the Group had a total of 7,236 brand specialty stores in China (excluding Style (格調) and Suning stores). During the Review Period, the Group achieved a net increase of 765 specialty store outlets.

2 Overseas Markets

During the Review Period, we witnessed relatively notable recovery in demand and orders from overseas markets. We proactively took part in exhibitions and trade fairs to explore new channels and new customers, reshaped talent cultivation mode for our sales team, and stepped up efforts in research, development and upgrading of new products for exports. The Group recorded rapid double-digit growth in overseas revenue since the second half of FY2024, compensating for the decrease in orders in the first half of FY2024.

During the Review Period, the Group's revenue from the North America market amounted to HK$4,284,307,000, representing a year-on-year increase of 2.3% from HK$4,188,848,000 for the Last Corresponding Period.

During the Review Period, the Group's revenue from the Europe and other overseas markets (excluding Home Group) amounted to HK$1,195,089,000, representing a year-on-year increase of 2.9% from HK$1,161,066,000 for the Last Corresponding Period.

During the Review Period, the revenue of Home Group increased by approximately 10.0% year-on-year to HK$674,136,000. The Group's production facilities in Ukraine have not been materially disrupted during the Review Period, but the management continues to monitor the situation in Ukraine following the outbreak of the war between Russia and Ukraine.

FINANCIAL REVIEW

Revenue, Other Income and Gross Profit Margin

	Revenue and other income (HK$'000)			**As a percentage of revenue and other income** (%)		**Gross profit margin** (%)	
	FY2024	FY2023	**Change** (%)	**FY2024**	FY2023	**FY2024**	FY2023
Sofas and ancillary products	**12,658,825**	12,298,602	2.9%	**67.3%**	69.1%	**39.6%**	38.5%
Bedding and ancillary products	**2,987,854**	2,726,781	9.6%	**15.9%**	15.3%	**43.8%**	44.5%
Other products	**1,819,602**	1,417,246	28.4%	**9.7%**	8.0%	**26.3%**	22.9%
Home Group business	**674,136**	612,574	10.0%	**3.6%**	3.4%	**29.2%**	23.5%
Other business	**270,780**	295,903	(8.5)%	**1.4%**	1.7%	**93.7%**	88.3%
Revenue	**18,411,197**	17,351,106	6.1%	**97.9%**	97.5%	**39.4%**	38.5%
Other income	**387,436**	437,758	(11.5)%	**2.1%**	2.5%	**–**	–
Revenue and other income	**18,798,633**	17,788,864	5.7%	**100.0%**	100.0%		

During FY2024, revenue and other income increased by approximately 5.7% to approximately HK$18,798,633,000 (Last Corresponding Period: approximately HK$17,788,864,000). The overall gross profit margin during the Review Period was approximately 39.4% (Last Corresponding Period: approximately 38.5%).

During the Review Period, excluding Home Group business, the Group sold approximately 1,902,000 sets of sofa products (FY2023: approximately 1,502,000 sets), representing an increase of approximately 26.6% (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

During the Review Period, revenue from sofas and ancillary products was approximately HK$12,658,825,000, representing an increase of approximately 2.9% as compared to approximately HK$12,298,602,000 in the Last Corresponding Period.

1.1 PRC Market

During the Review Period, revenue from the PRC market reached approximately HK$7,781,477,000, up by approximately 3.1% from approximately HK$7,546,520,000 in the Last Corresponding Period, which was mainly attributable to the greater impact of the Pandemic during the previous Last Corresponding Period.

1.2 North America Market

During the Review Period, revenue from the North America market was approximately HK$4,025,465,000, representing an increase of approximately 1.1% from approximately HK$3,981,267,000 in the Last Corresponding Period, which was mainly attributable to the destocking cycle in the North America market came to an end during the Review Period. Among the revenue from North America during the Review Period, revenue from the United States and Canada was approximately HK$3,689,007,000 and HK$320,421,000 respectively.

1.3 Europe and Other Overseas Markets

During the Review Period, revenue of sofa and supporting products from Europe and other overseas markets was approximately HK$851,883,000, representing an increase of approximately 10.5% from approximately HK$770,815,000 in the Last Corresponding Period, which was attributable to the increase in sales orders from certain major customers in Europe during the Review Period.

2 Bedding and Ancillary Products

During the Review Period, revenue from bedding and ancillary products was approximately HK$2,987,854,000, representing an increase of approximately 9.6% as compared to approximately HK$2,726,781,000 in the Last Corresponding Period, which was mainly attributable to the greater impact of the Pandemic during the Last Corresponding Period.

3 Sales of Other Products

During the Review Period, the Group's revenue from other products was approximately HK$1,819,602,000, representing an increase of approximately 28.4% from approximately HK$1,417,246,000 in the Last Corresponding Period, which was attributable to the increase in sales of the metal mechanism and smart furniture.

4 *Home Group Business*

During the Review Period, revenue from Home Group reached approximately HK$674,136,000, representing an increase of approximately 10.0% compared with approximately HK$612,574,000 in the Last Corresponding Period, which was attributable to the increase in sales orders as the market slowly recovered from the impact of the Ukraine war.

5 *Other Business*

During the Review Period, revenue from the real estate, hotel, and lease of furniture mall and other properties of the Group reached approximately HK$270,780,000, representing a decrease of approximately 8.5% compared with approximately HK$295,903,000 in the Last Corresponding Period, which was mainly attributable to the decrease in the real estate business.

6 *Other Income*

During the Review Period, other income of the Group was approximately HK$387,436,000, representing a decrease of approximately 11.5% as compared with approximately HK$437,758,000 in the Last Corresponding Period, which was mainly attributable to the decrease in income from government subsidies.

Cost of Goods Sold

Breakdown of Cost of Goods Sold

	FY2024 HK$'000	FY2023 HK$'000	**Change (%)**
Cost of raw materials	**8,487,117**	8,268,801	2.6%
Labour costs	**2,055,123**	1,779,759	15.5%
Manufacturing overhead	**620,930**	624,279	(0.5)%
Total	**11,163,170**	10,672,839	4.6%

Cost of raw materials is the component of cost of goods sold and the year-on-year increase percentage was smaller than that of revenue was mainly attributable to the decrease of unit cost, which is presented as follows:

Major raw materials	**Average unit cost year-on-year change** (%)
Leather	-10.1%
Steel products	-8.1%
Wood	-24.6%
Fabric	-6.0%
Chemicals	-2.8%
Packaging paper	-8.9%

Other Gains and Losses

During FY2024, other gains and losses of the Group amounted to net losses of approximately HK$304,195,000 (Last Corresponding Period: losses of approximately HK$241,416,000). The aforesaid losses in the Review Period were mainly attributable to the losses from changes in fair value of financial assets at FVPL.

Selling and Distribution Expenses

Selling and distribution expenses decreased by approximately 0.1% from approximately HK$3,317,923,000 in FY2023 to approximately HK$3,314,346,000 in FY2024. Selling and distribution expenses as a percentage of revenue decreased from approximately 19.1% in FY2023 to approximately 18.0% in FY2024. The decrease was mainly attributable to the following:

(a) Overseas transportation and port expenses decreased by approximately 25.8% from approximately HK$793,773,000 to approximately HK$588,713,000, as a percentage of revenue it decreased from approximately 4.6% last year to approximately 3.2% in FY2024, which was mainly attributable to the decrease in the relevant expenses as a result of the declining sea freight. Domestic transportation expenses increased by approximately 1.7% from approximately HK$468,368,000 to approximately HK$476,158,000. As a percentage of revenue it decreased from approximately 2.7% in FY2023 to approximately 2.6% in FY2024;

(b) Customs duties imposed on goods exported to the United States decreased by approximately 21.0% from approximately HK$91,042,000 to approximately HK$71,935,000. The duties as a percentage of revenue decreased from approximately 0.5% in FY2023 to approximately 0.4% in FY2024, which was mainly attributable to the gradual decrease in orders for exports from China to the U.S. and the fact that currently exports to the U.S. market base mainly came from the factories in Vietnam;

(c) Advertising, promotion, and brand building expenses increased by approximately 25.0% from approximately HK$463,774,000 to approximately HK$579,579,000, and their percentage in revenue increased from approximately 2.7% to approximately 3.1% mainly due to an increase in the relevant expenses as the Group increased efforts in promoting its products;

(d) Salaries, welfare, and commissions of sales staff increased by approximately 2.7% from approximately HK$784,873,000 to approximately HK$806,217,000, and their percentage in revenue decreased from approximately 4.5% in FY2023 to approximately 4.4% in FY2024, which was mainly attributable to the increase in the number of sales staff.

Administrative and Other Expenses

Administrative and other expenses decreased by approximately 8.7% from approximately HK$1,046,952,000 in FY2023 to approximately HK$956,000,000 in FY2024. As a percentage of revenue, administrative and other expenses were approximately 5.2% (FY2023: approximately 6.0%), which was mainly attributable to the management's efforts in cost control.

Income Tax Expense

Income tax expense decreased by approximately 5.7% from approximately HK$496,694,000 in FY2023 to approximately HK$468,473,000 in FY2024. The effective tax rate was approximately 16.4% in FY2024 (FY2023: 21.1%).

Profit Attributable to Owners of the Company and Net Profit Margin

As a result of the above, the profit attributable to owners of the Company increased by approximately 20.2% from approximately HK$1,914,914,000 in FY2023 to approximately HK$2,302,366,000 in FY2024. The net profit margin of owners of the Group increased from 11.0% in FY2023 to approximately 12.5% in FY2024.

Dividends

The Board has proposed a final dividend of HK15 cents per share for FY2024. During FY2024, the Board declared and paid an interim dividend of HK15 cents per share. The Directors may recommend a payment of dividends in the future after taking into account the operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements of the Group and other factors as they may deem relevant at such time. Total dividends declared for FY2024 accounted for approximately 50.7% of the profit attributable to owners of the Company.

Working Capital

As at 31 March 2024, the Group's cash and bank balances were approximately HK$3,273,830,000 (31 March 2023: approximately HK$3,738,234,000), of which approximately HK$2,841,160,000 was denominated in RMB, approximately HK$142,265,000 was denominated in Euro, approximately HK$250,247,000 was denominated in US$ and approximately HK$5,663,000 was denominated in HK$ (31 March 2023: approximately HK$3,540,054,000 were denominated in RMB, approximately HK$136,215,000 was denominated in Euro, approximately HK$42,982,000 were denominated in US$ and approximately HK$870,000 were denominated in HK$).

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 2024, the Group's short-term borrowings amounted to approximately HK$4,113,203,000 and long-term borrowings amounted to approximately HK$1,015,000. The Group's major bank borrowings are denominated in HK$, RMB and US$ and carry interest at fixed and variable rates. The fixed rates ranged from 0.64% to 3.50% (FY2023: 0.65% to 3.90%). The variable rates are subject to either (i) the higher of Hong Kong Interbank Offered Rate plus a spread, ranging from 5.60% to 5.94% (FY2023: 4.04% to 4.71%), 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 5.60% to 7.58% (FY2023: 2.35% to 5.37%). The weighted average effective interest rates of the above variable-rate and fixed-rate bank borrowings was 5.78% and 2.56% (FY2023: 4.40% and 2.74%), per annum.

The Group's primary source of working capital is cash flow from operating activities and bank deposits. As at 31 March 2024, the Group's current ratio was approximately 1.3 (31 March 2023: approximately 1.2). As at 31 March 2024 the Group's gearing ratio was approximately 34.0% (31 March 2023: approximately 36.1%), which is defined as total bank borrowings divided by total equity attributable to owners of the Group.

Treasury Management Policy

The treasury management policy of the Group is primarily to utilize surplus cash reserves to invest in low-risk products such as low-risk wealth management products, structured deposit or time deposit, etc. and to generate income without interfering with the Group's business operations or capital expenditures. With the aim of controlling risks to the Group, the Group generally invests in low-risk, short-term (normally with maturity periods not more than one year) and principal protected wealth management products, structured deposit or ordinary time deposit, etc..

Allowance for Inventories

For FY2024, the Group reversed an impairment allowance for inventories of approximately HK$5,577,000 (FY2023: provided for impairment of approximately HK$12,441,000).

Impairment Loss on Trade Receivables and Bills Receivable

For FY2024, the Group provided impairment loss on trade receivables and bills receivable of approximately HK$38,752,000 (FY2023: approximately HK$14,578,000).

Pledge of Assets

As at 31 March 2024, there was approximately HK$3,786,000 restricted bank balances (31 March 2023: HK$7,394,000). As at 31 March 2024, the Group did not have any pledged assets (31 March 2023: property, plant and equipment with a book value of approximately HK$871,000).

Capital Commitments and Contingent Liabilities

Save as disclosed in note 31 to the consolidated financial statements, the Group did not have any material capital commitments as at 31 March 2024.

As at 31 March 2024, the Group did not have any material contingent liabilities.

As at 31 March 2024, the Group had provision for legal claims and attorneys' fees of US$18,943,000 (equivalent to HK$148,246,000) (2023: US$10,766,000 (equivalent to HK$84,528,000)) classified as current liabilities related to litigations filed by a former supplier against the Group. No payment has been made and the recognised provision reflects the management's best estimate based on a court judgement dated 11 May 2023, against which the Group will lodge an appeal, and after consultation with the legal counsel on the possible outcome and liability of the Group.

Subsequent to 31 March 2024, the disputes between the parties have been resolved and no additional provision was required.

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 US$. In addition, the Group's sales in Mainland China and Hong Kong markets are settled in RMB and HK$ respectively. Except for the business of Home Group, the Group's costs are mainly settled in US$, RMB and HK$. 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

During the Review Period, the Group disposed all of its 45% of the equity interest in a joint venture company at the consideration of approximately HK$50,677,000. The carrying amount of the 45% equity interest in the joint venture company was approximately HK$50,677,000 at the disposal date and no gain or loss was recorded in the consolidated statement of comprehensive income.

Save as disclosed above, the Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates or joint ventures during the Review Period. 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 2024, the Group had 29,837 employees (31 March 2023: 25,832 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 FY2024, the total staff costs for the Group amounted to approximately HK$3,193,022,000 (FY2023: approximately HK$2,934,144,000), of which approximately HK$17,406,000 (FY2023: approximately HK$15,799,000) 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 which enables the Group to reward employees and incentivise them to perform better.

FUTURE PLANS AND OUTLOOK

As the globally largest smart furniture enterprise, the Group has become the first company in the world to create recliner sofa products featured with "close alignment with the wall and zero gravity feeling". We continue to create comfortable and trendy smart furniture products by carrying out second technical iteration in terms of "close alignment with the wall" in 2024. At the same time, we continue to step up efforts in research and development of new products and technical innovation of core components, and the Company owns 1,433 core patents, of which 406 patents are newly registered in FY2024. As the old saying goes "it takes ten years to grow trees, but a hundred to cultivate people", it takes us thirty years to build up a well-known national brand. We will continue to strengthen the influence and reputation of CHEERS, First Class CHEERS and other brands among consumers in China, so as to gain greater brand recognition for their function, quality and price, making CHEERS and First Class CHEERS the first choice for consumers when replacing furniture. According to survey result by Euromonitor International, the Group ranked first globally in terms of recline sofa sales volume for six consecutive years.

By shifting from focus on exports to global expansion, the Group is able to benefit from the growth of the two largest economies, i.e. China and the USA. The North America market remains the main consumption markets for recliners, with rapid recovery in market demand after easing of high inventory pressure. The Group proactively enhances efforts to expand market channels and seizes opportunities emerging in the China-to-Global wave by leveraging its advantages in large-scale production capacity, quality and cost, with an aim to further expand its export market shares.

With the PRC economy shifting from large-scale development to high-quality development stage, the consumption of the furniture industry gradually transits from growth driven by expansion of the real estate market in the past to focus on replacement of existing products. In our persistent pursuit for quality lifestyle, the percentage of large-sum expenditures on purchasing properties decreases while spending power of the consumers on home products to create greater sense of happiness is enhanced. When replacing furniture, the consumers will place greater emphasis on the combination of brand, quality and price, thus functional furniture becomes increasingly favoured by consumers due to the intelligent and convenient user experience. Currently, China's recliner sofa and smart furniture industry is still in a development stage of low penetration rate and high growth potential. As the globally largest smart furniture enterprise in terms of business scale, the Group will leverage on its advantages in product quality, brand recognition and marketing channels that it gained over the past years to achieve continuous market share growth in the future in terms of the large-scale inventory market in China.

Environmental, Social and Governance Report

ABOUT THE REPORT

Report Description

Man Wah Holdings Limited ("Man Wah" or "the Company"), together with its subsidiaries (referred to as "the Group" or "we"), is pleased to present the Environmental, Social, and Governance Report ("ESG Report" or "this Report") for the year ended 31 March 2024. Man Wah adheres to the value concept of fulfilling social responsibility and achieving sustainability. In accordance with the principles of objectivity, standardization, and transparency, we systematically disclose our responsibility concepts, practices, and achievements in areas such as economy, environment, and society, etc in this Report.

Standard Statements

This report has been prepared with reference to the *Environmental, Social and Governance Reporting Guide* in Appendix C2 of the Listing Rules of the Hong Kong Exchanges and Clearing Limited (the "Exchange"). We follow the following principles.

Materiality	The Group focuses on topics that are material to stakeholders and have a significant impact on its business, environment and society. Key stakeholders of the Group include employees, directors, suppliers, customers, shareholders, investors, governments and communities where the business is operated. By engaging stakeholders in the survey, we discovered material topics and evaluated the materiality of key topics.
Quantitative	The Group ensures that key performance indicators ("KPIs") are measurable and accompanied by statements describing their purposes, impacts and calculation methods.
Balance	This report seeks to report the performance indicators of the Group in an impartial manner and avoid presenting them in a way that may have an undue impact on the decisions or judgments of the readers of this report.
Consistency	The Group adopts consistent methods to collect and calculate data and provides historical data where appropriate, to make meaningful comparison between them in the future. To show stakeholders the whole picture of the environmental, social and governance performance of the Group, this report discloses the environmental and social KPIs in accordance with the "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide. The methodology or KPIs used to prepare this report remain unchanged from last year.

The Board's ESG Statement

The Board of Directors of the Group commits that this report contains no false or misleading information, and takes responsibility for the truthfulness, accuracy, and completeness of its contents.

Key Contents

– ESG Governance: Disclosure of the Board's oversight of environmental, social, and governance matters.

– ESG Management Policies and Strategies: Disclosure of the Board's environmental, social, and governance management policies and strategies, including the process for assessing, prioritizing, and managing significant environmental, social, and governance matters (including risks to the issuer's business).

– ESG Progress Review: How the Board reviews progress towards environmental, social, and governance-related objectives.

1. STRENGTHEN COMPLIANCE GOVERNANCE

As a responsible enterprise, the Group strictly adheres to relevant domestic and international laws and regulations, integrates ESG principles into the Group's strategy and operations, and establishes a comprehensive ESG governance framework and operational mechanism. We comprehensively implement risk control measures, continuously strengthen compliance operations and integrity management, and promote the high-quality and sustainable development of the Group.

1.1. ESG Governance

The comprehensive ESG governance not only facilitates the oversight of ESG matters within the enterprise but also establishes a top-down mechanism for ESG advancement. The Group has established an ESG management system composed of a decision-making layer led by the Board, a management layer consisting of the ESG Management Committee, and an execution layer composed of the ESG execution team. This system continuously enhances and strengthens the strategic, standardized, and institutionalized management of the Group's sustainability efforts, effectively promoting the participation of various departments and companies in ESG initiatives.

ESG Governance Framework

Tier	Responsibilities
First Tier **Board of Directors**	Responsible for formulating the Group's overall development strategy and maintaining effective oversight of management; responsible for reviewing and approving the annual ESG report.
Second Tier **ESG Management Committee**	Establish ESG management policies, goals, strategies, and frameworks; identify ESG development trends and assess ESG risks and opportunities facing the Group; supervise and guide the work of the ESG execution team.
Third Tier **ESG Execution Team**	Develop relevant policies and implementation plans that align with the Group's strategy and ESG objectives; compile the Group's annual ESG report, report ESG-related data, and implement specific ESG management tasks.

1.1.1. *Analysis of Material Issues*

The Group values the opinions and expectations of all stakeholders. We have established a comprehensive process for identifying and analysing substantive ESG issues. During each reporting period, we review the substantive issues from the previous reporting period to consider any changes in their impact.

Issue Identification

Based on our business model and sustainability background, the Group relies on Appendix C2 of the Listing Rules *Environmental, Social and Governance Reporting Guide*. We also consider national policy guidance, regulatory disclosure requirements, stakeholder concerns, benchmarking against leading companies in the industry, and engage external sustainability experts for consultation. Through this process, we identify 19 substantive issues related to environmental, social, and governance aspects.

Screening Assessment

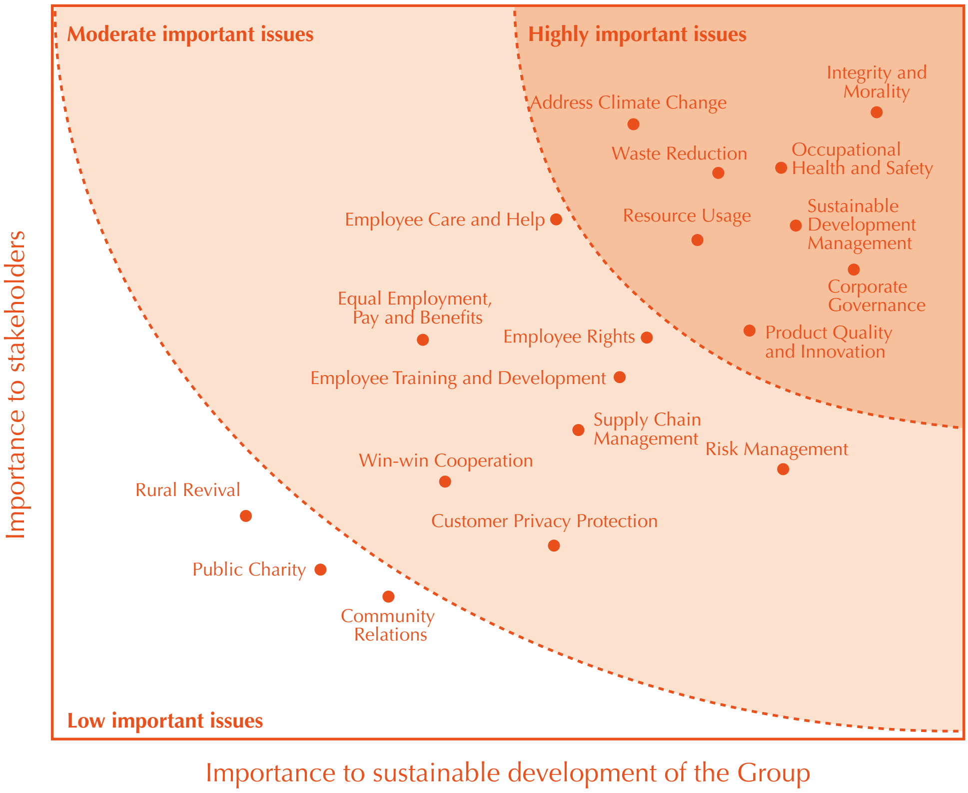
The Group prioritizes the importance of material issues through quantitative and qualitative analysis, utilizing internal research, expert consultations, and other methods. We rank the material issues based on two dimensions: “Importance to the Group’s Sustainability” and “Importance to Stakeholders,” assessing the significance of each issue accordingly.

Audit Confirmation

Through both internal and external channels, including management and external experts, we review and analyse the results to ensure that the current issues are highly relevant to the Group’s own business operations and the development of the industry in which it operates.

Response of the Issue

The Group's management is responsible for the final review of material issues and their prioritization, ensuring the identified substantive issues are feasible and effective. Based on the analysis of material issues, we thoroughly elaborate on them in this report and formulate and implement action plans. These plans are given significant consideration when developing internal development strategies and management policies.



1.1.2. *Stakeholder Communication*

The Group attaches great importance to the diverse demands of stakeholders such as governments and regulatory agencies, shareholders and investors, customers, employees, suppliers and partners, media and non-governmental organizations, communities, and the public. We establish various communication channels tailored to the characteristics of each stakeholder, listen to their relevant opinions on the Group's sustainable development, promptly disclose sustainable development dynamics to all parties, and ensure accurate identification, comprehensive understanding, and precise response to stakeholders' demands.

Stakeholder Communication Channels

Stakeholders	Expectations and Concerns	Communication and Response
Government and Regulators	Compliance operation Pay taxes according to the law	Institutional inspection Work reporting Policy implementation Site inspection
Environment	Response to the climate change Strengthen energy conservation and emission reduction	Implement environmental policies Environmental information disclosure
Clients	Guarantee product quality Provide high-quality service Customer privacy protection Protection of intellectual property rights (IPR)	Regular visits Technical seminar Customer service hotline
Suppliers and Partners	Responsible sourcing Fair and transparent Honesty Win-win cooperation	Bidding meeting Supplier training Industry forum
Employee	Protection of legitimate rights and interests Promote employee growth and development Care for the lives of employees	Trade unions and workers' congresses Complaints and feedback Staff training and development Assistance to difficult employees
Community	Promote rural revitalization Practicing public welfare and charity	Volunteer service Charitable activities Communication interview
Shareholders and Investors	Risk management Compliance operation Stable returns	Shareholders meeting Performance briefing Investor conference Information disclosure of listed companies Telephone and email communication

1.2. Business Ethics

The Group firmly abides by the legal boundaries, upholding the concept of "clean and honest work, zero tolerance for corruption", and continuously improving anti-corruption and integrity management mechanisms. We adhere to the rule of law in enterprise governance, comprehensively strengthen employees' professional ethics education, establish a solid defence line for clean and honest work, maintain fair competition, advocate for integrity in business operations, and practice business ethics.

1.2.1. Risk Management

The Group has established a risk management system with the Board of Directors and the Audit Committee as the highest decision-making bodies, continuously enhancing the Group's risk management capabilities and defences. We prevent and control potential risks in the operating environment and ensure the stable operation of the enterprise by establishing the organizational functional system for risk management, formulating risk management strategies, conducting regular assessments of significant risks, identifying significant risks, and assigning responsibilities.

The Group has established various systems such as the *Internal Audit System*, *Audit File Management System*, and *Training Management System of Audit Department* to continuously improve the quality of internal audit work. A dedicated internal audit department is set up within the Group, directly under the leadership of the chairman, to comprehensively oversee the internal audit work of the Group. It conducts audits of the Group's development strategies, business management, internal controls, and risk management in strict accordance with audit procedures to ensure the smooth progress of audit work.

We organize internal audit training for audit personnel no less than four times per year. The training content is professional, accurate, and authoritative. We also assess the trainees to ensure that the training is practical and effective, effectively enhancing the professional competence of audit personnel.

1.2.2. Anti-corruption

The Group attaches great importance to anti-corruption, anti-bribery, and anti-fraud efforts. In the current fiscal year, we have completed the qualification review and membership procedures of the "Corporate Anti-Fraud Alliance" and become a member. We conduct thorough investigations into clues arising from daily work investigations, work arrangements, instructions, and reports, and refer cases involving criminal amounts to the judicial authorities for prosecution. For cases involving amounts below the threshold for criminal prosecution, we utilize the systems of various departments within the Group to impose disciplinary measures commensurate with the degree of harm to the Group's interests. During the reporting period, the Group effectively handled two cases of bribery involving non-governmental personnel and one case of distributor fraud, in which the parties concerned had been subject to criminal compulsory measures.

We require suppliers to sign integrity commitment clauses, which stipulate that partners must comply with relevant laws and regulations on anti-corruption and anti-bribery, and commit to refraining from engaging in any form of commercial bribery. During the reporting period, the signing rate of integrity clauses by suppliers was 100%.

FY2024

Number of employees participating in anti-corruption training
1,197

Total duration of employee participation in anti-corruption training
6.5 hours

Number of executive-level employees participating in anti-corruption education
311

Total duration of executive-level employee participation in anti-corruption education
6.5 hours

Case Study: Man Wah conducts integrity and self-discipline theme education and promotes anti-fraud training with the slogan "Respect Rules, Conduct with Integrity"

On 21 September 2023 and 8 January 2024, Man Wah organized integrity and self-discipline theme education as well as anti-fraud training promotion activities under the slogan "Respect Rules, Conduct with Integrity". The content of these two activities mainly covered the value of anti-fraud in corporate governance, the importance of integrity in professional conduct, sharing of cases involving occupational crimes, and anti-fraud risk management. We continuously promote a culture of integrity and self-discipline within the company through practical actions, deepen internal anti-fraud governance efforts, and enhance employees' understanding of anti-fraud regulations and professional ethical norms.

Integrity and Self-discipline Theme Education Activities

"Respect Rules, Conduct with Integrity" Anti-fraud Training and Promotion Activities

1.2.3. Whistleblowing Management

The Group has established a comprehensive and transparent reporting process, clearly defining the scope of acceptance and processing procedures. We encourage informants to report illegal or disciplinary behaviours through various means such as telephone, email, WeChat, text messages, or personal visits, ensuring that reported cases and incidents are handled accurately, promptly, and impartially. We implement a "whistleblower protection system", strictly maintaining the confidentiality of informants' information, with non-case-handling personnel having no access to this information. In cases where leakage of information by case-handling personnel leads to the failure of a case or retaliation against the informant, upon verification, the involved personnel will be immediately dismissed.

2. PROMOTE GREEN DEVELOPMENT

The Group incorporates green and environmental protection concepts into its business operations, strictly adhering to domestic and international environmental protection laws and regulations, continuously improving resource utilization efficiency, and rigorously controlling waste emissions. We are concerned about climate change and its impacts, actively responding to the "dual carbon goals", advocating for a green, low-carbon, and environmentally friendly lifestyle, and striving to achieve an organic integration of economic benefits and environmental responsibilities.

2.1. Address Climate Change

Climate change is a global challenge of the 21st century. The Group actively implements the "National Climate Change Adaptation Strategy 2035" and conducts climate change risk identification work in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We actively take carbon reduction actions such as energy conservation and emission reduction to mitigate and adapt to global climate change, thereby improving climate risk prevention strategies.

Risk Type	Examples of Risks	Opportunities
Transition Risk	**Policy and Legal** – Pricing greenhouse gas emissions – Litigation risks – Thresholds for operating permits **Technology and Innovation** – Substituting existing products and services with low-emission solutions – Upfront costs of transitioning to low-emission technologies **Market** – Changes in customer behaviour – Uncertainty in market signals **Reputation** – Damage to brand image – Stakeholder concerns – Shifting consumer preferences	**Resource Efficiency** – Reduce water and electricity consumption – Use recyclable materials **Energy Sources** – Use low-emission energy sources – Adopt environmentally friendly new technologies – Utilize environmentally friendly and energy-saving equipment
Physical Risk	**Acute Risks** – Risks associated with increasingly severe climate events **Chronic Risks** – Risks associated with long-term weather pattern changes	**Resilience** – Develop emergency plans – Regular maintenance of equipment and facilities – Timely dissemination of weather change information

2.1.1. *Climate Risk Management*

To address risks and seize opportunities, the Group formulates appropriate response strategies for identified climate risks, taking a series of measures such as extreme weather warnings, emergency plan drills, the use of clean energy, and the development of clean production to mitigate, transfer, or control risks.

Clean Energy

We use renewable energy and employ a "self-consumption with surplus electricity grid connection" model, installing rooftop solar photovoltaic power generation systems in our factories. During the reporting period, the Group generated 17.40 million kilowatt-hours of electricity through photovoltaic power generation. The total energy saved and greenhouse gas emissions reduced (compared to thermal power generation) amounted to 5,246.10 tons of standard coal and 11,423.53 tons of carbon dioxide equivalent, respectively[1].

Rooftop Solar Photovoltaic Panels on Factory Buildings

[1] According to the data from the National Energy Administration, the standard coal consumption for power generation in China's power plants with a capacity of 6,000 kilowatts or above was 301.5 grams/kilowatt-hour in 2022; the baseline emission factor for Guangdong Province's power grid is set at 0.656525 tons of CO_2 per megawatt-hour.

Clean Production

Clean production is an important means to achieve coordinated reduction of pollution and carbon emissions, and to accelerate the formation of green production methods, promoting comprehensive green transformation of economic and social development. The Group takes a series of clean production measures, such as eliminating and upgrading old equipment, using LED energy-saving lamps for factory lighting, and increasing the proportion of non-fossil energy utilization, to promote pollution reduction, carbon reduction, energy conservation, and efficiency improvement. Currently, we hold the Guangdong-Hong Kong Cleaner Production Partner (Manufacturing) Certificate and China Environmental Labelling Product Certification, demonstrating the recognition from various sectors of society for our green environmental actions.

Guangdong-Hong Kong Cleaner Production Partner (Manufacturing) Certificate

China Environmental Labelling Product Certification

2.1.2. *Greenhouse Gas Emissions*

The Group's greenhouse gas emissions primarily stem from the consumption of materials and energy sources such as electricity and diesel. Among them, the use of natural gas and diesel falls under Scope 1 greenhouse gas emissions, namely direct greenhouse gas emissions. Purchased electricity falls under Scope 2 greenhouse gas emissions, namely indirect greenhouse gas emissions. Greenhouse gas emissions data are reported in terms of carbon dioxide equivalents.

FY2024

Scope 1 Greenhouse Gas Emissions
17,720.94
Metric Tons of Carbon Dioxide Equivalent (CO_2e)

Scope 2 Greenhouse Gas Emissions
50,722.46
Metric Tons of Carbon Dioxide Equivalent (CO_2e)

Total Greenhouse Gas Emissions (Scope 1 + Scope 2)
68,443.40
Metric Tons of Carbon Dioxide Equivalent (CO_2e)

Greenhouse Gas Emission Intensity (Scope 1 + Scope 2)
2.29
Metric Tons of Carbon Dioxide Equivalent (CO_2e) per Person

Note: Diesel usage data is for the Group's own vehicles or equipment. The emission factor for electricity is taken from the average emission factor of the national grid in the 2022 *Guidelines for Greenhouse Gas Emission Accounting Methods and Reporting* published by the Ministry of Ecology and Environment. The emission coefficients for diesel is sourced from the *Environmental Key Performance Indicator Reporting Guidelines* published by the Hong Kong Stock Exchange.

2.2. Strengthen Environmental Management

The Group adheres to the concept of sustainable development, continuously improves its internal environmental management system, strictly controls environmental compliance risks, and adheres to the bottom line of ecological environment protection. We continuously enhance the Group's environmental governance and protection capabilities. During the reporting period, the Group did not experience any significant environmental pollution incidents.

Environmental Management System

The Group's environmental management system covers various business processes, and we have established the *Environmental Management System*. We regularly compile and publish *Environmental Information Disclosure Reports*. We obtain environmental impact assessment approvals, pollution discharge permits, and pass completion inspections in accordance with the law, strictly implementing the "three simultaneities" requirement for construction projects (simultaneous design, construction, and commissioning of environmental protection facilities and main projects). We have established a three-tier environmental management system architecture and have obtained ISO 14001 environmental management system certification. By integrating environmental management with production management systems, we ensure that safety, economic, and environmental objectives are achieved simultaneously.

Environmental Management Organizational

Company General Manager

Environmental Management Overall Responsible Person

Safety and Environmental Protection Department

Environmental Management Functional Department, specifically responsible for the operation of the company's sewage system and environmental work

Factory Manager

First Person in Charge of Environmental Protection

On-site Management Personnel of the Factory Department

Responsible for the environmental work of the unit

Team Leaders of Various Operations

Responsible for environmental protection within this team

Operators

Implement specific environmental protection work

Chongqing Manwah Furniture Manufacturing Co., Ltd ISO 14001 Management System Certification

Man Wah Furniture Manufacturing (Huizhou) Co., Ltd ISO 14001 Management System Certification

Environmental Risk Management

The Group has formulated and filed the *Emergency Plan for Sudden Environmental Incidents*, identifying environmental risk factors and conducting assessments. We regularly conduct environmental emergency training, monitor the production status of factories, compile various environmental issues, promptly rectify and make corrections as necessary, and supervise and inspect the results of rectification. We also provide suggestions for possible technical upgrades.

Case: Man Wah conducts fire safety emergency evacuation drills and training in collaboration with Daya Wan Fire Rescue Brigade

In March 2024, Man Wah invited the Daya Wan Fire Brigade to conduct a joint fire evacuation drill at the Man Wah Furniture Factory. This drill covered various aspects including evacuation exercises, simulated firefighting water discharge, demonstration of firefighting extinguisher usage techniques, lectures on fire safety knowledge, training on firefighting equipment usage, and summary by the overall commander. Through this drill, employees gained a deeper understanding of basic fire safety knowledge, enhanced their sense of responsibility, improved their firefighting skills, and increased their ability to respond to fires, providing strong security guarantees for both employees and Man Wah.

Drill

2.3. Improve Resource Efficiency

The Group strictly complies with domestic and international laws and regulations related to resources and energy, and has established the *Hydropower Energy Conservation and Environmental Protection Management System*. We attach great importance to resource utilization and continuously optimize production management methods to improve resource utilization efficiency. We strive for less resource consumption and greater economic and social benefits, contributing to the construction of a resource-saving and environmentally friendly society.

2.3.1. Resource Management

The Group places great emphasis on water resource conservation in its corporate development. We strictly adhere to the water resource management system, analysing monthly production and electricity usage data to assess and control overall usage trends. In both production and daily life, we implement a series of water conservation measures, standardizing water usage, promoting rational development, utilization, and recycling, and protecting water resources. During the production and operation processes, all water used by the Group comes from municipal tap water, and no significant risks of water resource shortages have been identified in seeking applicable water sources.

FY2024

Total Water Consumption	Per Capita Water Intensity
1,137,295.90 Tons	**38.12** Tons per Person

Water-saving Measures

- Eliminate all dripping and leakage in production and daily life
- Strengthen daily maintenance and management of water equipment
- Promptly identify and address water wastage issues
- Enhance the recycling of water resources

The Group's packaging materials mainly include paper boxes, plastic bags, and foam scraps. We use packaging materials reasonably and effectively, improve product technology, and upgrade and transform the wood-plastic bed side panels, replacing the materials from secondary processed wood to recyclable materials. This not only reduces cutting costs and assembly difficulties but also lowers the impact on the natural environment. During FY2024, the Group used approximately 33,161.39 tons of various types of packaging materials.

Measures to Reduce Packaging Materials

- Research and design using environmentally friendly materials
- Promote lightweight packaging materials
- Promote the green recycling and reuse of packaging materials and advocate for the circular use of packaging materials

2.3.2. *Energy Management*

To regulate energy usage, the Group has established a comprehensive energy management process. We have implemented an energy reward and penalty system, appointed dedicated energy consumption administrators, conducted round-the-clock special inspections, and immediately notified on-site handling, review, and correction upon discovering any issues. We also generate inspection records to improve energy utilization efficiency, control production costs, and sustainably manage energy.

FY2024

Natural Gas	Diesel	Purchased Electricity
2,508,968.28	**5,437,387.12**	**88,939,965.24**
Cubic Meters	Litres	Kilowatt-hours

During FY2024, we strictly implemented energy-saving measures, controlled energy consumption indicators through the implementation of various measures, and integrated energy-saving elements into daily production and operations. The energy-saving measures we adopted include:

Energy-saving measures	Specific examples (partial)
Selecting energy-efficient equipment	– Replacing ordinary outdoor lighting fixtures in the factory area with solar-powered fixtures
Phasing out outdated production capacity equipment and production processes	– Retrofitting workshop exhaust treatment facilities to "water spray + high-efficiency filtration + secondary serial activated carbon" to improve the efficiency of exhaust treatment facilities and reduce the emission of organic waste gases
Enhancing energy-saving technological transformations	– Installing time controllers on the fluorescent tubes in the mold foam workshop to automatically turn them on and off according to the set time
Strengthening the promotion of energy-saving awareness	– Participating in energy-saving promotion conferences organized by the Huizhou Economic and Information Bureau and the Daya Wan Energy Conservation Supervision Centre – Participating in energy metering administrator training sessions organized irregularly by the Huizhou Measurement Association – Promoting energy-saving concepts through channels such as signage, energy-saving meetings, internal communication networks within the Group, bulletin boards, and banners

2.4. Strict Emission Management

The Group strictly adheres to the control of pollutant emissions during the production process, complies with domestic and international laws and regulations related to waste emissions, and has established internal systems such as *General Solid Waste Management*, *Pollution Control Standards for Storage and Disposal of General Industrial Solid Waste*, and *Hazardous Waste Management Procedures*. We conduct regular environmental monitoring, promote standardized management of pollutant control, and implement corresponding environmental protection measures to strictly control the impact of emissions on the environment. During the reporting period, we did not experience any ecological and environmental violations.

2.4.1. *Sewage Management*

During the operational period, the wastewater generated by the Group includes domestic sewage and production wastewater. Domestic sewage undergoes pre-treatment in three stages of septic tanks, and cafeteria wastewater undergoes pre-treatment in grease and sediment traps before being discharged into the municipal sewage network. Production wastewater mainly includes spray wastewater, cooling water, and cleaning wastewater. The spray wastewater and cooling water are both recycled and not discharged externally. The cleaning wastewater is collected and then handed over to qualified units for treatment.

We continuously strengthen wastewater management, reduce wastewater discharge, and insist on proper treatment and reuse of wastewater and production wastewater. We strictly inspect measures such as monitoring the liquid level of rainwater wells, checking for overflow at the gates of rainwater main outlets, and enhancing the inspection and management of sewage well lift pumps to properly manage wastewater. This is done to prevent direct discharge or overflow of wastewater, which could lead to excessive discharge of pollutants at the main discharge outlet.

2.4.2. *Waste Gas Management*

The Group's waste gas mainly consists of organized and unorganized emissions. We strengthen the comprehensive management of waste gas from the source, through the process, to the discharge, ensuring that the pollutants in the waste gas meet emission standards. To ensure air quality in the workplace, we have installed devices such as bag pulse dust collectors, electric bag dust collectors, gas hoods, water spray treatment systems, and exhaust systems to effectively reduce gas concentrations, minimize emissions, and ensure the effective collection and treatment of waste gas.

FY2024

Nitrogen Oxides (NO_x) **0.60** Tons	Sulfur Oxides (SO_x) **0.26** Tons
Particulate Matter (PM) **5.89** Tons	Volatile Organic Compounds (VOCs) **2.84** Tons

2.4.3. *Waste Management*

The Group adheres to the principles of "reduction, recycling, harmless treatment" and comprehensive management throughout the process in the environmental management of solid waste. It strictly implements various management requirements and operational procedures for solid waste, including identification, planning, ledger management, declaration, licensing, and contingency planning. This ensures the strict classification and proper disposal of various types of waste generated in the production and operation process, thereby minimizing negative environmental impacts.

The main sources and management methods of solid waste

Types	Primary Types	Treatment Measures
Non-hazardous waste	Waste office paper, packaging paper, sponge scraps, construction debris, household garbage, etc.	Supervision and management throughout the entire process of classification, collection, storage, treatment, transportation, utilization, and disposal. Recyclable waste is handled by suppliers, scrap stations, and sanitation stations.
Hazardous waste	Waste oil, spent batteries, waste toner cartridges, waste fluorescent tubes, etc.	Collection, temporary storage, and transportation are managed throughout the entire process. Storage points strictly adhere to the "Pollution Control Standard for Hazardous Waste Storage" (GB18597-2001). When the quantity of hazardous waste at temporary storage points reaches a certain level, qualified commissioned units are contacted for disposal.

During the reporting period, we implemented a series of solid waste reduction initiatives such as green office practices and waste recycling, effectively reducing the generation of solid waste.

FY2024

Non-hazardous waste generation **18,819.74** Metric tons	Non-hazardous waste density **0.63** Metric tons per person
Hazardous waste generation **134.98** Metric tons	Hazardous waste density **0.005** Kilograms per person

2.4.4. *Noise Management*

The main sources of noise in our group are production equipment such as injection molding machines, cutting machines, unpacking machines, as well as auxiliary equipment like cooling towers and air compressors. The noise intensity from these sources can reach 72 to 90 dB(A). We address noise management by controlling the noise sources and blocking the pathways of noise propagation. This involves selecting high-quality, low-noise equipment that complies with national noise standards, using sound-absorbing and isolating materials for noise reduction, implementing local noise reduction technologies, arranging equipment layout rationally, conducting regular maintenance of machinery, and controlling production time reasonably. These measures ensure that the noise level in the factory area meets the requirements of Class 3 standards specified in the *Environmental Noise Emission Standards for Industrial Enterprises* (GB12348-2008).

3. CREATE GOOD LIFE

The Group has established a corporate mission of "bringing healthy, comfortable, high-value, and stylish home furnishings to thousands of households", dedicated to providing consumers with high-quality products and services. We actively embrace change, improve production efficiency and product quality, grasp the direction of industry development, actively acquire valuable industry experience and advice, and work hand in hand with suppliers to continuously enhance our core competitiveness.

3.1. Excellent Quality and Service

The Group is customer-oriented, committed to sustainable innovation and development, and utilizes green, ecological, safe, and environmentally friendly raw materials and production processes. We introduce a variety of multifunctional products that meet diversified and personalized needs, aiming to create a quality life for more families. We strictly adhere to industry-related laws and regulations in our domestic and international business locations, establish a sound quality management system to continuously improve product and service quality, and safeguard customer rights.

3.1.1. *Create Innovative Products*

Innovation is the inexhaustible driving force propelling the Group forward and the solid foundation for its development and growth. The Group has established system documents such as "Trademark Application Process", "Design Patent Application Process", and "Utility and Invention Patent Application Process". In the Legal Affairs Department, a dedicated Intellectual Property Rights (IPR) manager position is established to oversee the Group's intellectual property work, ensuring comprehensive coverage of intellectual property management network from research and development to the market, and from products to projects.

FY2024

The Group currently holds **1,433** patents, with **406** new patents added in FY2024.

Among them, there are **7** invention patents, **93** utility model patents, and **1,333** design patents.

The Group is committed to building a research platform, emphasizing the application, protection, and safeguarding of intellectual property rights while strictly complying with domestic and international intellectual property laws and regulations. We maintain long-term cooperation with external professional intellectual property lawyers to protect trade secrets and copyrights. Additionally, we allocate substantial human and financial resources to combat infringements such as brand impersonation and counterfeit trademarks. During the reporting period, the Group did not encounter any significant or material incidents related to intellectual property compliance management.

Case: Second Technical Upgrade – 28910 Zero Wall Patent

In 2024, First Class Cabin launched the second iteration of the "Zero Wall" technology, successfully introducing the 28910 Zero Wall patent. This technology enables the sofa backrest to achieve a completely zero wall position with a single motor, making the operation simpler and more convenient for users. The sofa backrest can reach 910 mm, with a seating depth of 600 mm, ensuring that the backrest fits tightly against the user's waist when opening and closing, without any gap between the backrest and the seat cushion, thereby preventing the user's back clothing from being pulled. This solution addresses the issue of poor functional sofa experience due to space constraints in consumer households while ensuring the sofa's comfort.

A sofa equipped with the next-generation "Zero Wall" patent from the First Class Cabin

The Group adheres to continuous innovation, scientifically formulates research and development plans, strengthens R&D process management, and enhances the professional skills and teamwork of R&D personnel. To encourage employees to actively observe, think, and summarize in their work, stimulate their creativity, and transform their accumulated work experience into new practical applications, we conduct technical innovation award evaluations for employees and establish a reward mechanism. We regularly hold traditional meetings – Improvement and Innovation Review Meetings. The improvement and innovation proposals received in these meetings cover areas such as management improvement, process improvement, material improvement, and 6S improvement. Among them, nearly eighty percent of the improvement and innovation proposals have been proven to be effective through testing experiments.

Case: Man Wah holds march improvement and innovation review meeting

In March 2024, we convened our monthly Improvement and Innovation Review Meeting. Proposal presenters elucidated the purpose and methods of improvement in straightforward language, with department heads engaging in collective discussions. The General Manager of Production and Manufacturing offered evaluations on feasibility, innovation, effectiveness, and other aspects of each proposal.

Man Wah March Improvement and Innovation Review Meeting

3.1.2. Adhering to Quality and Safety

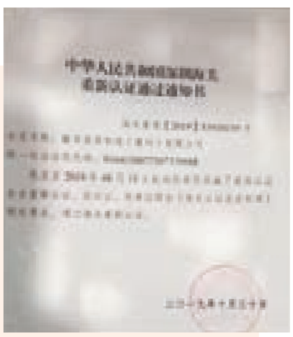
The Group has a strict set of execution standards and processes, tightly controlling every step from material selection, production, assembly, testing, to shipping, ensuring product quality and safety. We effectively manage customer quality complaints handling, system implementation, and continuously improve to meet all quality indicators and requirements, ensuring product quality. We implement full-process tracking management for pre-sale, in-sale, and after-sale, meeting customer needs. Currently, we have obtained three management system certifications: ISO 9001 Quality Management System Certification, Shenzhen Quality Standard System Certification, and Customs Advanced Enterprise Certification (valid for 5 years).

Man Wah Furniture Manufacturing (Huizhou) & Home Furnishing (Huizhou) Co., Ltd ISO 9001 Quality Management System Certification


TÜV NORD
CERTIFICATE

Shenzhen Quality Standard System Certification

Customs Advanced Enterprise Certification



Chongqing Manwah Furniture Manufacturing Co., Ltd ISO 9001 Quality Management System Certification


intertek
CERTIFICATE OF REGISTRATION
Chongqing Manwah Furniture Manufacturing Co., Ltd.
ISO 9001:2015

Manwah Furniture (China) Co., Ltd. ISO 9001 Quality Management System Certification


intertek
CERTIFICATE OF REGISTRATION
Manwah Furniture(China) Co., Ltd.
ISO 9001:2015

Manwah Industrial (Wujiang) Co., Ltd. ISO 9001 Quality Management System Certification


intertek
CERTIFICATE OF REGISTRATION
Manwah Industrial (Wujiang) Co., Ltd.
ISO 9001:2015

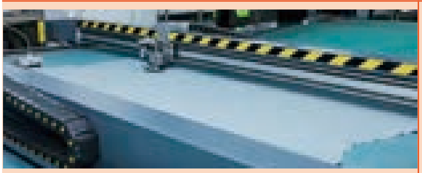
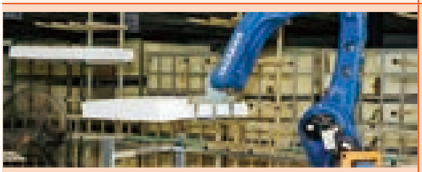
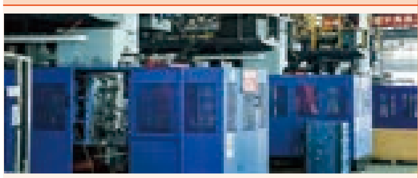
High-quality Raw Materials

The Group selects high-quality raw materials worldwide. All materials we use comply with quality and environmental standards required by European, American, Southeast Asian, and Chinese markets. We have also established a digital traceability system to ensure product quality and safety.

Primary Materials	Characteristics of Materials
 Leather	Selected from top-grade cowhide from Europe and America, the leather is soft and delicate in texture.
 Wood	All sourced from imports from South America, they are artificially cultivated, sustainably harvested, and undergo fumigation treatment. The wood remains free from insect damage, cracking, or deformation. The wood used is FSC and EPA TSCA Title VI certified, ensuring traceability.
 Foam	We independently developed foam formulas using high-quality materials from Fortune 500 companies like Dow Chemical and Shell. Adopting high-rebound, high-density foam conforming to ergonomics principles, as well as memory foam. Furthermore, to meet different market requirements, our foam complies with British fire safety standards and meets the flammability requirements of ASTM 117-2013 for household products.

Smart Manufacturing Inspection

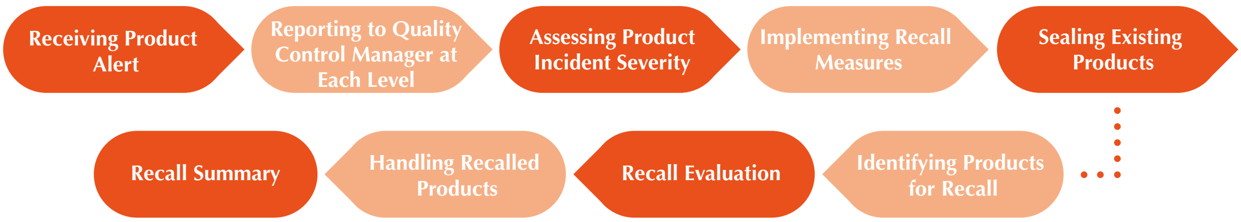
Throughout the manufacturing process, our company conducts comprehensive manual and intelligent machine quality inspections and testing multiple times. Our raw materials such as leather, fabric, adhesive, plywood, motors/switches/transformers, finished products, etc., all undergo third-party testing. At each stage, including receipt of raw materials, R&D of new samples, product manufacturing, finished product delivery, and container loading, we conduct various tests to control product quality.

Main Work Areas	Highlighted Work Content
 Leather Inspection Laboratory	Each piece of leather undergoes twelve manual inspections, with automated machines identifying areas of concern and accurately marking them. After identification, a barcode "ID card" is generated for each piece of leather, assisting in the cutting process.
 Intelligent Cutting Area	We have introduced advanced European cutting equipment, ensuring precise cutting and significantly increasing the utilization rate of leather, thus reducing production costs.
 Wood Cutting	The Italian CNC computerized automatic cutting system has been introduced to effectively improve productivity, ensuring precise and durable wooden frames.
 Fully Automated Pouring Production Line	The "muscles" of our premium sofas – foam – are molded through integrated pouring. This process results in more robust foam, less prone to collapse, reducing the need for adhesives and promoting environmental health.
 Blow Molding Production Area	Blow-molded frames utilize the same technology as automotive seats, making them safer, sturdier, and more environmentally friendly compared to wooden frames.
 Product Testing Centre	Various component tests are conducted, including resistance to yellowing, salt spray, leather flexing, fabric friction, and load testing for functional frames.

Product Recall and Traceability

To ensure prompt response to product quality incidents, the Group has established and continuously optimized the *Product Recall Procedure*, clarifying the responsible organization and measures in the event of a recall. The recalled products are categorized into three levels based on their nature, and the recall grades are divided into primary and secondary according to the quantity of products released into the market. Furthermore, we conduct an annual product recall drill involving relevant departments to ensure swift and complete recall of unsafe products if necessary. During FY2024, our product recall rate was 0%.

Product Recall Procedure



The company regularly organizes training sessions for all staff on quality schemes and implementation pathways, conducts pre-production risk assessments and process risk assessments, and formulates *Identification and Traceability Control Procedures*. These procedures provide detailed explanations of product identification methods, traceability processes, and identification procedures, ensuring comprehensive product safety.

Traceability process

Safety Production

The Group regards safety as the foremost condition for the survival and development of the enterprise, prioritizing it above all other tasks. We strictly adhere to relevant domestic and international safety production laws and regulations, and have established internal safety management systems such as the *Regulations on Safety Inspection and Hazard Remediation Management* and the *Safety Risk Grading and Control System*. We fulfil our duties conscientiously, solidly promote various safety production tasks.

The Group implements the safety production policy of "Safety First, Prevention First, Comprehensive Governance, Full Participation, and Continuous Improvement", organizes the establishment and implementation of a dual-prevention mechanism for safety risk grading and control, and hidden danger investigation and governance. We set safety goals, establish a safety committee, appoint department heads as the primary persons responsible for Environment, Health, and Safety (EHS), and establish a sound system of full staff responsibility for safety production to ensure the effective implementation of safety production work.

FY2024

- Various emergency drills were conducted **20** times.
- Regular and irregular safety inspections were conducted **396** times.
- The rate of rectification for hidden dangers was **100%**.
- Safety training sessions were held **395** times, **39,670** person-time participants.
- There were **0** fatalities due to work-related incidents.
- The total number of lost workdays due to work-related injuries was **56,333.62** hours, with an injury loss day rate of **0.08%**.

Our "5011" safety production strategic objectives are as follows:

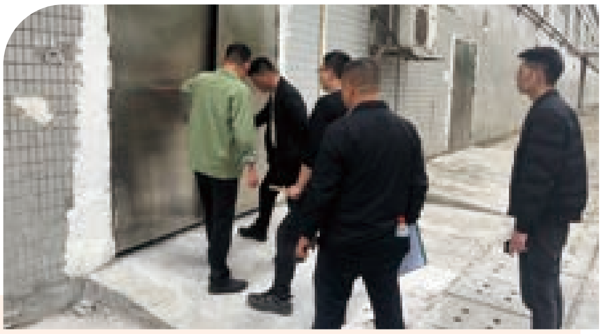
Five Zeros	Zero fatalities, zero serious injuries, zero major fires, zero major leaks, and zero major environmental pollution incidents.
One Control	Control the number of minor injuries within the specified range.
One Assurance	Ensure that there are no major hazards in the workplace.

Hui Zhou City Safety Production Standardization Level III


Qualified Enterprise Safety Production Standardization Level III


Enterprise Certificate Vice President Unit of Daya Wan District Fire Service Association, Huizhou

We conduct regular safety inspections, emergency drills, safety training, safety risk identification assessments, and controls. We develop safety risk management checklists and actively promote and train on injury prevention, safety production policies and regulations, and the strengthening of safety production. This ensures that our employees have a good safety production environment and enhances their safety awareness. As of the end of the reporting period, our group has 21 safety management personnel who have passed relevant safety training and assessments. During the reporting period, our group did not experience any major safety production accidents.



Safety inspections

Thematic safety training meetings on "Preventing Injuries and Ensuring Safety"

Case: Man Wah holds safety production summary conference

In January 2024, Man Wah held a safety production summary conference. The meeting summarized the safety production situation in 2023 and deployed safety production work in 2024. In this fiscal year, we continued to implement various policies and safety production management regulations in safety production, continuously strengthened the management and supervision of production sites, and further improved emergency evacuation and rescue capabilities. In the future, the company will continue to prioritize the prevention and investigation of safety hazards and integrate safety hazard investigation with reform and innovation. We will tighten the ideological string, weave a tight regulatory network, and firmly bear the responsibility for safety.

Safety Production Summary Conference

3.1.3. *Protecting Customer Rights*

The Group adheres to the business philosophy of "quality first, customer foremost", taking it as its responsibility to meet customer needs. Continuously improving product quality and service levels to provide customers with a higher quality experience and service, thereby enhancing customer satisfaction.

Privacy and Information Security

The Group has formulated and continuously updates regulations such as the *Information Security Incident Management Procedure, Information Security Management Regulations*, and *Office Network and Terminal Security Management Measures*, clarifying the information security management system. It establishes mechanisms for reporting, responding to, and handling information security incidents, and strengthens the security management of office networks and desktop terminals. We have obtained ISO 27001 Information Security Management System certification and regularly conduct information security training to ensure that employees always maintain awareness of information security. During the reporting period, we did not receive any complaints or feedback related to infringement of customer privacy.

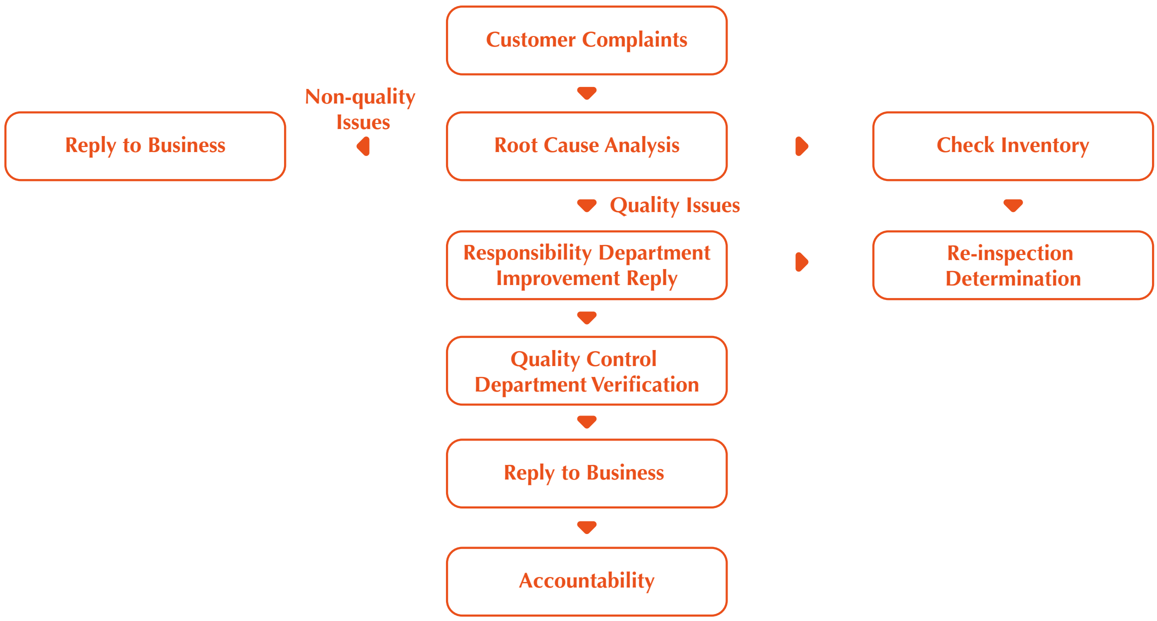
ISO 27001 Information Security Management System Certification Certificate

First Internal Audit Training on Information Security System in May 2023

Customer Complaint Handling

The company attaches importance to customer complaint incidents. We have established the *Customer Complaint Handling Process*, which elaborates on the responsible departments and response steps in the event of customer complaints. We conduct recall plan drills irregularly and have established a monthly review system. Organized by the Manufacturing Centre General Manager and the Quality Control Department, department heads from purchasing, production, business, research and development, and transportation are convened monthly to analyse and improve customer complaint issues.

Customer Complaint Handling Process Flowchart



3.2. Promoting Mutual Benefit and Win-win Situation

The Group has always been wholeheartedly committed to fulfilling social responsibilities. We continuously improve our supplier management system, conducting full-process tracking in supplier access, supervision, and capability enhancement. We are fully dedicated to building an integrated platform for the value chain of smart home products, constantly driving technological innovation and management improvement among suppliers, promoting their common development, and advancing the upgrading of Chinese home furnishing brands.

We have formulated the *Supplier Service Management Procedure*, requiring suppliers to sign documents such as the *Supplier Social Responsibility Commitment, Supplier C-TPAT Agreement*, *Supplier Trade Security Agreement*, and *Supplier Code of Conduct* to build a healthy and sustainable supply chain.

FY2024

There were a total of **2,126** suppliers, including **1,906** suppliers from China (including Hong Kong) and **220** suppliers from overseas.

3.2.1. *Supplier Admission*

The Group requires suppliers to possess relevant qualification certificates. Meanwhile, potential suppliers are assessed on their industry status, production capacity, technical capabilities, and quality systems to ensure they have the capability to provide sufficient services. Only after passing the assessment can they qualify as suppliers.

3.2.2. *Supplier Supervision*

The Group regularly evaluates suppliers through assessment scoring, factory visits, on-site audits for social responsibility, and supervision checks, documenting and reviewing suppliers' legal compliance, service content, and quality.

Supplier Conference

3.2.3. *Supplier Capacity Enhancement*

The Group adheres to the amfori BSCI Code of Conduct[2], requiring suppliers to comply with environmental protection, intellectual property rights, human rights, and other related provisions in the code. It also assists suppliers in achieving constructive goals, organizing training sessions, and supporting them in implementing the principles of the amfori BSCI Code of Conduct.

4. FOCUS ON EMPLOYEE GROWTH

The Group has always regarded employees as its most valuable resource. We prioritize safeguarding their rights, enhancing their training and development opportunities, providing safe and comfortable working conditions, along with various welfare benefits. We establish robust employee relations and management mechanisms to attract, motivate, and retain outstanding employees.

4.1. Safeguarding Employee Rights

The Group actively establishes and improves systems to safeguard employee rights, ensuring equality and diversity among employees, enhancing incentive mechanisms, fostering communication and care for employees, striving to enhance employee satisfaction, and creating a harmonious and stable work environment for all employees.

[2] A framework designed to regulate suppliers' code of conduct, developed by the Business Social Compliance Initiative, which requires suppliers to comply with a range of social responsibility and environmental protection standards in the areas of human rights, labor rights, anti-corruption, environmental protection, intellectual property protection, and customer privacy protection.

4.1.1. *Promoting Diversity and Equality*

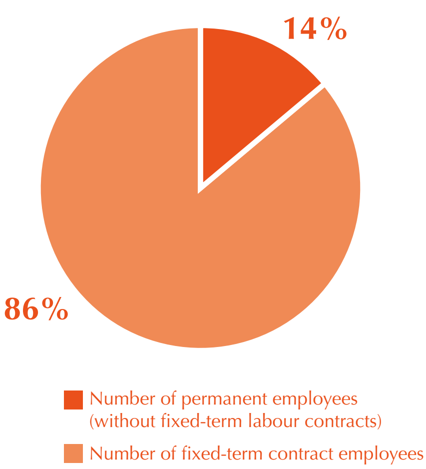
The Group strictly complies with relevant domestic and international labour laws and regulations, and formulates and continuously updates the *Employee Handbook* to regulate aspects such as employment, compensation, benefits, promotion, and leave for employees, ensuring fairness and justice in the recruitment process and safeguarding the rights and interests employees are entitled to. We adhere to the principles of equality and fairness, treating employees equally without discrimination based on age, ethnicity, gender, race, religion, social status, or any other factors in their selection, appointment, employment, or retention.

We strictly prohibit the use of child labour and verify the identity information of interviewees during recruitment to ensure their legal age. We oppose any form of harassment, abuse, and forced labour, and do not collect any deposits or retain any identification documents. During the reporting period, we did not engage in any violations involving child labour or forced labour, and received no complaints regarding discrimination in any form.

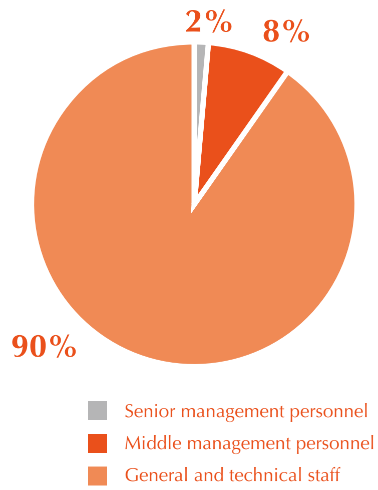
We standardize the recruitment process by attracting outstanding talents through multiple channels and methods, including online and offline platforms. During the reporting period, we conducted promotional events and job fairs in more than 20 provinces across China, including Shaanxi, Gansu, Heilongjiang, Henan, and Sichuan, covering over 110 universities, facilitating a direct link between universities and talent acquisition.

As at 31 March 2024, the total number of employees in the Group was 29,837. The statistics of employees categorized by gender, age, job level, and contract type are as follows:

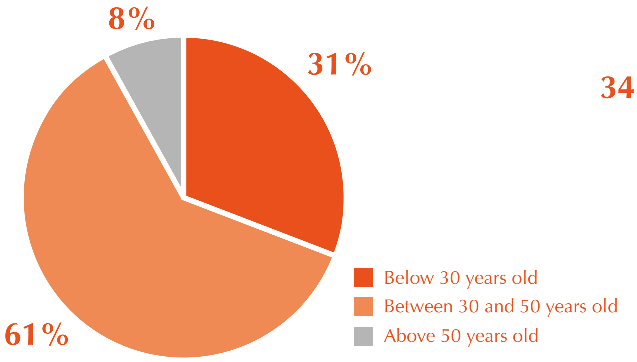
Classified by contract type



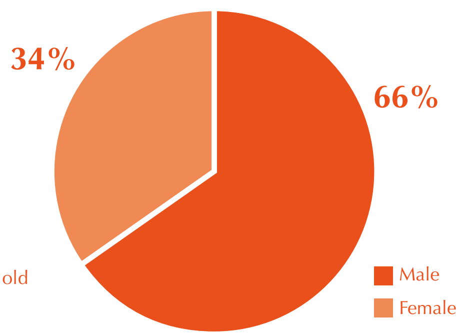
Classified by job level



Classified by age



Classified by gender



4.1.2. *Improving Salary and Benefits*

The Group has a comprehensive salary and benefits system, guided by the principle of mutual benefit and ability-oriented rewards to encourage greater efforts. We continually refine our internal incentive mechanisms to motivate employees to unleash their full potential and initiative, thereby enhancing work quality and efficiency. For managerial positions and above, the Group has established a detailed monthly quantitative performance evaluation and stock option scheme, assessing key performance indicators (KPIs) based on actual data to minimize subjective judgments in assessments and ensure that rewards for senior management are based on objective metrics.

We provide our employees with comprehensive and scientifically designed welfare measures:

Statutory benefits	• Basic five social insurances and housing provident fund • Statutory holidays, marriage leave, maternity leave, paternity leave, annual leave, bereavement leave, etc.
Supplementary benefits	• Free accommodation • Meal provision • Holiday greetings • Birthday benefits
Special benefits	• Monthly/annual bonuses • Performance bonuses • Travel allowances • Certificate allowances • Title incentives • Equity incentives • Length of service bonuses • Spring Festival return-to-work travel subsidies
Non-monetary benefits	• Industry-leading 5A-grade office environment and comfortable living facilities, such as gymnasiums, basketball courts, etc. • Social and recreational activities organized by clubs, occasional dinners, company-sponsored trips • Training opportunities, professional development, and recognition through honorary titles

Employee birthday party

"Prevent Fraud and Anti-Fraud Win Public Trust" themed movie-watching event

Women's Day recognition and gift distribution

Participating in the Daya Wan Fun Sports Meeting

"Youth Courageously Undertakes, Striving in the New Era" Fun Sports Meeting

"Nanxuan Cup" 11th Huizhou Foreign Enterprise Basketball League

Man Wah Yoga Club

May 1st Workers' Evening Party

Case: Man Wah provides employees with quick, healthy, and safe dining experience

Currently, our employee cafeteria is equipped with an "intelligent self-service weighing line" to effectively improve the efficiency of employees' lunchtime. To ensure the safety and healthiness of the dishes, the cafeteria suppliers undergo strict audits by multiple departments to ensure that they have complete certification. The cafeteria dishes are all subject to review and approval by the cafeteria manager, and each dish has an *Ingredient Cost Analysis Form* that has been reviewed and approved. Additionally, we employ a system of eliminating the lowest-performing suppliers. Every three months, suppliers are ranked and rewarded or penalized based on dining rate, turnover, average meal cost, and satisfaction. Scores are totalled every six months, and the lowest-scoring supplier is replaced and subject to a new bidding process.

Cafeteria fully intelligent weighing, fully intelligent checkout system

4.1.3. *Employee Communication and Care*

The Group seeks to understand and address the concerns of its employees, believing that by respecting, empowering, and ensuring the happiness of its employees, it can foster the driving force for progress. We have established an open and transparent democratic management communication system, effectively harnessing the roles of employee democratic management, participation, and oversight.

Employee Communication

The Group sets up secure and confidential email boxes and regularly holds employee forums, communication sessions, democratic life meetings, etc.. Whether related to work or life, we promptly address employees' issues, understand their expectations, opinions, and suggestions, and establish direct communication bridges between employees and various departments to swiftly resolve various challenges faced by employees.

Case: Man Wah conducts "Employee Care Day" interview activities every month

At the end of each month, the company holds "Employee Care Day" interview activities. Each department arranges dedicated personnel at the event to introduce the Employee Care Day program to newly joined employees and attentively listen to every question raised by employees. For issues that cannot be addressed and resolved on the spot and require time for handling, office staff record and collect the issues raised by employees, swiftly address and implement solutions, and provide feedback on the progress and results to the employees. Adhering to the principle of "solving minor issues on the spot and resolving other issues within 3 working days at the latest", department heads attach great importance to every issue raised by employees to ensure a 100% coverage in issue response and handling.

Employee Care Day Event Site

Employee Assistance

The Group focuses on helping employees solve real-life problems, actively rewarding the hard work of employees, and sharing the economic burden with them within its capacity. We support children's enrolment through a point system, organize various recreational activities with prizes, and actively promote a culture of mutual assistance. Through practical actions, we cultivate the collective strength of employees helping each other, creating a harmonious environment where "the enterprise cares for the employees, and the employees love the enterprise".

Donate to employees facing illness or difficulties

Case: Man Wah's "Golden House in Books" project, helping employees' children achieve their college dreams

The "Golden House in Books" project was established to assist vulnerable groups, help employees in difficulty, and encourage outstanding children of Man Wah employees to create greater value for their families and society through learning. It is applicable to all formal employees of Man Wah Co., Ltd. During the reporting period, a total of 636 scholarships have been distributed to 626 employees in 14 batches, totalling HK$11,275,000.

The 14th Batch Scholarship Award Ceremony of the "Golden House in Books" Project

4.2. Help Employee Development

The Group has always implemented the national strategy of "strengthening the country through talent", focusing on the development of employees from campus to workplace, from ordinary to outstanding, and from execution to management. We foster their growth through a combination of theory and practice, scientifically constructing a talent development chain. We continuously strengthen the construction of skilled talents, gradually establishing a multi-dimensional high-skilled talent training system based on skills training, guided by the certification of vocational skills levels, and utilizing skills competitions as a catalyst.

Dual Enhancement of Skills and Education

The Group has established a comprehensive system for employee development through a combination of skill training, professional skill level certification, and skill competitions. Skill training mainly includes routine job training, management quality training, as well as specialized talent training programs, educational classes, and professional management training. Professional skill level certification is determined comprehensively through performance assessment and on-site defence, evaluating employees' past achievements, technical innovations, management experiences, teaching experiences, and honours received. Skill competitions involve various awards and honours to incentivize employees.

FY2024

Total number of employees trained
15,602

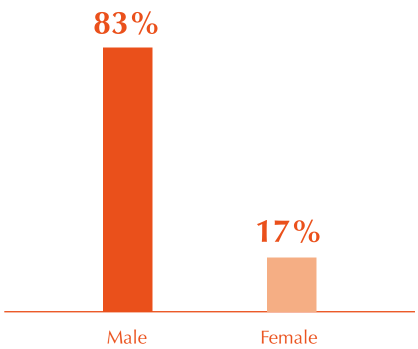
Number of new employee trainings
10,160

Total training hours for employees
731,520.00 hours

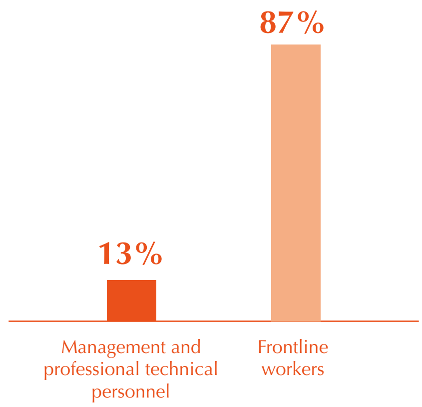
Average training hours per person
485.64 hours

Training data segmented by gender and position is as follows:

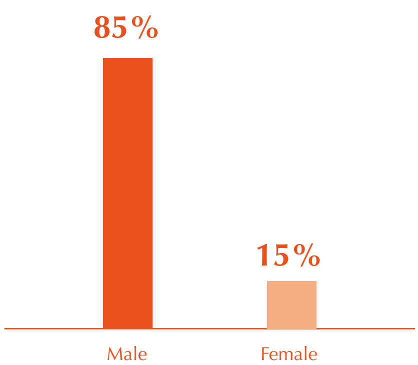
Percentage of training attendance by gender



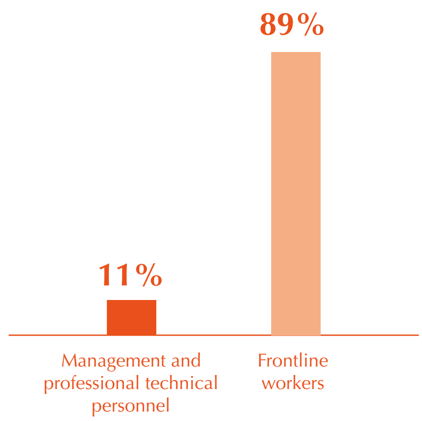
Percentage of training attendance by employee category



Percentage of training hours by gender



Percentage of training hours by employee category



"Recognizing Excellence, Setting Examples, Establishing Benchmarks" Commendation Ceremony


Man Wah's 2023 Technician Election Conference

Case: Man Wah's reserve cadres onboarding training

In July 2023, Man Wah conducted a one-week onboarding training activity for reserve cadres. The training adopted a model of "professional lectures + field visits + interactive communication".

Professional Lectures: Lecturers from various departments provided comprehensive insights into the company's introduction, corporate culture, compensation policies, office etiquette, integrity and anti-corruption, and safety education, helping reserve cadres fully understand and adapt to the company's environment and development needs.

Field Visits: Reserve cadres were organized to visit workshops and exhibition halls, allowing them to understand the product production process firsthand.

Interactive Communication: Military training activities were organized to help new employees better challenge themselves, strengthen their willpower, and build team cohesion.

Man Wah's Reserve Cadres Onboarding Training

For over a decade, we have consistently supported our employees in pursuing educational advancement by establishing partnerships between educational institutions and our company. We have also implemented corresponding incentive policies to foster an environment of "learning while working", encouraging employees to actively pursue academic advancement and continuing education.

The opening ceremony for the new students of the 2024 Level Four Adult Education Entrance Examination

Dual Channels for Professional Management

The Group is committed to building a high-quality and professional workforce. We develop promotion, salary adjustment, job rotation, and training plans for employees based on the business needs of the Group and the development aspirations of employees. We have established a fair and transparent performance appraisal and job promotion management system, as well as qualification standards for positions and a point system for outstanding employee learning. These provide standard criteria for employee promotion and career development.

Campus Recruitment Reserve Cadre Promotion and Development Plan

Six-month plan (180-day rotational training, growth through theoretical and practical experience)		
– Military training and team building – New employee orientation training	– Production base segment – Internship	– Internship in stores/human resources department

Five-year plan (medium to long-term plan, dual-track development in management and expertise)			
Nestling (1–6 months) Assimilation into the company – Onboarding training – Job rotation – Development of general skills – Integration into company culture	**New Feather (7–18 months)** Assimilation into the department – Familiarization with departmental knowledge and procedures – Job skills training and practical experience – Development of general skills at the grassroots level – Team collaboration	**Soaring (19–36 months)** Enhancement/Management – Enhancement of business capabilities – Introduction to management – Self-management – Management collaboration – Team building	**Conquering (3 years and above)** Deepening/Management – Deepening of business capabilities – Management advancement – Management collaboration – Managing teams – Team building

4.3. Employee Health and Safety

Employee health and safety directly impact a company's productivity and competitiveness. Our company strictly adheres to occupational health laws and regulations, establishing a comprehensive occupational health and safety protection system. We formulate and implement occupational health policies and measures, employ strict safety precautions, and ensure that employees work in a healthy and safe environment.

We have obtained ISO 45001 certification for occupational health management systems and have established various systems for occupational disease prevention and control, including the *Occupational Health Examination Management System and the Occupational Disease Prevention and Control Propaganda and Training System*. These systems clarify the responsibilities of our company in preventing and controlling occupational hazards, standardize the work of occupational disease prevention and control, and aim to prevent, control, and eliminate occupational hazards. During the reporting period, our company did not exceed the standard for occupational hazard factors nor experienced any major occupational health incidents.

To ensure the occupational health and safety of our employees, we have implemented the following measures:

- Mandatory pre-employment, on-the-job, and post-employment occupational health examinations for employees exposed to occupational hazards, along with the establishment of personal occupational health monitoring records.

- Regular analysis, detection, and evaluation of occupational hazard factors.

- Provision of appropriate labour protection supplies, emergency equipment, and emergency medicines for different positions.

- Installation of occupational hazard warning signs and bulletin boards to disseminate health knowledge.

- Development of emergency response plans for occupational hazard accidents and regular occupational health training sessions.

- Formulation of employee psychological stress relief programs and organization of employee psychological counselling training.

ISO 45001 Occupational Health Management System Certification

Discussion on Employee Psychological Stress Relief Programs

5. BUILD HARMONIOUS SOCIETY

The Group has always upheld the corporate values of "fulfilling social responsibilities and achieving sustainable development", striving its best for the prosperity of the nation, ethnic groups, and society. We actively participate in various social welfare undertakings such as rural revitalization, education assistance, support for people with disabilities, urban public welfare, and others through various means and channels. While pursuing steady development, we actively give back to society, making unremitting efforts to promote social harmony and progress. During the reporting period, the Group has been honoured with multiple awards in philanthropy and charity work.

During FY2024, the Group's total charitable donations amounted to **HK$ 68,483,000**, mainly comprising:

04 2023 a donation of **HK$ 2,177,000** was made to the Huizhou Daya Wan Charity Association to purchase firefighting equipment and support the development of related village communities.

05 2023 a donation of **HK$ 2,177,000** was made to the Taizhou Red Cross Society to support public welfare undertakings.

07 2023 a donation of **HK$ 2,177,000** was made to the China Furniture Association to support industry development.

11 2023 a donation of **HK$ 10,883,000** was made to the Hong Kong Academy of Chinese Studies to support academic research.

12 2023 a donation of **HK$ 1,088,000** was made to the Chongqing Disability Welfare Foundation to assist the development of disabled and disadvantaged groups.

12 2023 a donation of **HK$ 16,325,000** was made to the China Europe International Business School Education Development Foundation.

02 2024 a donation of **HK$ 32,650,000** for the planning and construction of the Science and Technology Innovation Corridor in Pingshan River, Daya Wan.

Awards and Honours	Award Name	Awarding Institution
	Charity Star	Daya Wan Economic and Technological Development Zone Charity Association
	Philanthropic Unit	Taizhou Red Cross Society
	Anti-Drug Loving Enterprise	Huizhou Anti-Drug Committee Office

Man Wah donated RMB15 million to the China Europe International Business School

Man Wah donated RMB30 million to Daya Wan

Case: Students from two middle schools visit Man Wah for learning

On 7 August 2023, 42 students from Daya Wan Middle School in Huizhou City and Qinglong County Middle School in Guizhou Province visited Man Wah for learning. The activities included students trying out sofas, learning about product technological innovations, enjoying Man Wah's delicacies, and visiting Man Wah's Party and Mass Service Centre. This study tour helped students broaden their horizons, gain knowledge, and foster enthusiasm for "cutting-edge technology".

Sofa Testing Experience

Group Photo of Study Camp Activities

APPENDIX

Key Performance Indicators

Topic	Indicator	Unit	FY2024
		Environmental	
Resource Usage			
Water consumption	Water usage	Ton	1,137,295.90
	Per capita water intensity	Ton/person	38.12
Energy consumption	Purchased electricity consumption	Kilowatt-hour	88,939,965.24
	Natural gas	Cubic meter	2,508,968.28
	Diesel	Liter	5,437,387.12
	Total energy consumption	Kilowatt-hour	20,592,913.92
	Energy consumption intensity	Kilowatt-hour/person	690.18
Packaging	Total packaging materials used for finished products	Ton	33,161.39
Materials	Office paper consumption	Kilogram	81,745.84
Greenhouse gas emissions	Scope 1 greenhouse gas emissions	Ton CO_2 equivalent	17,720.94
	Scope 1 greenhouse gas emission intensity	Ton CO_2 equivalent/person	0.59
	Scope 2 greenhouse gas emissions	Ton CO_2 equivalent	50,722.46
	Scope 2 greenhouse gas emission intensity	Ton CO_2 equivalent/person	1.70
	Total greenhouse gas emissions	Ton CO_2 equivalent	68,443.40
	Greenhouse gas emission intensity	Ton CO_2 equivalent/person	2.29

Topic	Indicator	Unit	FY2024
Emissions			
Waste gas	Nitrogen oxide emissions	Ton	0.60
	Sulfur oxide emissions	Ton	0.26
	Particulate matter (PM) emissions	Ton	5.89
	Volatile organic compounds (VOCs) emissions	Ton	2.84
Waste	Hazardous waste	Ton	134.98
	Hazardous waste density	Ton/person	0.005
	Non-hazardous waste	Ton	18,819.74
	Non-hazardous waste density	Ton/person	0.63
Social			
Diverse hiring			
	Total number of employees	Person	29,837
Classified by contract type	Total number of employees	Person	29,837
	Permanent employee count (without fixed-term contracts)	Person	4,076
	Fixed-term contract count	Person	25,761
Classified by job level	Senior management	Person	476
	Middle management	Person	2,456
	General and technical staff	Person	26,905
Classified by age	Under 30 years old	Person	9,228
	30 to 50 years old	Person	18,278
	Over 50 years old	Person	2,331
Classified by gender	Male employees	Person	19,550
	Female employees	Person	10,287
Classified by region	Domestic	Person	20,899
	Overseas	Person	8,938

Topic	Indicator	Unit	FY2024
Recruitment and Retention			
	Total new employees	Person	9,593
	Employee turnover	Person	5,588
	Employee turnover rate	%	19.00
Classified by age	Under 30 years old	%	23.79
	Between 30 and 50 years old	%	17.18
	Over 50 years old	%	10.81
Classified by gender	Male	%	18.73
	Female	%	18.72
Classified by region	Domestic	%	19.82
	Overseas	%	16.18
Occupational health and safety			
	Lost workdays due to occupational injury	Hours	56,333.62
	Occupational injury lost day rate	%	0.08
	Number of occupational fatalities in the past three years[3]	Person	0
	Occupational fatality rate	%	0.00
Development and Training			
	Employee Training Attendance	Person-times	15,602
	Training Attendance for New Hires	Person-times	10,160
Classified by gender	Male	%	83.00
	Female	%	17.00
Classified by job level	Number of Management and Professional Technical Personnel	%	13.00
	Number of Frontline Workers	%	87.00
	Total Training Hours for Employees	Hours	731,520.00
	Average Training Hours per Person	Hours	485.64
Classified by gender	Male	%	85.00
	Female	%	15.00
Classified by job level	Number of Management and Professional Technical Personnel	%	11.00
	Number of Frontline Workers	%	89.00

[3] The values for three years are all zero.

Topic	Indicator	Unit	FY2024
Anti-corruption			
	Number of concluded corruption litigation cases	Cases	4
	Number of valid reports received annually	Cases	20
	Feedback rate on valid reports	%	100.00
	Number of individuals disciplined for violations	Person	3
	Number of disciplinary incidents	Cases	3
	Total number of employees who received anti-corruption training	Person-times	1,197
	Number of employees participating in anti-corruption education	Person-times	1,197
	Total duration of employee participation in anti-corruption education	Hours	6.50
	Number of executives participating in anti-corruption education	Person-times	311
	Total duration of executive participation in anti-corruption education	Hours	6.50
Supply chain management			
	Total number of suppliers	Suppliers	2,126
Classified by region	China (including Hong Kong)	Suppliers	1,906
	Overseas	Suppliers	220
	Supplier integrity agreement signing rate	%	100.00
	Number of supplier training sessions	Times	221
Product responsibility			
	Number of product recalls this year	Times	0
	Number of product recalls this year (as a percentage of the total number of sales items/ sales revenue)	%	0.00
	Number of cases of infringement of intellectual property rights or cases of infringement of intellectual property rights	Cases	0
Emergency and hazards			
	Conducting various emergency drills	Times	20
	Number of regular and irregular safety inspections	Times	396
	Number of hazards identified	Cases	4,260
	Rate of hazard rectification	%	100.00
Safety training			
	Number of safety training sessions	Times	395
	Number of participants in safety training	Person-times	39,672
	Amount invested in safety production	HK$	10,023,000

Topic	Indicator	Unit	FY2024
Customer privacy			
	Number of significant third-party privacy breaches	Cases	0
	Number of significant data security/network security incidents	Cases	0
Community investment			
	Total amount of charitable donations	HK$	68,483,000

Performance Indexes

The Group has complied with the "mandatory disclosure requirements" and "comply or explain" provisions set out in Appendix C2 of the Listing Rules' *Environmental, Social and Governance Reporting Guide*. The following table provides an overview of the company's compliance with these regulations.

Aspect	Indicator Number	Indicator Content	Report Section
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Address Climate Change Strict Emission Management
	KPI A1.1	The types of emissions and respective emissions data.	Strict Emission Management
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Address Climate Change
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Strict Emission Management
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Strict Emission Management
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Strict Emission Management
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Strict Emission Management

Aspect	Indicator Number	Indicator Content	Report Section
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Improve Resource Efficiency
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Improve Resource Efficiency
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Improve Resource Efficiency
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Improve Resource Efficiency
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Improve Resource Efficiency
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Improve Resource Efficiency
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Improve Resource Efficiency
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Improve Resource Efficiency
Aspect A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Addressing Climate Change
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Addressing Climate Change

Aspect	Indicator Number	Indicator Content	Report Section
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Safeguarding Employee Rights
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Safeguarding Employee Rights
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Safeguarding Employee Rights
Aspect B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Adhering to Quality and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Adhering to Quality and Safety
	KPI B2.2	Lost days due to work injury.	Adhering to Quality and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Health and Safety
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Help Employee Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Help Employee Development
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Help Employee Development

Aspect	Indicator Number	Indicator Content	Report Section
Aspect B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Safeguarding Employee Rights
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Safeguarding Employee Rights
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Safeguarding Employee Rights
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Promoting Mutual Benefit and Win-Win Situation
	KPI B5.1	Number of suppliers by geographical region.	Promoting Mutual Benefit and Win-Win Situation
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Promoting Mutual Benefit and Win-Win Situation
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Promoting Mutual Benefit and Win-Win Situation
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Promoting Mutual Benefit and Win-Win Situation

Aspect	Indicator Number	Indicator Content	Report Section
Aspect B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Excellent Quality and Service
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Excellent Quality and Service
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Excellent Quality and Service
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Excellent Quality and Service
	KPI B6.4	Description of quality assurance process and recall procedures.	Excellent Quality and Service
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Excellent Quality and Service

Aspect	Indicator Number	Indicator Content	Report Section
Aspect B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Ethics
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Business Ethics
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Build Harmonious Society
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Build Harmonious Society
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Build Harmonious Society

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Man Wah Holdings Limited (the "Company") has a policy of seeking to comply with established best practices in corporate governance. The board (the "Board") of directors (the "Directors") of the Company believes that good corporate governance is crucial to improving the efficiency and performance of the Company and its subsidiaries (the "Group") and to safeguarding the interests of its shareholders (the "Shareholders"). Set out below are the principles of corporate governance as adopted by the Company during the year ended 31 March 2024.

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 C1 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 C.2.1 under Part 2 of the CG Code 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 C.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. 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 the 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 C3 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.

Corporate Governance Functions

It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure relevant processes and procedures are in place to achieve the Company's corporate governance objectives.

The duties of the Board in performing its corporate governance functions under the CG Code include:

1. to develop and review the Company's policies and practices on corporate governance;

2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors of the Company; and

5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the Review Period, the Board in particular considered the following corporate governance issues:

(i) to review the Terms of Reference and Proceedings of the Board;

(ii) to review the Terms of References of the Audit Committee;

(iii) to review the Terms of References of the Remuneration Committee;

(iv) to review the Terms of Reference of the Nomination Committee;

(v) to review the Shareholders' Communication Policy and Procedures for Shareholders to propose a person for election as a Director;

(vi) to review the Policy for the employees to raise concerns about possible improprieties; and

(vii) to review the effectiveness of the internal controls and risk management systems of the Company through the Audit Committee.

SHAREHOLDERS' MEETINGS

The annual general meeting and other general meetings of the Company are the primary forum for communication by the Company with the Shareholders and for Shareholders' participation. All Shareholders are encouraged to attend the general meetings or to appoint proxies to attend and vote at meetings on their behalf if they are unable to attend the meetings.

During the Review Period, apart from the annual general meeting, held on 30 June 2023, the Company has not held any other general meeting.

Attendance records

During the Review Period, the annual general meeting was held and the attendance records are as follows:

Board	**Meetings attended/ Eligible to attend Annual General Meeting**
Executive Directors	
Mr. Wong Man Li	1/1
Ms. Hui Wai Hing	1/1
Mr. Alan Marnie	1/1
Mr. Dai Quanfa	1/1
Ms. Wong Ying Ying	1/1
Independent Non-executive Directors	
Mr. Chau Shing Yim, David	1/1
Mr. Kan Chung Nin, Tony	1/1
Mr. Ding Yuan	1/1
Mr. Yang Siu Shun	1/1

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Company has provided funds to encourage the Directors to participate in professional development courses and seminars to develop and refresh their knowledge and skills. During the Review Period, regulatory updates and relevant materials on amendment of Listing Rules were sent to the Directors for their awareness of the latest development on statutory requirements.

The training each Director received during the Review Period is summarized as below:

Name of Director	Reading materials regarding regulatory update and corporate governance matters or/and Attending seminars/in-house workshops relevant to the Company's business, Listing Rules compliance and risk management
Executive Directors	
Mr. Wong Man Li *(Chairman and the CEO)*	✔
Ms. Hui Wai Hing	✔
Mr. Alan Marnie	✔
Mr. Dai Quanfa	✔
Ms. Wong Ying Ying	✔
Independent non-executive Directors	
Mr. Chau Shing Yim, David	✔
Mr. Kan Chung Nin, Tony	✔
Mr. Ding Yuan	✔
Mr. Yang Siu Shun	✔

BOARD OF DIRECTORS

As at 31 March 2024, the Board comprised five executive Directors and four independent non-executive Directors (the "INEDs"). The list of Directors is set out in the section headed "Directors' Report" of this annual report.

The Board has a balance of skills and experience appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Directors' Biographies" of this annual report.

Save for the Directors' business relationships as a result of their respective directorships in the Company and the executive Directors employment with the Group, the spousal relationship between the executive Directors Mr. Wong Man Li and Ms. Hui Wai Hing, and the family relationship between Mr. Wong Man Li, Ms. Hui Wai Hing and Ms. Wong Ying Ying, as disclosed in each of their respective biographies in the section headed "Directors' Biographies" of this annual report, there are no financial, business, family or other material or relevant relationships among members of the Board and they are independent from each other.

The Board met regularly during the Review Period on an ad-hoc basis as required by business needs. The Board's primary purpose is to set and review the overall strategic development of the Group and to oversee the achievement of the plans to enhance Shareholders' value. Daily operational decisions are delegated to the executive Directors.

Role and function

The Board is responsible for overall strategic formulation and performance monitoring of the Group. It delegates day-to-day operations of the Company to the executive committee of the Board (the "Executive Committee") and senior management within the control and authority framework set by the Board. In addition, the Board has also delegated various responsibilities to each of the Company's audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee") and nomination committee (the "Nomination Committee"). Further details of these committees are set out in the sections headed "Audit Committee", "Remuneration Committee" and "Nomination Committee" below.

Board meetings

The Board has four scheduled meetings a year. Additional meetings would be arranged if and when required. The Directors can attend meetings in person or through other means of electronic communication in accordance with the bye-laws of the Company (the "Bye-laws").

The company secretary of the Company (the "Company Secretary") assists the Chairman in drawing the agenda of each meeting and each Director may request inclusion of matters in the agenda. Generally, at least 14 days' notice of a regular Board meeting is given and the Company aims at giving reasonable notice for all other Board meetings. The Company also aims at sending the agenda and the accompanying board papers, which are prepared in such form and quality as will enable the Board to make an informed decision on matters placed before it, to all Directors at a reasonable time before the intended date of a Board meeting.

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and all applicable rules and regulations are followed.

The Company Secretary is responsible for taking minutes of Board and Board committee meetings, drafts and final versions of which would be sent to Directors for comments and records respectively, in both cases within a reasonable time after each meeting. Minutes are recorded in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views (if any) expressed. Minutes of the Board and Board committees' meetings are kept by the Company Secretary and are open for inspection by any Director or committee member.

If a substantial shareholder of the Company or a Director has a conflict of interest in a matter (including material transaction with connected persons) which the Board has determined to be material, a Board meeting will be held instead of by way of resolution.

Attendance records

During the Review Period, a total of four Board meetings were held and the attendance records are as follows:

Board	Meetings attended/ Eligible to attend
Executive Directors	
Mr. Wong Man Li *(Chairman and the CEO)*	4/4
Ms. Hui Wai Hing	4/4
Mr. Alan Marnie	4/4
Mr. Dai Quanfa	4/4
Ms. Wong Ying Ying	4/4
Independent Non-executive Directors	
Mr. Chau Shing Yim, David	4/4
Mr. Kan Chung Nin, Tony	4/4
Mr. Ding Yuan	3/4
Mr. Yang Siu Shun	3/4

Access to information

The Directors may seek independent professional advice in appropriate circumstances, at the Company's expenses. The Company will, upon request, provide separate independent professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

The Board is supplied with relevant information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Group before each Board meeting. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access to the Company's senior management to make further enquiries if necessary.

The Board reviewed the abovementioned mechanism in ensuring the Directors' right to access to information and its effectiveness. Coupled with the Company's commitment to ensuring the appointment of sufficient number of independent non-executive Directors in compliance with the Listing Rules, the Company is of the view that the Board has access to independent views and opinions. The Board will continue to review the implementation and effectiveness of the abovementioned mechanism on an annual basis.

Appointments and re-election of Directors

Directors were nominated by members of the Board during the year to fill casual vacancies or as an addition to existing Board. The Nomination Committee, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointments of new Directors. The Nomination Committee then nominates the most suitable candidate to be appointed to the Board.

According to the Bye-laws, any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. Every Director (including INEDs) is appointed for a specific term and is subject to retirement by rotation at least once every three years.

Every newly appointed Director will be given an introduction of regulatory requirements. The Directors are continually updated on the latest development of the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practice.

Independent Non-executive Directors

Pursuant to Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Company has appointed four independent non-executive Directors for a term of three years. Two of the INEDs Mr. Chau Shing Yim, David and Mr. Yang Siu Shun have appropriate professional qualifications or accounting or related financial management expertise. Every Director is subject to retirement by rotation at least once every three years in accordance with the Bye-laws.

The INEDs are considered by the Board to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgments. The Board considered that each of the INEDs brings his own relevant expertise to the Board and its deliberations. None of the INEDs has any business or financial interests with the Group nor has any relationship with other Directors.

Directors' and Auditors' Responsibilities for Accounts

The Directors' responsibilities for the accounts and the responsibilities of the external auditor to the Shareholders are set out on pages 111 to 113 of this annual report.

Board Committees

The Board has established the following committees to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities. All committees have their own terms of reference. All resolutions passed by the committees will be reported to the Board at the next Board meeting.

Audit Committee

The Audit Committee has been established with specific written terms of reference which deal clearly with its authorities and duties. As at 31 March 2024, the Audit Committee consisted of four INEDs, namely, Mr. Chau Shing Yim, David, Mr. Ding Yuan and Mr. Kan Chung Nin, Tony and Mr. Yang Siu Shun. None of the members of the Audit Committee are former partners of the auditor of the Company within the past financial year. The principal duties of the Audit Committee include, among other things:

- to review the audit plans of the Group's external auditors;
- to review external auditors' reports;

- to review the cooperation given by the Group's officers to the external auditors;
- to review the Group's financial statements before their submission to the Board;
- to review, approve and monitor internal control procedures and risk management systems;
- to review the effectiveness of our internal audit function;
- to review and approve the terms and conditions for all interested person transactions;
- to nominate external auditors for appointment;
- to review and ratify interested person transactions to ensure that they comply with the approved internal control procedures and have been conducted on an arm's length basis; and
- to review the Group's financial and accounting policies and practices.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice if it considers necessary. It is given access to and assistance from the employees and reasonable resources to discharge its duties properly.

During the Review Period, the Board had no disagreement with the Audit Committee's view on the re-appointment of the external auditor. The financial statements for the Review Period have been reviewed by the Audit Committee.

During the Review Period, two meetings of the Audit Committee were held and the Audit Committee's primary work done during the Review Period included, overseeing the relationship with the Company's external auditor, reviewing financial information of the Group, and overseeing of the Group's financial reporting system, internal control procedures and risk management system, and the effectiveness of the Group's internal audit function. The Company has adopted a term of reference of the Audit Committee, which complies with the provisions of the CG Code. The terms of reference of the Audit Committee are available on the Company's website. The members of the Audit Committee during the Review Period and their attendance were as follows:

Audit Committee	**Meetings attended/ Eligible to attend**
Mr. Chau Shing Yim, David *(Chairman)*	2/2
Mr. Ding Yuan	1/2
Mr. Kan Chung Nin, Tony	2/2
Mr. Yang Siu Shun	1/2

Nomination Committee

The Nomination Committee has been established with specific written terms of reference which deal clearly with its authorities and duties. As at 31 March 2024, the Nomination Committee consisted of three INEDs, namely, Mr. Chau Shing Yim, David, Mr. Kan Chung Nin, Tony and Mr. Ding Yuan, and one executive Director of the Company, namely, Mr. Wong Man Li. The principal duties of the Nomination Committee include, among other things:

- to nominate the Directors having regard to the Directors' contribution and performance;
- to determine on an annual basis whether or not a Director is independent;
- to review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;
- to decide whether or not a Director is able to and has been adequately carrying out his duties as a Director; and
- to review and assess the adequacy of the corporate governance guidelines of the Company and to recommend any proposed changes to the Board for approval.

The Nomination Committee has adopted a nomination policy (the "Nomination Policy") which sets out the procedures and criteria for the selection, appointment and reappointment of Directors. In evaluating and selecting a candidate for directorship, the Nomination Committee has to consider, among others, character and integrity, willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committees of the Company, diversity including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and such other relevant factors that the Nomination Committee may consider appropriate.

The Board has adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve diversity on the Board. The Company aims to achieve that the Board has a balance of skills, experience and diversity of perspectives appropriate to meet the requirements of its business. Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard to the benefit of diversity on the Board including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Nomination Committee will give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

As of the date of this annual report, the Board has two female Directors out of nine Directors. The gender ratio is the same for the senior management as it is for the Board, since executive Directors are considered as the senior management. The Board will maintain at the least the current level of female representation on the Board, and in any event not less than the requirements under the Listing Rules. The Board is committed to further enhance gender diversity as and when suitable candidates are identified. The Board would ensure that an appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices. Similar considerations shall also be applied for selecting potential candidate of the senior management team from time to time. All the executive Directors of the board have direct experiences in the Group's core markets, with various ethnic backgrounds and reflecting the Group's values and purposes. Two of the independent non-executive Directors have appropriate professional qualifications and/or extensive accounting or related financial management expertise. One independent non-executive Director has an extensive legal background and one independent non-executive Director has extensive experiences in teaching and researching financial accounting, financial statement analysis, corporate governance and mergers and acquisitions.

The Board is determined to ensure an appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender diversity.

As of 31 March 2024, 34% of our colleagues are female. For details, please refer to our ESG Report. The Board considers that the gender ratio of the workforce of the Group, including the Senior Management, is appropriate for the operations of the Group and will strive to maintain this ratio.

The Nomination Committee has designed measurable goals according to four major aspects (namely, the age, professional qualification, term of service and independence) for purposes of implementing the Board Diversity Policy and considered that these goals have been achieved satisfactorily during the year. The relevant goals will be reviewed from time to time so as to ensure its appropriateness and its progress for achieving such goals. The Nomination Committee will review the Board Diversity Policy from time to time (if appropriate) to ensure that such Policy continues to be effective. At present, the Nomination Committee has not set any measurable objectives to implement its Board Diversity Policy. However, it will consider and review the Board Diversity Policy and setting of any measurable objectives from time to time.

Where vacancies exist at the Board, candidates are proposed and put forward to the Nomination Committee for consideration. The recommendations of the Nomination Committee will then be tendered to the Board for approval. In considering the nomination of a new Director, the Nomination Committee will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. In determining the independence of Directors, the Board follows the requirements set out in the Listing Rules.

The Nomination Committee has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice if it considers necessary.

During the Review Period, one meeting of the Nomination Committee was held and the work done of Nomination Committee includes reviewing the structure of the Board and determining the policy for the nomination of Directors.

The members of the Nomination Committee during the Review Period and their attendance were as follows:

Nomination Committee	**Meetings attended/ Eligible to attend**
Mr. Wong Man Li *(Chairman)*	1/1
Mr. Chau Shing Yim, David	1/1
Mr. Kan Chung Nin, Tony	1/1
Mr. Ding Yuan	1/1

Remuneration Committee

The Remuneration Committee has been established with specific written terms of reference which deal clearly with its authorities and duties. As at 31 March 2024, the Remuneration Committee consisted of three INEDs, namely, Mr. Ding Yuan, Mr. Chau Shing Yim, David and Mr. Kan Chung Nin, Tony, and one executive Director of the Company, namely, Mr. Wong Man Li. The principal duties of the Remuneration Committee include, among other things:

- to review the remuneration of the executive Directors and to provide a greater degree of objectivity and transparency in the setting of remuneration; and

- to assess performance of the executive Directors and determine specific remuneration packages for each executive Director and the Group's Managing Director.

The Remuneration Committee determines, with delegated responsibility, the remuneration packages of individual executive directors and senior management.

The Remuneration Committee may consult the Chairman about their proposals relating to the remuneration of other executive Directors. The Remuneration Committee takes into consideration industry practices and norms in compensation, in addition to the performance relative to the industry and the performance of the individual Directors. The Company reviews the remuneration package annually taking into consideration of the market practice, competitive market position and individual performance.

During the Review Period, one meeting of the Remuneration Committee was held. The work done by the Remuneration Committee during the Review Period included the following:

(i) to determine the policy for the remuneration of executive Directors;

(ii) to assess performance of executive Directors;

(iii) to approve the terms of an executive Director's service contract; and

(iv) to review and approve matters relating to share schemes under Chapter 17 of the Listing Rules.

In order to attract, retain, and motivate executives and key employees serving the Group, the Company has adopted a share option scheme in July 2020. The incentive scheme enables the eligible persons to obtain an ownership interest in the Company and thus to reward the participants who contribute to the success of the Group's operations.

During the Review Period, none of the share options granted to the Grantees are subject to any performance targets assessment by the Company. In view that (i) the grantees are employees of the Group or Directors of the Company who will contribute directly to the overall management, operations, development and long term growth of the Group; (ii) the grant is a recognition for the grantees' past contributions to the Group; and (iii) the share options are time-vesting and subject to a clawback mechanism, the Remuneration Committee is of the view that the grant of the share options without performance targets is market competitive and aligns with the purpose of the share option scheme.

Details of the remuneration of the Directors of the Company for the Review Period are set out in note 37 to the consolidated financial statements and details of the share option scheme are set out in note 29 to the consolidated financial statements.

The members of the Remuneration Committee during the Review Period and their attendance were as follows:

Remuneration Committee	**Meetings attended/ Eligible to attend**
Mr. Ding Yuan *(Chairman)*	1/1
Mr. Wong Man Li	1/1
Mr. Chau Shing Yim, David	1/1
Mr. Kan Chung Nin, Tony	1/1

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company recognizes the importance of open communication and fair disclosure. It is the Company's policy to ensure that all shareholders are equally informed of all major corporate developments.

All shareholders have proper notice of any general meeting of the Company at which the Directors and the committees' members are available to give explanation on any query raised by the shareholders. Major information of the Company could be obtained from the Company's website or financial reports and circulars sent to the shareholders. Any enquiries by the shareholders requiring the Board's attention can also be sent in writing to the Investor Relations Manager of the Company whose contact details are set out in the paragraph headed "Shareholders' rights – (c) Right to put enquiries to the Board" below.

Resolutions put to the vote at the general meetings of the Company shall be decided on a poll, save that the chairman of the meeting may in good faith allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Procedures for conducting a poll will be explained to the shareholders at each general meeting and questions from shareholders regarding the voting procedures will be answered. The poll results will be posted on the websites of the Stock Exchange and the Company respectively in the manner prescribed under the Listing Rules.

As part of a regular program of investor relations, senior executives may hold briefings or road shows after the results announcement and attend conferences with institutional investors and analysts to engage in two-way communications on Company's performance, objectives and developments. Company visits can be arranged upon specific request.

Shareholders' rights

(a) Right to convene special general meeting

Bye-laws

(i) Bye-law 62 provides that the board of Directors may, whenever it thinks fit, convene a special general meeting ("SGM"), and SGMs shall also be convened on requisition, as provided by the Companies Act (as defined therein), and, in default, may be convened by the requisitionists.

Companies Act

(ii) Pursuant to section 74 of the Companies Act, a Shareholder or Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company may requisition the directors of the Company (the "Directors" and each a "Director") to forthwith proceed duly to convene an SGM by depositing a written requisition at the registered office of the Company.

(iii) The written requisition must state the purposes of the meeting (including the resolutions to be considered at the meeting), signed by the requisitionists, deposited at the registered office of the Company at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and may consist of several documents in like form each signed by one or more requisitionists.

(iv) If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene an SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene an SGM, but any SGM so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

(v) An SGM so convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.

(b) Right to put forward proposals at general meetings

Companies Act

(i) Sections 79 and 80 of the Companies Act allow certain Shareholder(s) to requisition the Company to give notice to the shareholders in respect of any resolution which is intended to be moved at an annual general meeting ("AGM") of the Company or circulate a statement in respect of any proposed resolution or business to be considered at a general meeting of the Company. Under section 79 of the Companies Act, at the expense of the requisitionists unless the Company otherwise resolves, it shall be the duty of the Company on the requisition in writing by such number of Shareholders:

(a) to give to the Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting;

(b) to circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

(ii) The number of Shareholders necessary to make the above-mentioned requisitions to the Company shall be:

(a) either any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or

(b) not less than 100 Shareholders.

(iii) Notice of any such intended resolution shall be given, and any such statement shall be circulated, to Shareholders entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such Shareholder in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other Shareholder by giving notice of the general effect of the resolution in any manner permitted for giving him notice of meeting of the Company, provided that the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

(iv) Section 80 of the Companies Act sets out the conditions to be met before the Company is bound to give any notice of resolution or to circulate any statement. Pursuant to section 80 of the Companies Act, the Company shall not be bound to give notice of any resolution or to circulate any statement as mentioned in paragraph (b)(i) above unless:

(aa) a copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, is deposited at the registered office of the Company:

(i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

(ii) in the case of any other requisition, not less than one week before the meeting; and

(bb) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expense in giving effect to the procedures in paragraph (b)(i) above (i.e. the giving of notice of resolution and/or circulation of statement).

Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an AGM is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the above-mentioned time shall be deemed to have been properly deposited for the purposes thereof.

(c) Right to put enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing for the attention of the Investor Relations Manager of the Company whose contact details are as follows:

1st Floor, Wah Lai Industrial Center
10–14 Kwei Tei Street, Fotan
New Territories, Hong Kong
Fax: (852) 2712 0630
Email: ir@manwahgroup.com

The Investor Relations Manager of the Company shall forward the Shareholders' enquiries and concerns to the Board and/or relevant committees of the Board to answer the Shareholders' questions where appropriate.

Having considered the implementation and effectiveness of the channels of communication and engagement in place, the Board is satisfied that the Shareholders' Communication Policy has been properly implemented during the year and is effective.

CONSTITUTIONAL DOCUMENTS

During the Review Period, the Company has adopted a new bye-laws (the "Amended Bye-Laws") by way of a special resolution passed on 30 June 2023 in order to align with the latest changes in the Listing Rules. The Amended Bye-Laws was effective on 30 June 2023. For details of the Amended Bye-Laws, please refer to the announcement of the Company dated 29 May 2023 and the circular of the Company dated 1 June 2023.

Save as disclosed above, there was no change in the Company's constitutional documents during the Review Period.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Insurance cover has been arranged for Directors' and Officers' Liability to provide adequate cover, as determined by the Board, in respect of the Board members and senior management members of the Company. Such insurance has also been renewed before 31 March 2024 with a term from 1 April 2024 until 31 March 2025.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is of the opinion that sound internal control and risk management systems will contribute to the effectiveness and efficiency of the operations of the Group and to the safeguard of the Group's assets as well as the Shareholders' investment. The internal control and risk management systems are designed to prudently manage the Group's risks within an acceptable risk profile and provide reasonable assurance against material misstatement or loss. The main features of such systems include risk-based approach, integration of risk management and internal control, and a focus on reliability.

The Company improves its business and operational activities by identifying the areas of significant business risks via a regular review and taking appropriate measures to control and mitigate these risks. The management of the Company reviews all significant control policies and procedures and highlights all significant matters in relation to internal control and risk management systems to the Board and Audit Committee annually. If the management of the Company identifies any material internal control defects to the Board and/or the Audit Committee, the Company will formulate measures to rectify such defects in a timely manner.

The Board has an overall responsibility for the risk management and internal control systems of the Group and reviewing their effectiveness. The Executive Committee helps the Board to discharge its responsibilities of ensuring and maintaining sound internal control functions by reviewing and monitoring the internal control systems and processes annually so as to ensure that they can provide reasonable assurance against material errors of the Group. The Company has an internal audit function.

The Company has adopted certain procedures on monitoring, reporting and disclosure of inside information (as defined in the Listing Rules). This ensures timely reporting and disclosure as well as fulfilment of the Group's continuing disclosure obligations.

The Board has reviewed the effectiveness of the risk management and internal control systems and considers the risk management and internal control systems effective and adequate.

COMPANY SECRETARY

Mr. Zhang Xian was the Company Secretary of the Company. Mr. Zhang Xian reported to the Chairman of the Company and is responsible for advising the Board on corporate governance matters. Mr. Zhang Xian has confirmed that he has taken no less than 15 hours of relevant professional training during the Review Period.

AUDITOR'S REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditor.

During the Review Period, the remuneration paid or payable to the Company's auditor, Messrs. PricewaterhouseCoopers ("PwC"), is set out as follows:

Services rendered	Paid/payable fee HK$'000
Statutory audit services	2,838
Review of interim financial information	873
Non-audit services	307
	4,018

Non-audit services mainly include tax consultancy services.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing financial statements of the Group which give a true and fair view of the state of affairs of the Group on a going concern basis and in presenting the financial statements, announcements and other financial disclosures required under the Listing Rules, the Directors aim to present a balanced, clear and understandable assessment of the Group's position and prospects.

For the statements of the auditor about its responsibility for reporting the financial statements, please refer to the section headed "Independent Auditor's Report – Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" on page 111 in this annual report.

Directors' Report

The directors (the "Directors") of Man Wah Holdings Limited (the "Company") present this annual report and the audited consolidated financial statements of the Company for the Review Period.

BUSINESS REVIEW

A fair review of the Group's business, an indication of likely future development in the Group's business, an analysis using financial key indicators as required by Schedule 5 to the Hong Kong Companies Ordinance (Cap. 622) can be found in the "Chairman's Statement" and "Management Discussion and Analysis" section, which form part of this Directors' Report of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

The following are some of the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Competition

The products of the Group are sold in over 60 countries. The Group needs to compete with global sofa manufacturers as well as a lot of local players. Advantages in cost control, design, quality and service are the core advantages of the Group, and if they cannot be maintained, the Group's market share in major markets may decrease.

Macroeconomic environment

Currently, the Group's products are mainly sold in North America, China, Europe and other markets. Any negative macroeconomic change in its major markets may affect its sales growth or margins adversely. The Group needs to keep increasing its key competences to reduce possible impacts from macroeconomy.

Besides, overseas transportation cost is one of the most important expense elements of the Group. Changes in the global economy may significantly affect shipping rate, which consequently may affect the Group's profitability or revenue growth.

Supply chain

For sofa production, the Group needs to source leather, wood, chemical materials from global the market. It needs to plan carefully in advance with its major suppliers on quantity, delivery time, material specifications etc. in order to match the delivery of materials with its production plan and avoid waiting time for its factories or customers. At the same time, the Group needs to keep its inventory level as low as possible to control cost. Any disruption in the supply chain may cause an increase in production cost or delay in delivery to its customers. In order to lower supply chain risks, the Group has set up a comprehensive planning system for material procurement. In addition, for each major material, the Group has at least two qualified suppliers and keeps reviewing the competency of suppliers on a timely basis.

CORPORATE REORGANISATION

The Company was incorporated with limited liability in Bermuda.

The shares ("Shares") of the Company were listed on the main board of the Stock Exchange with effect from 9 April 2010.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 35 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Company and together with its subsidiaries (referred to as the "Group") for the Review Period are set out in the consolidated statement of comprehensive income on pages 114 to 115 of this annual report.

An interim dividend of HK15.0 cents per Share amounting to approximately HK$586,007,000 was paid to the shareholders of the Company ("Shareholders") during the Review Period. The Directors recommend the payment of a final dividend of HK15 cents per Share to the Shareholders on the register of members on 10 July 2024, amounting to approximately HK$581,631,000.

PROPERTY, PLANT AND EQUIPMENT

During the Review Period, the Group revalued all of its investment properties as at 31 March 2024. The net decrease in fair value of investment properties, which has been recognised directly in the consolidated statement of comprehensive income, amounted to approximately HK$2,509,000..

Details of movements during the Review Period in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the Review Period in the share capital of the Company are set out in note 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to Shareholders as at the end of the Review Period were as follows:

	2024	2023
	HK$'000	HK$'000
Contributed surplus	**1,785,002**	1,989,259
Retained earnings	**849,301**	9,963
	2,634,303	1,999,222

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

DIRECTORS

The Directors of the Company during the Review Period and up to the date of this annual report were:

Executive Directors:
Mr. Wong Man Li *(Chairman and the Chief Executive Officer)*
Ms. Hui Wai Hing
Mr. Alan Marnie
Mr. Dai Quanfa
Ms. Wong Ying Ying

Independent Non-executive Directors:
Mr. Chau Shing Yim, David
Mr. Kan Chung Nin, Tony
Mr. Ding Yuan
Mr. Yang Siu Shun

In accordance with clause 99 of the Company's bye-laws, Mr. Dai Quanfa, Ms. Wong Ying Ying and Mr. Ding Yuan will retire by rotation. Mr. Dai Quanfa, Ms. Wong Ying Ying and Mr. Ding Yuan, all being eligible, will offer themselves for re-election at the forthcoming annual general meeting to be held on Monday, 24 June 2024.

DIRECTORS' SERVICE CONTRACTS

No Directors being proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2024, the interests of the Directors, chief executives and their associates in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Listing Rules were as follows:

Long positions in shares, underlying shares and debentures of the Company

Name of director	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company[1]
Mr. Wong Man Li	Interest in controlled corporation	2,415,782,400[2]	62.30%
	Interest of spouse	2,497,600[2]	0.06%
	Beneficial owner	3,026,000[2]	0.08%
Ms. Hui Wai Hing	Beneficial owner	2,497,600[3]	0.06%
	Interest of spouse	2,418,808,400[3]	62.38%
Mr. Alan Marnie	Beneficial owner	800,000[4]	0.02%
Mr. Dai Quanfa	Beneficial owner	1,248,800[5]	0.03%
Ms. Wong Ying Ying	Beneficial owner	2,223,200[6]	0.06%
Mr. Yang Siu Shun	Beneficial owner	30,000[7]	0.001%
	Interest of spouse	20,000[7]	0.001%

Notes:

1. The percentage of the Company's issued share capital is based on the 3,877,537,600 Shares issued as at 31 March 2024.

2. These 2,415,782,400 Shares were beneficially owned by Man Wah Investments Limited which, in turn, was owned by Mr. Wong Man Li and Ms. Hui Wai Hing as to 80% and 20%, respectively. Mr. Wong was therefore deemed to be interested in the entire 2,415,782,400 Shares held by Man Wah Investments Limited. Mr. Wong also held 2,910,400 Shares and 115,600 share options granted to him under the Share Option Schemes (as defined below), respectively. Upon exercise of those share options, Mr. Wong would directly own an aggregate of 3,026,000 Shares. Mr. Wong was also deemed, under Part XV of the SFO, to be interested in the 2,497,600 Shares in which Ms. Hui Wai Hing, the spouse of Mr. Wong, had a long position.

3. These 2,497,600 Shares represented the 2,396,800 Shares and the 100,800 underlying Shares upon the exercise of share options granted to Ms. Hui under the Share Option Schemes, respectively. Upon exercise of the Share Options, Ms. Hui would own an aggregate of 2,497,600 Shares. Ms. Hui was also deemed, under Part XV of the SFO, to be interested in the 2,418,808,400 Shares in which Mr. Wong Man Li, the spouse of Ms. Hui, was interested.

4. This figure represents the aggregate number of 800,000 Shares interested in by Mr. Marnie by virtue of SFO.

5. This figure represents the aggregate number of 890,800 Shares held by Mr. Dai and 358,000 underlying shares upon the exercise of share options granted to Mr. Dai under the Share Option Schemes.

6. This figure represents the aggregate number of 2,091,200 Shares held by Ms. Wong and 132,000 underlying shares upon the exercise of share options granted to Ms. Wong under the Share Option Schemes.

7. 30,000 Shares are beneficially held by Mr. Yang Siu Shun and Mr. Yang is also deemed, under Part XV of the SFO, to be interested in the 20,000 Shares in which the spouse of Mr. Yang, has a long position.

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

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

Save as disclosed above, as at 31 March 2024, none of the Directors, chief executives of the Company nor their associates had any other personal, family, corporate and other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other than those disclosed in this section and the section headed "Share Options", no right to subscribe for equity or debt securities of the Company has been granted by the Company to, nor have any such rights been exercised by, any Directors or chief executives during the Review Period.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than shareholdings disclosed above, at no time during the year ended 31 March 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2024, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors, the following Shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long position in shares and underlying shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company[1]
Man Wah Investments Limited	Beneficial owner	2,415,782,400	62.30%

Note:

1. The percentage of the Company's issued share capital is based on the 3,877,537,600 Shares issued as at 31 March 2024.

Save as disclosed above, as at 31 March 2024, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares and/or underlying Shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

On 3 July 2020, a share option scheme (the "Share Option Scheme") which complies with the requirements of Chapter 17 of the Listing Rules was adopted by the shareholders of the Company.

The purpose of the Share Option Scheme is to reward Participants who have contributed to the Group and to encourage eligible participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole and to enable the Company to grant share options to selected participants as incentives or rewards for their contributions to the Company and/or its subsidiaries and/or its associated companies. The Share Option Scheme is in force for a period of 10 years commencing on 3 July 2020, being the date of adoption of the Share Option Scheme, and will expire on 2 July 2030.

Under the Share Option Scheme, the Directors may, at their discretion, offer Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who, in the sole discretion of the Directors, will contribute or have contributed to the Group, share options to subscribe for shares of the Company. The maximum number of shares of the Company issued and to be issued upon the exercise of share options granted under the Share Option Scheme (including exercised and outstanding share options) to each grantee in any 12-month period up to the date of grant shall not exceed 1% of the issued shares of the Company as at the date of grant. Any further grant of share options in excess of this limit is subject to the Company's shareholders' approval in a general meeting. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their respective associates, in excess of in aggregate 0.1% of the shares of the Company in issue (based on the date of grant) and an aggregate value of HK$5,000,000 (based on the closing price of the Company's shares at the date of grant), within any 12-month period, are subject to shareholders' approval in advance in a general meeting. Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to prior approval in advance by the independent non-executive Directors of the Company (excluding independent non-executive Directors who are the proposed grantees of the share options in questions).

The period during which a share option may be exercised will be determined by the Directors at their absolute discretion, save that no share option may be exercised more than 10 years after it has been granted under the Share Option Scheme. There is no requirement that a share option must be held for any minimum period before it can be exercised but the Directors are empowered to impose at their discretion any such minimum period at the time of grant of any share options.

The exercise price in relation to each share option will be determined by the Company's directors at their absolute discretion and shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the date of grant; (ii) the average closing prices of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share of the Company on the date of grant. Each of the grantees is required to pay HK$1 as consideration for the grant of share options in accordance with the Share Option Scheme. The offer of share options must be accepted within 28 days from the date of the offer.

Share options do not confer rights on the holders to dividends or to vote at general meetings.

The maximum number of shares of the Company available for issuance upon exercise of all shares options which may be granted under the Share Option Scheme is 379,912,520, representing approximately 9.8% of the issued shares of the Company as at the date of this annual report. As at 1 April 2023, the available unissued shares under the mandate limit of the Share Option Scheme is 369,847,720 shares. As at 31 March 2024, the available unissued shares under the mandate limit of the Share Option Scheme is 365,266,520 shares, representing approximately 9.4% of the issued shares of the Company as at 31 March 2024.

The total number of shares that may be issued in respect of the share options granted under all share schemes of the Company during the Review Period divided by the weighted average number of shares in issue for the period was 0.15%.

The Company's 2010 share option scheme ("2010 Share Option Scheme") was adopted pursuant to a resolution passed on 5 March 2010 for the primary purpose of providing incentives to directors and eligible participants and expired on 4 March 2020. The outstanding share options granted under the 2010 Share Option Scheme continue to be exercisable during the prescribed period in accordance with the 2010 Share Option Scheme and other terms of the grant.

Share Options

Details of movements in the share options under the 2010 Share Option Scheme and the Share Option Scheme (collectively, the "Share Option Schemes") during the Review Period were as follows:

						Number of Share Options[1]					
Grantee	Date of grant[2]	Vesting period	Exercisable period	Exercise price per share	Fair value per share option at the date of grant	Outstanding at 1.4.2023	Granted during the Review Period	Cancelled during the Review Period	Lapsed during the Review Period	Exercised during the reviewing period	Outstanding at 31.3.2024
Mr. Wong Man Li (Director)	12.2.2018	12.2.2018–11.2.2022	12.2.2022–11.2.2024	7.18	2.04	40,400	–	–	(40,400)	–	–
	28.1.2019	28.1.2019–27.1.2022	28.1.2022–27.1.2024	3.91	0.82	60,400	–	–	–	(60,400)	–
		28.1.2019–27.1.2023	28.1.2023–27.1.2025	3.91	0.82	60,400	–	–	–	(60,400)	–
	17.1.2020	17.1.2020–16.1.2022	17.1.2022–16.1.2024	6.53	2.08	23,600	–	–	(23,600)	–	–
		17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53	2.25	23,600	–	–	–	–	23,600
		17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	2.50	22,800	–	–	–	–	22,800
	3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78	4.96	10,400	–	–	–	–	10,400
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	4.99	10,400	–	–	–	–	10,400
		3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78	5.06	10,400	–	–	–	–	10,400
	16.2.2022	16.2.2022–15.2.2024	16.2.2024–15.2.2026	11.1	3.90	12,800	–	–	–	–	12,800
		16.2.2022–15.2.2025	16.2.2025–15.2.2027	11.1	4.18	12,800	–	–	–	–	12,800
		16.2.2022–15.2.2026	16.2.2026–15.2.2028	11.1	4.34	12,400	–	–	–	–	12,400
Ms. Hui Wai Hing (Director)	12.2.2018	12.2.2018–11.2.2022	12.2.2022–11.2.2024	7.18	2.04	30,400	–	–	(30,400)	–	–
	17.1.2020	17.1.2020–16.1.2022	17.1.2022–16.1.2024	6.53	2.08	18,400	–	–	(18,400)	–	–
		17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53	2.25	18,400	–	–	–	–	18,400
		17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	2.50	17,600	–	–	–	–	17,600
	3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78	4.96	12,000	–	–	–	–	12,000
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	4.99	12,000	–	–	–	–	12,000
		3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78	5.06	12,000	–	–	–	–	12,000
	16.2.2022	16.2.2022–15.2.2024	16.2.2024–15.2.2026	11.1	3.90	9,600	–	–	–	–	9,600
		16.2.2022–15.2.2025	16.2.2025–15.2.2027	11.1	4.18	9,600	–	–	–	–	9,600
		16.2.2022–15.2.2026	16.2.2026–15.2.2028	11.1	4.34	9,600	–	–	–	–	9,600

Grantee	Date of grant[2]	Vesting period	Exercisable period	Exercise price per share	Fair value per share option at the date of grant	Number of Share Options[1] Outstanding at 1.4.2023	Granted during the Review Period	Cancelled during the Review Period	Lapsed during the Review Period	Exercised during the reviewing period	Outstanding at 31.3.2024
Mr. Dai Quanfa (Director)	17.1.2020	17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	2.50	39,200	–	–	–	–	39,200
	3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78	4.96	17,200	–	–	–	–	17,200
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	4.99	17,200	–	–	–	–	17,200
		3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78	5.06	16,400	–	–	–	–	16,400
	16.2.2022	16.2.2022–15.2.2024	16.2.2024–15.2.2026	11.1	3.90	22,800	–	–	–	–	22,800
		16.2.2022–15.2.2025	16.2.2025–15.2.2027	11.1	4.18	22,800	–	–	–	–	22,800
		16.2.2022–15.2.2026	16.2.2026–15.2.2028	11.1	4.34	22,000	–	–	–	–	22,000
	4.3.2024	4.3.2024–3.3.2026	4.3.2026–3.3.2028	5.13	1.92	–	66,800	–	–	–	66,800
		4.3.2024–3.3.2027	4.3.2027–3.3.2029	5.13	2.03	–	66,800	–	–	–	66,800
		4.3.2024–3.3.2028	4.3.2028–3.3.2030	5.13	2.07	–	66,800	–	–	–	66,800
Ms. Wong Ying Ying (Director)	12.2.2018	12.2.2018–11.2.2022	12.2.2022–11.2.2024	7.18	2.04	24,000	–	–	(24,000)	–	–
	28.1.2019	28.1.2019–27.1.2022	28.1.2022–27.1.2024	3.91	0.82	22,800	–	–	–	(22,800)	–
		28.1.2019–27.1.2023	28.1.2023–27.1.2025	3.91	0.82	22,400	–	–	–	–	22,400
	17.1.2020	17.1.2020–16.1.2022	17.1.2022–16.1.2024	6.53	2.08	12,800	–	–	(12,800)	–	–
		17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53	2.25	12,800	–	–	–	–	12,800
		17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	2.50	12,800	–	–	–	–	12,800
	3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78	4.96	2,000	–	–	–	–	2,000
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	4.99	2,000	–	–	–	–	2,000
		3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78	5.06	1,200	–	–	–	–	1,200
	16.2.2022	16.2.2022–15.2.2024	16.2.2024–15.2.2026	11.1	3.90	13,600	–	–	–	–	13,600
		16.2.2022–15.2.2025	16.2.2025–15.2.2027	11.1	4.18	13,600	–	–	–	–	13,600
		16.2.2022–15.2.2026	16.2.2026–15.2.2028	11.1	4.34	13,200	–	–	–	–	13,200
	4.3.2024	4.3.2024–3.3.2026	4.3.2026–3.3.2028	5.13	1.92	–	12,800	–	–	–	12,800
		4.3.2024–3.3.2027	4.3.2027–3.3.2029	5.13	2.03	–	12,800	–	–	–	12,800
		4.3.2024–3.3.2028	4.3.2028–3.3.2030	5.13	2.07	–	12,800	–	–	–	12,800

Grantee	Date of grant[2]	Vesting period	Exercisable period	Exercise price per share	Fair value per share option at the date of grant	Number of Share Options[1] Outstanding at 1.4.2023	Granted during the Review Period	Cancelled during the Review Period	Lapsed during the Review Period	Exercised during the reviewing period	Outstanding at 31.3.2024
Other employees (not Directors)	12.2.2018	12.2.2018–11.2.2022	12.2.2022–11.2.2024	7.18	2.04	428,000	–	–	(402,800)	(25,200)	–
	28.1.2019	28.1.2019–27.1.2022	28.1.2022–27.1.2024	3.91	0.82	604,800	–	–	(121,600)	(483,200)	–
		28.1.2019–27.1.2023	28.1.2023–27.1.2025	3.91	0.82	1,230,400	–	–	(26,800)	(568,400)	635,200
	17.1.2020	17.1.2020–16.1.2022	17.1.2022–16.1.2024	6.53	2.08	765,200	–	–	(706,800)	(58,400)	–
		17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53	2.25	1,115,200	–	–	(30,000)	(152,000)	933,200
		17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	2.50	1,260,800	–	–	(70,800)	–	1,190,000
	3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78	4.96	1,302,400	–	–	(111,600)	–	1,190,800
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	4.99	1,255,600	–	–	(106,400)	–	1,149,200
		3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78	5.06	1,030,400	–	–	(82,800)	–	947,600
	16.2.2022	16.2.2022–15.2.2024	16.2.2024–15.2.2026	11.1	3.90	2,220,800	–	–	(269,200)	–	1,951,600
		16.2.2022–15.2.2025	16.2.2025–15.2.2027	11.1	4.18	2,174,400	–	–	(265,600)	–	1,908,800
		16.2.2022–15.2.2026	16.2.2026–15.2.2028	11.1	4.34	1,783,200	–	–	(222,800)	–	1,560,400
	4.3.2024	4.3.2024–3.3.2026	4.3.2026–3.3.2028	5.13	1.92	–	1,861,600	–	(27,600)	–	1,834,000
		4.3.2024–3.3.2027	4.3.2027–3.3.2029	5.13	2.03	–	1,854,400	–	(27,600)	–	1,826,800
		4.3.2024–3.3.2028	4.3.2028–3.3.2030	5.13	2.07	–	1,766,400	–	(26,400)	–	1,740,000
						15,932,000	5,721,200	–	(2,648,400)	(1,430,800)	17,574,000
Exercisable options	before 31 March 2024										7,361,600

Notes:

1. Number of Shares in the Company over which options granted under the 2010 Share Option Scheme and the 2020 Share Option Scheme are exercisable.

2. The closing price of the Shares immediately before the dates on which the relevant share options were granted on (i) 12 February 2018, i.e. on 9 February 2018 was HK$6.88, (ii) 28 January 2019, i.e. on 25 January 2019 was HK$3.79, (iii) 17 January 2020, i.e. on 16 January 2020 was HK$6.48, (iv) 3 February 2021, i.e. on 2 February 2021 was HK$19.50, (v) 16 February 2022, i.e. on 15 February 2022 was HK$10.80, and (vi) 4 March 2024, i.e. on 1 March 2024 was HK$5.14.

3. Share options under each grant are subject to the restrictions that up to 50% and 100% of the total options granted will be exercisable during the period of 18th and 60th months respectively from the date of acceptance of the grant of options by the relevant grantees.

4. The weighted average closing price immediately before the dates on which the options were exercised was HK$5.86. The gross proceeds received from issuance of shares upon the exercise of share options during the Review Period was approximately HK$6,228,080.

5. No share options were granted under the Share Option Scheme in excess of the 1% individual limit.

SHARE AWARD SCHEME

The Company adopted a share award scheme (the "Share Award Scheme") on 27 January 2011 (the "Adoption Date") with a duration of 10 years commencing from the Adoption Date. The objective of the Share Award Scheme was to recognise the contributions by certain directors and employees of the Group and to give incentive to them in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. Please refer to the Company's announcement dated 31 January 2011 for further information on the Share Award Scheme.

As at 31 March 2024, the Share Award Scheme had expired. No Shares was granted by the Company to any employees of the Company or Directors pursuant to the Share Award Scheme during the Review Period.

No Shares were held by the trustee of the Share Award Scheme.

CONFIRMATION OF INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Review Period, the Company and the Group had continuing connected transactions, certain details of which have been disclosed in the prospectus of the Company dated 18 March 2010 and note 32 to the consolidated financial statements. Such continuing connected transactions are exempted from the reporting, announcement, shareholders' approval and annual review requirements under the Listing Rules. Save as the above continuing connected transactions, there were no transactions during the Review Period which need to be disclosed as connected transactions and continuing connected transactions in accordance with the requirements of the Listing Rules.

The Directors consider that those continuing connected party transaction(s) disclosed in note 32 to the consolidated financial statements fall under the definition of "continuing connected transaction(s)" in Chapter 14A of the Listing Rules, which are exempted from the reporting, announcement, shareholders' approval and annual review requirements under the Listing Rules.

DIRECTORS' INTEREST IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed under the section headed "Connected Transactions and Continuing Connected Transactions", no transaction, arrangement or contract of significance, to which any member of our Group was a party, and in which a Director or an entity connected with a Director or the controlling Shareholder of the Company or any of its subsidiaries (if any) had a material interest, whether directly and indirectly, subsisted at the end of 31 March 2024 or at any time during the Review Period.

NON-COMPETITION UNDERTAKING

Each of Man Wah Investments Limited and Mr. Wong Man Li has entered into a deed of non-competition dated 5 March 2010 with the Company, to the effect that each of them will not directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with the business of the Group from time to time.

None of the Directors of the Company had an interest in a business which competes with the Company or is likely to compete with the business of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

During the Review Period, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for approximately 10.3% and 19.3% of the total revenue and purchases for the year, respectively. The Group's largest customer accounted for around 3.3% of the total revenue for the year. The Group's largest supplier accounted for around 9.4% of the total purchase for the year.

At no time during the Review Period did a Director, a close associate of a Director or a Shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers or suppliers.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

The Group is not aware of any key relationships between itself and its employees, customers, suppliers and others that have a significant impact on the Group and on which the Group's success depends.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes are set out in note 10 to the consolidated financial statements.

DONATIONS

During the Review Period, the Group made charitable and other donations amounting to approximately HK$68,483,000 (FY2023: HK$9,110,000).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

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

During FY2024, the Company repurchased a total of 44,842,800 ordinary shares of the Company at an aggregate purchase price of approximately HK$228,565,371 (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
		Highest	Lowest	
		HK$	HK$	HK$
May 2023	15,000,000	5.59	5.26	80,911,500
December 2023	15,842,800	5.23	4.99	80,938,111
January 2024	14,000,000	4.97	4.50	66,715,760
Total	44,842,800			228,565,371

The repurchased ordinary shares were cancelled during the Review Period. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchases were effected by the Directors pursuant to the general mandate to repurchase shares granted by the shareholders of the Company to the Board at the annual general meeting of the Company held on 30 June 2023, with a view to benefiting shareholders as a whole in enhancing the return on net assets and earnings per share of the Company.

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

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee and the employees' emoluments are determined on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regarded to the Group's operating results, individual performance and comparable market statistics.

The emoluments of the Directors and employees of the Group include the Share Option Schemes, details of which are disclosed in note 29 to the consolidated financial statements and pages 97 to 101 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as at the date of this annual report.

AUDITOR

On 13 March 2020, the Board appointed Messrs. PricewaterhouseCoopers as the auditor of the Company with effect from 13 March 2020 to fill the casual vacancy following the resignation of Messrs. Deloitte Touche Tohmatsu. There has been no change in auditors since then.

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. PricewaterhouseCoopers as the auditor of the Company.

CHANGE IN DIRECTORS' INFORMATION

Save as disclosed in the "Directors' Biographies", there is no other information required to be disclosed under Rule 13.51B(1) of the Listing Rules.

ENVIRONMENTAL POLICIES AND PERFORMANCE

A discussion on the environmental policies and performance of the Company can be found in the "Environmental, Social and Governance Report" section, which forms part of this Directors' Report of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the Review Period, there was no material breach or non-compliance with the applicable laws and regulations that have a significant impact on the Group.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this Annual Report relating to Share Option Schemes, no equity-linked agreements were entered into during the Review Period or subsisted at the end of the Review Period.

TAX RELIEF

The Company is not aware of any information relating to relief from taxation to which its shareholders are entitled by reason of their holding of the shares of the Company.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or subsisting during the Review Period.

PERMITTED INDEMNITY PROVISION

The Bye-laws provides that for the time being a director of the Company, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of his duty or supposed duty in his office.

On behalf of the board

Wong Man Li
Chairman
16 May 2024

Independent Auditor's Report

羅兵咸永道

To the Shareholders of Man Wah Holdings Limited
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Man Wah Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 114 to 212, comprise:

- the consolidated statement of financial position as at 31 March 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit are summarised as follows:

- Impairment assessment of goodwill
- Impairment assessment of trade receivables and bills receivable

Key Audit Matter	How our Audit Addressed the Key Audit Matter

Impairment assessment of goodwill

Refer to Notes 39.10 and 39.11 (Accounting policies), Note 4(i) (Critical accounting estimates and assumptions) and Note 17 (Intangible assets) to the consolidated financial statements.

We identified the impairment assessment of goodwill as a key audit matter due to the complexity and significant judgement and estimates involved in the goodwill impairment assessment by management of the Group.

The carrying amount of goodwill as at 31 March 2024 was approximately HK$767,394,000 (2023: HK$816,174,000). The goodwill impairment assessment involved significant management judgement and estimates in the determination of valuation model and the application of assumptions in the model, including discount rates and revenue growth rates, in estimating the value in use of the cash generating units to which goodwill has been allocated.

The Group recognised the provision for impairment of goodwill of approximately HK$12,268,000 (2023: HK$133,753,000) relating to the manufacture and distribution of sofas by Huizhou Pulini (2023: Home Group) for the year ended 31 March 2024. Refer to Note 17 to the consolidated financial statements for details.

Based on the results of the impairment assessments conducted, the Group determined that, other than the abovementioned impairment charge of approximately HK$12,268,000 (2023: HK$133,753,000), there is no impairment of other goodwill. This judgement is based on the recoverable amounts, being the higher of the fair value less costs of disposal and value in use, exceeding the book amounts of the respective business units including goodwill and other operating assets.

Our procedures in relation to the impairment assessment of goodwill included:

- Obtaining an understanding of the management's internal control and process of impairment assessment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.

- Evaluating the historical accuracy of the forecast future cash flows by comparing them to actual results in the current period and understanding the causes for the significant variances, if any;

- Assessing the appropriateness of the valuation methodologies used by management based on our industry knowledge and relevant market practice;

- Evaluating the assumptions used in the discounted cash flow models, including discount rates by comparing rates used by other comparable companies and compound revenue growth rates by reference to the budget of the Group as well as industry trend; and

- Considering management's sensitivity analysis with respect to variations of key assumptions adopted, to evaluate the extent to which reasonably possible changes, both individually and in aggregate, would affect the outcomes of the impairment assessment.

Based on the above, we found management's judgement and estimates involved in the impairment assessment of goodwill to be supportable by available evidence.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Impairment assessment of trade receivables and bills receivable	
Refer to Notes 39.12 and 39.14 (Accounting policies), Note 3.1 (Credit risk), Note 4(ii) (Critical accounting estimates and assumptions) and Note 22 (Trade receivables and bills receivable) to the consolidated financial statements. We identified impairment assessment of trade receivables and bills receivable as a key audit matter due to the involvement of significant management judgement and estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables and bills receivable at the end of the reporting period. As at 31 March 2024, the Group's gross trade receivables and bills receivable amounted to approximately HK$1,754,171,000 (2023:HK$1,633,574,000) and the provision for ECL of trade receivables and bills receivable amounted to approximately HK$7,279,000 (2023:HK$35,264,000). Management of the Group estimated the lifetime ECL of trade receivables and bills receivable through grouping of various debtors that have similar loss patterns, after considering credit profile of different customers, repayment history and past due status of respective trade receivables and bills receivable. Estimated loss rates are based on historical loss rates over the expected life of trade debtors and are adjusted for forward-looking factors such as the outlook of China and global GDP with reference to latest economic and market data.	Our procedures in relation to impairment assessment of trade receivables and bills receivable included: • Obtaining an understanding of the management's internal control and process of impairment assessment of trade receivables and bills receivable and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • Testing the trade receivables and bills receivable ageing analysis as at 31 March 2024, on a sampling basis, by comparing individual items in the analysis with the relevant sales agreements, sales invoices and other supporting documents; • Evaluating management's basis in developing the ECL model; • Assessing the reasonableness of the historical loss rates used in the ECL model by corroborating the credit profile of the respective customers with their historical settlement pattern; and • Evaluating the forward-looking information used by management by comparing against publicly available economic information. Based on the above, we found management's judgement and estimates involved in the impairment assessment of trade receivables and bills receivable to be supportable by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kong Ling Yin, Raymond.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 May 2024

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue and other income		**18,798,633**	17,788,864
Revenue	5	**18,411,197**	17,351,106
Cost of goods sold	8	**(11,163,170)**	(10,672,839)
Gross profit		**7,248,027**	6,678,267
Other income	6	**387,436**	437,758
Other losses, net	7	**(304,195)**	(241,416)
Selling and distribution expenses	8	**(3,314,346)**	(3,317,923)
Administrative and other expenses	8	**(956,000)**	(1,046,952)
Operating profit		**3,060,922**	2,509,734
Finance costs	9	**(200,500)**	(164,857)
Share of results of joint ventures		**4,053**	9,995
Profit before income tax		**2,864,475**	2,354,872
Income tax expense	11	**(468,473)**	(496,694)
Profit for the year		**2,396,002**	1,858,178
Other comprehensive loss:			
Item that may be subsequently reclassified to profit or loss			
Currency translation differences		**(582,038)**	(793,431)
Item that will not be reclassified to profit or loss			
Currency translation differences		**(39,434)**	(44,764)
Other comprehensive loss for the year		**(621,472)**	(838,195)
Total comprehensive income for the year		**1,774,530**	1,019,983

	Note	2024 HK$'000	2023 HK$'000
Profit/(loss) for the year attributable to:			
Owners of the Company		**2,302,366**	1,914,914
Non-controlling interests		**93,636**	(56,736)
		2,396,002	1,858,178
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**1,720,328**	1,121,483
Non-controlling interests		**54,202**	(101,500)
		1,774,530	1,019,983
Earnings per share attributable to owners of the Company			
– Basic (HK cents per share)	12	**59.09**	48.80
– Diluted (HK cents per share)	12	**59.08**	48.77

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**7,227,927**	6,743,332
Investment properties	15	**442,044**	464,734
Right-of-use assets	16	**2,548,190**	2,657,316
Goodwill	17	**767,394**	816,174
Other intangible assets	17	**171,517**	215,914
Interests in joint ventures	18	**22,695**	72,912
Financial assets at fair value through profit or loss	23	**1,725**	1,826
Deferred tax assets	19	**8,132**	29,174
Deposit paid for a land lease	22	**310,868**	3,860
Prepayments and deposits paid for acquisition of property, plant and equipment	22	**202,417**	220,612
		11,702,909	11,225,854
Current assets			
Inventories	20	**1,553,474**	1,449,689
Properties held for sale		**135,907**	151,716
Properties under development	21	**158,443**	167,681
Trade receivables and bills receivable	22	**1,746,892**	1,598,310
Other receivables and prepayments	22	**981,488**	943,908
Financial assets at fair value through profit or loss	23	**246,430**	343,608
Tax recoverable		**4,361**	14,094
Restricted bank balances	24	**3,786**	7,394
Cash and bank balances	24	**3,273,830**	3,738,234
		8,104,611	8,414,634
Total assets		**19,807,520**	19,640,488
EQUITY			
Equity attributable to owners of the Company			
Share capital	28	**1,551,015**	1,568,380
Reserves		**10,532,371**	9,988,397
		12,083,386	11,556,777
Non-controlling interests		**992,283**	970,993
Total equity		**13,075,669**	12,527,770

	Notes	2024 HK$'000	2023 HK$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	16	**158,666**	143,752
Bank borrowings – non-current portion	27	**1,015**	350
Deferred tax liabilities	19	**143,267**	151,843
Other non-current liabilities		**1,268**	30,753
		304,216	326,698
Current liabilities			
Trade payables and bills payable	25	**710,214**	950,941
Other payables and accruals	25	**1,090,960**	974,682
Lease liabilities	16	**52,520**	79,243
Contract liabilities	26	**274,813**	363,867
Bank borrowings – current portion	27	**4,113,203**	4,176,079
Tax payable		**185,925**	241,208
		6,427,635	6,786,020
Total liabilities		**6,731,851**	7,112,718
Total equity and liabilities		**19,807,520**	19,640,488

The consolidated financial statements on pages 114 to 212 were approved by the Board of Directors on 16 May 2024 and were signed on its behalf.

WONG YING YING
Director

WONG MAN LI
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note i)	Other reserve HK$'000 (Note ii)	Statutory reserve HK$'000 (Note iii)	Translation reserve HK$'000	Revaluation surplus HK$'000	Shares held under share award scheme HK$'000	Share option reserve HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 April 2023	1,568,380	1,989,259	(16,132)	(113,194)	990,496	(799,940)	37,099	(448)	41,389	7,859,868	11,556,777	970,993	12,527,770
Comprehensive income/(loss)													
Profit for the year	–	–	–	–	–	–	–	–	–	2,302,366	2,302,366	93,636	2,396,002
Other comprehensive loss													
Currency translation differences	–	–	–	–	–	(582,038)	–	–	–	–	(582,038)	(39,434)	(621,472)
Total comprehensive income/ (loss)	–	–	–	–	–	(582,038)	–	–	–	2,302,366	1,720,328	54,202	1,774,530
Transactions with owners													
Repurchase of shares (Note 28)	(17,937)	(211,393)	–	–	–	–	–	–	–	–	(229,330)	–	(229,330)
Capital contribution by non-controlling equity holders	–	–	–	–	–	–	–	–	–	–	–	4,054	4,054
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	6,059	–	6,059	–	6,059
Issuance of shares upon exercise of share options	572	7,136	–	–	–	–	–	–	(1,480)	–	6,228	–	6,228
Transfer to PRC statutory reserves	–	–	–	–	55,047	–	–	–	–	(55,047)	–	–	–
Dividends paid to equity holders of the company (Note 13)	–	–	–	–	–	–	–	–	–	(976,676)	(976,676)	–	(976,676)
Dividends paid to non-controlling equity holders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(36,966)	(36,966)
Total transactions with owners	(17,365)	(204,257)	–	–	55,047	–	–	–	4,579	(1,031,723)	(1,193,719)	(32,912)	(1,226,631)
Balance at 31 March 2024	1,551,015	1,785,002	(16,132)	(113,194)	1,045,543	(1,381,978)	37,099	(448)	45,968	9,130,511	12,083,386	992,283	13,075,669

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note i)	Other reserve HK$'000 (Note ii)	Statutory reserve HK$'000 (Note iii)	Translation reserve HK$'000	Revaluation surplus HK$'000	Shares held under share award scheme HK$'000	Share option reserve HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 April 2022	1,571,225	2,018,306	(16,132)	(113,194)	801,304	(6,509)	37,099	(448)	28,368	7,389,684	11,709,703	1,038,470	12,748,173
Comprehensive income/(loss)													
Profit/(loss) for the year	–	–	–	–	–	–	–	–	–	1,914,914	1,914,914	(56,736)	1,858,178
Other comprehensive loss													
Currency translation differences	–	–	–	–	–	(793,431)	–	–	–	–	(793,431)	(44,764)	(838,195)
Total comprehensive income/(loss)	–	–	–	–	–	(793,431)	–	–	–	1,914,914	1,121,483	(101,500)	1,019,983
Transactions with owners													
Repurchase of shares (Note 28)	(4,659)	(54,300)	–	–	–	–	–	–	–	–	(58,959)	–	(58,959)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	11,640	11,640
Capital contribution by non-controlling equity holders	–	–	–	–	–	–	–	–	–	–	–	70,272	70,272
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	18,722	–	18,722	–	18,722
Issuance of shares upon exercise of share options	1,814	25,253	–	–	–	–	–	–	(5,701)	–	21,366	–	21,366
Transfer to PRC statutory reserves	–	–	–	–	189,192	–	–	–	–	(189,192)	–	–	–
Dividends paid to equity holders of the company (Note 13)	–	–	–	–	–	–	–	–	–	(1,255,538)	(1,255,538)	–	(1,255,538)
Dividends paid to non-controlling equity holders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(47,889)	(47,889)
Total transactions with owners	(2,845)	(29,047)	–	–	189,192	–	–	–	13,021	(1,444,730)	(1,274,409)	34,023	(1,240,386)
Balance at 31 March 2023	1,568,380	1,989,259	(16,132)	(113,194)	990,496	(799,940)	37,099	(448)	41,389	7,859,868	11,556,777	970,993	12,527,770

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes:

(i) Special reserve arose from the acquisition of equity interest of certain subsidiaries through a corporate reorganisation. It represents the difference between the nominal value of share capital of those subsidiaries at the date of acquisition and the nominal value of the shares issued by the Company as consideration for the acquisition.

(ii) Other reserve arose from the acquisition of the additional equity interest of subsidiaries and disposal of equity interest of subsidiaries. It represents the difference between the carrying amount of the net assets of the subsidiaries attributable to the additional interest or disposal of equity interests in subsidiaries that do not result in a loss of control at the dates of transactions and the fair value of consideration paid or received by the Company.

(iii) The statutory reserve represents the amount transferred from profit after taxation of the subsidiaries established in the Mainland of People's Republic of China (the "PRC") in accordance with the relevant PRC laws until the PRC statutory reserve reaches 50% of the registered capital of the respective subsidiaries. The statutory reserve can be applied either in setting off the accumulated losses or increasing capital.

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Cash generated from operations	34(a)	**2,978,163**	4,609,963
Interest paid		**(184,859)**	(153,362)
Interest received		**152,099**	114,388
Income tax paid, net		**(390,678)**	(511,973)
Net cash generated from operating activities		**2,554,725**	4,059,016
Cash flows from investing activities			
Investment in structured deposits		**–**	(459,715)
Proceeds on disposal of structured deposits		**–**	458,658
Payment for acquisition of property, plant and equipment		**(1,166,756)**	(1,555,212)
Payment for acquisition of lands		**(310,033)**	–
Withdrawal of restricted bank balances		**7,370**	4,045
Placement of restricted bank balances		**(3,898)**	(7,394)
Purchase of other intangible assets		**(9,806)**	(5,545)
Purchase of right-of-use assets		**(82,676)**	–
Proceeds from disposal of property, plant and equipment		**27,485**	107,357
Placement of short-term bank deposits		**–**	(118,856)
Withdrawal of short term bank deposits		**–**	5,855
Acquisition of subsidiaries, net of cash acquired		**–**	(90,212)
Net cash used in investing activities		**(1,538,314)**	(1,661,019)
Cash flows from financing activities			
Dividends paid to equity holders of the Company	13	**(976,676)**	(1,255,538)
Dividends paid to non-controlling equity holders of subsidiaries		**(36,966)**	(47,889)
Repurchase of shares		**(229,330)**	(58,959)
Repayment of borrowings		**(3,094,165)**	(2,113,142)
New borrowings raised		**3,120,622**	2,160,710
Capital contribution from non-controlling equity holders		**4,054**	70,272
Proceeds from issuance of shares upon exercise of share options		**6,228**	21,366
Principal elements of lease payments	16(ii)	**(76,659)**	(111,556)
Net cash used in financing activities		**(1,283,892)**	(1,334,736)
Net (decrease)/increase in cash and cash equivalents		**(267,481)**	1,063,261
Cash and cash equivalents at beginning of the year		**3,619,378**	2,825,704
Effect of foreign exchange rate changes		**(188,975)**	(269,587)
Cash and cash equivalents at end of the year		**3,162,922**	3,619,378

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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 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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) New and amended standards adopted by the Group

The Group has adopted the following revised framework and amendments to standards which are relevant to the Group's operations and are mandatory for the financial year beginning on 1 April 2023.

IFRS 17	Insurance Contracts
IAS 1 and IFRS Practice Statements 2 (Amendments)	Disclosure of Accounting Policies
IAS 8 (Amendments)	Definition of Accounting Estimates
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules

2 BASIS OF PREPARATION – continued

(i) New and amended standards adopted by the Group – continued

The adoption of the above revised framework and amendments to standards did not have any significant financial impact on these consolidated financial statements.

(ii) New standards, amendments to standards and interpretations not yet adopted

The following are new standard, amendments to standards and interpretations that have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2024 or later periods, but have not been early adopted by the Group.

IAS 1 (Amendments)	Non-current Liabilities with Covenants[1]
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current[1]
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback[1]
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangements[1]
IAS 21 (Amendments)	Lack of Exchangeability[2]
IFRS 10 and IAS 28 (Amendments)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

(1) Effective for the accounting period beginning on or after 1 January 2024

(2) Effective for the accounting period beginning on or after 1 January 2025

(3) Effective date to be determined

The Group is in the process of assessing potential impact of the above new standards and amendments that are relevant to the Group upon initial application. It is not yet in a position to state whether these standards, interpretations, and amendments will have a significant impact on the Group's results of operations and financial position.

3 FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include trade, bills and other receivables, trade, bills and other payables, financial assets at FVPL, cash and cash equivalents, short-term bank deposits, restricted bank balances and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no change to the Group's exposure to financial risks or the manner in which it manages and measures the risk.

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollars ("US$") and Renminbi ("RMB"). The Group manages its foreign exchange risks by performing regular review and monitoring its foreign exchange exposure. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As HK$ are pegged to US$, the Group does not have material exchange rate risk on translation between HK$ and US$.

At the end of the reporting period, the carrying amount of the Group's monetary assets and monetary liabilities denominated in currencies other than the respective functional currencies of the relevant group entities, expressed in HK$, are as follows:

Assets

	2024 HK$'000	2023 HK$'000
US$	**1,188,353**	770,986
RMB	**547,861**	246,043
Euro ("EUR")	**60,425**	29,379
HK$	**24,453**	21,000
Other currencies	**12,216**	1,357

3 FINANCIAL RISK MANAGEMENT – continued

3.1 Financial risk factors – continued

(a) Market risk – continued

(i) Foreign exchange risk – continued

Liabilities

	2024 HK$'000	2023 HK$'000
US$	**382,493**	529,617
RMB	**782,322**	456,538
EUR	**13,713**	1,307
HK$	**203,054**	501,245
Other currencies	**17,219**	2,133

The table below illustrates the sensitivity as at the end of the reporting period to a reasonably possible change in the respective exchange rates against the functional currency of the respective group entities, with all other variables held constant, to the profit for the year ended 31 March 2024, mainly as a result of net foreign exchange impact on translation of trade, bills and other receivables, restricted bank balances, cash and cash equivalents, short-term bank deposits, trade, bills and other payables and bank borrowings denominated in these foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

	Change in exchange rate	Impact on post-tax profit HK$'000
2024		
If US$ strengthens/weakens against the functional currencies	+5%/-5%	95,749 higher/lower
If RMB strengthens/weakens against the functional currencies	+5%/-5%	11,536 lower/higher
If HK$ strengthens/weakens against the functional currencies	+5%/-5%	5,129 lower/higher
2023		
If US$ strengthens/weakens against the functional currencies	+5%/-5%	16,855 higher/lower
If RMB strengthens/weakens against the functional currencies	+5%/-5%	9,263 lower/higher
If HK$ strengthens/weakens against the functional currencies	+5%/-5%	17,722 lower/higher

3 FINANCIAL RISK MANAGEMENT – continued

3.1 Financial risk factors – continued

(a) Market risk – continued

(ii) Cash flow and interest rate risk

Interest rate risk arises from the potential changes in interest rates that may have an adverse effect on the Group's results for the current reporting period and in future years. The Group is exposed to cash flow interest rate risk arising from the volatility of Hong Kong Interbank Offered Rate, Best Lending Rate or Euro Interbank Offered Rate as all bank borrowings, cash and cash equivalents are at floating rates or at prevailing deposit rates. The Group generally does not take a speculative view on the movement in interest rates and, therefore, does not use interest rate derivative instruments to hedge exposed risks.

The sensitivity analysis below has been determined based on the exposure to interest rates on the Group's variable rate borrowings, restricted bank balances and bank balances at the end of the reporting period and prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease is used by management for the assessment of the reasonably possible change in interest rates.

If interest rates on restricted bank balances and bank balances had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2024 would increase/decrease by HK$12,648,000 (2023: HK$13,257,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

If interest rates on bank borrowings had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2024 would decrease/increase by HK$16,478,000 (2023: HK$13,716,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

(b) Credit risk

The credit risk of the Group's financial assets, which mainly comprise trade receivables and bills receivable, deposits and other receivables, financial assets at FVPL, short-term bank deposits, restricted bank balances and cash and cash equivalents, arises from potential default of the counterparties, with maximum exposure equal to the carrying amounts of these instruments.

(i) Risk management

As at 31 March 2024 and 2023, substantially all of the cash and bank balances, as detailed in Note 24, are held in banks in China, Macau, Hong Kong, Vietnam and Europe with high credit ratings assigned by international credit-rating agencies. Over 81% (2023: 80%) of the Group's bank balance is deposited into five (2023: five) banks. The directors of the Company anticipated that the related credit risk is limited because the banks are with good reputations.

3 FINANCIAL RISK MANAGEMENT – continued

3.1 Financial risk factors – continued

(b) Credit risk – continued

(i) Risk management – continued

In order to minimise the credit risk, the Group's current credit practices include assessing the customers' credit reliability and periodic review of their financial status to determine credit limits to be granted 9% (2023: 8%) and 20% (2023: 24%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. Apart from delegating a team for determining the credit limits, credit approval and other monitoring procedures on customers, the Group also explores new markets and new customers in order to minimise the concentration of credit risk. Other than the above, no other concentration of credit risk exists on Group's trade receivables.

In addition, most of the Group's exposure on trade receivables and bills receivable was covered by insurance. The Group has purchased credit insurance from certain insurance corporations on most of the Group's overseas sales to compensate for losses from debts when they become irrecoverable. Credit enhancements, including the credit insurance which is considered to be in substance, an integral part of the contractual terms of trade receivables and bills receivable and the cash flows from credit enhancements are included in the measurement of ECL.

The credit ratings of financial assets at FVPL are monitored for credit deterioration.

(ii) Impairment of financial assets

Trade receivables and bills receivable arising from contracts with customers

The Group applied IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and bills receivable balances. To measure the expected credit losses, trade receivable and bills receivable has been grouped based on shared credit risk characteristics through grouping of various debtors that have similar loss patterns, after considering credit profile of different customers, repayment history and past due status of respective trade receivables and bills receivable. The historical loss rates are adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For trade receivables and bills receivable relating to debtors which face significant financial difficulties or enter liquidation, they are assessed individually for impairment. Accordingly, the Group provided HK$38,752,000 for impairment for trade receivables and bills receivable during the year ended 31 March 2024 (2023: HK$14,578,000) for these debtors. Trade receivables and bills receivable of HK$7,279,000 has been provided for as at 31 March 2024 (2023: HK$35,264,000).

The Group has assessed the loss allowance of the remaining trade receivables and bills receivable and the directors are of the opinion that the risk of default by these customers is not significant, taking into account forward-looking information on macroeconomics factors. Therefore, expected credit loss rate and provision for impairment of the remaining trade receivables and bills receivable is assessed to be insignificant.

3 FINANCIAL RISK MANAGEMENT – continued

3.1 Financial risk factors – continued

(b) Credit risk – continued

(ii) Impairment of financial assets – continued

Other financial assets at amortised cost

As at 31 March 2024 and 2023, there were counterparties with significant doubt on collection of receivables and the management consider the receivables to have experienced a significant increase in credit risk and defined the receivables as default. The balance of these receivables as at 31 March 2024 and 2023 were HK$30,124,000 and HK$31,404,000 and the loss allowance in respect of these receivables were HK$30,124,000 and HK$31,404,000 respectively. Please refer to Note 22 for details.

For the remaining other financial assets at amortised cost, based on the impairment assessment performed by the Group, the management of the Group considers the expected credit loss rate of the remaining other financial assets at amortised cost to be immaterial under the 12 months ECL method. Thus, no provision for impairment for the remaining other financial assets at amortised cost was made as at 31 March 2024 (2023: Nil).

(c) Liquidity risk management

In managing of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings on a regular basis.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Specifically, for bank and other borrowing which contain a repayment on demand clause which can be exercised at the discretion of the counterparties, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay.

3 FINANCIAL RISK MANAGEMENT – continued

3.1 Financial risk factors – continued

(c) Liquidity risk management – continued

As at 31 March 2024

	Weighted average effective interest rate %	On demand or less than 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Trade and other payables		**1,489,036**	**–**	**–**	**1,489,036**	**1,489,036**
Bank borrowings – variable rate	**5.78**	**1,459,154**	**–**	**–**	**1,459,154**	**1,441,923**
Bank borrowings – fixed rate	**2.56**	**2,735,287**	**713**	**350**	**2,736,350**	**2,672,295**
Lease liabilities		**57,843**	**50,119**	**126,470**	**234,432**	**211,186**
		5,741,320	**50,832**	**126,820**	**5,918,972**	**5,814,440**

As at 31 March 2023

	Weighted average effective interest rate %	On demand or less than 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Trade and other payables		1,626,654	–	–	1,626,654	1,626,654
Bank borrowings – variable rate	4.40	3,350,239	–	–	3,350,239	3,279,586
Bank borrowings – fixed rate	2.74	914,127	294	67	914,488	896,843
Lease liabilities		130,829	55,213	99,727	285,769	222,995
		6,021,849	55,507	99,794	6,177,150	6,026,078

The amounts included above for variable interest rate instruments of non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

3 FINANCIAL RISK MANAGEMENT – continued

3.2 Capital management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in Note 27, cash and cash equivalents disclosed in Note 24 and equity attributable to owners of the Company, comprising issued share capital as disclosed in Note 28 and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of the capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through adjusting the amount of dividends paid to the shareholders, return capital to shareholders, issue new shares as well as draw down of new debt or redemption of existing debt.

3.3 Fair value estimation

The carrying amounts of the following financial assets and financial liabilities approximate their fair values as all of them are short-term in nature: cash and cash equivalents, short-term bank deposits, trade receivables and bills receivable, other receivables, restricted bank balances, trade payables and bills payable, other payables, bank borrowings and lease liabilities.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There is no transfer of financial assets or financial liabilities between level 1 to level 3 in the year. See Note 23 for disclosures relevant to financial assets at FVPL.

As at 31 March 2024 and 2023, there are certain investment properties measured at fair value using market approach and income approach. See Note 15 for disclosures relevant to investment properties.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated, which is the higher of the value in use and fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit, a suitable discount rate, growth rates, budgeted sales and gross margin in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise. As at 31 March 2024, the carrying amount of goodwill is HK$767,394,000 (2023: HK$816,174,000).

(ii) Provision of ECL for trade receivables and bills receivable

The Group uses provision matrix to calculate ECL for trade receivables and bills receivable. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and bills receivable with objective evidence that the debtor faces significant financial difficulties or enter liquidation are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and bills receivable are disclosed in Note 3.1.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS – continued

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Control over investees accounted for as subsidiaries

Certain entities are considered to be subsidiaries of the Company despite the interest therein are not more than 50% of the issued share capital of the relevant entities. Based on the contractual power pursuant to the relevant shareholders' agreement between the Group and the other shareholders, the Group has the majority voting power in the Board of Directors in the respective investees, by which the relevant activities that significantly affect the return of the investee are determined, and hence has control over these investees. Accordingly, those entities are accounted for as subsidiaries of the Company.

(ii) Recognition of deferred taxation

At 31 March 2024, the Group provided for deferred tax liabilities of approximately HK$34,413,000 (2023: HK$34,413,000) in relation to the earnings expected to be distributed from the certain subsidiaries. Deferred tax liabilities have not been provided on the distributable profits of subsidiaries that the Group plans to retain in the respective entities for their daily operations and future developments. In case where the actual distribution of profits are larger than expected, material tax liabilities will arise, which will be recognised in the profit or loss for the period in which such profits are distributed or the future development plan of the Group changed, whichever is earlier.

No deferred tax assets have been recognised in respect of the unused tax losses of approximately HK$605,064,000 (2023: HK$589,934,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than or more than expected, a material reversal or recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or recognition takes place.

(iii) Provision for slow-moving inventories

The Group estimates the provision for inventory based on inventory ageing profiles and made specific and general provision for slow-moving inventories. Provision for inventory is recorded where events or changes in circumstances indicate that the carrying cost of inventories will not be fully realised. The quantification of inventory provision requires the use of estimates and judgement. Where the outcomes are different from the original estimates, such differences will impact the carrying value of inventories and provision for inventory in the years in which such estimates have been changed.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS – continued

Critical judgements in applying accounting policies – continued

(iv) Fair value of investment properties

The valuation of investment properties requires management's input of various assumptions and factors relevant to the valuation. The assumptions adopted in the property valuations are based on the market conditions existing at the end of the reporting period, with reference to current market rental and the appropriate capitalisation rate or current market selling prices. The information about the fair value of investment properties are disclosed in Note 15.

5 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")
Home Group business	–	manufacture and distribution of sofas and ancillary products by Home Group
Bedding and ancillary products	–	manufacture and distribution of bedding and ancillary products
Other products	–	manufacture and distribution of chairs and other products to commercial clients, smart furniture spare parts and metal mechanism for recliners, income from sales of scrap metal etc.
Other business	–	sales of residential properties, hotel operation and lease of furniture mall and other properties

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 sales 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.

5 SEGMENT INFORMATION – continued

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 39.4. Segment results represent the profit before income tax earned by each segment without allocation of other income, share of results of joint ventures, exchange gains, net, fair value losses on investment properties, gains or losses from changes in fair value of financial assets at FVPL, finance costs, provision for impairment of goodwill, provision for impairment of intangible assets, provision for impairment of property, plant and equipment and unallocated expenses.

(a) Segment revenue and results

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

For the year ended 31 March 2024

	Sofas and ancillary products HK$'000	Bedding and ancillary products HK$'000	Other products HK$'000	Other business HK$'000	Home Group business HK$'000	Total HK$'000
Revenue						
External sales	12,658,825	2,987,854	1,819,602	270,780	674,136	18,411,197
Results						
Segment results	2,142,877	658,586	226,342	199,401	3,372	3,230,578
Other income						387,436
Share of results of joint ventures						4,053
Exchange gains, net						13,485
Fair value losses on investment properties						(2,509)
Losses from changes in fair value of financial assets at FVPL						(219,845)
Finance costs						(200,500)
Provision for impairment of goodwill						(12,268)
Unallocated expenses						(335,955)
Profit before income tax						2,864,475

5 SEGMENT INFORMATION – continued

(a) Segment revenue and results – continued

For the year ended 31 March 2023

	Sofas and ancillary products HK$'000	Bedding and ancillary products HK$'000	Other products HK$'000	Other business HK$'000	Home Group business HK$'000	Total HK$'000
Revenue						
External sales	12,298,602	2,726,781	1,417,246	295,903	612,574	17,351,106
Results						
Segment results	1,840,574	640,121	51,857	175,041	(40,389)	2,667,204
Other income						437,758
Share of results of joint ventures						9,995
Exchange gains, net						60,221
Losses from changes in fair value of financial assets at FVPL						(15,801)
Finance costs						(164,857)
Provision for impairment of goodwill						(133,753)
Provision for impairment of intangible assets						(125)
Provision for impairment of property, plant and equipment						(52,534)
Unallocated expenses						(453,236)
Profit before income tax						2,354,872

5 SEGMENT INFORMATION – continued

(b) Other information

Amounts included in the measure of segment result:

For the year ended 31 March 2024

	Sofas and ancillary products HK$'000	Bedding and ancillary products HK$'000	Other products HK$'000	Other business HK$'000	Home Group business HK$'000	Total HK$'000
Loss/(gain) on disposal of property, plant and equipment	17,152	2,215	3,749	–	(75)	23,041
Depreciation and amortisation	389,119	66,433	77,130	19,036	21,160	572,878
Provision for/(reversal of) impairment of trade receivables and bills receivable	33,033	7,797	(2,018)	–	(60)	38,752
(Reversal of)/provision for impairment of inventories	(7,398)	(420)	–	–	2,241	(5,577)

5 SEGMENT INFORMATION – continued

(b) Other information – continued

Amounts included in the measure of segment result:

For the year ended 31 March 2023

	Sofas and ancillary products HK$'000	Bedding and ancillary products HK$'000	Other products HK$'000	Other business HK$'000	Home Group business HK$'000	Total HK$'000
Loss/(gain) on disposal of property, plant and equipment	59,119	321	280	(103)	(17)	59,600
Depreciation and amortisation	455,051	65,523	99,743	29,844	34,354	684,515
Provision for impairment of trade receivables and bills receivable	2,978	1,003	9,219	–	1,378	14,578
Provision for impairment of inventories	9,798	435	–	–	2,208	12,441

(c) Geographical information

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

	2024 HK$'000	2023 HK$'000
PRC (including Hong Kong and Macau)	**12,257,665**	11,388,618
North America (Note 1)	**4,284,307**	4,188,848
Europe (Note 2)	**1,325,869**	1,149,321
Others (Note 2)	**543,356**	624,319
	18,411,197	17,351,106

Notes:

1. The revenue generating from external customers in North America mainly included HK$3,926,592,000 (2023: HK$3,919,060,000) from United States and HK$332,981,000 (2023: HK$207,861,000) from Canada.

2. Europe mainly included England, Ireland and Germany. Others mainly included Indonesia, Australia, India and Israel. Home Group business is included in Europe. No further analysis by countries of these categories are presented because the revenue from each individual country is insignificant to the total revenue.

5 SEGMENT INFORMATION – continued

(c) Geographical information – continued

Information about the Group's non-current assets (excluding deferred tax assets and financial assets at fair value through profit or loss) is presented based on the location of the assets:

	2024 **HK$'000**	2023 HK$'000
PRC (including Hong Kong and Macau)	**9,334,779**	9,147,951
Europe	**350,407**	350,795
Vietnam	**1,174,594**	1,236,923
Mexico	**830,240**	458,147
Others	**3,032**	2,864
	11,693,052	11,196,680

During the year, none of the Group's customers individually contributed more than 10% of the Group's revenue (2023: none).

5 SEGMENT INFORMATION – continued

(c) Geographical information – continued

Disaggregation of revenue from contracts with customers

For the year ended 31 March 2024

Segments	Sofas and ancillary products HK$'000	Bedding and ancillary products HK$'000	Other products HK$'000	Other business HK$'000	Home Group business HK$'000	Total HK$'000
Types of goods or service						
Manufacture and distribution of goods recognised at a point in time						
Sofas and ancillary products	12,658,825	–	–	–	674,136	13,332,961
Bedding and ancillary products	–	2,987,854	–	–	–	2,987,854
Customization and chair	–	–	66,203	–	–	66,203
Metal frame and smart furniture spare parts	–	–	1,753,399	–	–	1,753,399
Residential properties	–	–	–	21,972	–	21,972
	12,658,825	2,987,854	1,819,602	21,972	674,136	18,162,389
Service income – recognised over time	–	–	–	248,808	–	248,808
Total	12,658,825	2,987,854	1,819,602	270,780	674,136	18,411,197
Geographical markets						
North America	4,025,465	–	258,842	–	–	4,284,307
PRC (including Hong Kong and Macau)	7,781,477	2,987,854	1,217,554	270,780	–	12,257,665
Europe	371,823	–	279,910	–	674,136	1,325,869
Others	480,060	–	63,296	–	–	543,356
Total	12,658,825	2,987,854	1,819,602	270,780	674,136	18,411,197

5 SEGMENT INFORMATION – continued

(c) Geographical information – continued

Disaggregation of revenue from contracts with customers – continued

For the year ended 31 March 2023

Segments	Sofas and ancillary products HK$'000	Bedding and ancillary products HK$'000	Other products HK$'000	Other business HK$'000	Home Group business HK$'000	Total HK$'000
Types of goods or service						
Manufacture and distribution of goods recognised at a point in time						
Sofas and ancillary products	12,298,602	–	–	–	612,574	12,911,176
Bedding and ancillary products	–	2,726,781	–	–	–	2,726,781
Customization and chair	–	–	21,320	–	–	21,320
Metal frame and smart furniture spare parts	–	–	1,395,926	–	–	1,395,926
Residential properties	–	–	–	25,151	–	25,151
	12,298,602	2,726,781	1,417,246	25,151	612,574	17,080,354
Service income – recognised over time	–	–	–	270,752	–	270,752
Total	12,298,602	2,726,781	1,417,246	295,903	612,574	17,351,106
Geographical markets						
North America	3,981,267	–	207,581	–	–	4,188,848
PRC (including Hong Kong and Macau)	7,546,520	2,726,781	819,414	295,903	–	11,388,618
Europe	231,674	–	305,073	–	612,574	1,149,321
Others	539,141	–	85,178	–	–	624,319
Total	12,298,602	2,726,781	1,417,246	295,903	612,574	17,351,106

5 SEGMENT INFORMATION – continued

(d) Accounting policies of revenue recognition

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a goods or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(i) Sales of goods

The Group is principally engaged in the manufacture and trading of sofa, ancillary products and chairs and other products. Revenue are recognised when control of the product has transferred, being when the products are delivered to the customers, the customer has accepted the products and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specified location and the risk of obsolescence and loss have been transferred to the customers.

Revenue from sales of goods is recognised based on the price specified for each order, net of the provision for customer claims. Accumulated experience is used to estimate and provide for the claims and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Provision for customer claims (included in accruals and other payables) is recognised for expected volume claims payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5 SEGMENT INFORMATION – continued

(d) Accounting policies of revenue recognition – continued

(ii) Sales of residential properties

Revenue from sales of residential properties is recognised at a point in time when the buyer obtains physical possession of the completed property.

(iii) Service income

The Group receives rental income and management fee income. Service income is recognised when the services are rendered.

6 OTHER INCOME

	2024	2023
	HK$'000	HK$'000
Income from sales of scrap metal	**43,246**	44,422
Income on structured deposits	**–**	5,926
Interest income	**152,099**	114,388
Government subsidies (Note)	**188,805**	264,338
Others	**3,286**	8,684
	387,436	437,758

Note: The government subsidies recognised in other income of HK$188,805,000 (2023: HK$264,338,000) mainly represented the subsidies from PRC Government. There are no unfulfilled conditions or other contingencies attaching to these subsidies.

7 OTHER LOSSES, NET

	2024 HK$'000	2023 HK$'000
Exchange gains, net	**13,485**	60,221
Fair value losses on investment properties	**(2,509)**	–
Losses on disposal of property, plant and equipment	**(23,041)**	(59,600)
Provision for impairment of trade receivables and bills receivable	**(38,752)**	(14,578)
Provision for impairment of other receivables	**(30,219)**	(31,358)
Losses from changes in fair value of financial assets at FVPL (Note 23)	**(219,845)**	(15,801)
Provision for impairment of goodwill	**(12,268)**	(133,753)
Provision for impairment of intangible assets	**–**	(125)
Provision for impairment of property, plant and equipment	**–**	(52,534)
Gain on termination of lease	**8,954**	6,112
	(304,195)	(241,416)

8 EXPENSES BY NATURE

	2024 HK$'000	2023 HK$'000
Cost of inventories	**8,821,146**	8,502,750
Auditor's remuneration		
– audit services	**3,711**	3,800
– non-audit services	**307**	773
Amortisation of intangible assets (Note 17)	**46,842**	52,341
Depreciation of property, plant and equipment (Note 14)	**434,022**	525,088
Depreciation of right-of-use assets (Note 16)	**92,014**	107,086
Employee benefit expenses (including directors' emoluments) (Note 10)	**3,193,022**	2,934,144
Short-term lease payment (Note 16)	**22,859**	31,792
(Reversal of)/provision for impairment of inventories	**(5,577)**	12,441
Legal claim	**64,001**	84,410
Legal and professional fee	**56,919**	109,051

9 FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest on bank borrowing	**190,095**	153,267
Interest on lease liabilities	**9,964**	11,495
Others	**441**	95
	200,500	164,857

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2024 HK$'000	2023 HK$'000
Salaries and other allowances	**3,082,718**	2,818,200
Retirement benefit scheme contribution	**104,245**	97,222
Equity-settled share-based payments expense	**6,059**	18,722
	3,193,022	2,934,144

(a) Retirement benefits scheme

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme ("the MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions are subject to a cap of HK$1,500 per month and thereafter contributions are voluntary.

The Group has also participated in employee pension schemes organised and governed by the relevant local authorities for its employees in the overseas countries/regions.

The total contributions incurred in connection with the above for the year ended 31 March 2024 were approximately HK$104,245,000 (2023: HK$97,222,000). During the years ended 31 March 2024 and 2023, there is no forfeited contributions utilised and available at the yearend to reduce future contributions.

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) – continued

(b) Five highest paid individuals

For the year ended 31 March 2024, the five individuals whose emoluments were the highest in the Group included 2 director (2023: 2 director), whose emoluments were reflected in the analysis presented in Note 37(a). The emoluments paid/payable to the remaining 3 (2023: 3) individuals during the year ended 31 March 2024 were as follows:

	2024 HK$'000	2023 HK$'000
Salaries and other allowances	**22,339**	17,873
Discretionary bonus	**408**	10,098
Retirement benefit scheme contribution	**18**	25
	22,765	27,996

Their emoluments were within the following bands:

	2024 HK$'000	2023 HK$'000
HK$4,000,001 to HK$4,500,000	**–**	1
HK$5,000,001 to HK$5,500,000	**2**	–
HK$10,000,001 to HK$10,500,000	**–**	–
HK$10,500,001 to HK$11,000,000	**–**	1
HK$12,000,001 to HK$12,500,000	**1**	–
HK$13,000,001 to HK$13,500,000	**–**	1
	3	3

During the year ended 31 March 2024, no emoluments had been paid by the Group to the five highest-paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office (2023: Nil).

11 INCOME TAX EXPENSE

	2024 HK$'000	2023 HK$'000
Current income tax:		
PRC Corporate Income Tax ("PRC CIT")	**268,513**	393,657
PRC Withholding Income Tax	**108,595**	35,089
PRC Land Appreciation Tax ("PRC LAT")	**667**	797
Macau Complementary Tax	**49,488**	27,035
U.S. Federal and State Corporate Income Taxes ("U.S. CIT")	**1,659**	1,698
Others	**14,038**	24,919
Under-provision in prior years	**11,182**	12,302
	454,142	495,497
Deferred income tax charge (Note 19)	**14,331**	1,197
	468,473	496,694

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% (2023: 15%) and a new PRC subsidiary of the Company, carrying out business in Xinjiang in PRC, which is eligible for preferential tax rate of 0% for a period of 5 years.

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, details of which are set in Note 19.

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

The U.S. CIT charge comprises federal income tax calculated at 21% (2023: 21%) and state income tax calculated from 0% to 9% (2023: 0% to 9%) on the estimated assessable profits of the subsidiary of the Company which was incorporated in the U.S..

11 INCOME TAX EXPENSE – continued

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using PRC CIT rate as follows:

	2024 **HK$'000**	2023 HK$'000
Profit before income tax	**2,864,475**	2,354,872
Less: Share of results of joint ventures	**(4,053)**	(9,995)
	2,860,422	2,344,877
Tax calculated at the PRC CIT rate of 25% (2023: 25%)	**715,106**	586,219
Effect of different tax rates of subsidiaries operating in other jurisdictions and preferential tax rate	**(316,298)**	(129,093)
Income not subject to tax	**(138,496)**	(102,245)
Expenses not deductible for tax purposes	**92,024**	45,241
Tax losses for which no deferred income tax asset was recognised	**27,671**	76,662
Utilisation of tax losses previously not recognised	**(24,710)**	(20,253)
Provision for PRC Withholding Income Tax	**108,595**	35,089
Provision for PRC LAT	**667**	797
Tax effect of PRC LAT	**(167)**	(199)
Research and development enhanced deduction	**(7,084)**	(7,826)
Under-provision in prior years	**11,165**	12,302
	468,473	496,694

The Group is within the scope of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules which will come into effect from 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Due to the complexities in applying the legislation and calculating Global Anti-Base Erosion income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Group is currently engaged with tax specialists to assist them with applying the legislation.

The weighted average applicable tax rate 16.4% (2023: 21.1%).

12 EARNINGS PER SHARE

Earnings per share is computed as follows:

	2024	2023
Basic		
Profit attributable to equity owners of the Company for the year (HK$'000)	**2,302,366**	1,914,914
Weighted average outstanding ordinary share, in thousands	**3,896,496**	3,924,077
Basic earnings per share for the year in HK cents	**59.09**	48.80
Diluted		
Profit attributable to equity owners of the Company for the year (HK$'000)	**2,302,366**	1,914,914
Weighted average outstanding ordinary share, in thousands	**3,896,496**	3,924,077
Effect of dilutive potential ordinary shares on exercise of share options	**610**	2,003
Weighted average outstanding ordinary shares after assuming dilution, in thousands	**3,897,106**	3,926,080
Diluted earnings per share for the year in HK cents	**59.08**	48.77

13 DIVIDENDS

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

	2024 HK$'000	2023 HK$'000
Final dividend for the year ended 31 March 2023 of HK$0.10 (2023: HK$0.17 final dividend for the year ended 31 March 2022) per share	**390,669**	667,877
Interim dividend for the period ended 30 September 2023 of HK$0.15 (2023: HK$0.15 interim dividend for the period ended 30 September 2022) per share	**586,007**	587,661
	976,676	1,255,538

A final dividend of HK$0.15 per share in respect of the year ended 31 March 2024, amounting to approximately HK$581,631,000 to be paid to the shareholders of the Company whose names appear on the Company's register of members on Wednesday, 10 July 2024, has been proposed by the board of directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

14 PROPERTY, PLANT AND EQUIPMENT

	Freehold land in Mexico HK$'000	Freehold land in Europe HK$'000	Buildings outside the PRC HK$'000	Buildings in the PRC HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fittings and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000 (Note 1)	Total HK$'000
Cost										
At 1 April 2022	–	28,553	1,048,500	2,497,875	435,085	1,576,134	1,012,055	464,857	1,175,161	8,238,220
Exchange adjustments	140	(559)	(20,591)	(180,476)	(25,319)	(92,842)	56,588	(30,383)	(94,535)	(387,977)
Additions	95,660	–	3,150	34,279	44,645	155,581	217,351	12,584	1,112,767	1,676,017
Acquisition of a subsidiary	–	–	–	–	2,457	14,439	1,457	94	–	18,447
Transfer from construction in progress	–	–	7,714	656,533	16,715	13,249	41,576	1,730	(737,517)	–
Transfer from properties held for sale	–	–	–	17,722	–	–	–	–	–	17,722
Disposals/written off	–	–	(40,616)	–	(102,695)	(85,648)	(108,591)	(45,600)	–	(383,150)
At 31 March 2023	95,800	27,994	998,157	3,025,933	370,888	1,580,913	1,220,436	403,282	1,455,876	9,179,279
Exchange adjustments	8,443	(979)	(5,524)	(168,622)	(12,856)	(62,979)	(59,749)	(20,813)	(22,965)	(346,044)
Additions	48,633	–	6,533	4,361	32,826	167,160	64,098	12,935	875,153	1,211,699
Transfer from construction in progress	–	–	5,386	171,972	6,783	8,956	7,994	246	(201,337)	–
Disposals/written off	–	–	(1,586)	–	(44,125)	(68,522)	(27,508)	(16,527)	–	(158,268)
At 31 March 2024	152,876	27,015	1,002,966	3,033,644	353,516	1,625,528	1,205,271	379,123	2,106,727	9,886,666
Accumulated depreciation and impairment										
At 1 April 2022	–	–	108,415	321,461	241,807	757,661	561,060	196,626	–	2,187,030
Exchange adjustments	–	–	(674)	(23,149)	(14,833)	(30,874)	(30,413)	(12,569)	–	(112,512)
Charge for the year	–	–	21,780	68,743	74,768	167,290	140,805	51,702	–	525,088
Eliminated on disposals/written off	–	–	(18,058)	–	(74,817)	(41,236)	(68,269)	(13,813)	–	(216,193)
Impairment	–	–	–	–	1,281	12,988	185	–	38,080	52,534
At 31 March 2023	–	–	111,463	367,055	228,206	865,829	603,368	221,946	38,080	2,435,947
Exchange adjustments	–	–	(396)	(19,325)	(8,320)	(34,966)	(30,546)	(9,935)	–	(103,488)
Charge for the year (Note 2)	–	–	30,071	63,811	56,786	115,920	122,420	45,014	–	434,022
Eliminated on disposals/written off	–	–	(1,586)	–	(33,983)	(43,688)	(18,491)	(9,994)	–	(107,742)
At 31 March 2024	–	–	139,552	411,541	242,689	903,095	676,751	247,031	38,080	2,658,739
Carrying values										
At 31 March 2024	152,876	27,015	863,414	2,622,103	110,827	722,433	528,520	132,092	2,068,647	7,227,927
At 31 March 2023	95,800	27,994	886,694	2,658,878	142,682	715,084	617,068	181,336	1,417,796	6,743,332

Notes:

1. As at 31 March 2024, the construction in progress in the consolidated financial statements was HK$2,106,727,000 (2023: HK$1,455,876,000), of which HK$450,058,000 (2023: HK$258,804,000) is related to a building located in Qianhai in Shenzhen.

2. During the year ended 31 March 2024, depreciation of right-of-use assets of HK$38,717,000 (2023: HK$40,426,000) was capitalised as cost of construction in progress.

15 INVESTMENT PROPERTIES

	HK$'000
At 1 April 2022	495,827
Exchange adjustments	(31,093)
At 31 March 2023	464,734
Fair value loss	(2,509)
Exchange adjustments	(20,181)
At 31 March 2024	442,044

All of the Group's property interests held to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value measurement for all of the Group's investment properties are categorised as level 3.

The fair values of the investment properties in Hong Kong, Macau and the PRC of HK$389,482,000 (2023: HK$411,613,000) were determined by the directors of the Company with reference to professional valuations carried out by Cushman & Wakefield, out of which HK$364,482,000 (2023: HK$384,013,000) were determined by income approach and HK$25,000,000 (2023: HK$27,600,000) was determined by market approach respectively. The income approach capitalises the net income from existing tenancies with due allowance for reversionary income potential at appropriate capitalisation rates for individual properties. The market approach makes reference to the market evidence of transaction prices for similar properties in the same locations and conditions and adjusted for a number of factors, including differences in location within the city, size, building age, etc., between the comparable properties and the subject matters.

The fair value of the investment properties on freehold land in Ukraine of HK$52,562,000 (2023: HK$53,121,000) were determined by the directors of the Company with reference to management's assessment.

There has been no change to the valuation technique or level of fair value hierarchy during the year.

15 INVESTMENT PROPERTIES – continued

The carrying value of investment properties shown above comprises:

	2024 HK$'000	2023 HK$'000
Investment properties on land under lease:		
– in Hong Kong	**47,700**	49,600
– in Macau	**5,300**	5,800
– in PRC	**336,482**	356,213
	389,482	411,613
Investment properties on freehold land in Ukraine	**52,562**	53,121
	442,044	464,734

The assumptions used for the valuation of investment properties on land under lease in PRC for the year ended 31 March 2024 and 2023 are as follows:

	2024	2023
Market Rent used (HK$/sq ft/month)	**13–69**	13–70
Yield used %	**6.0%**	6.0%

The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs including capitalisation rate, rental growth rate and expected vacancy rate used in the valuation. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers into or out of Level 3 for fair value measurements during the year.

16 LEASE

This note provides information on leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2024 **HK$'000**	2023 HK$'000
Right-of-use assets		
Land use rights (Note 1)	**2,344,232**	2,434,662
Retail stores	**59,282**	38,168
Office premises	**59,971**	40,150
Warehouses	**84,705**	144,336
	2,548,190	2,657,316
Lease liabilities		
Current	**52,520**	79,243
Non-current	**158,666**	143,752
	211,186	222,995

Note:

1. As at 31 March 2024, the Group's land use rights were located in Mainland China and Vietnam with lease term range from 35 years to 70 years (2023: 40 years to 70 years). The consideration for land use rights have been full paid as at 31 March 2024. Total land use rights were HK$2,344,232,000 (2023: HK$2,434,662,000), of which HK$1,292,731,000 (2023: HK$1,407,466,000) was related to a building located in Qianhai in Shenzhen.

Additions to the right-of-use assets during the year ended 31 March 2024 were approximately HK$271,627,000 (2023: HK$148,482,000).

16 LEASE – continued

(ii) Amounts recognised in the consolidated statement of comprehensive income

	2024 HK$'000	2023 HK$'000
Depreciation charge of right-of-use assets (Note 8)		
Land use rights	**9,637**	15,425
Retail stores	**20,167**	22,796
Office premises	**15,658**	14,924
Warehouses	**46,552**	53,941
	92,014	107,086
Interest expense (included in finance costs)	**9,964**	11,495
Expenses relation to short-term leases (included in administrative and selling expenses)	**22,859**	31,792

Total cash outflow for principal elements of leases for the year ended 31 March 2024 was HK$76,659,000 (2023: HK$111,556,000).

During the year ended 31 March 2024, depreciation of right-of-use assets of HK$38,717,000 (2023: HK$40,426,000) was capitalised as cost of construction in progress.

17 GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill HK$'000	Trademarks HK$'000	Technology knowhow HK$'000	Customer relationship HK$'000	Total HK$'000
Cost					
At 1 April 2022	1,003,331	137,510	128,762	192,256	1,461,859
Additions	–	5,545	–	–	5,545
Acquired on acquisition of a subsidiary	–	1,142	–	–	1,142
Disposal	–	(208)	–	–	(208)
Exchange adjustments	(50,200)	(10,007)	(2,519)	(10,041)	(72,767)
At 31 March 2023	953,131	133,982	126,243	182,215	1,395,571
Additions	–	9,806	–	–	9,806
Exchange adjustments	(35,974)	(5,944)	(1,331)	(6,645)	(49,894)
At 31 March 2024	917,157	137,844	124,912	175,570	1,355,483
Accumulated impairment					
At 1 April 2022	–	–	–	–	–
Impairment	133,753	125	–	–	133,878
Exchange adjustments	3,204	–	–	–	3,204
At 31 March 2023	136,957	125	–	–	137,082
Impairment	12,268	–	–	–	12,268
Exchange adjustments	538	–	–	–	538
At 31 March 2024	149,763	125	–	–	149,888
Accumulated amortisation					
At 1 April 2022	–	27,971	67,600	86,432	182,003
Exchange adjustments	–	(2,541)	(1,272)	(4,130)	(7,943)
Charge for the year	–	19,778	12,575	19,988	52,341
At 31 March 2023	–	45,208	78,903	102,290	226,401
Exchange adjustments	–	(2,077)	(883)	(3,599)	(6,559)
Charge for the year	–	20,912	12,545	13,385	46,842
At 31 March 2024	–	64,043	90,565	112,076	266,684
Carrying value					
At 31 March 2024	767,394	73,676	34,347	63,494	938,911
At 31 March 2023	816,174	88,649	47,340	79,925	1,032,088

17 GOODWILL AND OTHER INTANGIBLE ASSETS – continued

For the purposes of impairment testing, goodwill has been allocated to an individual CGU in the manufacture and distribution of sofas by Home Group, the production and sale of metal components for furniture business by Jiangsu Yulong Intelligent Technology Co., Limited ("Jiangsu Yulong"), the manufacture and sale of sofas by Man Wah Vietnam (BVI) Limited and its wholly owned subsidiary, Timberland Company Limited ("Man Wah Vietnam Group"), the distribution of sofas by Shanghai Qingzhu Trading Limited ("Shanghai Qingzhu"), the manufacture and distribution of furniture by Huizhou City Pulini Home Furnishing Co. Limited ("Huizhou Pulini"), the manufacture and sale of metal components for furniture business by Lion Rock Group Holdings Limited, Pacific Shiner Investment Limited and Gold Sands Investment Company Limited ("Lion Rock Group") and the manufacture and distribution of sofas by Shenzhen Style Home Furnishing Co., Ltd ("Shenzhen Style"). During the year ended 31 March 2024, the directors of the Company determine that except for provision for impairment of HK$12,268,000 for Huizhou Pulini (2023: HK$133,753,000 for Home Group), there are no impairment provision for other CGUs.

The carrying amounts of goodwill (net of accumulated impairment losses) allocated to these units are as follows:

Year ended 31 March 2024

	Opening HK$'000	**Addition HK$'000**	**Impairment HK$'000**	**Exchange difference HK$'000**	**Closing HK$'000**
Jiangsu Yulong	**223,838**	**–**	**–**	**(12,331)**	**211,507**
Man Wah Vietnam Group	**157,796**	**–**	**–**	**(504)**	**157,292**
Shanghai Qingzhu	**19,793**	**–**	**–**	**(1,090)**	**18,703**
Huizhou Pulini	**12,806**	**–**	**(12,268)**	**(538)**	**–**
Lion Rock Group	**241,878**	**–**	**–**	**(13,231)**	**228,647**
Shenzhen Style	**160,063**	**–**	**–**	**(8,818)**	**151,245**
	816,174	**–**	**(12,268)**	**(36,512)**	**767,394**

Year ended 31 March 2023

	Opening HK$'000	Addition HK$'000	Impairment HK$'000	Exchange difference HK$'000	Closing HK$'000
Home Group	136,957	–	(133,753)	(3,204)	–
Jiangsu Yulong	241,823	–	–	(17,985)	223,838
Man Wah Vietnam Group	157,397	–	–	399	157,796
Shanghai Qingzhu	21,384	–	–	(1,591)	19,793
Huizhou Pulini	13,835	–	–	(1,029)	12,806
Lion Rock Group	259,012	–	–	(17,134)	241,878
Shenzhen Style	172,923	–	–	(12,860)	160,063
	1,003,331	–	(133,753)	(53,404)	816,174

17 GOODWILL AND OTHER INTANGIBLE ASSETS – continued

The recoverable amounts of the CGUs have been determined based on value in use calculations, using cash flow projections based on business forecasts approved by management covering a 5-year period.

The key assumptions are as follow:

	2024			2023		
	Pre-tax discount rate	**Terminal growth rate**	**Compound revenue annual growth rate**	Pre-tax discount rate	Terminal growth rate	Compound revenue annual growth rate
Home Group (Note 1)	**Not applicable**	**Not applicable**	**Not applicable**	22%	2%	10%
Jiangsu Yulong	**20%**	**3%**	**5%**	20%	3%	5%
Man Wah Vietnam Group	**22%**	**3%**	**5%**	22%	3%	5%
Shanghai Qingzhu	**20%**	**3%**	**9%**	20%	3%	8%
Huizhou Pulini (Note 2)	**Not applicable**	**Not applicable**	**Not applicable**	20%	3%	10%
Lion Rock Group	**20%**	**3%**	**3%**	20%	3%	8%
Shenzhen Style	**17%**	**3%**	**11%**	17%	3%	15%

The terminal growth rates are based on the directors' best estimate on the average growth rate of the industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross profit margin, such estimation is based on the past performance and management's expectations for the market development.

Except for Home Group CGU, management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of any of the CGUs to exceed the aggregate recoverable amount of the relevant CGUs.

Notes:

1. For the year ended 31 March 2023, impairment charge of HK$133,753,000 arose in the manufacture and distribution of sofas by Home Group business in Europe. The impairment charge was recorded within "Other losses, net" in the consolidated statement of comprehensive income. Due to continuous impact of war between Ukraine and Russia, the Group reviewed whether there was any indication that its businesses may be impaired at 31 March 2023. Goodwill related to the Home Group business in Europe was tested for impairment at 31 March 2023, by comparing the carrying amount of this business, including the goodwill, with its recoverable amount. As a result, the goodwill was fully impaired during the year ended 31 March 2023, primarily resulted from the lowered expectation on revenue and gross profit margin and higher pre-tax discount rate due to uncertainty of global economy. No class of asset other than goodwill was impaired. The recoverable amount of this business was determined based on value-in-use calculations. The calculations used cash flow projections based on the latest financial budget covering a five-year period and business plan approved by management which had been updated to reflect the aforesaid changes in market conditions during the year.

2. For the year ended 31 March 2024, impairment charge of HK$12,268,000 arose in the manufacture and distribution of sofas by Huizhou Pulini in PRC due to termination of business. The impairment charge was recorded within "Other losses, net" in the consolidated statement of comprehensive income.

18 INTERESTS IN JOINT VENTURES

	2024 HK$'000	2023 HK$'000
Opening balance as at 1 April	**72,912**	67,773
Share of profit	**4,053**	9,995
Disposal (Note)	**(50,677)**	–
Exchange adjustments	**(3,593)**	(4,856)
	22,695	72,912

Note: The Group sold 45% shareholding of 上海濠裝網絡科技有限公司 to an independent third party at the consideration of HK$50,677,000 on 28 March 2024.

As at 31 March 2024 and 2023, the Group had interests in the following joint ventures:

Name of joint ventures	Form of business structure	Principal place of business and place of incorporation	Effective equity interest and voting power indirectly held by the Group 2024	Effective equity interest and voting power indirectly held by the Group 2023	Principal activity
深圳華生大家居集團有限公司	Limited liability	The PRC	**27%**	27%	Manufacture and trading of bedding products
上海濠裝網絡科技有限公司	Limited liability	The PRC	**–**	45%	Promotion and marketing

19 DEFERRED TAXATION

	2024 HK$'000	2023 HK$'000
Deferred tax assets	**(50,386)**	(75,992)
– Set-off of deferred tax liabilities	**42,254**	46,818
Deferred income tax assets, net	**(8,132)**	(29,174)
Deferred tax liabilities	**185,521**	198,661
– Set-off of deferred tax assets	**(42,254)**	(46,818)
Deferred income tax liabilities, net	**143,267**	151,843
Deferred income tax, net	**135,135**	122,669

19 DEFERRED TAXATION – continued

The net movements in the deferred income tax account are as follows:

	2024 HK$'000	2023 HK$'000
At 1 April 2023	**122,669**	120,398
Credited to the consolidated income statement (Note 11)	**14,331**	1,197
Currency translation differences	**(1,865)**	1,074
At 31 March 2024	**135,135**	122,669

The gross movements in deferred tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Lease liabilities HK$'000	Total HK$'000
Deferred tax assets				
At 1 April 2022	(3,607)	(37,418)	(57,364)	(98,389)
Exchange adjustments	1,014	5,252	–	6,266
(Credited)/charged to profit or loss	(6,345)	11,930	10,546	16,131
At 31 March 2023	(8,938)	(20,236)	(46,818)	(75,992)
Exchange adjustments	1,099	1,111	–	2,210
(Credited)/charged to profit or loss	(293)	19,125	4,564	23,396
At 31 March 2024	(8,132)	–	(42,254)	(50,386)

19 DEFERRED TAXATION – continued

	Withholding tax HK$'000	Decelerated tax depreciation HK$'000	Fair value change in relation to properties HK$'000 (Note)	Fair value adjustments on business combination HK$'000	Right-of-use assets HK$'000	Total HK$'000
Deferred tax liabilities						
At 1 April 2022	34,413	5,288	31,632	90,090	57,364	218,787
Exchange adjustments	–	(1,063)	(1,875)	(2,254)	–	(5,192)
Credited/(charged) to profit or loss	–	1,115	–	(5,503)	(10,546)	(14,934)
At 31 March 2023	34,413	5,340	29,757	82,333	46,818	198,661
Exchange adjustments	–	(1,083)	(1,420)	(1,572)	–	(4,075)
Credited/(charged) to profit or loss	–	840	–	(5,341)	(4,564)	(9,065)
At 31 March 2024	34,413	5,097	28,337	75,420	42,254	185,521

Note: Amounts represented deferred tax on fair value change in investment properties and property, plant and equipment upon its transfer to investment properties.

The Group had remaining unused tax losses of HK$605,064,000 (2023: HK$589,934,000) as at 31 March 2024 available for offset against future profits. Most of the unused tax losses will expire in various dates in the next five years.

Withholding tax is imposed on dividends declared in respect of profits earned by the subsidiaries in the PRC and some European countries. Except for deferred tax liability of HK$34,413,000 (2023: HK$34,413,000) which has been recognised, deferred taxation has not been recognised in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of subsidiaries amounting to HK$7,754,263,000 (2023: HK$8,150,990,000) as at 31 March 2024 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

20 INVENTORIES

	2024	2023
	HK$'000	HK$'000
Raw materials	**544,699**	449,577
Work-in-progress	**388,538**	426,198
Finished goods	**620,237**	573,914
	1,553,474	1,449,689

21 PROPERTIES UNDER DEVELOPMENT

	HK$'000
At 1 April 2022	178,751
Additions	2,213
Exchange adjustments	(13,283)
At 31 March 2023	167,681
Exchange adjustments	(9,238)
At 31 March 2024	158,443

The balance as at 31 March 2024 and 2023 is the land and development cost of properties under development located at Chongqing, the PRC, which are expected to be completed within one year from 31 March 2024.

22 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2024 HK$'000	2023 HK$'000
Trade receivables and bills receivable	**1,754,171**	1,633,574
Less: provision for impairment of trade receivables and bills receivable	**(7,279)**	(35,264)
Trade receivables and bills receivable, net	**1,746,892**	1,598,310
Other receivables and prepayments		
Deposit paid for a land lease	**310,868**	3,860
Prepayments and deposits paid for acquisition of property, plant and equipment	**202,417**	220,612
Valued added taxes recoverable	**305,944**	214,504
Prepayments to suppliers	**269,538**	290,500
Loan receivable (Note i)	**254,584**	228,269
Sundry receivables	**151,318**	142,270
Other deposits	**30,228**	99,769
Less: provision for impairment of other receivables	**(30,124)**	(31,404)
	1,494,773	1,168,380
Less: non-current portion		
Deposit paid for a land lease (Note ii)	**310,868**	3,860
Prepayments and deposits paid for acquisition of property, plant and equipment	**202,417**	220,612
Current portion	**981,488**	943,908

Notes:

(i) As at 31 March 2023, the carrying amount of a loan receivable amounting to HK$228,269,000 is secured by collaterals including shares of a listed company and a private company and the effective interest rate of loan receivable was 5% per annum and with maturity date of 30 June 2023. During the year ended 31 March 2024, the loan was novated to a PRC government body and the carrying amount of the loan receivable was HK$215,694,000 as at 31 March 2024.

As at 31 March 2024, the carrying amount of a loan receivable amounting to HK$38,890,000 (2023: Nil) is unsecured, repayable on demand and the effective interest rate was 4.3% per annum.

(ii) As at 31 March 2024, the deposit paid for a land lease was HK$310,868,000 (2023: HK$3,860,000), of which HK$288,443,000 (2023: Nil) was related to a land located in Nansha in Guangzhou.

As at 31 March 2024, total bills receivable amounted to HK$38,564,000 (2023: HK$22,099,000). All bills receivable by the Group are with a maturity period of less than six months.

22 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS – continued

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:

	2024 **HK$'000**	2023 HK$'000
0–90 days	**1,653,251**	1,535,390
91–180 days	**73,783**	41,788
Over 180 days	**19,858**	21,132
	1,746,892	1,598,310

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

Movement in provision for impairment of trade receivables and bills receivable

	2024 **HK$'000**	2023 HK$'000
1 April	**35,264**	24,686
Net loss allowance for trade receivables	**38,752**	14,578
Amounts written off as uncollectible	**(65,245)**	(3,252)
Exchange adjustments	**(1,492)**	(748)
31 March	**7,279**	35,264

22 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS – continued

Movement in provision for impairment of other receivables

	2024 HK$'000	2023 HK$'000
1 April	**31,404**	9,958
Net loss allowance for other receivables	**30,219**	31,358
Amounts written off as uncollectible	**(31,312)**	(9,958)
Exchange adjustments	**(187)**	46
31 March	**30,124**	31,404

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$'000	2023 HK$'000
Non-current asset		
Unquoted equity investment	**1,725**	1,826
Current assets		
Quoted debentures (Note)	**129,044**	343,608
Quoted equity-linked investments	**117,386**	–
	246,430	343,608

Note: The investments are mainly quoted debentures carrying interest at fixed rate of 6.88% per annum and with maturity date range from 25 February 2025 to 26 May 2026. The fair value loss recognised during the year was HK$219,845,000 (2023: HK$15,801,000).

The fair values of all of the Group's financial assets at FVPL are categorised as level 2 which are quoted prices available from over-the-counter markets.

24 RESTRICTED BANK BALANCES AND CASH AND BANK BALANCES

	2024 HK$'000	2023 HK$'000
Short-term bank deposits (Note (i))	**110,908**	118,856
Restricted bank balances	**3,786**	7,394
Cash and cash equivalents (Note (ii))	**3,162,922**	3,619,378
	3,277,616	3,745,628

Notes:

(i) The effective annual interest rate and maturities of short-term bank deposits at 31 March 2024 and 2023 are as follows:

	2024 HK$'000	2023 HK$'000
Effective annual interest rate	**3.42%**	3.42%
Maturities	**183 days to 365 days**	183 days to 365 days

(ii) Bank balances carry interest at prevailing deposit rates ranging from 0.2% to 4.9% per annum (2023: -0.3% to 5.7% per annum).

For the year ended 31 March 2024 and 2023, the Group performed impairment assessment on cash and cash equivalents, restricted bank balances and short-term bank deposits and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

25 TRADE AND OTHER PAYABLES AND ACCRUALS

	2024 HK$'000	2023 HK$'000
Trade payables and bills payable		
Trade payables and bills payable	**710,214**	950,941
Other payables and accruals		
Accruals	**537,578**	546,996
Provision for legal claim (Note)	**148,246**	84,528
Payables for acquisition of property, plant and equipment	**77,702**	29,161
Other payables	**327,434**	313,997
	1,090,960	974,682

Note: As at 31 March 2024, the Group had provision for legal claims and attorneys' fees of US$18,943,000 (equivalent to HK$148,246,000) (2023: US$10,766,000 (equivalent to HK$84,528,000)) classified as current liabilities related to litigations filed by a former supplier against the Group. No payment has been made and the recognised provision reflects the management's best estimate based on a court judgement dated 11 May 2023, against which the Group will lodge an appeal, and after consultation with the legal counsel on the possible outcome and liability of the Group.

Subsequent to 31 March 2024, the disputes between the parties have been resolved and no additional provision is required.

In cases where the actual future outcomes differ from the estimation, further provision may be required.

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:

	2024 HK$'000	2023 HK$'000
0–90 days	**709,155**	950,475
91–180 days	**708**	152
Over 180 days	**351**	314
	710,214	950,941

26 CONTRACT LIABILITIES

	2024 HK$'000	2023 HK$'000
Sales of sofas	**265,357**	361,586
Sales of properties under development	**9,456**	2,281
	274,813	363,867

For sales of sofas and sales of properties, the contract liabilities recorded at the beginning of the year had been fully recognised as revenue during the year.

The management expects that the unsatisfied performance obligations will be recognised as revenue within one year according to the contract period (FY2023: same).

27 BANK BORROWINGS

	2024 HK$'000	2023 HK$'000
Secured (Note)	**1,895**	888
Unsecured	**4,112,323**	4,175,541
	4,114,218	4,176,429
The carrying amounts of the above borrowings are repayable:		
Within one year	**4,113,203**	4,176,079
Within a period of more than one year but not exceeding two years	**1,015**	282
Within a period of more than two years but not exceeding five years	**–**	68
	4,114,218	4,176,429
Less: Amounts due within one year shown under current liabilities	**(4,113,203)**	(4,176,079)
Amounts shown under non-current liabilities	**1,015**	350

27 BANK BORROWINGS – continued

The Group's bank borrowings are denominated in HK$, RMB and US$, and carry interest at fixed and variable rates. The fixed rates range from 0.64% to 3.50% (2023: 0.65% to 3.90%). The variable rates are subject to either (i) the higher of Hong Kong Interbank Offered Rate plus a spread, ranging from 5.60% to 5.94% (2023: 4.04% to 4.71%), and best lending rate quoted by the Hongkong and Shanghai Banking Corporation Limited ("Best Lending Rate") plus 1% or (ii) Euro Interbank Offered Rate plus a spread, ranging from 5.60% to 7.58% (2023: 2.35% to 5.37%). The weighted average effective interest rate of the above variable-rate and fixed-rate bank borrowings was 5.78% and 2.56%, respectively (2023: 4.40% and 2.74%) per annum.

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

	2024 **HK$'000**	2023 HK$'000
Property, plant and equipment	–	871

28 SHARE CAPITAL

	Number of shares In thousands	**Amounts** HK$'000
Authorised:		
Ordinary shares:		
At 1 April 2022, 31 March 2023 and 31 March 2024 – HK$0.40 each	5,000,000	2,000,000
Issued and fully paid:		
At 1 April 2022	3,928,062	1,571,225
Share repurchase (Note (b))	(11,647)	(4,659)
Exercise of share options	4,535	1,814
At 31 March 2023	3,920,950	1,568,380
Share repurchase (Note (b))	(44,843)	(17,937)
Exercise of share options	1,431	572
At 31 March 2024	3,877,538	1,551,015

28 SHARE CAPITAL – continued

Notes:

(a) During the year ended 31 March 2023, 11,647,000 ordinary shares of the Company of HK$0.40 each were repurchased at a price ranging from HK$4.83 to HK$5.30 per share. All shares repurchased have been cancelled during the year ended 31 March 2023.

(b) During the year ended 31 March 2024, 44,843,000 ordinary shares of the Company of HK$0.4 each were repurchased at a price ranging from HK$4.50 to HK$5.59 per share. All shares repurchased have been cancelled during the year ended 31 March 2024.

29 SHARE OPTION SCHEMES

The Company's 2010 share option scheme was adopted pursuant to a resolution passed on 5 March 2010 for the primary purpose of providing incentives to directors and eligible participants and expired on 4 March 2020. The outstanding share options granted under the 2010 share option scheme continue to be exercisable during the prescribed period in accordance with the 2010 share option scheme and other terms of the grant.

A resolution was passed on 3 July 2020 to adopt a new share option scheme (the "Share Option Scheme"). The new Share Option Scheme will remain in force for a period of 10 years commencing on 3 July 2020, being the date of adoption of the Share Option Scheme, to 2 July 2030.

Under the Share Option Scheme, the directors may, at their discretion, offer directors (including executive, non-executive directors and independent non-executive directors and employees of the Group, and any advisors, consultants, distributors, contractors, suppliers, agents, venture partners, promoters, service providers of any member of the Group) who, in the sole discretion of the directors, will contribute or have contributed to the Company or any of its subsidiaries or any of its associated companies, share options to subscribe for shares of the Company. The maximum number of shares of the Company available for issue upon exercise of all share options which may be granted under the Share Option Scheme is 379,912,520. The maximum number of shares of the Company issued and to be issued upon the exercise of share options granted under the Share Option Scheme (including exercised and outstanding share options) to each grantee in any 12-month period up to the date of grant shall not exceed 1% of the issued shares of the Company as at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in aggregate excess of 0.1% of the shares of the Company in issue (based on the date of grant and an aggregate value of HK$5,000,000 (based on the closing price of the Company's shares at the date of grant), within any 12-month period, are subject to shareholders' approval in advance in a general meeting. Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding independent non-executive directors who are the proposed grantees of the share options in questions).

29 SHARE OPTION SCHEMES – continued

The period during which a share option may be exercised will be determined by the directors at their absolute discretion, save that no share option may be exercised more than 10 years after it has been granted under the Share Option Scheme. There is no requirement that a share option must be held for any minimum period before it can be exercised but the directors are empowered to impose at their discretion any such minimum period at the time of grant of any share options.

The exercise price in relation to each share option will be determined by the directors of the company at their absolute discretion and shall not be less than the highest of (i) the official closing price of the shares of the Company as stated in the daily quotation sheet of Hong Kong Stock Exchange on the date of grant (ii) the average closing prices of the shares of the Company as stated in the daily quotation sheets of the Hong Kong Stock Exchange for the five business days immediately preceding the date of grant and (iii) the nominal value of the share of the Company on the date of grant Each of the grantees is required to pay HK$1 as consideration for the grant of share options in accordance with the Share Option Scheme. The offer of share options must be accepted within 28 days from the date of the offer.

Share options do not confer rights on the holders to dividends or to vote at general meetings.

29 SHARE OPTION SCHEMES – continued

Details of outstanding share options granted by the Company as at 31 March 2024 and 2023 are as follows:

Date of grant	Exercise period	Number of share options granted	Exercise price	Fair value as at date of grant
			HK$	HK$'000
13.1.2017	13.1.2019–12.1.2021	2,554,400	5.17	3,166
	13.1.2020–12.1.2022	2,552,800	5.17	3,838
	13.1.2021–12.1.2023	2,556,400	5.17	4,367
12.2.2018	12.2.2020–11.2.2022	2,052,800	7.18	3,329
	12.2.2021–11.2.2023	2,032,000	7.18	3,751
	12.2.2022–11.1.2024	1,841,200	7.18	3,765
28.1.2019	28.1.2021–27.1.2023	4,983,600	3.91	4,205
	28.1.2022–27.1.2024	4,974,800	3.91	4,103
	28.1.2023–27.1.2025	4,760,800	3.91	3,921
17.1.2020	17.1.2022–16.1.2024	2,268,400	6.53	4,715
	17.1.2023–16.1.2025	2,209,600	6.53	4,965
	17.1.2024–16.1.2026	1,910,000	6.53	4,771
3.2.2021	3.2.2023–2.2.2025	1,605,600	19.78	7,971
	3.2.2024–2.2.2026	1,535,200	19.78	7,667
	3.2.2025–2.2.2027	1,244,400	19.78	6,295
16.2.2022	16.2.2024–15.2.2026	3,152,400	11.10	12,293
	16.2.2025–15.2.2027	3,093,200	11.10	12,933
	16.2.2026–15.2.2028	2,624,800	11.10	11,384
4.3.2024	4.3.2026–3.3.2028	1,941,200	5.13	3,721
	4.3.2027–3.3.2029	1,934,000	5.13	3,927
	4.3.2028–3.3.2030	1,846,000	5.13	3,826

29 SHARE OPTION SCHEMES – continued

The following tables disclose details of movements of the Company's share options held by directors and employees during the current and prior years:

		Number of share options								
Date of grant	Vesting period	Outstanding at 1.4.2022	Granted during the year	Lapsed/ forfeited during the year	Exercised	Outstanding at 31.3.2023	Granted during the year	Lapsed/ forfeited during the year	Exercised	Outstanding at 31.3.2024
Directors										
13.1.2017	13.1.2017–12.1.2021	100,000	–	–	(100,000)	–	–	–	–	–
12.2.2018	12.2.2018–11.2.2021	56,000	–	–	(56,000)	–	–	–	–	–
	12.2.2018–11.1.2022	136,800	–	–	(42,000)	94,800	–	(94,800)	–	–
28.1.2019	28.1.2019–27.1.2021	22,800	–	–	(22,800)	–	–	–	–	–
	28.1.2019–27.1.2022	178,400	–	–	(95,200)	83,200	–	–	(83,200)	–
	28.1.2019–27.1.2023	178,000	–	–	(95,200)	82,800	–	–	(60,400)	22,400
17.1.2020	17.1.2020–16.1.2022	94,000	–	–	(39,200)	54,800	–	(54,800)	–	–
	17.1.2020–16.1.2023	94,000	–	–	(39,200)	54,800	–	–	–	54,800
	17.1.2020–16.1.2024	92,400	–	–	–	92,400	–	–	–	92,400
3.2.2021	3.2.2021–2.2.2023	41,600	–	–	–	41,600	–	–	–	41,600
	3.2.2021–2.2.2024	41,600	–	–	–	41,600	–	–	–	41,600
	3.2.2021–2.2.2025	40,000	–	–	–	40,000	–	–	–	40,000
16.2.2022	16.2.2022–16.2.2024	58,800	–	–	–	58,800	–	–	–	58,800
	16.2.2022–16.2.2025	58,800	–	–	–	58,800	–	–	–	58,800
	16.2.2022–16.2.2026	57,200	–	–	–	57,200	–	–	–	57,200
4.3.2024	4.3.2024–3.3.2026	–	–	–	–	–	79,600	–	–	79,600
	4.3.2024–3.3.2027	–	–	–	–	–	79,600	–	–	79,600
	4.3.2024–3.3.2028	–	–	–	–	–	79,600	–	–	79,600
		1,250,400	–	–	(489,600)	760,800	238,800	(149,600)	(143,600)	706,400

29 SHARE OPTION SCHEMES – continued

		Number of share options								
Date of grant	Vesting period	Outstanding at 1.4.2022	Granted during the year	Lapsed/ forfeited during the year	Exercised	Outstanding at 31.3.2023	Granted during the year	Lapsed/ forfeited during the year	Exercised	Outstanding at 31.3.2024
Employees										
13.1.2017	13.1.2017–12.1.2021	55,200	–	(2,800)	(52,400)	–	–	–	–	–
12.2.2018	12.2.2018–11.2.2021	108,400	–	(21,200)	(87,200)	–	–	–	–	–
	12.2.2018–11.2.2022	724,000	–	(59,200)	(236,800)	428,000	–	(402,800)	(25,200)	–
28.1.2019	28.1.2019–27.1.2021	201,200	–	(67,600)	(133,600)	–	–	–	–	–
	28.1.2019–27.1.2022	2,095,200	–	(189,200)	(1,301,200)	604,800	–	(121,600)	(483,200)	–
	28.1.2019–27.1.2023	2,941,200	–	(283,600)	(1,427,200)	1,230,400	–	(26,800)	(568,400)	635,200
17.1.2020	17.1.2020–16.1.2022	1,470,400	–	(262,400)	(442,800)	765,200	–	(706,800)	(58,400)	–
	17.1.2020–16.1.2023	1,779,200	–	(300,400)	(363,600)	1,115,200	–	(30,000)	(152,000)	933,200
	17.1.2020–16.1.2024	1,546,000	–	(285,200)	–	1,260,800	–	(70,800)	–	1,190,000
3.2.2021	3.2.2021–2.2.2023	1,436,400	–	(134,000)	–	1,302,400	–	(111,600)	–	1,190,800
	3.2.2021–2.2.2024	1,377,600	–	(122,000)	–	1,255,600	–	(106,400)	–	1,149,200
	3.2.2021–2.2.2025	1,118,400	–	(88,000)	–	1,030,400	–	(82,800)	–	947,600
16.2.2022	16.2.2022–16.2.2024	2,770,000	–	(549,200)	–	2,220,800	–	(269,200)	–	1,951,600
	16.2.2022–16.2.2025	2,713,600	–	(539,200)	–	2,174,400	–	(265,600)	–	1,908,800
	16.2.2022–16.2.2026	2,260,400	–	(477,200)	–	1,783,200	–	(222,800)	–	1,560,400
4.3.2024	4.3.2024–3.3.2026	–	–	–	–	–	1,861,600	(27,600)	–	1,834,000
	4.3.2024–3.3.2027	–	–	–	–	–	1,854,400	(27,600)	–	1,826,800
	4.3.2024–3.3.2028	–	–	–	–	–	1,766,400	(26,400)	–	1,740,000
		22,597,200	–	(3,381,200)	(4,044,800)	15,171,200	5,482,400	(2,498,800)	(1,287,200)	16,867,600
		23,847,600	–	(3,381,200)	(4,534,400)	15,932,000	5,721,200	(2,648,400)	(1,430,800)	17,574,000
Exercisable at the end of the reporting period		5,242,400				5,858,000				7,361,600

29 SHARE OPTION SCHEMES – continued

During the year ended 31 March 2024, share options of 5,721,200 were granted on 4 March 2024. The estimated fair value of the options granted on the grant date is HK$11,474,000. The closing price of the Company's shares at the date of grant were HK$5.05.

The fair values of the share options at the dates of grant were calculated using the Binomial Option Pricing model after taking into account the different vesting periods. The assumptions used for the calculation for options granted during the years ended 31 March 2024 and 2023 are as follows:

	Date of grant				
	28.1.2019	17.1.2020	3.2.2021	16.2.2022	4.3.2024
Closing share price at date of grant	HK$3.91	HK$6.53	HK$19.78	HK$10.98	HK$5.05
Exercise price	HK$3.91	HK$6.53	HK$19.78	HK$11.10	HK$5.13
Suboptimal exercise factor	1.6 to 2.47	1.6 to 2.47	2.2 to 2.8	2.2 to 2.8	2.0 to 2.8
Expected volatility	38.83% to 39.68%	45.93% to 46.98%	45.72% to 48.48%	52.11% to 55.57%	52.34% to 55.80%
Expected dividend yield	4.02%	1.99%	4.24%	2.56%	3.168%
Risk free rate	1.74% to 1.81%	1.48% to 1.50%	3.42% to 5.11%	1.39% to 1.64%	3.40% to 3.42%
Fair value	HK$0.81 to HK$1.08	HK$2.07 to HK$2.57	HK$5.65 to HK$5.96	HK$3.84 to HK$4.72	HK$1.89 to HK$2.07

The variables and assumptions used above are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised an expense of HK$6,059,000 (2023: HK$18,722,000) in relation to the share options granted by the Company.

30 LEASE COMMITMENTS

The Group as lessor

As at 31 March 2024 and 2023, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	2024	2023
	HK$'000	HK$'000
Within one year	**74,975**	46,230
In the second to fifth year inclusive	**146,190**	90,903
Over five years	**33,601**	40,310
	254,766	177,443

31 CAPITAL COMMITMENTS

	2024 HK$'000	2023 HK$'000
Capital expenditure contracted but not provided for in the consolidated financial statements in respect of		
– Property, plant and equipment (Note)	**422,558**	967,636
Other commitments of		
– construction of properties under development	**–**	2,182
Total	**422,558**	969,818

Note: As at 31 March 2024, the capital expenditure contracted but not provided for in the consolidated financial statements in respect of property, plant and equipment was HK$422,558,000 (2023: HK$967,636,000), of which HK$155,986,000 (2023: HK$263,839,000) is related to a building located in Qianhai in Shenzhen.

32 RELATED PARTY DISCLOSURES

(a) Senior management

(i) Related party transactions

During the year, the Group entered into the following transactions with related parties:

	2024 HK$'000	2023 HK$'000
Rental expense paid to fellow subsidiaries (Note)	**12,520**	6,774

(ii) Related party balance

	2024 HK$'000	2023 HK$'000
Amount due from fellow subsidiaries (Note)	**4,961**	5,250

Note: Mr. Wong Man Li and Ms. Hui Wai Hing, who are directors of the Company, are also directors and shareholders of these related companies.

(iii) Compensation of key management personnel

The emoluments of executive directors who are also identified as members of key management of the Group during the year are set out in note 37(a).

33 FINANCIAL INSTRUMENTS

	2024	2023
	HK$'000	HK$'000
Financial assets		
Financial assets at amortised cost		
– Trade, bills and other receivables	**2,152,898**	2,037,214
– Short-term bank deposits	**110,908**	118,856
– Restricted bank balances	**3,786**	7,394
– Cash and cash equivalents	**3,162,922**	3,619,378
Financial assets at fair value through profit or loss	**248,155**	345,434
	5,678,669	6,128,276
Financial liabilities		
Financial liabilities at amortised cost		
– Trade, bills and other payables	**1,489,036**	1,626,654
– Lease liabilities	**211,186**	222,995
– Bank borrowings	**4,114,218**	4,176,429
	5,814,440	6,026,078

34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Note	2024 HK$'000	2023 HK$'000
Profit before income tax		**2,864,475**	2,354,872
Adjustments for:			
Amortisation of intangible assets	8	**46,842**	52,341
Depreciation of property, plant and equipment	8	**434,022**	525,088
Depreciation of right-of-use assets	8	**92,014**	107,086
Equity-settled share-based payments expense		**6,059**	18,722
Losses from changes in fair value of financial assets at FVPL		**219,845**	15,801
Fair value losses on investment properties	15	**2,509**	–
Finance costs	9	**200,500**	164,857
(Reversal of)/provision for impairment of inventories		**(5,577)**	12,441
Provision for impairment of trade receivables and bills receivable		**38,752**	14,578
Interest income		**(152,099)**	(114,388)
Income on structured deposits		**–**	(5,926)
Provision for impairment of goodwill		**12,268**	133,753
Provision for impairment of intangible assets		**–**	125
Provision for impairment of property, plant and equipment		**–**	52,534
Provision for impairment of other receivable		**30,219**	31,358
Loss on disposal of property, plant and equipment		**23,041**	59,600
Gain on termination of lease		**(8,954)**	(6,112)
Share of results of joint ventures		**(4,053)**	(9,995)
Changes in working capital:			
(Increase)/decrease in inventories		**(169,887)**	988,170
(Increase)/decrease in trade receivables and bills receivable		**(234,928)**	616,522
Increase in other receivables and prepayments		**(28,476)**	(182,857)
Decrease in trade payables and bills payable		**(209,015)**	(124,774)
Decrease in other payables and accruals		**(50,068)**	(163,797)
(Decrease)/increase in contract liabilities		**(107,168)**	18,563
(Decrease)/increase in other non-current liabilities		**(29,360)**	29,203
Increase in properties under development		**–**	(2,213)
Decrease in properties held for sale		**7,202**	24,411
Net cash generated from operations		**2,978,163**	4,609,963

34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS – continued

(b) Non-cash investing and financing activities

- Utilisation of deposits of HK$61,491,000 (2023: HK$221,062,000) for acquisition of property, plant and equipment

(c) Reconciliation of liabilities arising from financing activities

The following section sets out an analysis of net debt and the movements in net debt for each of the years presented.

Net debt	2024 HK$'000	2023 HK$'000
Bank borrowings	**4,114,218**	4,176,429
Lease liabilities	**211,186**	222,995
Net debt	**4,325,404**	4,399,424

	Bank borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2022	4,335,582	272,348	4,607,930
Commencement of lease	–	148,482	148,482
Interest on lease liabilities	–	11,495	11,495
Financing cash flows	47,568	(111,556)	(63,988)
Lease termination	–	(97,774)	(97,774)
Foreign exchange translation	(206,721)	–	(206,721)
At 31 March 2023	4,176,429	222,995	4,399,424
At 1 April 2023	4,176,429	222,995	4,399,424
Commencement of lease	–	188,951	188,951
Interest on lease liabilities	–	9,964	9,964
Financing cash flows	26,457	(76,659)	(50,202)
Lease termination	–	(133,607)	(133,607)
Foreign exchange translation	(88,668)	(458)	(89,126)
At 31 March 2024	4,114,218	211,186	4,325,404

(d) In the consolidated statement of cash flow, proceeds from disposal of property, plant and equipment comprise:

	2024 HK$'000	2023 HK$'000
Net book amount (Note 14)	**50,526**	166,957
Losses on disposal of property, plant and equipment (Note 7)	**(23,041)**	(59,600)
Proceeds from disposal of property, plant and equipment	**27,485**	107,357

35 SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2024 and 2023 are as follows:

Name of subsidiary	Place/Country of incorporation or establishment/operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Group 31 March 2024	2023	Principal activities
Directly owned					
Man Wah Group Limited	British Virgin Islands ("BVI")	US$50,000	**100%**	100%	Investment holding
Man Wah Holdings (China) Limited*[5] 敏華控股(中國)有限公司[5]	The PRC	RMB1,500,000,000	**100%**	100%	Property management
Man Wah USA, Inc.	United States of America	US$310,000	**100%**	100%	Advertising and marketing of home furnishing products
Man Wah UK Ltd.	United Kingdom	GBP100	**N/A[6]**	100%	Advertising and marketing of home furnishing goods
Indirectly owned					
Man Wah Industrial Company Limited 敏華實業有限公司	Hong Kong	HK$3,000,000	**100%**	100%	Investment holding and trading of sofas and other furniture
Man Wah Furniture (China) Co., Ltd.*[1], [5] 敏華家具(中國)有限公司[1], [5]	The PRC	US$110,000,000	**100%**	100%	Manufacture and trading of sofas, bedding products, other furniture and foam
Man Wah (Macao Commercial Offshore) Limited 敏華(澳門離岸商業服務)有限公司	Macau	MOP100,000	**100%**	100%	Offshore sales, management business consultancy, back office support
Man Wah Global (Macao) Limited 敏華環球(澳門)有限公司	Macau	MOP100,000	**100%**	100%	Offshore sales, management business consultancy, back office support
Man Wah Industrial (Wujiang) Co., Ltd.*[5] 敏華實業(吳江)有限公司[5]	The PRC	RMB1,275,000,000	**100%**	100%	Manufacture and trading of sofas, bedding products, other furniture and foam
Man Wah Furniture Headquarter (Wujiang) Co., Ltd.*[1], [5] 敏華家具總部(吳江)有限公司[1], [5]	The PRC	US$110,000,000	**100%**	100%	Property development and hotel operation
Remaco Machinery Technology (Wujiang) Co., Ltd.*[7] 鋭邁科技股份有限公司[7]	The PRC	RMB460,652,616	**82.08%**	81.41%	Manufacture of furniture components
Remaco Machinery Technology (Vietnam) Co., Ltd.* 鋭邁機械科技(越南)有限公司	Republic of Vietnam	USD4,800,000	**82.08%**	81.41%	Manufacture of furniture components
Man Wah Furniture Mexico, S.A. de C.V.	The United Mexican States	PESO50,000	**100%**	100%	Manufacture and trading of sofas
Chongqing Chenyu Long Brand Management Co., Ltd.*[5] 重慶晨鈺瓏品牌管理有限公司[5]	The PRC	RMB1,000,000	**82.08%**	81.41%	Trading of furniture components

35 SUBSIDIARIES – continued

Details of the Company's principal subsidiaries as at 31 March 2024 and 2023 are as follows: – continued

Name of subsidiary	Place/Country of incorporation or establishment/operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Group 31 March 2024	2023	Principal activities
Indirectly owned – continued					
Man Wah (International) Industrial Limited 敏華(國際)實業有限公司	Hong Kong	HK$100	**100%**	100%	Trading of sofas and other furniture and property investment
Man Wah (Hong Kong) Trading Company Limited 敏華(香港)貿易有限公司	Hong Kong	HK$1	**100%**	100%	Trading of sofas
Man Wah Furniture Manufacture (Huizhou) Co., Ltd.*[(1), (5)] 敏華家具製造(惠州)有限公司 ("Man Wah Huizhou")[(1), (5)]	The PRC	US$102,000,000	**100%**	100%	Manufacture and trading of sofas
Man Wah Home Furnishing (Huizhou) Co., Ltd.*[(5)] 敏華家居產業(惠州)有限公司[(5)]	The PRC	RMB10,000,000	**100%**	100%	Manufacture and trading of sofas, bedding products, other furniture and foam
Strongest Will International Limited 凌志國際有限公司	Hong Kong	HK$10,000	**N/A[(6)]**	90%	Investment holding
Man Wah Brand Management (Tianjin) Co., Ltd*[(5)] 敏華品牌管理(天津)有限公司[(5)]	The PRC	RMB500,000,000	**100%**	100%	Trading of sofas, bedding products, other furniture and foam
Man Wah Home Center (Huizhou) Co., Ltd*[(5)] 敏華家居商場(惠州)有限公司[(5)]	The PRC	RMB10,000,000	**100%**	100%	Operation of furniture mall, leasing and management
Suzhou Ju Long Ge Property Management Company Limited*[(5)] 蘇州聚瓏閣物業管理有限公司[(5)]	The PRC	RMB500,000	**100%**	100%	Providing property management service
Chongqing Man Wah Furniture Manufacture Co., Ltd.*[(5)] 重慶敏華家具制造有限公司[(5)]	The PRC	RMB300,000,000	**100%**	100%	Manufacture and trading of sofas, bedding products, other furniture and foam
Man Wah Intelligent Technology (Huizhou) Co., Ltd*[(5)] 敏華智能科技(惠州)有限公司[(5)]	The PRC	RMB5,000,000	**100%**	100%	Research and production of smart drive machine and electric regulator
Chongqing Carnival Business Service Co., Ltd*[(5)] 重慶嘉年名華商務服務有限公司[(5)]	The PRC	RMB50,000,000	**100%**	100%	Providing business management service, advertising service and design service
Huizhou Man Wah Business Management Service Co., Ltd*[(5)] 惠州市敏華企業管理服務有限公司[(5)]	The PRC	RMB1,000,000	**100%**	100%	Providing business management service

35 SUBSIDIARIES – continued

Details of the Company's principal subsidiaries as at 31 March 2024 and 2023 are as follows: – continued

Name of subsidiary	Place/Country of incorporation or establishment/operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Group 31 March 2024	2023	Principal activities
Indirectly owned – continued					
Chongqing Man Wah Luohuang Industrial Co., Ltd*[5] 重慶敏華珞璜實業有限公司[5]	The PRC	RMB200,000,000	**100%**	100%	Providing business management service, advertising service and warehouse service
Jiangsu Yulong Intelligent Technology Co., Limited*[5] 江蘇鈺龍智能科技有限公司[5]	The PRC	RMB20,000,000	**82.08%**	81.41%	Manufacture of furniture components
Chongqing Zhitian Meiju Trading Co., Ltd.[5] 重慶志天美居商貿有限公司[5]	The PRC	RMB1,000,000	**90%**	90%	Providing business management service, advertising service and warehouse service
Man Wah Lingzhi Furniture (Huizhou) Co., Ltd.*[1] 敏華淩志傢俱(惠州)有限公司[1]	The PRC	HK$1,000,000	**90%**	90%	Manufacture and trading of sofas and furniture products
Lingzhi Furniture (Suzhou) Co., Ltd.*[1] 淩志傢俱(蘇州)有限公司[1]	The PRC	HK$1,000,000	**90%**	90%	Manufacture and trading of sofas and furniture products
Tianjin Zhitian Furniture Co., Ltd.*[5] 天津志天傢俱有限公司[5]	The PRC	RMB200,000	**90%**	90%	Manufacture and trading of sofas and furniture products
Chongqing Zhitian Furniture Co., Ltd.*[5] 重慶志天傢俱有限公司[5]	The PRC	RMB1,000,000	**90%**	90%	Manufacture and trading of sofas and furniture products
Chongqing Ruimak Brand Management Co., Ltd.*[5] 重慶鋭瑪克品牌管理有限公司[5]	The PRC	RMB1,000,000	**82.08%**	81.41%	Trading of furniture components
Chongqing Ruipuslin Intelligent Technology Co., Ltd.*[5] 重慶睿普斯林智能科技有限公司[5]	The PRC	RMB10,000,000	**82.08%**	81.41%	Trading of furniture components
Huizhou Ruipuslin Intelligent Technology Co., Ltd.*[5] 惠州市睿普斯林智能科技有限公司[5]	The PRC	RMB1,000,000	**82.08%**	81.41%	Manufacture of furniture components
Chongqing Minhua Brand Management Co., Ltd.*[5] 重慶敏華品牌管理有限公司[5]	The PRC	RMB5,000,000	**100%**	100%	Trading of sofas, bedding products, other furniture and foam

35 SUBSIDIARIES – continued

Details of the Company's principal subsidiaries as at 31 March 2024 and 2023 are as follows: – continued

Name of subsidiary	Place/Country of incorporation or establishment/operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Group 31 March 2024	2023	Principal activities
Indirectly owned – continued					
Shanghai Qingzhu Trading Co., Ltd.*[5] 上海箐築貿易有限公司[5]	The PRC	RMB25,349,501	**66%**	66%	Manufacture and trading of bedding products, other furniture and foam
Man Wah Internet Retail (Huizhou) Co., Ltd.*[5] 敏華互聯網零售(惠州)有限公司[5]	The PRC	RMB500,000,000	**100%**	100%	Internet sales of furniture
Minhai Co., Limited*[5] 敏海有限責任公司[5]	The PRC	RMB10,000,000	**100%**	100%	Trading of sofas, bedding products, other furniture and foam
Timberland Company Limited*	Republic of Vietnam	US$12,000,000	**100%**	100%	Manufacture and trading of sofas
Shanxi Minhua Furniture Intelligent Manufacture Co., Ltd.*[5] 陝西敏華家居智造有限公司[5]	The PRC	RMB150,000,000	**100%**	100%	Manufacture and trading of sofas, bedding products, other furniture and foam
Home Group Ltd.[4]	Cayman Islands	EUR6,000	**50%[4]**	50%[4]	Investment holding
Home Group Holdings Ltd.[4]	Hong Kong	HK$1	**50%[4]**	50%[4]	Investment holding
Minhua (Shenzhen) Modern Logistics Service Co., Ltd.*[1] 敏華(深圳)現代物流服務有限公司[1]	The PRC	US$100,000,000	**100%**	100%	Logistic services
Superb Creation Limited 高峰創建有限公司	Hong Kong	HK$155,000,000	**55%**	55%	Trading of sofas
Superb Creation Furniture (Shenzhen) Co., Ltd*[1] 高峰創建家私(深圳)有限公司[1]	The PRC	US$4,000,000	**55%**	55%	Manufacture and trading of sofa

35 SUBSIDIARIES – continued

Details of the Company's principal subsidiaries as at 31 March 2024 and 2023 are as follows: – continued

Name of subsidiary	Place/Country of incorporation or establishment/operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Group 31 March 2024	2023	Principal activities
Indirectly owned – continued					
Man Wah Superb Creation Intelligent Technology (Huizhou) Co., Ltd*[1] 敏華高峰智能科技(惠州)有限公司[1]	The PRC	RMB10,000,000	**55%**	55%	Manufacture and trading of furniture
Gold Sands Investment Company Limited	Hong Kong	HK$10,000	**49.25%**	48.85%	Manufacture and trading of furniture components
Lion Rock Group Holdings Limited	Hong Kong	HK$10,000	**49.25%**	48.85%	Trading of furniture component
Pacific Shiner Investment Limited	Hong Kong	HK$10,000	**N/A[6]**	48.85%	Trading of furniture components
Shenzhen Style Household Co., LTD*[5] 深圳市格調家居有限公司[5]	The PRC	RMB32,600,000	**51%**	51%	Manufacture and trading of furniture products
Tianjin Style Furniture Co., Ltd.*[5] 天津市格調傢俱有限公司[5]	The PRC	RMB5,000,000	**51%**	51%	Manufacture and trading of furniture products
Chongqing Gesheng Furniture Co., Ltd.*[5] 重慶格勝傢俱有限公司[5]	The PRC	RMB5,000,000	**51%**	51%	Manufacture and trading of furniture products
Chongqing Style Mercure Business Co. , Ltd.*[5] 重慶格調美居商貿有限公司[5]	The PRC	RMB1,000,000	**51%**	51%	Providing business management service, advertising service and warehouse service
Changchun Man Wah Intelligent Home Co., LTD*[5] 長春敏華智能家居有限公司[5]	The PRC	RMB500,000,000	**100%**	100%	Manufacture and trading of furniture products
Man Wah Smart Home (Wuhan) Co., LTD*[5] 敏華智能家居(武漢)有限公司[5]	The PRC	USD100,000,000	**100%**	100%	Manufacture and trading of furniture
Shenzhen Huating Meiju Furniture Co., Ltd.*[5] 深圳市華廷美居傢俱有限公司[5]	The PRC	RMB50,000,000	**51%**	51%	Manufacture and trading of sofa and bedding products
Suzhou Huating Meiju Furniture Manufacture Co., Ltd.*[5] 蘇州華廷美居傢俱製造有限公司[5]	The PRC	RMB10,000,000	**51%**	51%	Manufacture and trading of sofa and bedding products
Tianjin Huating Meiju Furniture Co., Ltd.*[5] 天津華廷美居傢俱有限公司[5]	The PRC	RMB10,000,000	**51%**	51%	Manufacture and trading of sofa and bedding products

35 SUBSIDIARIES – continued

Details of the Company's principal subsidiaries as at 31 March 2024 and 2023 are as follows: – continued

Name of subsidiary	Place/Country of incorporation or establishment/operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Group 31 March		Principal activities
			2024	2023	
Indirectly owned – continued					
Chongqing Huating Meiju Furniture Manufacture Co., Ltd.*(5) 重慶華廷美居傢俱製造有限公司(5)	The PRC	RMB10,000,000	**51%**	51%	Manufacture and trading of sofa and bedding products
Chongqing Huating Meiju Trading Co., Ltd.*(5) 重慶華廷美居商貿有限公司(5)	The PRC	RMB10,000,000	**51%**	51%	Providing business management service, advertising service and warehouse service
Shenzhen Yinyi Wulian Home Technology Co., Ltd.*(5) 深圳引意物聯家居科技有限公司(5)	The PRC	RMB64,444,444	**55%**	55%	Manufacture and trading of furniture
Xinjiang Minhua Business Service Co.*(5) 新疆敏華商務服務有限公司(5)	The PRC	RMB10,000,000	**100%**	100%	Providing business management service, advertising service and design service
Shenzhen Xingju Network Technology Co., Ltd.*(5) 深圳市星居網絡科技有限公司(5)	The PRC	RMB40,000,000	**51%**	51%	Interior design
Man Wah Aymon Sleep Technology (Huizhou) Co., Ltd.*(5) 敏華愛蒙睡眠科技(惠州)有限公司(5)	The PRC	RMB20,000,000	**70%**	70%	Manufacture and trading of furniture
Aymon Brand Management (Chongqing) Co., Ltd. *(5) 愛蒙品牌管理(重慶)有限公司(5)	The PRC	RMB1,000,000	**70%**	N/A	Manufacture and trading of furniture
Huizhou Huating Meiju Furniture Co., Ltd.*(2), (5) 惠州市華廷美居傢俱有限公司(2), (5)	The PRC	RMB10,000,000	**51%**	N/A	Manufacture and trading of furniture
Xianjun Commercial Management (Huizhou) Co., Ltd.*(2), (5) 顯駿商業管理(惠州)有限公司(2), (5)	The PRC	RMB200,000,000	**100%**	N/A	Providing business management service
Man Wah Intelligent Retail Technology (Suzhou) Co., Ltd.*(1), (5) 敏華智能新零售科技(蘇州)有限公司(1), (5)	The PRC	US$50,000,000	**100%**	N/A	Manufacture of trading of furniture
Ruihua Intelligent Technology (Zhangjiagang) Co., Ltd.*(1), (2), (5) 鋭華智能科技(張家港)有限公司(1), (2), (5)	The PRC	US$500,000,000	**100%**	N/A	Manufacture of furniture components
Shanxi Zhitian Meiju Furniture Co., Ltd.*(2), (5) 陝西志天美居傢俱有限公司(2), (5)	The PRC	RMB1,000,000	**90%**	N/A	Manufacture and trading of sofa

* English translated name is for identification only.

35 SUBSIDIARIES – continued

[1] These companies were established in the PRC in the form of wholly foreign-owned enterprise.

[2] These companies were newly incorporated during the year ended 31 March 2024.
[3] These companies were newly acquired during the year ended 31 March 2024

[4] According to the Shareholders' Agreement, the Group has the majority voting power in the Board of Directors of Home Group, by which the relevant activities that significantly affect the return of Home Group are determined on a simple majority basis, and accordingly, Home Group is accounted for as a subsidiary of the Group.

[5] These companies were established in the PRC in the form of limited liability enterprise.

[6] The company has been liquidated during the year ended 31 March 2024.

[7] These companies were established in the PRC in the form of Sino-foreign equity joint venture.

The above table only lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any loan capital subsisting at the end of the year or at any time during the year.

Set out below is summarised financial information for a subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

	Home Group Ltd.	
	2024	2023
	HK$'000	HK$'000
Summarised balance sheet		
Non-current assets	**336,115**	359,123
Current assets	**353,976**	339,457
Non-current liabilities	**28,160**	76,654
Current liabilities	**148,835**	116,197
Total equity	**513,096**	505,729
Summarised statement of comprehensive income		
Revenue	**674,136**	612,574
Total comprehensive income/(loss) for the year	**20,615**	(15,316)
Profit/(loss) attributable to owners of the Company	**15,649**	(12,016)
Profit/(loss) attributable to the non-controlling interests	**4,966**	(3,300)
Summarised cash flows		
Net cash inflow from operating activities	**31,798**	51,728
Net cash outflow from investing activities	**(24,957)**	(10,360)
Net cash (outflow)/inflow from financing activities	**(13,777)**	5,099
Net (decrease)/increase in cash and cash equivalents	**(6,936)**	46,467

36 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK$'000	2023 HK$'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**3,711,080**	3,711,080
	3,711,080	3,711,080
Current assets		
Cash and bank balances	**541,243**	–
Deposits, prepayment and other receivables	**6,921**	–
Financial asset at fair value through profit or loss	**117,386**	–
Amount due from a subsidiary	**360**	–
	665,910	–
Current liabilities		
Amounts due to a subsidiary	**25,597**	96,267
Other payables and accruals	**120,555**	6,270
	146,152	102,537
Net current assets/(liabilities)	**519,758**	(102,537)
Net assets	**4,230,838**	3,608,543
EQUITY		
Equity attributable to owners of the Company		
Share capital	**1,551,015**	1,568,380
Reserves (Note)	**2,679,823**	2,040,163
Total equity	**4,230,838**	3,608,543

36 STATEMENT OF FINANCIAL POSITION OF THE COMPANY – continued

Note: Movement in reserves of the Company are as follows:

	Contributed Surplus HK$'000	Shares held under share award scheme HK$'000	Share option reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2022	2,018,306	(448)	28,368	85,941	2,132,167
Profit and total comprehensive income for the year	–	–	–	1,179,560	1,179,560
Repurchase of ordinary shares	(54,300)	–	–	–	(54,300)
Recognition of equity-settled share-based payments	–	–	18,722	–	18,722
Issue of shares upon exercise of share options	25,253	–	(5,701)	–	19,552
Dividends paid	–	–	–	(1,255,538)	(1,255,538)
At 31 March 2023	1,989,259	(448)	41,389	9,963	2,040,163
Profit and total comprehensive income for the year	–	–	–	1,816,014	1,816,014
Repurchase of ordinary shares	(211,393)	–	–	–	(211,393)
Recognition of equity-settled share-based payments	–	–	6,059	–	6,059
Issue of shares upon exercise of share options	7,136	–	(1,480)	–	5,656
Dividends paid	–	–	–	(976,676)	(976,676)
At 31 March 2024	1,785,002	(448)	45,968	849,301	2,679,823

37 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

(a) Directors' and chief executive's emoluments

Details of the emoluments paid to the directors of the Company for the year are as follows:

For the year ended 31 March 2024

Name of directors	Directors' fee HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000 (Note ii)	Share-based payment HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive Directors:						
Mr. Wong Man Li *(Chairman and Chief Executive Officer)*	380	1,525	121	93	18	2,137
Ms. Hui Wai Hing	380	–	–	83	–	463
Mr. Alan Marnie	380	5,417	1,661	–	–	7,458
Mr. Dai Quanfa	380	3,053	295	299	29	4,056
Ms. Wong Ying Ying	380	980	111	95	6	1,572
Independent non-executive Directors:						
Mr. Yang Siu Shun (Note i)	430	–	–	–	–	430
Mr. Chau Shing Yim David	430	–	–	–	–	430
Mr. Kan Chung Nin, Tony	430	–	–	–	–	430
Mr. Ding Yuan	430	–	–	–	–	430
	3,620	10,975	2,188	570	53	17,406

37 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) – continued

(a) Directors' and chief executive's emoluments – continued

For the year ended 31 March 2023

Name of directors	Directors' fee HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000 (Note ii)	Share-based payment HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive Directors:						
Mr. Wong Man Li *(Chairman and Chief Executive Officer)*	380	1,484	126	147	18	2,155
Ms. Hui Wai Hing	380	–	–	126	–	506
Mr. Alan Marnie	380	5,067	–	–	–	5,447
Mr. Dai Quanfa	380	3,794	213	250	28	4,665
Ms. Wong Ying Ying	380	754	77	90	5	1,306
Independent non-executive Directors:						
Mr. Yang Siu Shun (Note i)	430	–	–	–	–	430
Mr. Chau Shing Yim David	430	–	–	–	–	430
Mr. Kan Chung Nin, Tony	430	–	–	–	–	430
Mr. Ding Yuan	430	–	–	–	–	430
	3,620	11,099	416	613	51	15,799

Notes:

(i) Appointed as an independent non-executive director on 1 April 2022.

(ii) Discretionary bonus are recommended by the Remuneration Committee and approved by the board of Directors, having regard to the Group's operating result, individual performance and comparable market statistics.

37 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) – continued

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2023: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2023: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 March 2024, the Company did not pay consideration to any third parties for making available directors' services (2023: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There is no other loans, quasi-loans and other dealing arrangements in favour of directors, bodies corporate controlled by and entities connected with all directors of the Company as at 31 March 2024 (2023: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

During the year ended 31 March 2024, no emoluments had been paid by the Group to the Directors as an inducement to join or upon joining the Group or as a compensation for loss of office (2023: Nil).

38 FINANCIAL GUARANTEES

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three months upon the completion of guarantee registration; or (ii) the full repayment of mortgaged loan by the purchasers of properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. As at 31 March 2024 and 2023, no outstanding guarantees for mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and as the Group is entitled to retain the ownership of the properties, the valuation of which is significantly higher than the guaranteed amounts, the financial guarantees measured at fair value is immaterial.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Man Wah Holdings Limited and its subsidiaries.

39.1 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 39.2).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.1 Principles of consolidation and equity accounting – continued

(b) Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Man Wah Holdings Limited has both joint operations and joint ventures.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 39.11.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.1 Principles of consolidation and equity accounting – continued

(c) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.2 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.2 Business combinations – continued

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree at the acquisition date is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

39.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

39.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors (the "Board") that makes strategic decisions.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is HK$. The functional currency of the Group's overseas subsidiaries is US$. The Company's primary subsidiaries are incorporated in the PRC and for these subsidiaries, RMB is the functional currency. The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income.

All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "other losses, net".

(c) Group companies

The results and financial positions of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold land and buildings and leasehold improvements, the shorter lease term as follows:

Leasehold land and buildings	50 years or over the term of the relevant lease for land, whichever is shorter
Leasehold improvements	5 years or over the term of the relevant lease, whichever is shorter
Plant and machinery	10%–20%
Furniture, fittings and office equipment	20%–33%
Motor vehicles	12.5%–20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.7 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties.

Leasehold land is accounted for as investment properties when the rest of the definition of an investment property is met and carried at fair value.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, and adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of a valuation gain or loss in 'other losses, net'.

39.8 Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

39.9 Properties under development

When the leasehold land and buildings are in the course of development for sale, the leasehold land component included in properties under development is amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of the costs of the properties under development.

Properties under development which are intended to be held for sale are shown as current assets and carried at the lower of cost and net realisable value.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.10 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 39.2. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(b) Trademarks, technology knowhow and customer relationship

Separately acquired trademarks are shown at historical cost. Trademarks, technology knowhow and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(c) Research and development

Development costs that are directly attributable to the design and testing of identifiable and unique intangible assets controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.10 Intangible assets – continued

(c) Research and development – continued

Directly attributable costs that are capitalised include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(d) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Trademarks	7%–12.5%
Technology knowhow	10%
Customer relationship	9%–20%

39.11 Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.12 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.12 Investments and other financial assets – continued

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Net foreign exchange gains and losses are presented in general and administrative expenses and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other losses in the period in which it arises.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.12 Investments and other financial assets – continued

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and bills receivable, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1 for further details.

For other financial assets at amortised cost, the Group measures the impairment as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

To assess whether there is a significant increase in credit risk, the Group compares the risk of default as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors' ability to meet its obligations
- actual or expected significant changes in the operating results of debtors
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the expected performance and behaviour of debtors, including changes in the payment status of the debtor in the Group and changes in the operating results of the debtor

Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and there is no reasonable expectation of recovery of the balances.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises of direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

39.14 Trade, bills and other receivables

Trade receivables and bills receivable are amounts due from customers for services performed in the ordinary course of business. If collection of trade receivables and bills receivable and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade, bills and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 22 for further information about the Group's accounting for trade, bills and other receivables and Note 3.1 for a description of the Group's impairment policies.

39.15 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

For the deposits held at call with banks with original maturities of three months or more are classified as "short-term bank deposits".

39.16 Restricted bank balances

Bank deposits which are restricted to use are classified as "restricted cash". Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

39.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the company until the shares are cancelled or reissued.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.18 Trade, bills and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade, bills and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

39.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of comprehensive income as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.20 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

39.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive (loss)/income or directly in equity. In this case, the tax is also recognised in other comprehensive (loss)/income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.21 Current and deferred income tax – continued

(b) Deferred income tax – continued

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for joint ventures. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the joint venture's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.22 Employee benefits

(a) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current accrual and other payables in the consolidated statement of financial position.

(b) *Pension obligations*

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) *Bonus plans*

The Group recognises a liability and an expense for bonuses, based on performance and takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

39.23 Government grants

Grants from the government are recognised at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to costs are shown separately as other income.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.24 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

39.25 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.25 Leases – continued

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The useful life used for the asset's depreciation purpose are:

Rented land and properties	Remaining lease term

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

39.27 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – continued

39.28 Share-based payments

Share-based compensation benefits are provided to employees via the share options granted to employees.

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

– including any market performance conditions (e.g. the entity's share price),

– excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

– including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Particulars of Major Properties

Location		Existing use	Lease term	Attributable interest of the Group
Investment properties				
1.	All the portion of Ground Floor and whole of 1st Floor (and the flat roof appertaining thereto), Circle Court, Nos. 3 & 5 Java Road, North Point, Hong Kong	Commercial	Medium	100%
2.	Flat B (with A/C Room(s) pertaining thereto which is/are accessible from the flat itself) on 36th Floor of Tower 8, The Palazzo, No. 28 Lok King Street, Shatin, New Territories	Commercial	Medium	100%
3.	Praca Wong Chio L19, Alameda Dr. Carlos D' Assumpção Nºs 411–417, Em Macau	Commercial	Medium	100%
4.	Unit 1904, Tower 1, Huiyang World Trade Plaza, Baiyun Er Road, Danshui Town, Huiyang District, Huizhou City, Guangdong Province, the PRC	Commercial	Medium	100%
5.	Industrial Complex located at Man Wah Industrial Zone No. 189 Industrial District, Henggang Town, Longgang, Shenzhen City, Guangdong Province, the PRC	Industrial	Medium	100%
6.	CHEERS Exhibition Hall Julongge Sales Department, No. 199 Yundong Avenue, Wujiang Economic and Technological Development Zone, Suzhou City, Jiangsu Province, the PRC	Commercial	Medium	100%
7.	Easyhome Daya Bay Store, 500 Shihua Avenue, Huiyang District, Huizhou City, Guangdong Province, the PRC	Commercial	Medium	100%
8.	Industrialna 10, Kvasyliv, Rivne, Ukraine	Industrial	Long	40%

Location		Existing use	Lease term	Attributable interest of the Group
Properties for the Group's own use				
9.	Industrial Complex located at Man Wah Industrial District Western Section of Daya Bay Economic and Technological Development Zone, Huizhou City, Guangdong Province, the PRC	Industrial	Long	100%
10.	32 Shihua Avenue, Western Section of Daya Bay Economic, Huizhou City, Guangdong Province, the PRC	Industrial	Long	100%
11.	433 Xinhe Avenue, Western Section of Daya Bay Economic, Huizhou City, Guangdong Province, the PRC	Industrial	Long	100%
12.	No. 5555, TongJin Road, Economic Development Zone, Wujiang City, Jiangsu Province, the PRC	Industrial	Long	100%
13.	No. 888, Xingrui Road, Economic Development Zone, Wujiang City, Jiangsu Province, the PRC	Industrial	Long	100%
14.	No. 1111, Xingrui Road, Economic Development Zone, Wujiang City, Jiangsu Province, the PRC	Industrial	Long	100%
15.	No. 199 Yundong Avenue, Wujiang Economic and Technological Development Zone, Suzhou City, Jiangsu Province, the PRC	Commercial	Long	100%
16.	CHEERS Flagship Store, CBD International Famous Store Street, 21 North Avenue, Hankou District, Wuhan City, Hubei Province, the PRC	Commercial	Long	100%

Location		Existing use	Lease term	Attributable interest of the Group
17.	78 Fuyuan Road, Wuqing Development Zone, Tianjin, the PRC	Industrial	Long	100%
18.	82 Fuyuan Road, Wuqing Development Zone, Tianjin, the PRC	Industrial	Long	100%
19.	A08, Mingdian Street, Jinma Kaixuan Home, Intersection of West Fourth Ring, Longhai West Road, Zhong Yuan District, Zhengzhou City, Henan Province, the PRC	Commercial	Long	100%
20.	No. 808, Park Avenue, Luohuang Town, Jiangjin District, Chongqing, the PRC	Industrial	Long	100%
21.	Praca Wong Chio J19, Alameda Dr. Carlos D' Assumpção Nºs 411–417, Em Macau	Commercial	Medium	100%
22.	Praca Wong Chio K19, Alameda Dr. Carlos D' Assumpção Nºs 411–417, Em Macau	Commercial	Medium	100%
23.	Group No. 2 Binh Chanh Quarter, Khanh Binh Ward, Tan Uyen Town, Binh Dicong Province, Vietnam	Industrial	Long	100%
24.	Kopli St. 68/Volta St. 1 &/Kopli St. 70, Tallinn, Estonia	Industrial	Long	40%
25.	Kolejowa Street 13–100, Nidzica, Poland	Industrial	Long	40%
26.	Lesna Street 13–100, Nidzica, Poland	Industrial	Long	40%
27.	Silutès pl. 95, Klaipeda, Lithuania	Industrial	Long	40%

Location	Existing use	Lease term	Attributable interest of the Group
28. Kriukai, Darbininku street 14A and 20A, Sakiai, Lithuania	Industrial	Long	40%
29. Industrialna 12, Kvasyliv, Rivne, Ukraine	Industrial	Long	40%

Financial Summary

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March

	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024** **HK$'000**
Revenue and other income	12,558,093	16,945,965	21,787,920	17,788,864	**18,798,633**
Revenue	12,144,299	16,434,071	21,496,783	17,351,106	**18,411,197**
Cost of goods sold	(7,726,600)	(10,504,964)	(13,606,188)	(10,672,839)	**(11,163,170)**
Gross profit	4,417,699	5,929,107	7,890,595	6,678,267	**7,248,027**
Other income	413,794	511,894	291,137	437,758	**387,436**
Other (losses)/gains, net	56,724	(93,713)	(49,350)	(241,416)	**(304,195)**
Selling and distribution expenses	(2,001,747)	(3,118,564)	(4,189,944)	(3,317,923)	**(3,314,346)**
Administrative and other expenses	(622,084)	(778,071)	(1,052,908)	(1,046,952)	**(956,000)**
Share of results of joint ventures	805	5,707	9,651	9,995	**4,053**
Finance costs	(155,947)	(96,046)	(79,692)	(164,857)	**(200,500)**
Profit before income tax	2,109,244	2,360,314	2,819,489	2,354,872	**2,864,475**
Income tax expense	(417,247)	(336,908)	(502,929)	(496,694)	**(468,473)**
Profit for the year	1,691,997	2,023,406	2,316,560	1,858,178	**2,396,002**
Other comprehensive (loss)/income:					
Item that may be subsequently reclassified to profit or loss					
Currency translation differences	(559,868)	546,805	386,330	(793,431)	**(582,038)**
Item that will not be reclassified to profit or loss					
Currency translation differences	–	–	–	(44,764)	**(39,434)**
Other comprehensive (loss)/income for the year	(559,868)	546,805	386,330	(838,195)	**(621,472)**
Total comprehensive income for the year	1,132,129	2,570,211	2,702,890	1,019,983	**1,774,530**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March

	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024** **HK$'000**
Profit for the year attributable to:					
Owners of the Company	1,638,069	1,924,513	2,247,491	1,914,914	**2,302,366**
Non-controlling interest	53,928	98,893	69,069	(56,736)	**93,636**
	1,691,997	2,023,406	2,316,560	1,858,178	**2,396,002**
Total comprehensive income/(loss) for the year attributable to:					
Owners of the Company	1,097,813	2,439,729	2,578,251	1,121,483	**1,720,328**
Non-controlling interest	34,316	130,482	124,639	(101,500)	**54,202**
	1,132,129	2,570,211	2,702,890	1,019,983	**1,774,530**
Earnings per share					
Basic (HK cents)	42.89	50.26	56.90	48.80	**59.09**
Diluted (HK cents)	42.87	50.10	56.77	48.77	**59.08**
Dividend per share					
Interim dividend (HK cents)	7	10	13	15	**15**
Final dividend (HK cents)	12	16	17	10	**15**
Full year dividend (HK cents)	19	26	30	25	**30**
Dividend Payout Ratio (%)	44.3%	52.7%	52.6%	51.2%	**50.7%**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024** **HK$'000**
Non-current assets					
Property, plant and equipment	3,949,987	4,774,294	6,051,190	6,743,332	**7,227,927**
Investment properties	455,215	482,067	495,827	464,734	**442,044**
Right-of-use assets	2,228,518	2,324,072	2,931,906	2,657,316	**2,548,190**
Other intangible assets	188,440	166,517	276,525	215,914	**171,517**
Interests in joint ventures	29,673	55,812	67,773	72,912	**22,695**
Deferred tax assets	12,031	42,678	41,025	29,174	**8,132**
Deposit paid for a land lease	3,692	167,311	30,070	3,860	**310,868**
Prepayments and deposits paid for acquisition of property, plant and equipment	156,023	126,926	280,882	220,612	**202,417**
Deposits paid for acquisition of subsidiaries	–	244,585	–	–	**–**
Financial assets at fair value through profit or loss	–	1,894	1,973	1,826	**1,725**
Goodwill	524,048	560,519	1,003,331	816,174	**767,394**
Total non-current assets	7,547,627	8,946,675	11,180,502	11,225,854	**11,702,909**
Current assets					
Inventories	1,532,993	2,003,605	2,698,697	1,449,689	**1,553,474**
Properties held for sale	48,227	254,779	209,623	151,716	**135,907**
Properties under development	149,410	164,498	178,751	167,681	**158,443**
Trade receivables and bills receivable	1,210,754	1,680,529	2,245,088	1,598,310	**1,746,892**
Other receivables and prepayments	470,341	700,841	775,074	943,908	**981,488**
Financial assets at fair value through profit or loss	204,682	372,750	386,919	343,608	**246,430**
Tax recoverable	1,941	6,854	10,986	14,094	**4,361**
Structured deposits	3,946	–	–	–	**–**
Restricted bank balances	23,636	12,237	4,045	7,394	**3,786**
Cash and cash equivalents	2,020,245	3,296,093	2,831,559	3,738,234	**3,273,830**
Total current assets	5,666,175	8,492,186	9,340,742	8,414,634	**8,104,611**
Total assets	13,213,802	17,438,861	20,521,244	19,640,488	**19,807,520**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024** **HK$'000**
Current liabilities					
Trade payables and bills payable	967,090	971,142	1,155,911	950,941	**710,214**
Other payables and accruals	452,160	746,883	1,224,626	974,682	**1,090,960**
Contract liabilities	260,856	363,145	354,907	363,867	**274,813**
Bank borrowing – current portion	3,277,499	3,588,713	4,335,016	4,176,079	**4,113,203**
Tax payable	133,198	185,864	266,724	241,208	**185,925**
Lease liabilities	28,755	26,419	106,493	79,243	**52,520**
Total current liabilities	5,119,558	5,882,166	7,443,677	6,786,020	**6,427,635**
Non-current liabilities					
Lease liabilities	29,533	20,308	165,855	143,752	**158,666**
Deferred tax liabilities	128,896	128,854	161,423	151,843	**143,267**
Bank borrowing – non-current portion	701,786	1,196	566	350	**1,015**
Other non-current liabilities	1,333	1,278	1,550	30,753	**1,268**
Total non-current liabilities	861,548	151,636	329,394	326,698	**304,216**
Total liabilities	5,981,106	6,033,802	7,773,071	7,112,718	**6,731,851**
Capital and reserves					
Share capital	1,518,376	1,583,518	1,571,225	1,568,380	**1,551,015**
Reserves	5,185,771	9,157,814	10,138,478	9,988,397	**10,532,371**
Equity attributable to owners of the Company	6,704,147	10,741,332	11,709,703	11,556,777	**12,083,386**
Non-controlling interests	528,549	663,727	1,038,470	970,993	**992,283**
Total equity	7,232,696	11,405,059	12,748,173	12,527,770	**13,075,669**
Total equity and liabilities	13,213,802	17,438,861	20,521,244	19,640,488	**19,807,520**